



IMPERIAL
EQUITIES
INC.

NOTICE of ANNUAL GENERAL MEETING

OF THE SHAREHOLDERS OF IMPERIAL EQUITIES INC.

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2016
and MANAGEMENT INFORMATION CIRCULAR

MEETING TO BE HELD ON MARCH 3, 2017
CIRCULAR DATED JANUARY 19, 2017



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS



NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Shares") of **Imperial Equities Inc.** (the "Corporation") will be held as follows:

Date: Friday March 3, 2017
Time: 2:00 p.m. Mountain Standard Time
Place: Scotia Place
Concourse Level, Conference Room A
10060 Jasper Avenue
Edmonton, Alberta

The Meeting will cover the following items:

- 1 to receive the audited consolidated financial statements of the Corporation for the financial year ended September 30, 2016, together with the auditors' report thereon;
- 2 to elect the board of directors to serve until the next annual meeting of the Shareholders or until their successors are duly elected or appointed;
- 3 to reappoint Grant Thornton LLP, Chartered Accountants, as auditors and to authorize the directors to fix the auditors' remuneration; and
- 4 to transact such other business as may properly be brought before the Meeting, or any adjournment or adjournments thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which Information Circular forms a part of this notice of the Meeting.

Each person who is a Shareholder of record at the close of business on January 27, 2017 (the "**Record Date**"), will be entitled to notice of, and to attend and vote at, the Meeting provided that, to the extent a Shareholder as of the Record Date transfers the ownership of any of such shares after such date and the transferee of those shares establishes that the transferee owns the shares and demands, not later than ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

By order of the Board of Directors

A handwritten signature in green ink, appearing to read "Sine", is written over a light green circular background.

Sine Chadi, Chairman
Edmonton, Alberta
January 19, 2017

Shareholders who are unable to attend the Meeting in person are requested to **COMPLETE AND SIGN THE ACCOMPANYING FORM OF PROXY** and forward it in the enclosed envelope or fax it to 403-265-1455. By mail send to Computershare Trust Company of Canada, Attention: Proxy Department, 530, 8th Avenue SW, Calgary, Alberta, T2P 3S8, to be received no later than 2:00 pm March 1st 2017. You may also vote by telephone or the Internet. 1-866-732-VOTE (8683) Toll Free, or www.investorvote.com.



January 19, 2017

Dear Fellow Shareholders:

On behalf of the Board of Directors of Imperial Equities Inc, I would like to take this opportunity to invite you to attend our 19th annual general meeting of the shareholders. The meeting will take place on Friday, March 3, 2017 at 2:00 p.m. I hope that you will find the Meeting both interesting and informative. We are pleased to host the meeting in the following venue;

Conference Room A, Concourse Level, Scotia Place
10060 Jasper Avenue, Edmonton, Alberta

The meeting will be an opportunity for you to hear about our performance in 2016 and be an opportunity to meet with our board of directors and management.

I would encourage you to ask any questions you may have with respect to the operations and future outlook of our company. Please feel free to participate in the discussion and if you happen to leave the meeting with any questions or concerns, you can always contact me at 780-424-7227.

We thank you for your participation as a shareholder of Imperial Equities Inc. We sincerely appreciate your support and confidence.

Sincerely,

A handwritten signature in green ink, appearing to read "Sine", is positioned above the printed name.

Sine Chadi
Chief Executive Officer and
Chairman of the Board



GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Management Information Circular and Proxy Statement.

“**ABCA**” means the Business Corporations Act (Alberta), R.S.A. 2000, c. B-9, as amended, and includes regulations promulgated thereunder.

“**Articles**” means the articles of incorporation of the Corporation, as amended.

“**Board**” means the board of directors of the Corporation.

“**Bylaws**” means Bylaw Number 1 of the Corporation adopted and approved by the Board on October 1, 2001, as amended from time to time.

“**Corporation**” means Imperial Equities Inc., a corporation incorporated under the ABCA.

“**Financial Year**” means the Corporation’s most recently completed financial year ended September 30, 2016.

“**Information Circular**” means this management information circular and proxy statement dated January 19, 2017, including the appendix appended hereto.

“**Meeting Date**” means Friday, March 3, 2017.

“**Meeting**” means the annual general meeting of the Shareholders to be held at Scotia Place, Concourse Level, Conference Room A, 10060 Jasper Avenue on Friday, March 3, 2017 at 2:00 p.m. (Edmonton time) for the purposes set forth in the Notice of Meeting.

