



IMPERIAL  
EQUITIES  
INC.

# Adapting to a Changing World

2022  
Annual Report

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2022 ANNUAL REPORT



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# 2022 PRESIDENT'S REPORT





# Adapting to a Changing World

*It's an old truism on the prairies that if you don't like the weather, you can just wait five minutes.*

A prairie sky is huge, and views are long. But experience tells you not to ever take a clear sky for granted. Changes can be abrupt and dramatic, and the biggest storms seem to appear out of nowhere. They challenge even the most experienced forecaster. Doing business is no different. Our world has been hit by dramatic changes over the last few years, and even though so much has returned to normal, ongoing global uncertainty, breaks in supply chain dependability, spikes in inflation and a return to a higher interest rate environment, have all changed our environment, and reminded us that we can't always predict the weather.

Our Company is one that understands change. We are careful investors and we manage towards sustainable growth and stability. We invest only in assets we believe we can sustain over the long term, and we seek to gain the most out of our base and maximize our investments and relationships to support our strategic goals. We are prudent managers because it's always good strategy and it best positions us to manage through virtually any environment. We can never control our environment, but we have yet to find ourselves reeling in response to environmental shocks, not even in the last few years. In 2022, as things shifted again, we continued to see the wisdom in this posture, as we delivered across all measures, and proved again that we are building and growing in a manner which will sustain.

The most dramatic impact on our business world is the new interest rate environment. There is no question that the shifts of the last 18 months have brought challenges. In anticipation, we took advantage of historically low interest rates that preceded this period to refinance a number of properties at lower interest rates and to generate proceeds to pay down our higher interest debt instruments such as our operating facilities.

Still, even with these measures, our interest costs started to move upward in 2022 with our highest mortgage rate now at 5.45%. Since March 2, 2022, we have seen six consecutive increases, and recent indications from the Bank of Canada are that rate increases will continue. This is due to ongoing uncertainty about policy impacts and whether the inflation reductions we have seen are indicative of a generalized decline in price pressure. In addition, the Bank has expressed ongoing concern about excess demand in the economy including labour shortages. The challenges of managing this environment are further complicated by the possibility that abrupt shifts we've seen may tip our economy into recession.

This forecasts more uncertainty ahead and means we will continue to be prudent in how we make decisions about investments. Our priorities will have us focused on completing a major expansion at a property in Fort McMurray, as well as on retaining tenants, filling any vacancies and ensuring that any investments we do make are secured at rates of return that can offset the increased costs coming our way.

Despite all of the changes and challenges we've faced, our bottom line continues to be extremely healthy. We have maintained a highly competitive debt to total asset ratio of 51%, which is down from 54% during the prior year. And further, even though the changes in the external environment are much more pronounced, the weighted average interest rate being paid across all properties is at 3.23%, only up slightly from 3.15% in the prior year. This reflects well on the strategy of refinancing that was carried out in anticipation of these conditions.

We continue to excel where we always have, as strong asset managers who offer competitive products, well-managed. Our tenants are discerning. They seek out our properties because of our management expertise and reliability, and yet still, tenants sometimes change. Some tenants move on due to business challenges and some consolidate in other locations. In some cases, business ownership changes and with it, so do ideas about leasing needs.

Being able to adapt as our tenants adapt, or to quickly turnover a property when a vacancy occurs, is key to managing for stability. This was a particularly busy year for us, with 7 leases and 170,048 square feet of space (representing 16% of our total square footage) up for renewal or may become vacant.



***Our Company is one that understands change. We are careful investors and we manage towards sustainable growth and stability.***

With the larger vacancies that occurred through the year, we moved quickly to address any apparent property maintenance issues and to upgrade the properties to suit new tenant needs. While we market the property, we also assess its market-readiness and make adjustments to ensure the best possible condition is achieved, whether it be by addressing cosmetic upgrades or taking advantage of the vacancy to address any needed environmental remediation or making energy efficiency improvements that will benefit a future tenant.

We did extremely well in meeting this challenge over the past year. We brought a new tenant into our one vacancy in Coppertone VII to bring that property up to full occupancy, and another 56,519 square feet of space in additional properties was renewed through the course of the year. Renewals were generally at extended terms and all were at competitive market rates. A further 85,957 square feet of new leases were secured, with tenant occupancy beginning subsequent to year end. These leases brought new blue-chip tenants onto our tenant roster. At year end, space available for lease was only 23,267 square feet, or 2.1% of our total, across our entire portfolio.

Over the last year, our acquisition activities have been modest as we assessed a changing environment. We completed only one transaction, valued at \$2.25 million for two separate parcels. One of the parcels, with a building on site, was then sold for \$1.675 million. We've retained the second parcel, which sits within our Coppertone Industrial Common, for future development opportunities.

We continue to enjoy healthy cash flows from our operations, which has both ensured sufficient ability to reinvest in our asset base and it has also provided funds to begin a significant construction project in Fort McMurray, where we are adding 33,200 square feet of leasable space through the 8,000 square foot expansion of an existing building and the construction of a new 25,200 square foot building. Altogether we invested more than \$5 million in property improvements throughout the year, and expect to invest at least another \$5 million during fiscal 2023 – a massive and prudent investment in boosting our portfolio value overall. All of this has been financed through cash flows and short-term financing.

We've always maintained our commitment to shareholders to hold firm on our payment of dividends and we were able to deliver on this commitment by providing a slight increase this year starting in Q2-2022 to \$0.08/share annually (up from \$0.06/share). This consistent return to our shareholders is an important benefit of stable growth, and perhaps one of the best barometers of our overall financial health.

Our Company holds more than \$250 million in assets and all of it contributes to the growth and stability that we've been able to maintain for almost 25 years. As we complete some major projects, we continue to assess the marketplace, including more investments in neighbouring provinces, with our eyes on properties that may come available as the environment begins to settle around us.

As always, I am looking forward to having the chance to discuss our Company at our Annual General Meeting to be held on March 16, 2023. In the meantime, I want to thank our shareholders for their ongoing faith in our Company. Please do not hesitate to contact me, anytime, with your questions or suggestions.

Sincerely,

**Sine Chadi**  
*President & CEO*



# MD &A

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
for the year ending September 30, 2022

## As at December 7, 2022

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Imperial Equities Inc. ("Imperial" or "Imperial Equities" or the "Company") and its subsidiaries. This MD&A should be read in conjunction with the consolidated financial statements for the year ended September 30, 2022, and the related notes. Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol "IEI". Additional information on the Company may be obtained by visiting [www.sedar.com](http://www.sedar.com).

## Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in the MD&A and is also responsible to ensure that appropriate procedures and controls exist internally that will provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with International Financial Reporting Standards ("IFRS"). In addition, the Company's Audit Committee and Board of Directors provide an oversight role for all public financial disclosures by the Company and have reviewed and approved this MD&A and the accompanying consolidated financial statements.

## Forward-Looking Information

In our report to shareholders, Management may talk about the current economy and express opinions on future market conditions. This forward-looking information is based on Management's current assessments made based on internal expertise as well as the opinions of other professionals in this industry. While Management may consider these statements to be reasonably optimistic and favourable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 20 of the consolidated financial statements and this MD&A. Any forward-looking statements in this report should not be relied upon as facts, as actual results may differ from estimates.

## Additional Non-IFRS Measures

Debt, unencumbered properties, operating expense recoveries, and debt to asset ratios are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar calculations reported by other Canadian issuers.

Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

## Business Overview

Based in Edmonton, Alberta, Imperial Equities is a publicly-traded company anchored by industrial, agricultural, and commercial properties in its targeted markets throughout Western Canada.

Annually, since operations began in 1998, Imperial Equities has achieved solid growth. The Board of Directors along with corporate Management are all vigorously and enthusiastically committed to the continued growth of the Company.



# Strategic Direction



## *Our Value Statement*

Imperial's team of professionals is dedicated and motivated to grow its real estate portfolio and earn value for its shareholders. As a growth-focused company, Imperial has financed acquisitions largely through conventional mortgages. However, issuing new share capital may be considered at a future date to support the Company's objectives. We believe in building value in the shares through a commitment to acquire and develop high-quality properties and gain capital appreciation to benefit the shareholders. As part of our

strategy, we would consider the disposition of a property where the Company believes that we have maximized the potential of that property and its disposition would be beneficial to the Company.

Imperial's Board of Directors along with Management are focused on the real estate market throughout western Canada and are committed to continue building a strong portfolio of investment properties, through careful, strategic movement.



*We continue to excel where we always have, as strong asset managers who offer competitive products, well-managed.*

# Strategic Goals

1

Acquire industrial, agricultural, and commercial properties in strategic locations for capital appreciation

2

Acquire fully occupied, single-tenant or multi-tenant industrial properties with long-term lease agreements and rental rates commensurate with the location

3

Finance acquisitions with the lowest available cost of capital

4

Manage the Company's environmental impacts with a view to moving to net zero emissions

5

Achieve a defined rate of return on each asset

6

Maximize the revenue potential of each asset in its region

7

Dispose of older assets that may have reached their maximum earning potential to reduce the overall age of the properties in the portfolio

8

Invest in the communities where properties are located

# Key Performance Drivers



Imperial Equities continues to engage a dedicated team of professionals to manage and oversee business activities. There is a strong Board of Directors with significant real estate experience to guide and assess the Company's strategy and investment decisions. The dedication and professional experience of Imperial's Management team has helped the Company achieve positive earnings every year the Company has been in business.

Management monitors the success of Imperial by measuring how well the Company delivers on its strategies and executes due diligence. This assessment includes the size of the tenant, the length of time they have been in business, their operations, and exposure to the industry in which they operate. All these factors are part of the evaluation of the strength of the lease covenant. The Company's success is also impacted by external factors, including the overall economic health of industries operating in the province of

Alberta as well as social and environmental factors. Alberta is still largely reliant on the oil industry and the Company is careful to select tenants that are best able to weather an economic downturn and retain relevance as the economic base of the province shifts over time. Interest rates related to the financing of the properties is a key additional external factor. Investment properties are financed with conventional fixed term mortgages and help the Company when mortgages are placed in a low interest environment. Conversely, there is a risk that mortgages can be fixed at higher rates, affecting operating income and cash flows. The Company will closely monitor rising interest rates as they could have a significant impact on the operating cash flows. Any new commercial lease terms associated with new acquisitions and lease renewals will reflect changing market conditions, including current interest rates, and will be assessed on this basis.