“**Named Executive Officer**” means the following individuals: (a) each individual who served as the chief executive officer of the Corporation or acted in a similar capacity during the Financial Year; (b) each individual who served as the chief financial officer of the Corporation or acted in a similar capacity during the Financial Year; (c) each of the Corporation’s three most highly compensated executive officers, other than the chief executive officer and chief financial officer of the Corporation, who were serving as executive officers at the end of the Financial Year and whose total salary and bonus exceeds \$150,000, and (d) any additional individual for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the Financial Year.

“**Notice of Meeting**” means the notice of the Meeting accompanying this Information Circular.

“**Option Plan**” means the Corporation’s Directors’, Management Employees’ and Consultants’ Stock Option Plan approved by the Shareholders on March 31, 2005 and amended and approved by the Shareholders on March 21, 2013.

“**Record Date**” means January 27, 2017.

“**SAR**” or “**stock appreciation right**” means a right, granted by the Corporation or any of its subsidiaries as compensation for employment services rendered or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities.

“**SEDAR**” means the system for electronic document access and retrieval.

“**Shareholder**” means a holder of Shares.

“**Share**” means a common share in the capital of the Corporation.

“**TSX-V**” means the TSX Venture Exchange Inc.

INFORMATION CIRCULAR

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

This Information Circular is furnished to Shareholders in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting and any adjournment or adjournments thereof.

This Information Circular and the accompanying forms of notice and proxy as well as other related meeting materials are being mailed or delivered to Shareholders on or about February 3, 2017. Unless otherwise indicated, information in this Information Circular is given as of January 19, 2017.

No person is authorized to give any information or to make any representation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of any offer or proxy solicitation. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

GENERAL PROXY MATERIALS

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting for the purposes set forth in the Notice of Meeting. In addition to solicitation by mail, proxies may be solicited in person, by telephone or other means of communication, by directors, officers and employees of the Corporation who will not be specifically remunerated therefore. The cost of soliciting proxies will be borne by the Corporation.

Appointment of Proxyholder and Revocation of Proxies

The person named in the enclosed form of proxy is a director and officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the person designated in the form of proxy provided by the Corporation, to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.** In order to be effective, a Shareholder must forward its proxy to Computershare Trust Company, Attention: Proxy Department, 530, 8th Avenue SW, Calgary, Alberta, T2P 3S8. All proxies must be forwarded not later than 48 hours (excluding Saturdays, Sundays and holidays) preceding the Meeting, or any adjournment or adjournments thereof, as applicable. In addition, a Shareholder may bring the proxy to the Meeting and deliver it to the Chairman of the Meeting prior to the commencement of the Meeting. The proxy shall be in writing and executed by the Shareholder or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney, as applicable.

A proxy is revocable. The giving of a proxy will not affect a Shareholder's right to attend and vote in person at the applicable Meeting. In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy by instrument in writing executed by the Shareholder or such Shareholder's attorney authorized in writing, or, if the Shareholder is a corporation, under its

corporate seal or by an officer or attorney thereof, duly authorized, and deposited at the registered office of the Corporation located at 3200 TELUS House South Tower, 10020-100 Street, Edmonton, Alberta, T5J 0N3, at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment or adjournments thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or adjournments thereof.

Proxy Voting

The Shares represented by a valid proxy will be voted or withheld from voting in accordance with the instructions of the security holder on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the Shares represented by the proxy will be voted or withheld from voting in accordance with such specification. In the absence of any such specification, the management designees, if named as proxy, will vote IN FAVOUR of the proposed resolution. The enclosed form of proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment or adjournments thereof. As of the date hereof, management of the Corporation know of no amendments, variations or other matters to come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Pursuant to the Bylaws of the Corporation, business may be transacted at the Meeting if not less than two persons are present in person, each being a Shareholder entitled to attend and vote at the Meeting, or a duly appointed proxy or representative representing not less than ten percent (10%) of the issued shares of the Corporation carrying voting rights at the meeting.