# Strategic Objectives

<p><b>1</b></p> <p>Conduct comprehensive due diligence on all acquisitions, including evaluating the strength of the tenant(s) before entering into contracts</p>	<p><b>2</b></p> <p>Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants</p>
<p><b>3</b></p> <p>Maintain high occupancy rates to recover carrying costs of the properties</p>	<p><b>4</b></p> <p>Monitor the quality of tenants in the portfolio to reduce the risk of defaults on leases</p>
<p><b>5</b></p> <p>Monitor GHG emissions on all properties and move towards net zero emissions</p>	<p><b>6</b></p> <p>Maintain the assets to high standards, including structural, mechanical, and cosmetic, to showcase the existing properties to prospective tenants or purchasers</p>
<p><b>7</b></p> <p>Complete preventative maintenance on the properties to reduce operating costs, and to lower emissions, improve energy efficiency, and maximize the longevity of the buildings</p>	<p><b>8</b></p> <p>Ensure that maintenance on the properties is done to exacting standards, and performed at rigorous safety standards, while ensuring the costs are competitive</p>
<p><b>9</b></p> <p>Maximize the cash flow from operations to ensure funding for growth opportunities</p>	<p><b>10</b></p> <p>Select mortgage terms that provide a low cost of capital and utilize debt leverage opportunities</p>

## 11

Minimize higher rate short-term borrowings to reduce the cost of capital

# Key Performance Indicators

	September 30 2022	September 30 2021
<b>Investment Properties</b>		
Total number of investment properties	42	40
Property acquisitions during the period	2	3
Property dispositions during the period	1	-
Raw land properties held for future development	9	9
Raw land properties under lease with tenants	6	5
Gross leasable area (GLA) in square feet	1,084,003	1,084,003
<b>Leasing Activities by Gross Leasable Area (GLA)</b>		
Lease retention	56,519	180,317
New tenant leases	98,316	151,110
GLA of leases expiring within twelve months	105,504	170,048
Space available for lease	23,267	9,264
Average lease term to maturity in years	4.83	4.73
Building occupancy	97.9%	99.1%
<b>Property Operations</b>		
% operating expense recoveries	82%	82%
Income from operations	\$ 13,458,786	\$ 13,138,345
Investment property improvements	\$ 5,205,210	\$ 1,973,550
<b>Financing</b>		
Debt to total assets ratio	51%	54%
Weighted average interest rates on mortgages	3.23%	3.15%

*During the past twelve months, several properties held by the Company have been remeasured and certified to BOMA standards, hence updating the gross leasable area in the current & previous fiscal years.*

# Investment Properties

## Raw land properties held for future development

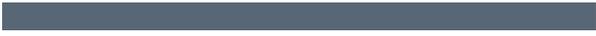
- 12.9 acres in Strathcona County, AB
- 2.24 acres in NW Edmonton, AB
- 49.42 acres in Hanna, AB

## Raw land properties held for future development and leased with tenants in place

- 1.49 acres in SE Edmonton, AB, under a lease with an existing tenant
- 2 acres in NW Edmonton, AB, under a lease with an existing tenant
- 0.91 Acres in NW Edmonton, AB, under individual lease with a tenant
- 3 acres in NW Edmonton, AB, under individual leases with five tenants
- 1.7 acres in SE Edmonton, AB
- 1.71 Acres in SE Edmonton, AB

**Gross leasable area (GLA)** – as of September 30, 2022, totals 1,084,003 ft<sup>2</sup> – unchanged from prior year.

## Property Portfolio - GLA by Municipality (square foot)

Edmonton		786,277
Fort McMurray		51,424
Red Deer		78,196
Leduc		41,630
Vegreville		33,295
Hanna		28,891
Fort Saskatchewan		6,000
Nisku		37,200
Fort St. John		21,140

# Leasing Activities

## Lease Retention

during the year ending September 30, 2022

Location	GLA	Expiring Rate (PSF*)	Renewal Rate (PSF*)	Renewal Term (months)
Edmonton, Alberta	21,801	\$ 15.60	\$ 15.60	60
Edmonton, Alberta	12,124	\$ 16.00	\$ 16.00	24
Edmonton, Alberta	22,594	\$ 15.48	\$ 15.48	60
	<b>56,519</b>			

\* per square foot

Performance drivers of the Company include ensuring a low turnover of tenants through lease retentions and maintaining high occupancy. During the current year, the Company had seven leases expiring with 170,048 ft<sup>2</sup> of space, which accounted for 16% of its portfolio. Of these expiring leases, the Company has been successful in renewing 56,519 ft<sup>2</sup> with the existing tenants and securing new tenants for 98,316 ft<sup>2</sup>.

All new and renewed leases signed in the current year were at the same lease rates or higher than those expiring.

## New Tenant Leases

during the current year

Location	GLA	Rate/PSF*	Lease Term (months)
Edmonton, Alberta	1,996	\$ 12.00	60
Edmonton, Alberta**	3,097	\$ 11.60	Month to Month
Edmonton, Alberta	7,266	\$ 16.93	60
Edmonton, Alberta	34,404	\$ 13.75	120
Edmonton, Alberta	51,553	\$ 8.25	60
	<b>98,316</b>		

\* per square foot

\*\*Gross lease

## GLA of leases expiring in the next twelve months

As at September 30, 2022, there are six leases that are expiring within the next 12 months with a combined total of 105,504 ft<sup>2</sup>. As of September 30, 2022, one lease has been renewed at the same expiring lease rate. Subsequent to year end, two tenants with a combined 30,855 ft<sup>2</sup> have exercised their options to renew for further 5-year terms. The Company will work with each tenant to determine renewal potential or seek to re-lease the property.

## Space available for lease as at September 30, 2022

- 4,160 ft<sup>2</sup> in a multi-tenant mixed-use building
- 19,107 ft<sup>2</sup> in a single-tenant building

# Lease Terms

at September 30, 2022



## Single-Tenant Buildings

Square Feet	Maturity Year
3,097	Month to Month
100,006	2023
119,830	2024
33,295	2025
76,400	2026
98,764	2027
168,183	2028
62,224	2029
41,054	2030
118,305	2031
34,404	2033
34,800	2034
28,891	2038
<b>919,253</b>	

## Multi-Tenant Buildings

Square Feet	Maturity Year
5,498	2023
21,127	2024
62,903	2025
1,996	2027
11,944	2030
38,015	2031
<b>141,483</b>	

**Total average lease terms to maturity**  
4.83 years

**Total GLA  
of in-place leases**

**1,060,736**

**GLA available  
for lease**

**23,267**

**Total GLA at  
September 30, 2022**

**1,084,003**



At September 30, 2022, the occupancy rate is 97.9% (September 30, 2021 – 99.1%). This is a result of a lease expiry of a 70,660 ft<sup>2</sup> single-tenant building. Subsequently, a new lease was signed for 51,553 ft<sup>2</sup> of the building, leaving 19,107 ft<sup>2</sup> unoccupied and available for lease.

The risk to the Company when a tenant does not renew a lease is that the Company has to absorb the ongoing operating costs of vacant space. These costs include property taxes, insurance, utilities, and any maintenance items. If a single-tenant building becomes vacant, additional vacancy costs could include mortgage payments, if applicable. Management works closely with tenants to maintain high retention rates, primarily through responsive and pro-active property management, which ensures their leased space in the building, and the exterior parking lot and landscaping, are all well maintained.

This work helps the Company meet its main goal: to maximize the revenue of each asset in its region.

### Average Annual Lease Rates per City, per square foot at September 30

	2022	2021
Edmonton, Alberta	\$ 10.13	\$ 11.56
Red Deer, Alberta*	\$ 22.71	\$ 22.49
Fort Saskatchewan, Alberta*	\$ 38.32	\$ 36.83
Fort McMurray, Alberta	\$ 44.31	\$ 43.96
Leduc, Alberta	\$ 17.66	\$ 15.70
Hanna, Alberta	\$ 19.55	\$ 19.36
Nisku, Alberta	\$ 13.26	\$ 13.13
Vegreville, Alberta	\$ 7.18	\$ 7.18
Fort St. John, British Columbia	\$ 14.75	\$ 14.75

\*Leases include a large land component which skews the average rate per square foot

### Property Operations

	2022	2021
Property tax and insurance recoveries	\$ 2,823,511	\$ 2,728,491
Operating expense recoveries	1,767,294	1,346,245
	<b>\$ 4,590,805</b>	<b>\$ 4,074,736</b>
Total property operating expenses	\$ 5,608,308	\$ 4,971,156
<b>% of property operating expense recoveries</b>	<b>82%</b>	<b>82%</b>

Property taxes, insurance, and operating expenses are budgeted annually and reconciled every 12 months on a tenant-by-tenant basis. All the Company's leases, except one, are triple net leases, which allows the landlord to recover all operating costs except for any structural repairs. In addition, Management decides how to treat the recovery from the tenant of expenses related to large maintenance items, so as not to impose hardship on the tenant's operations or cause large year over year cost fluctuations. In some cases, Management will amortize the expenditures over a year within the tenant's lease term. Some leases have lower management fees than other leases dependent upon the responsibility of performing maintenance remaining with the tenant or the landlord. Because of these variations, and because the landlord does invest in its structural assets, there will always be a percentage of operating expenses not recovered by the landlord in the current year. Historical optimal recovery percentages will be in the range of 80%-86%.

The recovery percentage of 82% in the current year included costs to bring two single-tenant buildings to leasable condition subsequent to their lease expiries. Total costs incurred relating to these two buildings were \$178,303 and these costs were not recoverable.

Recovery percentages may vary each year depending on property taxes, utilities, snow removal, lawn care, and other seasonal expenditures. Management ensures operating expense recoveries are accurately recorded, recovered, and budgeted for the subsequent year.

**Income from operations** is a measure of funds available to service the debt repayments on financing, provide cash for capital expenditures on the properties, and fund further growth. For the year ending September 30, 2022, income from operations have exceeded September 30, 2021 due to the improved performance of the Company overall, and higher income for the year relative to finance costs and mortgage installments.

	September 30, 2022	September 30, 2021
<b>Income from operations</b>	\$ 13,458,786	\$ 13,138,345
Less: Interest on financing*	4,284,996	4,344,996
Less: Principal instalments on mortgages	9,798,326	6,976,104
<b>Funds available for property improvements &amp; growth**</b>	<b>\$ (624,536)</b>	<b>\$ 1,817,245</b>

\*Interest on financing includes capitalized interest and excludes interest income and amortization of deferred finance fees

\*\*During the current year, the Company repaid a VTB loan that had a balance of \$2,500,000.

The Company, working closely with third-party contractors, continues to ensure all properties are well-maintained in terms of maintenance, electrical, mechanical, structural, and cosmetic (which includes exterior maintenance of the buildings through painting, landscaping, parking lot striping, etc.). In addition, the Company undertook several upgrade projects this year that will improve the energy efficiency of some properties.

## Investment in Property Improvements

	September 30, 2022	September 30, 2021
Total property improvements	\$ 5,205,210	\$ 1,973,550

Prior to September 30, 2022, the Company had entered into a construction contract to build an additional 33,200 ft<sup>2</sup> of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is \$8,600,000. As of September 30, 2022, construction is 51% complete, and therefore the Company has paid approximately 51% of the contract price.

During the prior year, the Company made improvements to two large yards by installing geotechnical fabric and resurfacing with recycled crushed concrete. Work also commenced and was completed on another building that had extensive renovations to its exterior as well as a new showroom and service center. Property improvements additionally included design fees for new projects and ongoing interior and exterior maintenance on the buildings.

In terms of energy efficiency, the Company continued its efforts to replace all interior and exterior light fixtures throughout the portfolio with new energy-efficient LED lighting. Also, energy-efficient heating, ventilating, and air conditioning units are being installed in several properties to replace outdated components and equipment. The impact of these improvements is the reduction of the operating costs to the tenants and the promotion of a greener environment through reduced emissions.

The Company's hands-on approach to maintaining its properties results in very high tenant retention with little turnover and shows a firm commitment by the Company to promote pride of ownership, which in turn will attract new prospective tenants, and possible future build-to-suit opportunities.



# Financing

Debt and unencumbered properties are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS, and therefore may not be comparable to similar calculations reported by other Canadian issuers.

Management considers the ratio of debt to assets to be useful for evaluating the leverage the Company may have on its investment properties to assess its debt position and to consider additional financing opportunities if any.

## Year ending September 30,

	2022	2021
<b>Total assets</b>	<b>\$ 257,175,623</b>	<b>\$ 249,487,937</b>
Mortgages excluding transaction fees	108,242,930	108,736,618
Other financing	3,000,000	3,800,000
Bank operating facilities	18,883,408	20,360,492
<b>Debt</b>	<b>\$ 130,126,338</b>	<b>\$ 132,897,110</b>
<b>Ratio of debt to assets</b>	<b>51%</b>	<b>54%</b>

The Company continues to enjoy a good relationship with its lenders and has been able to renew mortgages as they come due and place new conventional financing on acquisitions. Unencumbered properties at September 30, 2022 have fair values of \$22,138,517 (September 30, 2021 - \$21,816,843).

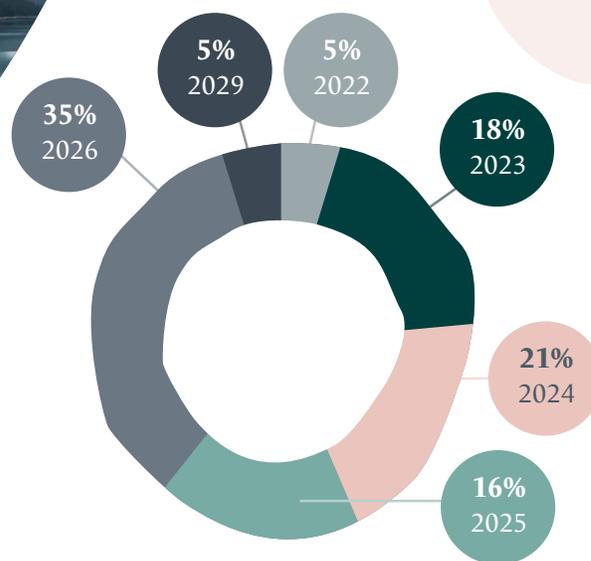
**Weighted average interest rates on the mortgages** have increased to 3.23% at September 30, 2022 from 3.15% at September 30, 2021, as four mortgages totalling \$17,998,957 were renewed during the year at interest rates ranging between 2.930% and 5.450%, which is higher than the average interest rates for mortgages renewed during fiscal 2021.

# Mortgage Maturities (Calendar Years)

The following table details the mortgage activities during the current year.

All mortgages are secured by a first charge over the related investment property and a general assignment of rents, insurance, and site-specific goods and chattel paper.

The Company's two bank operating facilities are secured with specific revenue-producing properties.



Maturity Date	Rate	Principal Balance Sep. 30'21	Mortgages Advanced/ Assumed	Y-T-D Principal Payments	Principal Paid on Maturity	Principal Balance Sep. 30'22
01-Sep-21	3.000%	\$ 2,500,000	-	\$ 2,500,000	\$ -	\$ -
01-Dec-22	3.670%	3,274,254	-	239,891	-	3,034,362
01-Dec-22	3.671%	2,974,825	-	217,941	-	2,756,884
01-Feb-23	3.750%	1,800,247	-	128,982	-	1,671,265
01-Apr-23	1.860%	3,478,861	-	209,477	-	3,269,384
01-Jul-23	5.450%	1,802,612	-	207,527	-	1,595,085
01-Oct-23	3.950%	270,036	-	126,873	-	143,163
01-Oct-23	4.090%	5,354,849	-	350,612	-	5,004,237
01-Nov-23	4.330%	3,684,371	-	235,747	-	3,448,623
01-Dec-23	4.648%	4,407,669	-	274,250	-	4,133,419
01-Jan-24	4.300%	2,057,447	-	183,438	-	1,874,009
01-Jan-24	4.300%	1,632,895	-	145,586	-	1,487,309
01-Apr-24	2.110%	4,035,050	-	238,621	-	3,796,429
01-Aug-24	3.300%	9,064,479	-	573,173	-	8,491,306
01-Nov-24	3.555%	8,038,382	-	488,349	-	7,550,033
01-Feb-25	3.310%	5,000,983	-	411,000	-	4,589,983
01-Feb-25	3.420%	4,586,347	-	274,582	-	4,311,765
01-Apr-25	2.310%	4,874,751	-	309,342	-	4,565,410
01-Aug-25	2.837%	3,764,283	-	224,063	-	3,540,220
01-Apr-26	2.675%	2,622,407	-	217,452	-	2,404,956
01-Jul-26	2.710%	11,173,373	-	619,486	-	10,553,887
01-Jul-26	2.710%	5,846,820	-	324,165	-	5,522,655
01-Oct-26	2.940%	6,335,332	9,500,000	468,963	6,335,332	9,031,037
01-Nov-26	2.930%	4,860,030	11,000,000	493,414	4,860,030	10,506,586
11-Jun-29	3.480%	5,296,315	9,798,326	335,393	-	4,960,922
		<b>\$ 108,736,618</b>	<b>\$ 20,500,000</b>	<b>\$ 9,798,324</b>	<b>\$ 11,195,362</b>	<b>\$ 108,242,930</b>

# Activity During the Year

During the year, the Company **acquired** two contiguous properties in Edmonton, Alberta for a combined purchase price of \$2,250,000. One parcel is 0.72 acres with a 5,840 ft<sup>2</sup> industrial building, and the second parcel is a vacant 0.91 acre lot.

On August 1, 2022, the Company completed the sale of the 0.72 acre parcel with the industrial building for total sale proceeds of \$1,675,000 and agreed to a Vendor Take Back (“VTB”) mortgage in the amount of \$1,475,000. The VTB bears interest at an annual rate of 4.5% with monthly blended payments of principal and interest, and a maturity date of July 31, 2024. The VTB mortgage can be prepaid in whole or in part without penalty.

During the year, the Company entered into an agreement amounting to \$8.6 million to build an additional 33,200 ft<sup>2</sup> to one of its investment properties in Fort McMurray, Alberta. The project is 51% complete as of September 30, 2022 and will secure an additional 15-year lease from the date of completion with one of the Company’s large multi-national tenants. The project is expected to be complete within the 2023 fiscal year.

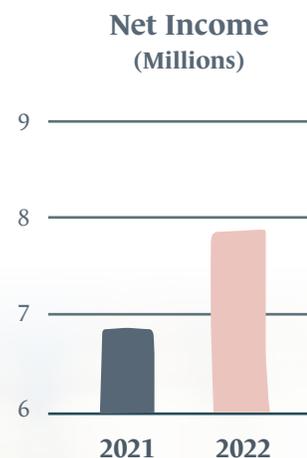
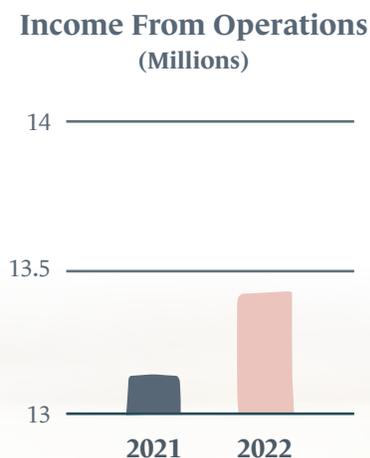
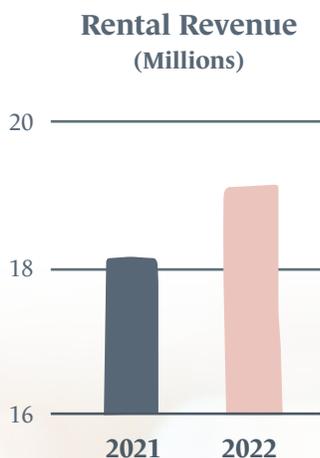
The Company’s **leasing activities** resulted in a 97.9% occupancy rate (September 30, 2021 – 99.1%). This was the product of being able to renew or secure new tenants for all leases expiring in the current fiscal year. Only one of the properties was partially leased to a new tenant who will only occupy 73% of the building, leaving 19,107 ft<sup>2</sup> vacant; this was the sole cause of the decrease in occupancy rate from the prior fiscal year.

Due to the low interest rate environment in late 2021 and early 2022, the Company focused on using proceeds generated from mortgage refinancing at lower interest rates to **repay higher interest debt** (such as its operating facilities and other financing). The balances outstanding on operating facilities have decreased in the current year by \$1,477,084. As at September 30, 2022, the Company has reduced its Other Financing debt to \$3,000,000 from \$3,800,000 in the prior fiscal year.

The Company **increased its dividends starting Q2, 2022**. The Company’s dividend increased to \$.08/share annually (\$.02/share quarterly) from \$.06/share, annually. This came as the Company saw improved performance and renewed economic stability in 2022 and expects consistent growth over the upcoming periods.



# Performance Results



Rental revenue is higher during the current year in comparison with the prior year as a result of revenue from new leases on three properties purchased in 2021 and one property purchased in 2022. This is in addition to the increases in rent from previously vacant space in 2021 that is now occupied.

The increase in income from operations is correlated to the increase in rental revenue during the current year.

Net income is higher during this fiscal year in comparison to fiscal 2021. This is a result of net fair value gains of \$2,507,969 on investment properties in comparison to net fair value gains of \$1,685,903 in the comparative year, as well as a gain on sale of investment property amounting to \$193,123 in the current year.

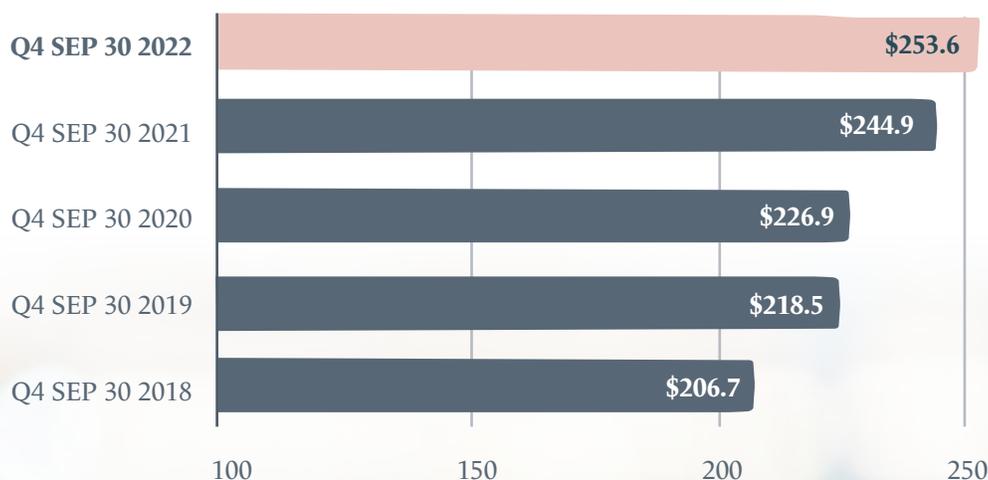


*Despite all of the changes and challenges we've faced, our bottom line continues to be extremely healthy. We have maintained a highly competitive debt to total asset ratio of 51%, which is down from 54% during the prior year.*

# Results of Operations and Cash Flows

## Fair Market Value of Investment Properties

(Millions)



**Increase in fair value of investment properties** from 2021 in the amount of \$5,206,267 is a result of an expansion of one of our Fort McMurray properties. We also added another \$851,574 with the acquisition of 0.91 acres of land as part of the Coppertone X purchase. Additionally, there were valuation gains of \$2,507,969 during the current year.

**Valuation net gains from investment property** are the result of valuing the properties at current fair market values at each reporting date. Values are determined by Management using the actual annual contracted subsequent year's revenue stream, less a vacancy, and structural reserve allowance, applying a capitalization rate to this normalized income, and deriving a fair value. Capitalization rates are used to estimate fair market value and consider many factors, including but not limited to: location, size of land, site coverage, strength of the tenant, term of the lease, lease rate, age of the building, size of the building, construction of the building and any unique features of the building. Given that not all industrial properties are the same, Management will apply these factors to each property in determining a capitalization rate. If a property has all favorable factors, the valuation will likely be calculated using the low end of the capitalization rate range.

Lower capitalization rates are applied to the Company's Class A buildings that have strong tenants and long-term leases and are typically newer construction. Higher capitalization rates apply to the Company's older buildings and take into consideration whether the property is multi-tenanted, the condition of the building, the strength of the tenants, the site coverage, and the location of the property.

At each reporting date, this calculation method is performed on all the investment properties except for vacant land and land under lease. Vacant land held for development is valued using Management's research of similar vacant lands that have been sold recently or are available for sale. Land under lease with tenants is valued at the fair value of similar vacant land in the area.

The Company continues to increase its investment property portfolio each year by acquiring properties with a view towards capital appreciation. Affecting operations for each quarter are the fair valuations of investment properties.

Net valuation gains (losses) per quarter:

2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
\$ 667,538	\$ 866,337	\$ 379,994	\$ 594,100	\$ (714,103)	\$ 2,399,494	\$ 152,745	\$ (152,233)

When valuing the investment properties at fair value, all other inputs being equal, an increase in property revenue for the ensuing twelve months will have a positive impact on the fair values and a decrease in revenue will have a negative impact. When interest rates are low, investors are more likely to expand their portfolios, creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive.

Management marginally increases the cap rates on some of the properties where the Company believes property values and lease rates have decreased as a result of a lower demand and owners eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increased contracted revenue streams which would otherwise drive the value upwards.