Voting Of Shares – Advice To Beneficial Holders Of Securities

The information set forth in this section is of significant importance to many Shareholders as a substantial number of the Shareholders hold their Shares through intermediaries such as brokers and their agents or nominees and not in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered under the name of the Shareholder on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder’s broker or an agent or nominee of that broker. Shares held by brokers or their agents or nominees can only be voted or withheld from voting upon any resolution upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers, their agents or nominees are prohibited from voting Shares for their clients.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or agent or nominee thereof) is identical to the form of the proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. **A Beneficial Shareholder receiving a proxy from an intermediary cannot use that proxy to vote Shares directly at the Meeting, rather the proxy must be returned to the intermediary well in advance of the Meeting in order to have the Shares voted. A Beneficial Shareholder may however request the intermediary to appoint the Beneficial Shareholder as a nominee of it as a proxy holder. A Beneficial Shareholder should contact the intermediary, broker or agent and nominees thereof, should it have any questions respecting the voting of the Shares.**

THE CORPORATION

General

The Corporation was incorporated on July 11, 1996 as 702601 Alberta Ltd. pursuant to the ABCA. On September 30, 1998, the Corporation changed its name to Imperial Equities Inc.

On October 1, 2001, the Corporation and Imperial Land Limited were amalgamated and thereafter continued as one corporation under the name of "Imperial Equities Inc." Upon completion of the amalgamation, the shares of Imperial Land Limited were cancelled without any repayment of capital.

The head office of the Corporation is located at 2151 Scotia Place, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The registered and records office of the Corporation in the Province of Alberta is located at 3200 TELUS House, south Tower, 10020-100 Street, Edmonton, Alberta T5J 0N3.

The Corporation made a public offering pursuant to a Prospectus dated September 7, 1998 and closed its offering raising gross proceeds of \$200,000 on October 26, 1998 (the "Offering"). On November 9, 1998, the Shares were listed on The Alberta Stock Exchange (now the TSX-V) under the trading symbol "IEI". The Shares continue to be listed on the TSX-V.

Business of the Corporation

The Corporation is focused on the acquisition, development and/or redevelopment of real estate. During the current Financial Year, the Corporation sold its wholly owned subsidiary that distributed pharmaceuticals.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Corporation who has held that position at any time since the beginning of the Financial Year, or of any proposed nominee for election as director of the Corporation or any associate or affiliate of any of the foregoing, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Shares, of which 9,608,042 Shares of the Corporation are issued and outstanding as at the date hereof. The holders of Shares of record are entitled to vote such shares at the Meeting on the basis of one vote for each Share held, the Shares being the only class of shares entitled to vote at the Meeting.

The holders of Shares of record at the close of business on the Record Date are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

- (a) such person transfers his Shares after the Record Date; and

- (b) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his ownership to the Shares and makes a demand to the registrar and transfer agent of the Corporation, not later than ten (10) days before the Meeting, that his name be included on the shareholders' list.

The bylaws of the Corporation provide that not less than two persons present in person, each being a Shareholder entitled to attend and vote at the Meeting, or a duly appointed proxy or representative representing not less than ten percent (10%) of the issued shares constitute a quorum for the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only persons or companies who beneficially own, directly or indirectly, or control or direct ten percent (10%) or more of the voting rights of the outstanding Shares are as follows:

| Shareholder Name and Municipality of Residence | Number of Shares | Percentage of Outstanding Voting Securities |
|--|------------------|---|
| Imperial Land Corp. (1) | 2,944,559 | 30.65% |
| Sine Chadi (2) | 3,028,300 | 31.52% |

Notes:

- (1) Imperial Land Corp. is a private Alberta registered corporation controlled by Sine Chadi.
- (2) Sine Chadi owns 100% of North American Mortgage Corp., Sable Realty & Management Ltd. and Chadi Land Company Inc. which own respectively, 552,533 shares, 41,700 shares and 60,000 shares. The balance of 2,374,067 (24.71% of the total issued and outstanding Shares of the Corporation) are held directly or indirectly by Sine Chadi.

ELECTION OF DIRECTORS

The Articles of the Corporation provide that the number of directors shall be a minimum of one (1) and a maximum of fifteen (15). It is proposed that the persons named below will be nominated at the Meeting. Each director elected will serve until the next annual general meeting, or until their respective successors have been elected or appointed. Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote for the election of said persons to the Board. Management does not contemplate that any of the nominees will be unable to serve as a director; however, if, for any reason, any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favor of the management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in connection with the election of directors.

The following table states the names of all persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by them, their principal occupations or employment currently and for the past five years, the date on which they became directors of the Corporation, and the number of shares in the capital of the Corporation owned by them, directly or indirectly, or over which they exercise control or direction:

| Name and Municipality of Residence and Office Held, if any | Director Since | Number of Voting Shares Beneficially Owned, Directly or Indirectly, or Controlled by Proposed Director | Principal Occupations, Business or Employment |
|---|----------------|--|---|
| Sine Chadi (1) Edmonton, Alberta President, Chief Executive Officer, Chairman of the Board, Secretary and Director | Sept. 13, 1996 | 5,972,859 (2) | President, Director and sole or principal shareholder of North American Mortgage Corp. and other related privately held companies which are involved in the acquisition, development and management of commercial real estate and other business interests. |
| Diane Buchanan (1) Edmonton, Alberta Director | April 30, 1998 | 1,218,926 | Chair of Gordon and Diane Buchanan Foundation. CEO of Yorkshire Equities Inc. |
| Kevin Lynch (1) St. Albert, Alberta Director | April 30, 1998 | 310,000 | Corporate counsel to the Corporation. Partner with the law firm of Bennett Jones LLP (Edmonton office). |
| Dave Majeski (1) Edmonton, Alberta Director | March 24, 2016 | 4,600 | Retired VP of Real Estate & Construction Services, Royal Bank of Canada after 47 years of continuous service. Mr. Majeski currently serves as director or board member of many charitable organizations. |

Notes:

- (1) Member of the Audit Committee.
- (2) Includes Shares beneficially owned or controlled by Sine Chadi. See page 7 “Voting Securities and Principal Holders of Voting Securities”.

EXECUTIVE COMPENSATION

Sine Chadi, Chief Executive Officer and Wendy Fair, Chief Financial Officer, were the sole Named Executive Officers of the Corporation during the three (3) most recently completed financial years of the Corporation. The following table sets forth all annual and long-term compensation paid to the Named Executive Officers by the Corporation for the three (3) most recently completed financial years of the Corporation. The Corporation relies solely on board discussion without any formal objectives, criteria and analysis in determining the executive compensation. Option based awards are granted to executive officers through board discussion and consideration of how many options are available under the Corporation’s equity compensation plan approved by security holders.

Summary Compensation Table

Non-equity incentive plan compensation (\$)

| | | Salary (\$) | Share based awards(\$) | Option based awards (\$) | Annual incentive plans | Long-term incentive plans | Pension value (\$) | All Other Compen- sation (\$) | Total Compen- sation (\$) |
|--|------|----------------|------------------------------|-----------------------------------|------------------------------|---------------------------------|--------------------------|--|------------------------------------|
| Sine Chadi Chief Executive Officer, President | 2016 | 300,000.00 | Nil | Nil | Nil | Nil | Nil | Nil | 300,000 |
| | 2015 | 300,000.00 | Nil | Nil | Nil | Nil | Nil | Nil | 300,000 |
| | 2014 | 300,000.00 | Nil | 593,750 | Nil | Nil | Nil | Nil | 893,750 |
| Wendy Fair (1) Chief Financial Officer | 2016 | 183,000.00 | Nil | Nil | Nil | Nil | Nil | Nil | 183,000 |
| | 2015 | 140,000.00 | Nil | Nil | Nil | Nil | Nil | Nil | 140,000 |
| | 2014 | 140,000.00 | Nil | Nil | Nil | Nil | Nil | Nil | 140,000 |

Note:

- (1) Wendy Fair was appointed Chief Financial Officer May 14, 2010 and is employed by an external management company that provides executive management services to the company as well as numerous other related companies.

Long-Term Incentive Plans - Awards in Most Recently Completed Financial Year

As at the date hereof, the Corporation does not have any long-term incentive plans and no long-term incentive plan awards were granted to the Named Executive Officers during the Financial Year. A "Long-Term Incentive Plan" is a plan under which awards are made based on performance over a period longer than one financial year, other than a plan for options, SARs or restricted share compensation.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of securities underlying the options granted to the Named Executive Officers.

| Option-based Awards | | | | | Share-based Awards | |
|--------------------------|--|----------------------------|------------------------|--|--|--|
| Name | Number of securities, underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (1) (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Sine Chadi CEO | 475,000 | \$4.25 | August 26, 2019 | \$128,250 | Nil | Nil |

Note:

- (1) The market value of the securities underlying the instruments at the end of the year was \$4.52.