Investment Property Cap Rates	September 30, 2022			September 30, 2021	
	Total GLA sf	Range Cap Rates	Rate Change	Total GLA sf	Range Cap Rates
Edmonton, Alberta	762,960	4.50% - 7.00%	↑	776,963	4.27% - 7.00%
Red Deer, Alberta	78,196	6.10% - 6.63%	↑	78,196	6.10% - 6.52%
Fort Saskatchewan, Alberta	6,000	6.51%	↑	6,000	6.44%
Fort McMurray, Alberta	51,424	6.23% - 6.70%	↑	51,424	6.14% - 6.60%
Leduc, Alberta	41,630	6.50%	↔	41,630	6.50%
Vegreville, Alberta	33,295	8.00%	↔	33,295	8.00%
Nisku, Alberta	37,200	6.50%	↔	37,200	6.50%
Hanna, Alberta	28,891	7.00%	↔	28,891	7.00%
Fort St. John, British Columbia	21,140	8.50%	↓	21,140	9.34%
	1,060,736			1,074,739	
Available for lease, Edmonton AB	23,267			9,264	
<b>Total GLA square feet</b>	<b>1,084,003</b>			<b>1,084,003</b>	

Some of the leases have rental rate escalations throughout their terms and the Company has increased the cap rates on those properties to keep the value of the properties at current market rates, despite the increase in rent. Cap rates in Fort St. John have decreased as a result of repairs and improvements the Company has made to its property since it was acquired. Cap rates continue to be evaluated on a property-by-property basis to ensure values reflect current market conditions.

During the current year, increases in the fair value of properties reflect income generated by properties that were previously vacant, as well as increased income from lease rate escalations and income from new leases entered into during the year with higher lease rates than in previous years. This accounted for approximately \$1,804,974 of the fair value gains. The Company acquired a bulk purchase of 2 separate contiguous parcels of land. The Company valued each parcel separately resulting in valuation gains of \$329,668. Additionally, the project in Fort McMurray added 33,200 ft<sup>2</sup> to an existing property had a fair value gain of \$319,566. One property acquired in Q4 of 2021 in Fort St. John, British Columbia, with extensive deferred maintenance was substantially improved during the year and saw a cap rate reduction resulting in a gain of \$321,675 in the current fiscal year.

## Changes in Cash Flows

**Cash provided by operating activities** was \$11,210,070 (2021 – \$10,445,706). The Company continues to generate positive cash from operations each quarter to cover day-to-day expenditures and provide reserves for future opportunities. The increase in the current year can be attributed to increased rental revenue and operating income.

**Cash used in investing activities** was \$3,014,840 (2021 – \$7,997,068) as the Company completed acquisitions in both the current and prior year. During the current year, cash used in the purchase of investment properties, improvements, and additions to properties totalled \$7,899,053. This was offset by proceeds of \$2,500,000 from a loan receivable, \$202,684 from an asset disposition as well as a net change working capital of \$2,181,529 bringing the net cash used to \$3,014,840.

**Income from operations** is higher in 2022 than 2021 as a result of increased revenues directly stemming from new leases and lease escalations.

**Property operating expenses** have increased in this year due to increased property taxes and maintenance on vacated premises.

**Finance costs** include interest on financing and amortization of deferred finance fees and are net of interest income.

Finance costs overall have increased from the prior year as a result of increased rates on renewals. The Company used proceeds from mortgage renewals to pay down high interest debt during the year. This was offset by a decrease in interest expenses on bank operating facilities and interest on Other Financing as balances have been reduced since the prior fiscal year.

**Amortization of right-of-use asset** refers to the head office lease space for the Company. Effective October 1, 2019, the Company began recording this right-of-use asset which is amortized over the term of the lease on a straight-line basis.

**Net cash used in financing activities** was \$8,158,346 (2021 – \$2,376,143). During the current year, the Company used proceeds from renewed mortgages as well as cash provided by investing activities to reduce high interest debt. The Company repaid \$800,000 of its debt from Other Financing, and bank operating facilities have been reduced by \$1,477,084. Additionally, the Company repaid a \$2,500,000 vendor take back mortgage on a property it purchased in Red Deer in the prior fiscal year.

At September 30, 2022, there was a **net increase in cash** of \$36,884.

# Changes in Financial Position



**Investment properties** include the fair value of the properties at the reporting date as valued by Management, including the unamortized balance of straight-line rent receivables, the unamortized balance of deferred leasing costs and the unamortized balance of tenant inducements if any. Changes since the fiscal year-end of September 30, 2021, are detailed below.

	Income Producing Properties	Properties Under Development	Held for Development	Total Investment Properties
<b>Opening balance at September 30, 2021</b>	\$ 232,421,152	\$ 120,751	\$ 12,401,992	\$ 244,943,895
<i>Additions:</i>				
Property improvements and additions	119,692	5,085,518	-	5,205,210
Capitalized property taxes and other	-	-	130,872	130,872
Tenant inducements	217,639	-	-	217,639
Leasing commissions	319,964	-	-	319,964
Property acquisitions	2,285,534	-	-	2,285,534
Property dispositions	(1,422,078)	-	-	(1,422,078)
Amortization of tenant inducements	(66,201)	-	-	(66,201)
Change in straight-line rental revenue	(174,164)	-	-	(174,164)
Revaluation gains (losses) net	2,324,868	313,973	(130,872)	2,507,969
Amortization of deferred leasing commissions	(352,258)	-	-	(352,258)
<b>Ending balance at September 30, 2022</b>	<b>\$ 235,674,149</b>	<b>\$ 5,520,242</b>	<b>\$ 12,401,992</b>	<b>\$ 253,596,382</b>

Property improvements and additions include structural improvements, and additions to the Company's property under development. Leasing commissions were paid for lease renewals during the year. Acquisitions are composed of the two contiguous parcels purchased during the year for \$2,250,000, and property dispositions relate to one of the two parcels with a 5,840 ft<sup>2</sup> building situated on it.

**Right-of-use asset** refers to the head office lease with payments made to a related party described in Note 4 of the consolidated financial statements. The asset was recorded at the present value of the lease payments to the term of the lease. The asset is amortized on a straight-line basis over the term of the lease.

**Receivables** at the year-end date were \$434,538 (September 30, 2021- \$279,750) which is comprised of rent receivable, interest income receivable, and receivables from tenants as a result of occupancy cost reconciliations performed for the year.

**Prepaid expenses and deposits** have a balance at year end of \$926,750 (September 30, 2021 - \$905,499) relating mainly to property taxes, insurance, and security deposits with municipalities. Prepaid taxes and insurance were amortized over approximately a 3-month period as they are paid in May & June of each year.

**Mortgages** have a balance of \$108,242,930 (September 30, 2021 - \$108,736,618). The decrease in mortgages is as a result of paying down mortgages through monthly principal payments, as well as the repayment of a vendor take back mortgage amounting to \$2,500,000 maturing in the current fiscal year. This was offset by proceeds received on maturity of two existing mortgages upon renewal.

**Other financing** at September 30, 2022 of \$3,000,000 (September 30, 2021 – \$3,800,000) is due to related parties. The loans are unsecured and bear interest at an annual rate

of 6%. Proceeds from mortgage renewals at lower interest rates were used to repay related party financing in the current year.

**Bank operating facilities** at September 30, 2022 have a balance of \$18,883,403 with two of the Company’s major lenders (September 30, 2021 - \$20,360,492). The limit on one of the facilities was reduced as proceeds received on mortgage renewals were used to reduce existing facility balances.

<b>Credit Facilities</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Bank credit facilities	\$ 19,500,000	\$ 20,500,000
Amounts drawn on facilities	(18,883,408)	(20,360,492)
<b>Available credit facilities</b>	<b>\$ 616,592</b>	<b>\$ 139,508</b>

The Company has two credit facilities set out as follows:

- 1) One operating Line of Credit (LOC) with a limit of \$13,500,000 (September 30, 2021 - a limit of \$13,500,000).

This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2022, of \$13,047,268 (September 30, 2021 - \$13,476,456). The credit facility bears interest at prime plus 1% per annum (September 30, 2021 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of \$36,469,039 (September 30, 2021 - \$ \$36,338,761). In Q4 2021, the standby fee provisions were deleted and no longer in effect (September 30, 2021 - .25% per annum). Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

- Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 can be maintained, less the Prior Debt on the properties, (unchanged from September 30, 2021); or b) the level at which a Loan to Value Ratio of 70% can be maintained for

the secured properties, over which the Lender has a 1st mortgage and 60% for the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties (unchanged from September 30, 2021). For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

Debt Service Coverage Ratio (“DSCR”) is the net operating income, divided by the debt service.

- *Debt service* = annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (September 30, 2021 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points.
- *Net Operating Income* is stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.

Loan to Value Ratio (“LTV”) is the total debt on the secured properties divided by the current market value of the secured properties.

Loan Covenant Requirements	Min. 90% Occupancy	DSCR 1.25	LTV 70%
September 30, 2022	No*	2.57	64%
June 30, 2022	Yes	2.39	66%
March 31, 2022	Yes	2.21	67%
December 31, 2021	Yes	3.03	63%
September 30, 2021	Yes	2.69	68%

\*All securing properties on this operating facility must have a minimum occupancy of 90%. During the year, one of the securing properties had a lease expiration on March 31, 2022 where the lease was not renewed. A new lease was signed on August 4, 2022 with a new tenant. This resulted in a temporary breach of the bank's covenants relating to the occupancy rate of this facility as it fell below the 90%. The Company's lender was aware of the vacancy throughout the period and has waived the breach as at September 30, 2022.

- 2) A second operating LOC with a limit of \$6,000,000 (September 30, 2021 – a limit of \$7,000,000).

The decrease in the limit from the prior year is a result of increased mortgage amounts upon maturity of existing mortgages. During the current year, proceeds from the increases in mortgage amounts were used to reduce the limit on the facility by \$1,000,000.

This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2021) and is secured by specific revenue-producing properties with combined fair of \$72,441,276 (September 30, 2021 - \$72,210,516).

There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at September 30, 2022 is \$5,836,140 (September 30, 2021 - \$6,884,036).

**Lease liability** is the result of the adoption of IFRS 16 “Leases” at October 1, 2019. The Company has recorded a lease liability at the present value of the remaining lease payments for its head office leased space. The lease payments were discounted using the Company's incremental borrowing rate of 4.95% at October 1, 2019. Previously these payments were expensed as rent. A corresponding entry was made to a right-of-use asset which is amortized on a straight-line basis over the term of the lease.

**Payables and accruals** are \$3,754,446 (September 30, 2021 - \$1,701,278). The balance includes accrued interest on financing, prepaid rents from tenants, trade payables, and accrued amounts payable on the construction of the investment property in Fort McMurray.

## Summary of Consolidated Quarterly Results

	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	4,772,001	4,758,558	4,653,262	4,883,273	4,860,652	4,540,224	4,430,598	4,278,027
Total Comprehensive Income	1,648,262	2,298,469	1,910,112	1,996,828	870,558	3,359,351	1,230,561	1,381,850
EPS-Basic	0.17	0.24	0.20	0.15	0.09	0.35	0.13	0.15
EPS-Diluted	0.17	0.24	0.20	0.15	0.09	0.35	0.13	0.15

# Quarterly Changes in Revenue

The increase in revenue in 2022 reflects additional revenue from new tenant leases in the new properties acquired during the current & prior fiscal years. Revenue is recorded on a straight-line basis over the terms of the leases so there are not typically large swings quarter to quarter.

Fluctuations in revenue quarter-to-quarter will often be the result of one or more of the following:

*Revenue generated from new leases*

*Amortization of tenant inducements*

*Increases due to the reconciliation of operating costs to budget at each Q4*

*Changes in straight-line revenue due to lease renewals, new leases, and rent deferrals*

The Company reports straight-line revenue therefore, typically, quarterly changes in revenue are not material until new tenants begin paying rent.

*Our Company holds more than \$250 million in assets and all of it contributes to the growth and stability that we've been able to maintain for almost 25 years*



## Quarterly Changes In Total Comprehensive Income and Earnings (Loss) Per Share (Basic And Diluted)

The significant fluctuations in total comprehensive income are largely caused by the revaluations of the investment properties.

*Net valuation gains (losses) per quarter:*

2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
\$ 667,538	\$ 866,337	\$ 379,994	\$ 594,100	\$ (714,103)	\$ 2,399,494	\$ 152,745	\$ (152,233)

During the first two quarters of the current year, increases in the fair value of properties reflect increases in income generated by properties that were previously vacant. The increase also includes additional income from leases that were amended in the prior fiscal year. One property acquired in Q4 of 2021 in Fort St. John, British Columbia, with extensive deferred maintenance was substantially improved during the year and saw a cap rate reduction resulting in a gain of \$321,675 in the first two quarters of the year.

The Company acquired a bulk purchase of 2 separate contiguous parcels of land. The Company valued each parcel separately resulting in valuation gains of \$329,668 in Q3 2022.

During the last two quarters of the current year, the Company secured 3 new leases with tenants with higher lease rates resulting in valuation gains of \$869,279. Additionally, the project in Fort McMurray adding 33,200 ft<sup>2</sup> to an existing property had a fair value gain of \$319,566 in Q4 2022.

The overall decrease in valuations in Q4 of 2021 resulted from write downs of two properties where existing tenants renewed their leases at lower lease rates. The write-downs amounted to an aggregate of \$1.1M.

During Q3 2021, increases in the fair value of properties amounting to \$2.4M reflected increases in income generated by the properties that had previously been vacant and leased as of June 30, 2021. Additionally, the Company invested a significant amount of funds in one of its properties to improve its exterior, interior design, and a new showroom. The investment in the improvements have increased the value of the building by \$1.3M in the quarter.

While a considerable number of properties had increases in the contracted revenue stream, which increases the value when applying a capitalization (“cap”) rate, the Company has chosen to keep the values the same on some of the properties by adjusting the cap rates upward. Most of the values are adjusted slightly upward to offset the amortization of deferred charges, which includes straight-line rent, leasing fees, and tenant inducements if any.

*The fluctuations in earnings per share figures are directly related to the operational activities described herein. There have been no significant changes to the outstanding shares in the last eight quarters.*

## Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at September 30, 2022 is 9,451,242 (September 30, 2021 was 9,451,242).

There are currently no options outstanding.

## Dividends

Dividend distribution is determined by the Board of Directors after evaluating the earnings of the Company and the overall outlook for the economy. Dividends are declared and paid based on the common shares owned at the record date. Shareholders are cautioned that past issuance of dividends by the Company does not guarantee that future dividends will be issued.

On February 16, 2022, the Company announced an increase in annual dividends from \$0.06/share to \$0.08/share to its shareholders effective Q2, 2022. The Company paid a total of \$661,587 in dividends to its shareholders during the current year. Subsequent to the year ending September 30, 2022, the Company issued a press release on October 14, 2022 announcing the declaration of a quarterly dividend of \$0.02 per share payable on October 31, 2022 to shareholders of record effective October 24, 2022.



# Related Party Transactions

## *Paid to companies owned or controlled by a director, majority shareholder, and office*

**Property management and maintenance fees** of \$1,272,355 (2020 - \$1,240,524) were paid to Sable Realty & Management Ltd. (“Sable”), a company controlled by Sine Chadi, a director and officer of the Company. Fees paid to Sable are pursuant to a contract with the Company to bill for the management and maintenance of its properties for a fee of 4% of rents collected. Maintenance performed by Sable’s property management team is charged at \$85 per hour for labour, plus truck charges, equipment use, and parts charges. Sable provides its trained personnel, trucks, tools, and equipment to perform property maintenance. The Company recovers most of the management and maintenance fees from the tenants under their occupancy costs. Four leases have no management fee recoverable and the remaining leases have a provision for the recovery of 2%-5% of either minimum rent or rent (which would include minimum rent and operating expense recoveries). The percentage of management fees negotiated and collectible under the leases varies based on the amount of work undertaken by Management, as compared to the tenant, in maintaining the property.

**Acquisition, disposition and leasing fees** in the aggregate of \$302,547 (2021 – \$674,774) were paid to North American Realty Corp. (“NARC”), a company controlled by Sine Chadi.

**Leased office space and parking** were paid to Sable in the aggregate amount of \$180,000 (2021 - \$181,675). Imperial Equities shares its head office space with the Sable head office. The decrease in lease fees paid in the current year is due to a lower lease rate in 2022.

**Consulting fees** during 2022 were \$1,800 (Q4 2021 – \$49,802) were paid to Sable for the services provided by the Company’s Financial Advisor (formerly the CFO) who is not paid directly by the Company.

**Rent collected from Sable** for commercial lease space was \$94,923 (2021 – \$90,242). Sable leases a 7,871 ft<sup>2</sup> building in Edmonton, Alberta from the Company.

*Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at <[www.sedar.com](http://www.sedar.com)>. These contracts and the associated fees and rates are reviewed quarterly by the Company’s Board of Directors.*

The above transactions took place at amounts which, in Management’s opinion, approximate normal commercial rates and terms and occurred in the normal course of operations. The transactions have been recorded at the exchange amount.

## *Paid to directors*

Directors’ fees paid for attending directors’ meetings during the year were \$45,500 (2021- \$52,500). Fees per director per meeting are \$2,500, unchanged from the prior year. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

## *Compensation to key Management personnel*

The Company’s key Management personnel include President Sine Chadi, who is also a director and significant shareholder of the Company. The total compensation paid to Mr. Chadi during the year was \$300,000 (2021 - \$300,000). The Company’s COO, Patricia Misutka was paid \$145,909 in the current year (2021 – \$180,000). The Company’s CFO, Azza Osman was paid \$180,000 during the current year (2021 - \$155,000).

During Q4, 2022, the Company announced the departure of its COO effective July 15, 2022.

## *Unsecured financing from directors and shareholders*

As of the year ending September 30, 2022, unsecured financing from directors and shareholders amounts to \$3,000,000 with interest expenses of \$34,597. As of September 30, 2021, \$3,800,000 remained outstanding. All loans bear interest at an annual rate of 6% with accrued interest amounting to \$251,838 at September 30, 2022.

# Liquidity, Capital Resources & Solvency

Income from operations or cash flows from operating activities is the primary source of liquidity measures to service debt and fund planned expenditures for maintenance and capital improvements on the investment properties. Net income is not used as a liquidity measure, as it includes non-cash fair value changes on investment properties and fluctuations on mark-to-market short-term investments.

	September 30, 2022	September 30, 2021
Income from operations	\$ 13,458,786	\$ 13,138,345
Cash provided by operating activities	\$ 11,210,070	\$ 10,445,706

The Company continues to generate cash from operating activities to meet the requirements of ongoing property maintenance including capital improvements and to meet its debt financing requirements. The Company relies on the existing credit facilities to assist with short-term borrowing needs including funding a portion of property acquisitions. The Company maintains a healthy relationship with its current lenders.

The Company primarily relies on its lenders to finance the majority cost of property acquisitions through conventional mortgage financing. Any further cash shortfalls are covered through related-party financing, or current cashflows. The Company has been very successful to date with financing its acquisitions and does not foresee any long-term impediments to obtaining the required financing to continue growth and to satisfy short-term borrowing needs and obligations.

Investment properties unencumbered with debt are valued at \$22,138,517 (September 30, 2021 - \$21,816,843). Overall, the ratio of debt to assets is 51% (September 30, 2021 - 54%), providing possible leverage opportunities in the future.

At September 30, 2022, five mortgages are due in the next twelve months with combined principal balances

of \$12,326,981 and are shown as current liabilities. When mortgages are renewed, the Company may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is a risk to the Company that mortgages that are up for renewal may not be renewed or may not be renewed at the same rates and therefore the monthly principal and interest may change.

As at September 30, 2022, the Company entered into a construction contract to build an additional 33,200 ft<sup>2</sup> of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is \$8,600,000. As of year end, the project is 51% and payments amounting to approximately 51% of the value of the contract have been made.

Subsequent to the year ending September 30, 2022, the Company declared a quarterly dividend of \$0.02 per share, paid on October 31, 2022 to shareholders of record effective October 24, 2022.

The Company has no other contractual commitments to purchase or sell assets, other than as disclosed above, and as disclosed in Note 18 of the consolidated financial statements.

## Critical Estimates of the Current Economic Environment and Outlook

The economic environment in which Imperial operates could be adversely affected by market risks such as product and service supply shortages, utility price increases, and property tax increases. These risk factors have a direct impact on the Company's costs, however they are mitigated through the Company's lease term structures which recover the majority of these costs from the respective tenants. An additional risk is the tenants' exposure to these risks and their impact on their economic performance; however, the Company's strong tenant portfolio and continuous communication with its tenants helps the Company in managing and mitigating these risks.

Vacancies as at September 30, 2022 are 23,267 ft<sup>2</sup>, up from the previous fiscal year ending September 30, 2021 (9,264 ft<sup>2</sup>). The Company continues to actively market current vacancies and is optimistic in leasing prospects.

The Company has been successful in obtaining financing and renewing its mortgages. To date, the Company has been very successful with its financing requirements and diligently monitors risk factors when considering strategic plans.

## Risks and Risk Management

### *Portfolio of Tenants and Lease Roll-Over Risk*

One of the Company's internal performance drivers is to ensure the quality of its tenant base is strong. Most of the Company's tenants are large multi-national or national and are very likely to manage their operations sustainably during any economic turbulence. The Company has one large tenant occupying five properties in five different locations being Edmonton, Nisku, Red Deer, Fort McMurray, and Fort St. John in British Columbia. The revenue from this tenant now accounts for

approximately 20% of Imperial's total revenue. The Company continuously carries out risk assessment activities with all its tenants to assess potential exposure associated with the tenant's performance. This tenant has been assessed to have strong financial performance and this is reflected through all property performance and in all financial matters between the Company and the Tenant.

Mix of Tenant Base	Institutional	Multi-National	National	Regional Large	Regional Medium	Local Small	Totals
% of Occupied GLA	7%	37%	39%	9%	1%	7%	100%
% of Annual Rental Revenue	3%	45%	35%	12%	1%	3%	100%

The Company's annual rental revenue is the 12-month revenue stream from contracted rents, also called Minimum Rent or Basic Rent in the Company's leases, and excludes revenues from property taxes and insurance, operating expense recoveries, and month-to-month leases.

The Company's real estate portfolio is predominately comprised of large single-tenant industrial buildings that are leased to multi-national and national tenants.

Most tenants have been with the Company for many years and the Company conducts due diligence on all prospective tenants. Notwithstanding the size of each tenant, the Company's risks involve losing tenants due to unforeseen circumstances and poor economic conditions.

The risk of vacancy in any leased space is a risk to the Company's ability to continue to meet the mortgage obligations on the property, as well as carrying costs including property taxes, utilities, and insurance. If in an extreme case a property became vacant, the carrying costs and mortgage payments if any could be paid for with existing cash flows from operations. At September 30, 2022 Imperial's occupancy rate is 97.9%.

As with all the Company's past transactions, future opportunities will be evaluated through proper due diligence, assessment of industry conditions and geographical locations, and other external considerations.

**Market values of the investment properties** can decrease if the demand for industrial properties lease space decreases and rental rates are reduced, or capitalization rates increase. The Company's exposure to the market value of its real estate assets affects mortgages up for renewal. Properties with mortgages that are maturing in the next 12 months will

be externally appraised for their current market value if the lender requires.

Factors that influence market values of investment properties are the income generated from the property, demand, vacancy rates, term of the current lease, the strength of the current tenant, age of the building and location. Imperial is not aware of any obstacles at this date that would negatively affect its ability to refinance its buildings as the mortgages come due.

The total fair value of the investment properties at September 30, 2022 is \$253,596,382 which includes \$22,138,517 of properties unencumbered with debt. The mortgages and bank operating facilities secured against specific properties total \$127,126,338 or 50% of the value of the Company's investment properties. Management believes the amount of debt against the properties is low enough to absorb any decline in values and support our ability to refinance.