Incentive Plan Awards – Value Vested or Earned During the Year

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-----------------|---|--|--|
| Sine Chadi, CEO | Nil | Nil | Nil |

Aggregated Options Exercised During the Most Recently Completed Financial Year

During the most recently completed financial year there were no options exercised.

Pension Plan Benefits and Deferred Compensation Plans

As at the end of the Financial Year, there were no pension plans that provide for payments or benefits at, following, or in connection with retirement for any NEOs of the Corporation. There were no deferred compensation plans relating to any NEO of the Corporation.

Termination and Change of Control Benefits

As at the end of the Financial Year there were no employment contracts between the Corporation and the Named Executive Officers. As at the end of the Financial Year, there were no compensatory plans, contracts or arrangements in place with respect to the Named Executive Officers in the event of the resignation, retirement or other termination of employment, a change of control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control.

Director Compensation

The following table sets forth information in respect of compensation paid to the directors of the Corporation during the Financial Year for their services as directors of the Corporation.

| Director | Fees earned (1) (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|------------------|----------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| Diane Buchanan | \$11,000 | | | | | | \$11,000 |
| Kevin Lynch | \$8,500 | | | | | | \$8,500 |
| Dr. Dennis Modry | \$11,000 | | | | | | \$11,000 |
| Bill Smith | \$8,500 | | | | | | \$8,500 |
| Dave Majeski | \$7,500 | | | | | | \$7,500 |

Note:

- (1) Directors are paid a fee of \$2,500 per meeting attended throughout the financial year.

Incentive Plan Awards – Value Vested or Earned During The Year

There were no incentive plan awards vested or earned during the year by any director of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect of compensation plans under which equity securities of the Corporation are authorized for issuance as at the end of the Financial Year.

| Plan Category | Number of securities, to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|--|---|--|--|
| Equity compensation plans approved by security holders | 475,000 | \$4.25 | 325,000 |
| Equity compensation plans not approved by security holders | Nil | Nil | Nil |
| TOTAL: | 475,000 | \$4.25 | 325,000 |

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, executive officers, employees, and former executive officers, directors and employees of the Corporation are indebted to (i) the Corporation or (ii) any other entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No directors, executive officers, employees, and former executive officers, directors and employees of the Corporation are indebted to (i) the Corporation or (ii) any other entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Corporation.

APPOINTMENT OF AUDITOR

The Shareholders will be asked at the Meeting to vote to reappointment of Grant Thornton LLP, Chartered Accountants, Suite 1701 Scotia Place 2, 10060 Jasper Avenue, Edmonton, Alberta, T5J 3R8, as the auditors of the Corporation until the next annual general meeting of the Shareholders, or until their successors are duly elected or appointed, and to authorize the directors to fix their remuneration.

MANAGEMENT CONTRACTS

The management functions of the Corporation are carried out solely by the directors and executive officers of the Corporation, except as delegated pursuant to the following agreements:

- 1 The Corporation is party to an asset management agreement with North American Realty Corp. (“North American”) an Edmonton-based commercial real estate company. North American has a non-arm’s length relationship with Sine Chadi, Chief Executive Officer of the Corporation. During the current Financial Year, North American received total compensation of \$427,867 for leasing and real estate commissions. At September 30, 2016, there was \$128,625 outstanding as payables relating to real estate commissions. Mrs. Seham Chadi owns one hundred percent (100%) of the issued and outstanding shares of North American; and
- 2 The Corporation is party to a property management agreement with Sable Realty & Management Ltd. (“Sable”). Pursuant to this agreement, Sable has been retained as a property manager to operate and maintain the Corporation’s portfolio of real estate properties on a day-to-day basis. Sable is required to maintain such properties as would a prudent owner of investment properties comparable in class, age, type and location. Throughout the term of the agreement, Sable is to be paid a fair market value property management fee of four percent (4%) of the gross monthly revenues which include the actual basic lease rate plus the budgeted occupancy costs. In addition to the 4% fee, some of the properties are charged a flat rate monthly fee for ground maintenance. During the current Financial Year, Sable earned the following fees: \$485,020 in property management fees, \$103,411 for reimbursement of direct property operations expenses, \$29,919 for leased warehouse space, \$183,000 for a fee for the CFO and \$96,000.00 for leased office space. Total fees of \$588,431 are mostly recoverable by Imperial Equities through tenant leases. As at September 30, 2016 there was \$34,336 outstanding in payables to Sable. Mr. Sine Chadi, Chief Executive Officer of the Corporation owns one hundred percent (100%) of the issued and outstanding shares of Sable. The Corporation through its subsidiary had commitments under vehicle lease agreements with North American Mortgage & Leasing Corp. (“NAML”) for leased vehicles used in the delivery of pharmaceuticals. These vehicle leases were terminated upon the sale of the subsidiary at December 31, 2015. Total lease payments made during the current Financial Year were \$5,226. Mr. Sine Chadi owns one hundred percent (100%) of the issued and outstanding shares of the NAML.