**Lease rates** will likely adjust downward if the demand for comparable lease space decreases, which is expected in any economic downturn. As demand for lease space increases, so does the lease rate. Imperial is mindful of these risks, and Management believes that any further leases that are up for renewal in the next twelve months will likely be renewed at the same rates. Nonetheless, the Company will be responsive to economic conditions.

**Interest rates** on mortgages that are up for renewal are currently at the highest the Company has seen in a few years. The Company tries to mitigate the risk of rising interest rates by fixing rates for longer terms and by minimizing its exposure to floating-rate financing. All mortgages have fixed terms and fixed rates.



## Environmental Risk

The Company is subject to various federal, provincial and municipal laws relating to the environment and is increasingly responsible for accounting for its environmental impacts and those of its associated tenants, partners and supply chain. The Company is moving to ensure it can meet its accountability requirements as well as to set goals to ensure its environmental risks are managed, mitigated and its environmental footprint is reduced over time. The Company has set a goal of achieving Net Zero impact and in the coming months, will more directly determine a path and timeline to achieve this goal. The Company manages its environmental impacts in three ways:

- 1 Any new builds, or redevelopment of a property are assessed to ensure structures are designed to improve overall energy efficiency and to lower emissions.
- 2 All property purchases include commissioning of an environmental site assessment and increasingly rigorous assessment of environmental risks with the applicable financing body. The company will reject potential investments if environmental factors are not manageable or will factor required mitigation into any purchase price. It will move to address or manage any remediation immediately upon purchase. The Company aims to ensure it has no sustaining environmental mitigation required at any of its properties.
- 3 Improving the energy efficiency of its assets is an ongoing basis. When the company renovates an existing site, it looks for opportunities to upgrade existing systems, especially in older properties. Roof maintenance, upgraded windows, and installation of LED lighting is prioritized to improve the overall environmental footprint of an older building, to a level of a newer build. In addition, effective asset management improves the overall longevity of a property to extend the life, rather than investing in the demolition and reconstruction of assets. In addition, the Company is investigating opportunities to introduce new systems into building to support its tenants' environmental goals, such as providing EV chargers for tenants' staff and visitors, environmental offsets, and on-site power generation.

The Company is following developments of the Canadian Securities Administrators current consultation on Climate-related disclosures, to ensure it will achieve timely compliance with any new requirements. In addition, it has chosen the Global Reporting Initiative (GRI) as a framework with which to account for its environmental, social and governance-related measures. The first report based on the GRI General Disclosures is integrated in this Annual Report. Starting in fiscal 2024, the Company will also report using the GRI's Construction and Real Estate Disclosures.

## Cybersecurity Risk

Cybersecurity has been identified as a risk to the Company, promoting regular reviews of security measures to take appropriate steps to reduce this risk. While the Company is aware it cannot protect against all types of attacks and human error, Management has an adequate defense against the most common ones. Policies to protect the Company's data from a breach include the following:

Limited access data; computer data is in locked offices with strictly limited access	Strict username and password protection including frequently changing passwords which limits the access to company information	Regular updates of anti-virus software, web browsing and email security software, malware security software and firewalls	Only use trusted software to execute on the operating system
Employee vigilance against suspicious emails and attachments	Update to new operating systems as they are made available to reduce the risk of unintentional and intentional computer infection	Automatic software updates to ensure software currency, and reduce the risks associated with out-of-date, vulnerable software	Use of physical external hard drives to backup the system daily

The Company has not experienced any breach of its data to date, and it will continue to regularly use third-party IT consultants to provide advice on hardware and security options.

## Planned Expenditures

There are opportunities to purchase other properties currently on the market. The Company continues to look at all opportunities and evaluate the best possible alternatives. Cash needed to fund an acquisition of property will be provided through cash flows from operations, available funds through current bank credit facilities, and securing long-term financing. Related-party financing is available to the Company, generally on a short-term basis.

Any potential acquisitions and continued property construction will be funded with cash, conventional mortgage, and the existing lines of credit if necessary.

## Critical Accounting Estimates and Changes in Accounting Policies

### *Future accounting standards*

The Company has performed an assessment of new standards issued by the International Accounting Standards Board (“IASB”) that are not yet effective. The Company has not yet determined the impact of the new standards on its consolidated financial statements.

### **(a) Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company’s accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

#### **(i) Leases**

The Company has commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgements for the point in time at which revenue recognition under the lease commences.

The Company applies judgement in assessing whether an arrangement is, or contains, a lease in which the Company is a lessee, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rate applied to the lease liability and right-of-use asset.

#### **(ii) Investment property**

The Company’s accounting policies relating to investment property are described in Note 2 (b) of the consolidated financial statements. In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs, and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the investment property is available for use. This judgement is applied when the property is substantially complete and is typically concurrent with occupancy. Judgment is also applied in determining the extent and frequency of independent appraisals.

In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

### (iii) Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by Management at the end of the reporting year to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

### (iv) Classification of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. When the payments add future value to the space independent of the lease in place, such costs are capitalized to the investment property. If the costs incurred are specific to the lessee, and do not have stand-alone value, these costs are treated as tenant incentives and amortized on a straight-line basis to revenue over the lease term in accordance with IFRS 16.

## (b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the year. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

### Investment properties

The choice of the valuation method for fair valuing and the critical estimates and assumptions underlying the valuation of investment properties and investment properties under construction are set out in Note 3 in the consolidated financial statements.

Significant estimates used in determining the fair value of the investment properties include capitalization rates and normalized net operating income (which is influenced by the inflation rate, interest rates, vacancy rates, structural reserves, and standard costs) of the property, using property-specific capitalization rates.

Investment property under construction is also valued at fair value, unless such value cannot be reliably determined. In the exceptional case when a fair value cannot be reliably determined, such property is recorded at cost. The fair value of investment property under construction is determined using either the discounted cash flow method or the residual method.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under construction. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values, Management used their market knowledge and professional judgement and did not rely solely on historical transaction comparables. In estimating the fair values of investment property in these circumstances, there is more uncertainty than which exists in a more active market. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

### Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.



## Measures Not in Accordance with International Financial Reporting Standards

Throughout the MD&A, Management will use measures that will include debt and unencumbered investment properties. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one year to another. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

## Disclosure Controls & Procedures

### *Risks Associated with Disclosure Controls and Procedures & Internal Control Over Financial Reporting*

The Company's major weakness in internal controls and procedures has always been the lack of segregation of duties in the accounting department. The potential impact of a material weakness in internal controls on the financial statements would be the possibility of a material misstatement going undetected. Management is responsible for the existence and effectiveness of systems, controls, and procedures to ensure that information used internally by Management and disclosed externally is reliable and timely. Management has initiated measures to mitigate such material weakness with the addition of new staff to segregate duties.

The Company is a Venture Issuer and is not required to certify the design and evaluation of the disclosure controls and procedures and internal control over financial reporting, and has not completed such an evaluation. There are inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the Company, and therefore there may be additional risks to the quality, reliability, transparency, and timeliness of and annual filings and other reports provided under securities legislation.

In addition to performing the accounting and reporting functions of the Company, the CFO also provides accounting functions to numerous other private companies owned and operated by the CEO. There is the potential for conflict of interest regarding related-party transactions. All related-party transactions are disclosed each quarter and the Audit Committee is provided with comparable figures for fees charged by other companies.

All proposed acquisitions are discussed at the Audit Committee stage. Once all internal conditions are met, an independent appraisal is ordered. Upon the successful closing of the transaction, acquisition fees charged by the asset manager, a related party, are disclosed to the Audit Committee. The Audit Committee provides oversight of financial statements and the MD&A released to the public on a quarterly basis.

The Company cannot guarantee that controls and procedures in place will prevent all errors or misstatements.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements to report.



# ESG

2022

Environmental, Social and  
Governance Disclosures



# Environmental, Social and Governance Disclosures

Environmental, Social and Governance (ESG) measures are embedded in the everyday activities of the Company but to date, they are not yet required to be part of the Company's formal reporting process. The Company understands that there is a rising expectation that ESG measures will become a formalized process in the coming years. However, the anticipated completion of new Canadian Securities Administration (CSA) National Instrument NI 51-107, Climate-related Disclosure Requirements, which were anticipated to be in effect by December 2022, have been delayed while further work is done to ensure alignment with similar efforts in other national jurisdictions which are moving in the same direction. The Company will continue to monitor developments with respect to NI 51-107, but we do not intend to wait to proceed with our own assessments and reporting.

As an industrial landlord of choice, Imperial Equities is mindful of its responsibilities not only to maintain its assets to the highest possible level of utility, but also to do so in a manner that maximizes the energy efficiency of the property and minimizes its greenhouse gas (GHG) profiles, with a view to moving towards net-zero status. The Company will set more specific targets as it fully assesses its impacts.

Throughout 2022, the Company began a more deliberate process of assessing materiality and beginning to prioritize which ESG issues are most critical. ESG factors are considered through two key lenses: those which are most important to our Company, and those which will matter most to stakeholders, with our shareholders, financial partners, tenants and employees among our salient stakeholders. There are multiple benefits to the current materiality assessments and determinations of measurement methodologies, including:

*Ensuring alignment between the ESG approach and the Company's overall business strategy*

*Ensuring stakeholders are aware of and informed about the Company's efforts*

*Ensuring alignment with ESG trends and regulatory requirements*

*Pacing and managing risks the Company must meet in order to ensure proactive action and limit long-term costs*

Imperial Equities seeks to manage its ESG impacts in a proactive manner. Generally, our Company has focused on sustainable development in three ways:

1

*Building or renovating properties in a manner that limits emissions right up front*

2

*Assessing property purchases in a manner that prioritizes those that have lower emissions profiles or can be effectively remediated*

3

*Conducting remediation on properties to remove lingering environmental impacts and eliminate further contamination as well as downstream costs*

Energy-related emissions are among the highest drivers of risk and among the most immediate ways we can achieve positive impacts with benefit to both the Company and our tenants.

In 2022, we continued to prioritize investments that enhance energy efficiency through improvements to the building envelope to eliminate energy wastage, upgrades of lighting to LED fixtures and conversions of mechanical components to the most energy efficient available on the market. Most of these activities were completed in a manner that ensured non-interruption to tenant activities, with projects scheduled

largely as part of a turnover process from one tenant to another. The benefit of the transition on these properties was immediately apparent with improved marketability of the properties and with long-term cost savings anticipated for tenants. In addition, for a major property expansion which commenced in 2022, construction materials and electrical installations all prioritized ensuring efficient materials as part of the planning and construction process, including energy efficient electrical, HVAC and other mechanical equipment as well as high-quality building envelope and roof materials to ensure efficiency gains are of long-term impact.



As part of assessments in 2023, all tenants and key stakeholders will be invited to have input into our Company's ESG efforts and to rank importance of actions. These will be assessed in alignment with the Company's key business priorities, with the following categories suggesting key, but not final, areas for assessment:

## General

### Sample Measures:

- Ongoing validation of chosen measurement framework
- Comprehensive ESG training for employees/ selection of applicable consultant (if required)
- Regulatory policies
- Stakeholder engagement

## Environmental

### Sample Measures:

- Emissions
- New acquisition checklist
- Green buildings
- Green leases
- Renewable energy
- Achievable targets
- Waste performance
- Water performance

## Social

### Sample Measures:

- Employee wellness policies
- Community engagement and investment
- Employee targets and goals
- Diversity and inclusion programs

## Governance

### Sample Measures:

- Risk matrix
- Green financing
- Third-party validation
- Fiduciary duty to shareholders

We are also continuing to evaluate additional measures including alternate electricity sources, such as on-site generation, and helping our tenants make more sustainable choices, such as adapting some properties for installation of vehicle charging stations to support tenants and their employees in making efficient choices.<sup>1</sup>

The Company will review its policy commitments as part of its annual ESG review to determine whether new policies should be adopted to reflect the Company's growing commitments. The Company continually affirms the importance of a culture of ethical business conduct. The Audit Committee has adopted a process for handling complaints about accounting, internal control and auditing concerns.<sup>2</sup> Commitments related to the Company's financial or governance management will be evaluated through its annual reporting process. Any policy matters that impact Company operations are delegated to Senior Management and reported to the Board through the CEO. Additional sustainability related items will be reported to the Board on a semi-annual basis moving forward.<sup>3</sup>

<sup>1</sup> 2-22: Statement on Sustainable Development

<sup>2</sup> 2-23: Policy commitments

<sup>3</sup> 2-24: Embedding policy commitments

# The Company's Reporting Process

To draw direction for its ESG reporting, Imperial Equities will shape its reporting in two ways. First, disclosures will be in alignment with the Canadian Securities Administrators proposed National Instrument 51-107 *Disclosure of Climate-Related Matters* and its Proposed Policy as this policy emerges. While the new instrument is still being finalized, there is general understanding of what will be required to implement the change, and the Company is preparing to address the Company's climate-related disclosures in the following areas:

## ***Governance***

- The Board's oversight of climate-related risks and opportunities
- Management's role in assessing and managing climate-related risks and opportunities

## ***Strategy***

- Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material

## ***Risk Management***

- The Company's processes for identifying and assessing climate-related risks
- The Company's processes for managing climate-related risks
- How processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management

## ***Metrics and Targets***

- The metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process where such information is material
- Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks or reasons for not disclosing this information
- Targets used by the Company to manage climate-related risks and opportunities and performance against targets where such information is material

Secondly, the Company will continue to conduct its own materiality assessment and will follow the Global Reporting Index General Disclosures (2021) as well as the Sector Disclosures for the Construction and Real Estate Sector. The Company will update its measures as the measures in the sector supplement evolve. In this report, the Company continues to speak to the general disclosures which are used to maintain the current position and aims. As the Company completes its assessments and begins to adapt its operations to support more robust measurement and accountability, more detailed and business-specific measures will be included.

## About Imperial Equities Inc.



Imperial Equities Inc. is focused on the acquisition, development and/or redevelopment of real estate. The Company specializes in industrial class properties, but also has investments in agricultural and commercial properties. It targets acquisitions in Western Canada and was incorporated in Edmonton, Alberta pursuant to the ABCA, and is extra-provincially registered in Saskatchewan and British Columbia. The Company made its first investment outside of Alberta in 2021.<sup>4</sup> The Company is a reporting issuer in Alberta, Saskatchewan and British Columbia and its Shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “IEI”.

The Company will report directly on its own activities, along with those of its tenants and key suppliers to the extent that their activities are conducted on property owned by the Company and are thereby covered as part of the Company’s Scope 2 and Scope 3 emissions.<sup>5</sup> There are no restatements relevant to this report.<sup>6</sup>

These standard disclosures are covered in the Company’s annual information circular and within the MD&A of the Annual Report (pages 5-38). The Company has standard disclosures about its activities, markets and assets, as well as key business relationships. The Company’s key business relationships are threefold: (1) with the Company’s financial institutions, the arrangement details of which are covered in the Company’s financial reporting; (2) with its tenants, as listed in the Annual Report under the property descriptions (pages 49-70); and (3) with its suppliers of materials and services, which are only noted within the Company’s Annual Report to the extent that they are long-term.<sup>7</sup>

<sup>4</sup> 2-1: Organization details (legal name, nature of ownership and legal form, location of headquarters; countries of operation)

<sup>5</sup> 2-2: Entities included in the Organization’s Sustainability Reporting

<sup>6</sup> 2-4: Restatement of Information

<sup>7</sup> 2-6: Activities, value-chain and other business relationships

# About the Company's Reporting Process

The company will align its ESG reporting with its financial reporting and will seek to keep the disclosures in a single report, given the inter-relatedness of the reporting. As ESG reporting grows, the Company may seek to release a stand-alone report, but the reporting period will continue to align with the fiscal year-end of September 30 annually.<sup>8</sup> In keeping with the standards of the Global Reporting Index, the Company will indicate which disclosures it is including, in this case, this will be done via footnote. For this report, the Company is providing responses to the GRI 2: General Disclosures 2021. In subsequent years, the company will expand its disclosures to maintain alignment with these measures as they are updated to reflect new expectations.

## Employees and Directors

Currently, Imperial Equities directly employs 4 people. Partner organizations employ 12 people whose job activities primarily involve work for the Company, which also out-sources specialized work to third-party contractors. In addition, the Company hires a number of consultants and experts whose work helps to support the Company's overall strategic direction, and its measurement and accountability activities. Details on the partner organizations are included on page 31 of the Management's Discussion and Analysis. Four of 16 total employees are women and all are full-time equivalents. Among the Company's senior leadership, two of the three key executives are women, namely the Chief Financial Officer and the General Counsel.<sup>9</sup> All employees work within the Company's primary region. The Company engages its former CFO and its former COO, as independent contractors on an infrequent, as-needed basis.<sup>10</sup> Here the Company benefits from the institutional knowledge of the Company as well as the current, market relevant expertise brought by the consultants.

In addition, the Company has a Board of Directors that is elected at its AGM. Currently, two of five Board members are women. Over the past year, there were no changes to the Board, and one senior Executive, the Chief Operating Officer, departed the Company in the 4th Quarter, though there is an ongoing consulting relationship. There have been no changes to employee benefits or entitlements, but the Company did significant work this year to advance new policies which solidify sick leave entitlements for all Company employees and those of partner companies.

The Company has no collective bargaining agreements in place.<sup>11</sup>

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<sup>8</sup> 2-3: Reporting Period

<sup>9</sup> 2-7: Employees

<sup>10</sup> 2-8: Workers who are not employees

<sup>11</sup> 2-30: Collective Bargaining Agreements

# Governance of the Corporation

The Governance structure of the Company is outlined in Note #1 of the Financial Statements. The Board of Directors (pages 105-106) is the highest governing body of the Company. Directors are nominated prior to the Company's annual general meeting and are elected to their positions at the meeting. All Company Shareholders are eligible to vote at the annual general meeting. New directors are nominated by the Board of Directors based on qualifications that include: business experience, industry familiarity, related industry knowledge, board and governance experience, and community experience.<sup>12</sup> In addition, all current members of the Board are also members of the Audit Committee of the Board, which conducts periodic reviews of the Committee's performance.<sup>13</sup> To date, evaluation of individual Director's performance is done informally.

Sine Chadi is the Chair of the Board of Directors and a member (but not the Chair) of the Audit Committee of the Board. Mr. Chadi is also the CEO of the Company.<sup>14</sup> Current Board Member bios are included in this report on pages 105-106.<sup>15</sup>

Directors receive a stipend for each Board meeting that is attended. The rate of remuneration is based on an assessment of remuneration paid by companies of comparable size. In addition, market reviews aid in the determination of salaries for the Company's senior executives. Both local economy and market comparable considerations are considered. Remuneration for senior executives is assessed during annual reviews. Board remuneration reviews are assessed during the audit process. The Board approves the rate of compensation for the Board and the CEO.<sup>16</sup>

The Board is responsible for monitoring any potential conflicts of interest and for overseeing issues of critical concern to the Company. The Company's Board has adopted a Conflicts of Interest Policy to review and address conflicts

of interest annually. Conflicts are also evaluated as part of the Company's Annual Audit, which includes 3rd-party review, and any matters reviewed are disclosed in the Company's MD&A (pages 5-38).<sup>17</sup>

The Company's Board of Directors has existing knowledge of sustainability issues including from members' own professional experience and as members of boards that report on ESG issues. As the Company begins to establish and evolve its sustainability framework and to report more robustly on sustainability issues as well as related social and governance issues, opportunities will be created for the Board to understand and learn about how the Company's industry segment is evolving its activities. In addition, third-party validation will be considered by the Company on a periodic basis.<sup>18</sup>

Any potential critical concerns are disclosed by Senior Management to the Board. Independent Auditors meet with the Company's Board semi-annually and any critical concerns would be presented in that context. In addition, the Company holds an Annual General Meeting during which time any shareholder or other interested party is welcome to address the meeting and identify any issues of concern directly to the Board of Directors and other shareholders.<sup>19</sup>

ESG issues will be reviewed semi-annually by the Board of Directors, but the tasks of implementing the Company's ESG program will be delegated to senior executives, who will link with key stakeholders, including tenants and suppliers, for the purposes of gathering information on Scope 2 and Scope 3 emissions and will communicate how the Company is handling ESG matters. The Board of Directors will review the Company's Sustainability Reporting. At this point, ESG issues will be discussed by the entire Board of Directors during regular meetings. The Board will evaluate whether it needs to consider an ESG-designated committee later.<sup>20</sup>

<sup>12</sup> 2-10: Nomination and selection of the highest governing body

<sup>13</sup> 2-18: Evaluation of the performance of the highest governance body

<sup>14</sup> 2-11: Chair of the highest governing body

<sup>15</sup> 2-9: Governance

<sup>16</sup> 2-19: Remuneration policies/2-20: Process to determine remuneration

<sup>17</sup> 2-15: Conflicts of Interest

<sup>18</sup> 2-17: Collective knowledge of the highest governance body

<sup>19</sup> 2-16: Communications of Critical Concern

<sup>20</sup> 2-12: Role of the highest governance body in overseeing the management of impacts; (2-13): Delegation of responsibility for managing impacts;

2-14: Role of the highest governance body in Sustainability Reporting

# Managing Environmental Impacts



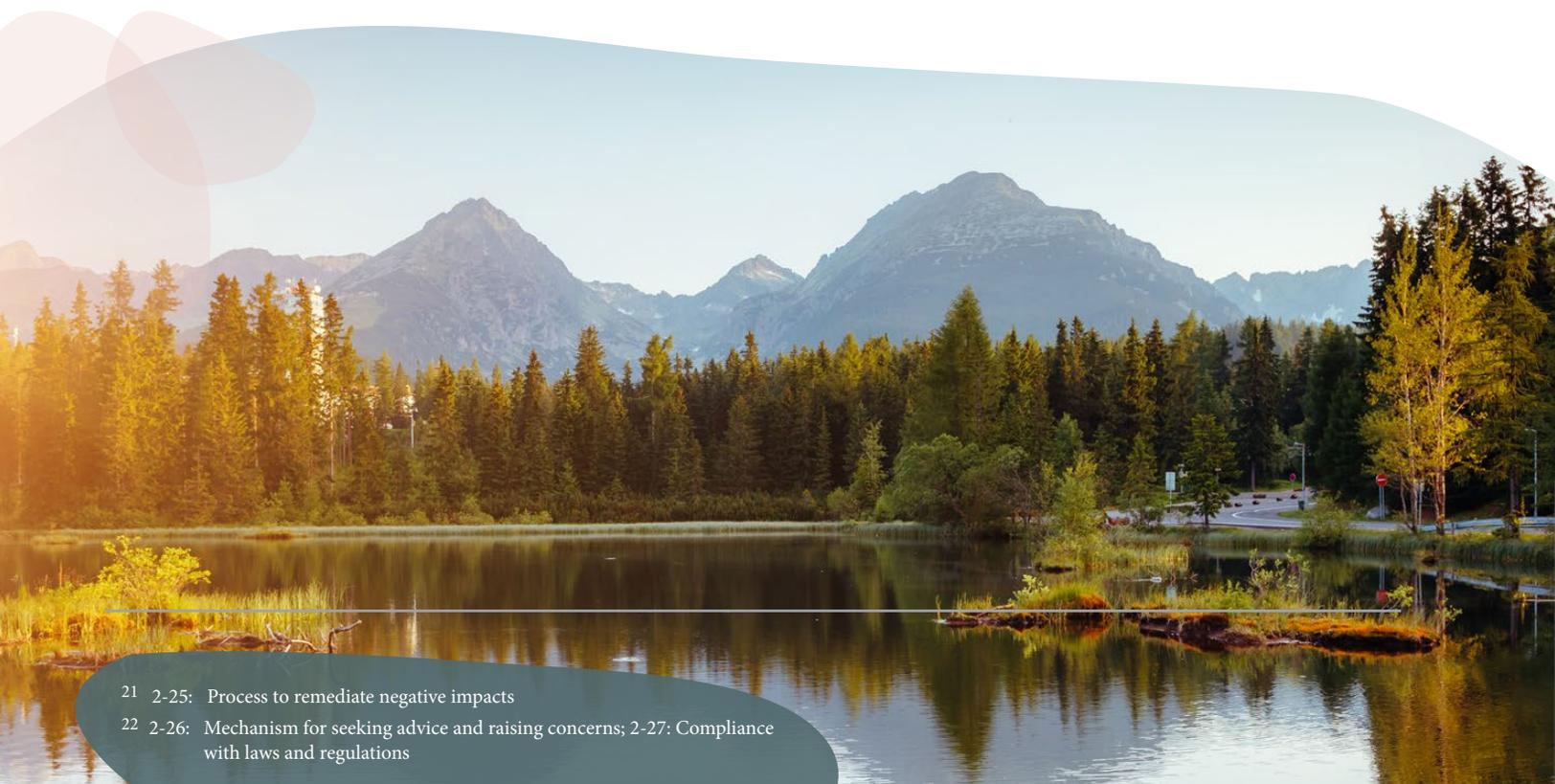
The Company is most vulnerable to operational impacts related to performance of building structures and equipment, and it has preventative programs in place to ensure that all building infrastructure is maintained at an optimal level and that any issues that arise are addressed in a timely manner.