PARTICULARS OF MATTERS TO BE ACTED ON

The election of directors and the appointment of auditors are the only matters to be submitted to the meeting of security holders, other than the approval of financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com.

Shareholders may contact the Corporation to request copies of the Corporation’s consolidated financial statements and management discussion and analysis as follows:

Imperial Equities Inc.
2151 Scotia Place, 10060 Jasper Avenue
Edmonton, Alberta T5J 3R8

Phone 780 424-7227

Financial information is provided in the Corporation’s comparative consolidated financial statements and management discussion and analysis for the financial year ended September 30, 2016. The audited consolidated financial statements for the year ended September 30, 2016 are enclosed in the Annual Report to Shareholders which accompanies this Circular.

The Corporation is required to have an audit committee under the ABCA and pursuant to the provisions of National Instrument 52-110, *Audit Committees* ("NI 52-110"). Pursuant to NI 52-110, the Corporation is required to have a written charter which sets out the duties and responsibilities of its audit committee.

Audit Committee Charter

The Corporation's Audit Committee Charter remains unchanged from prior years.

AUDIT COMMITTEE CHARTER:

1 Role of Audit Committee

The role of the Audit Committee is to assist the Board of Directors (the "Board") in its oversight of the Corporation's financial reporting process, including its internal controls and procedures for accounting and financial reporting, reviewing the independence, qualifications and performance of the external auditor, and monitoring compliance with laws and regulations. The Audit Committee monitors and reviews these processes by working closely with the senior organization staff members and the external auditors of the organization.

2 Structure and Organization

- a Size** – The Audit Committee will consist of a minimum of three directors. These members will be appointed by the Board and may be removed at any time by resolution of the Board in its discretion. A member of the Audit Committee shall automatically cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.
- b Qualifications** – Except as may be permitted by applicable securities laws, all members of the Audit Committee must be "financially literate" i.e., have the ability to read and understand a balance sheet, an income statement and a cash flow statement. At least one member of the Audit Committee should have "accounting or related financial expertise", i.e., the ability to analyze and interpret a full set of financial statements, including the attached notes, in accordance with Canadian generally accepted accounting principles.
- c Meetings** – The Committee will meet at least three times a year.
- d Appointment of Chairperson** – The Audit Committee will appoint a Chairperson by a majority vote and the Chairperson shall have a second and deciding vote in the event of a tie. In the absence of the Chairperson at any meeting, the Audit Committee shall appoint one of its members to act as Chairperson at that meeting.

3 Authority and Responsibilities

The Audit Committee has the following authority and responsibilities to allow for the carrying out of its goals:

- a Internal Control**
 - (i) Review the results of both internal and external audits and ensure that significant findings and recommendations are received, discussed, and acted upon in a timely manner.
 - (ii) Review the policies and procedures for considering senior management's expenses and perquisites.
 - (iii) Perform other governance functions as requested by the Board.

- (iv) Review, with management, the external auditor and others, as appropriate, the Corporation's internal system of audit controls and the procedures that are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the Audit Committee shall periodically assess the adequacy of such procedures.
- (v) Review periodically the Audit Committee Charter and provide the Board with an annual evaluation of the adequacy of this Charter and recommend any proposed changes for Board approval.

b Accounting and Financial Reporting

- (i) Review, and, if necessary, discuss with management and the external auditor, prior to the public disclosure thereof, the following:
 - Annual and interim financial statements;
 - Management's discussion and analysis;
 - Auditor's opinions;
 - Management letters;
 - Annual reports;
 - Annual and interim earnings press releases and any other releases containing information derived or taken from the Corporation's financial statements prior to their release.
- (ii) Review significant financial policies, accounting issues and standards and reporting issues, including their impact on the financial statements.
- (iii) Review and monitor the Corporation's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

c Internal Auditing

- (i) Review the internal auditor's functions, objectives, scope of work, staffing plans, financial budget, and audit plans, including assessment of audit risk.
- (ii) Ensure management takes appropriate corrective action in response to recommendations made in internal audit reports.

d External Audit

- (i) Recommend to the Board, for shareholder approval, the external auditor to examine the Corporation's accounts, controls and financial statements, and to provide an auditor's report.
- (ii) Review, at least annually, the qualifications of the external auditor and to monitor and review, at least annually, the relationship of the Corporation and the external auditor to confirm the independence of the external auditor.
- (iii) Recommend to the Board the compensation of the external auditor.
- (iv) Evaluate and oversee the audit services provided by the external auditor, preapprove all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- (v) Enquire into and determine the appropriate resolution of any conflict of interest in respect of the external auditor.
- (vi) Oversee the resolution of disagreements between management and the external auditor regarding financial reporting.
- (vii) Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor and the fees for those services.
- (viii) Obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-

control procedures, any material issues raised by the external auditor's internal quality-control reviews and the steps taken to resolve those issues.

- (ix) Review and approve hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditor.

e Compliance with Laws and Regulations

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations, including reports by internal auditors.

f Procedure for Handling Complaints about Accounting Matters

- (i) Complaints regarding accounting, internal accounting controls, or auditing matters can be mailed in to the Corporation's Head Office, Attention: Chairperson of the Audit Committee and marked "Private and Confidential".
- (ii) Audit Committee members will receive a copy of all complaints and each complaint will be investigated by the Corporation's finance staff, unless otherwise directed by the Audit Committee.
- (iii) The status of each complaint will be reported to the Audit Committee by the Chairperson on a quarterly basis and, if the Audit Committee so directs, to the full Board.
- (iv) Any director, officer or employee of the Corporation is prohibited from retaliating or taking any adverse action against anyone for raising or helping to resolve a complaint.
- (v) Audit Committee Members shall treat as confidential all complaints received by them, including the identity of any complainants who have submitted such complaints, and shall only disclose such complaints and the identity of such complainants to the President and Chief Executive Officer, the Chief Financial Officer, the Corporation's finance staff who are involved in the investigation of complaints, the Board of Directors of the Corporation, the legal, accounting or other advisers of the Corporation, any outside advisers appointed by the Chairperson of the Audit Committee to investigate complaints and such other persons as may be reasonably required in the investigation of a complaint. All persons will be required to keep this information confidential. Despite this confidentiality, disclosure may be required pursuant to legal proceedings or applicable laws.

g Independent Counsel

- (i) The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

Composition of the Audit Committee

The Audit Committee is currently comprised of the following members:

| Name and Office if Any | Independent (1) | Financially Literate (1) |
|-------------------------------|------------------------|---------------------------------|
| Sine Chadi | No | Yes |
| Diane Buchanan | Yes | Yes |
| Kevin Lynch | No | Yes |
| Dave Majeski | Yes | Yes |

Notes:

- (1) As defined in NI 52-110.

The Board believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise. The Board has determined that each member of the Audit Committee is “financially literate” within the meaning of applicable Canadian securities laws based on each member’s education and experience. In considering criteria for the determination of financial literacy, the Board of Directors looks at the ability to read and understand financial statements of a publicly traded corporation. Each member of the Audit Committee has been, during the course of his or her business career, a senior manager of a publicly traded company or has served as a member of boards of directors of other private and public corporations. The members of the Audit Committee have direct access to the external auditors of the Corporation. The Audit Committee and the full Board of Directors review the unaudited quarterly financial statements, management’s discussion and analysis of financial results and earnings press releases.

None of the audit committee members have an accounting degree and therefore rely on the external auditors together with the CFO, to assess the general application of the accounting principles applied.



Sine Chadi

has overseen all the day to day aspects of the Corporation’s growth, development and management. He brings more than 40 years of professional real estate experience to the Corporation and is the founder and principal shareholder of several other companies involved in real estate sales, asset management, property management and mortgage financing. Sine’s leadership skills are enhanced by experience in strategic planning and direction, the ability to assess critical risks in a wide range of areas, and a hands-on approach to managing all aspects of the Company’s operations. Sine has extensive knowledge and understanding of the legal and regulatory compliance of the Company’s environment.



Diane Buchanan

is currently the CEO of Yorkshire Equities Inc. and brings to the company an extensive background in real estate and business operations. In 1984 she was the first woman elected as a Director on the Edmonton Real Estate Board and is the Chairman of the Gordon and Diane Buchanan Foundation. Diane is the former CEO of Advanced Panel Products Ltd. as well as the former owner of several real estate brokerages. Diane actively develops real estate properties and has gained a broad range of commercial business experience.



Kevin Lynch

is a corporate lawyer with one of Edmonton’s most prestigious business law firms. As a corporate specialist, Kevin focuses his practice on corporate/commercial law, including securities, acquisitions and divestitures, commercial real estate and financing matters. Kevin’s areas of practice also includes commercial real estate, corporate commercial law and corporate governance. Kevin has acted as Corporate Secretary and director for TSE listed companies.



Dave Majeski

is the former VP of Real Estate and Construction Services for the Royal Bank of Canada serving Red Deer north which included north eastern British Columbia and the Territories. In addition to his extensive banking experience, Dave is a graduate of the Institute of Corporate Directors – Rotman Directors Education Program. He is active in the community serving on special committees for charitable organizations. Dave has an Honorary Bachelor Degree from MacEwan University and was inducted into the city of Edmonton’s Hall of Fame for outstanding community service.

All of the Audit Committee members have the capacity to understand accounting principles and assess general applications of the same. All the directors have directly related real estate expertise to evaluate accounting issues raised by the Corporation’s activities. The Audit Committee reviews the quarterly and annual financial statements and related financial reporting of the Corporation and meets with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Corporation’s policies, business practices and internal controls.

Audit Committee Oversight

At no time since the commencement of the Financial Year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Financial Year has the Corporation relied on the exemptions below:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services);
- (b) the exemption in subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer); C
- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member);
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) and;
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemption).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading “External Audit” of the Audit Committee Charter which states that the Audit Committee must pre-approve any non-audit services to the Corporation and the fees for those services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation’s external auditors in each of the last two financial years for audit and non-audit related services are as follows:

| Financial Year | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|----------------|------------|--------------------|----------|----------------|
| 2016 | \$84,035 | \$1,870 | \$14,445 | \$3,518 |
| 2015 | \$101,325 | \$2,006 | \$13,910 | Nil |

Audit-related fees are fees charged by the Canadian Public Accountability Board. Tax fees are fees charged for preparation of the Company’s annual tax returns. All other fees relate to professional advice provided by the auditors.

Exemption

As a Venture Issuer within the meaning of NI 52-110, the Corporation is relying upon the exemption provided by section 6.1 of NI 52-110, which exempts venture issuers from the requirements of Part 3, *Composition of the Audit Committee* and Part 5, *Reporting Obligations* of NI 52-110.

CORPORATE GOVERNANCE PRACTICES

The Corporation is required to provide the following corporate governance disclosure pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”):

- 1 Board of Directors (the “Board”)** - The Board considers that Ms. Diane Buchanan and Mr. Dave Majeski are independent in accordance with the definition of “independence” set out in NI 52-110 as it applies to the Board. Mr. Sine Chadi is an executive officer of the Corporation and Mr. Kevin Lynch is external legal counsel to the Corporation and as such are not considered independent. The Board is able to exercise a reasonable level of independent supervision over management.
- 2 Directorships** - Of the directors of the Corporation, none are presently a director of another issuer that is a reporting issuer, or the equivalent, in any jurisdiction.
- 3 Orientation and Continuing Education** - Orientation for a new director occurs through an informal process whereby the new director has informal meetings with senior management and the Board. The Corporation does not presently have a formal or official orientation or training program for new directors, or a continuing education program for its directors. A new director is able to meet with the Corporation’s legal counsel so as to be advised of his legal duties and responsibilities.
- 4 Ethical Business Conduct** - The Board members continually affirm the importance of the Corporation’s having a culture of ethical business conduct. The Audit Committee has adopted a procedure for handling complaints about accounting, internal control or auditing matters.
- 5 Nomination of Directors** - A nomination committee is created on an ad hoc as needed basis.
- 6 Compensation** - The Board approves the compensation of the CEO and the directors. Each Board member excluding the CEO is presently paid \$2,500 per meeting. Each Board member other than Dave Majeski and the CEO, has been granted 200,000 Share options throughout their terms as a Director. The CEO has been granted 775,000 Share options throughout his tenure.
- 7 Other Board Committees** - The only standing committee is the Audit Committee.
- 8 Assessments** - Assessment of the effectiveness of the Board, the Audit Committee, and individual directors is presently done by the Board on an informal basis.



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