As noted on page 35, the Company commissions environmental site assessments to determine the presence or extent of environmental issues on any property it considers adding to its portfolio. Similarly, reports are also commissioned if properties are refinanced, renovated or considered for disposition. These reports create a benchmark for assessing issues which require mitigation and for documenting resolution.

Both the Company and its tenants maintain insurance policies sufficient to offset any negative impacts of issues over which neither the Company nor Tenants have direct control. These include extreme weather events, such as 2020 floods in Fort McMurray which impacted a Company property, and failure of municipal infrastructure that cause damage or business interruption to the Company's or tenants' assets.

The Company also works closely with tenants on matters of health and safety to ensure that day-to-day management of properties is conducted in a manner that ensures worker safety is paramount and that incidents are limited or prevented altogether. Tenant-specific policies and protocols are adhered to by the Company, and the Company is also pursuing additional safety certification through ISN. The ISN standard is industry leading and will provide an additional level of assurance to the Company's tenant.<sup>21</sup>

Where required, the Company seeks out external guidance when relevant to evaluate and guide its operations, financial management and governance. A primary mechanism for this is through the independent auditors who are appointed at the Company's Annual General Meeting of its shareholders. On technical matters, the Company seeks out leading experts to assist with mitigating environmental or any operational issues. This ensures that issues are managed effectively and to the latest code requirements, that worker safety is paramount and that all laws and regulations are firmly adhered to. To date there have been no instances in which the Company was found to be in breach of any laws or regulations relative to its governance or operations.<sup>22</sup>



<sup>21</sup> 2-25: Process to remediate negative impacts

<sup>22</sup> 2-26: Mechanism for seeking advice and raising concerns; 2-27: Compliance with laws and regulations

# Stakeholder Management

The Company's key stakeholders include its shareholders, tenants, suppliers, employees and the communities in which it operates. The Company is in regular contact with each of its stakeholders as follows:

## *1 - Shareholders*

The Company provides quarterly reports and annual audited statements, as well as hosts an Annual General Meeting to engage with shareholders.

## *2 - Tenants*

The Company is in regular contact with tenants on operational issues. In addition, the Company provides an annual reconciliation of its activities to all tenants as a means of evaluating performance activities and costs. The Company will work with each tenant to ensure that information required to measure Scope 2 emissions is available to the Company. To this end, the Company has been incorporating a new provision into its leases, whether in the first instance for new leases or upon amendment or renewal of its existing leases, whereby tenants will provide utility bills to the Company upon request to assist in the Company's public reporting of its buildings' emissions in aggregate.

## *3 - Suppliers*

The Company maintains strong relationships with a number of suppliers to ensure the availability of expertise required to maintain its asset base at optimal level. The Company will work with its supplier base on a case-by-case basis to measure the sustainability impacts resulting from activities. In addition, the Company prioritizes developing relationships with suppliers in the communities where it invests, benefitting from local knowledge of these companies, and expanding the impact of Company investments overall.

## *4 - Employees*

The Company's management team is small and nimble and is deeply engaged in all operational issues from day to day. All employees are encouraged to engage in regular self-evaluation and are given the opportunity for annual reviews to discuss any issues as well as to explore opportunities to maximize opportunities for growth.

## *5 - Community*

The Company is a strong supporter of the local community, providing financial support as well as direct support to local organizations whether through providing available space for organizations, the support of maintenance crews or time for employees to assist community organizations.

## *6 - Regulatory Agencies*

As a public company, the Company is subject to review of its relative regulatory agencies including the Alberta Securities Commission and the TSX Venture Exchange.

2022

# PROPERTY PORTFOLIO





# IEI Property Portfolio

British Columbia  
1 property

Fort McMurray  
2 properties

Edmonton  
21 properties

Edmonton Region  
3 properties

Rural Alberta  
4 properties

## Edmonton

### ALS BUILDING

9450 – 17 Avenue, Edmonton, AB

29,450 total ft<sup>2</sup> | 3.78 acres of land  
*Acquired in 2018*



### Property Details

Located just south of 23 Avenue and Parsons Road (99 Street) and just metres away from the incredibly popular South Edmonton Common, Canada's largest retail power centre, is the ALS Building. Positioned prominently in the Edmonton Research Park, the ALS Building is situated on 3.78 acres of beautifully landscaped land with ample paved parking and easy access to anywhere in the city.

Construction of this 29,450 ft<sup>2</sup> single occupant industrial/office building was completed in 2004. Markedly, a state-of-the-art laboratory facility that is constructed using a steel superstructure and a combination of precast concrete, decorative split faced block, stucco and a liberal amount of glazing. The 12,225 ft<sup>2</sup> office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The 17,225 ft<sup>2</sup> of built out laboratory space incorporates a host of specifically technical work stations and equipment that will rival any laboratory on the globe.

The highly advanced air handling systems maintain a sterile environment fitting for the operations of ALS. The building is fully sprinklered and powered by a 1200 amp 600 volt electrical service.

### Tenant

ALS Canada Ltd. | [alsglobal.com](http://alsglobal.com)

## CLEAR WATER BOTTLING BUILDING

7115 Girard Road Edmonton, AB

50,000 total ft<sup>2</sup> | 2.0 acres of land  
*Acquired in 2002*



### Property Details

The Clear Water Bottling Building is situated on a 2 acre site in one of Edmonton's most sought after industrial areas. Situated just east of 75 Street and the very popular Argyll Road, it's location is strategic given its ease of access and proximity to most major arterial roadways and truck routes.

Developed in 1982 this 50,000 ft<sup>2</sup> concrete block building is ideally suited for manufacturing and distribution. Extensive upgrades to Health Canada standards has enhanced its appearance as well as its functionality. Some notable upgrades include new 1200 amp power service, state of the art fire suppression and fire alarm systems. The property is fully paved with both dock and grade loading and has a generous energized parking lot. With 7,500 ft<sup>2</sup> of office and 42,500 ft<sup>2</sup> of production space, the building is ideally suited for its current occupant.

### Tenant

Clear Water Bottling Inc.

## THE CAPITAL BUSINESS PARK

15730/40 – 118 Avenue Edmonton, AB

28,411 total ft<sup>2</sup> | 4.10 acres of land  
*Acquired in 1999, Build to Suit in 2012*



### Property Details

Located along one of Edmonton's busiest industrial roadways is the Capital Business Park. When acquired in 1999, there were several buildings on site. One of these buildings and approximately one acre of land was leased out to an equipment rental company and in 2006 Imperial undertook to renovate the 10,758 ft<sup>2</sup> building. This included a complete exterior upgrade that consisted of a new roof, siding, landscaping and yard surfacing. The interior renovations have features such as a new sliding glass door entry system that leads to the 5,000 square foot showroom and climate controlled office area. A large repair and service shop includes a high pressure wash bay that allows for the cleaning of returned equipment.

In early 2011 Imperial was asked to prepare a lease proposal for a 3 acre land component and a new 17,653 ft<sup>2</sup> building designed for the waterworks division of EMCO. Imperial engaged its team of consultants that included architects, structural, mechanical, electrical and civil engineers to dialogue with EMCO to create an office, showroom and warehouse facility. The building is constructed with insulated tilt-up concrete panels that are developed in a climate controlled environment then transported and erected on site. The office and showroom consists of over 5,000 ft<sup>2</sup> with the office portion being a two storey contemporary design with the latest in energy efficient components.

### Tenants

EMCO Corporation | [emcoltd.com](http://emcoltd.com)  
Ahern Equipment of Canada | [ahern.com](http://ahern.com)

## CENTRAL DISTRIBUTION BUILDING

11415 – 120 Street Edmonton, AB

101,923 total ft<sup>2</sup> | 3.83 acres of land

*Acquired in 2005*



### Property Details

Imperial's largest building is this 101,923 ft<sup>2</sup> concrete block building situated on 3.83 acres in Edmonton's Hudson's Bay Reserve area. Located close to downtown and the former city centre airport, the property consists of one whole city block and is fully leased to three different distribution type tenants.

The Central Distribution Building is situated in a very central part of Edmonton that allows each tenant easy access to a large potential client base. Demand for this type of space is at its highest and given the central Edmonton location of this property, there is no doubt that vacancies will remain negligible and rental rates strong.

The area serves as an excellent location for a distribution or light industrial tenant and will continue to generate income for our Company but more importantly it has great future redevelopment potential. Imperial will continue to bank land in the new Blatchford redevelopment area, formerly known as the city centre airport area.

### Tenants

Amre Supply Co Ltd | [amresupply.com](http://amresupply.com)

Canteen Canada | [canteencanada.com](http://canteencanada.com)

Edmonton Floral Delivery | [edmontonfloral.ca](http://edmontonfloral.ca)

## COPPERTONE I BUILDING

Coppertone Industrial Common  
15103 – 121A Avenue Edmonton, AB

22,939 total ft<sup>2</sup> | 2.34 acres of land

*Developed by IEI in 2004*



### Property Details

Imperial and its consultants planned an architecturally designed site and building according to requirements and specifications of the tenant. The high quality facility was completed as agreed upon and delivered precisely on time. Gescan proudly took occupancy of its new premises in July of 2004.

The 2.34 acre site for the development was a portion of the 11.06 acre block of industrial lands in Edmonton's westend industrial corridor, part of Coppertone Industrial Common. The facility includes a 4,700 ft<sup>2</sup> 2 storey office component with the balance of the building being a 22,939 ft<sup>2</sup>, 28 foot high, state of the art warehousing facility. Amenities include enhanced mechanical systems, a fully paved and landscaped site, customer parking, both dock and grade loading along with a secured storage yard area.

The building is a rectangular pre-engineered clear span, fully insulated metal building and is finished in a bronze colored exterior cladding. The office portion features a curtain wall window treatment of anodized smoke grey colored glazing.

### Tenant

Gescan | [gescan.com](http://gescan.com)

## COPPERTONE II BUILDING

**Coppertone Industrial Common**  
12015 – 152 St, Edmonton, AB

21,000 total ft<sup>2</sup> | 5.13 acres of land  
*Developed by IEI in 2012*



### Property Details

Developed as part of Imperial's Coppertone Industrial Common, this architectural design winning building is situated on 5.13 acres. With over 21,000 ft<sup>2</sup> of floor area this specialty building features 2,000 ft<sup>2</sup> of prime office space and 19,000 ft<sup>2</sup> of unobstructed clearspan warehouse.

Construction of the building is considered a "conventional build" with a steel superstructure. The first 8 feet of walls of the entire warehouse component are of a split faced concrete block. Above the concrete block and towering up to 30' in height are prefinished insulated panels. Imperial's team of consultants worked with Norwesco's consultants to create this building that will serve the tenant's needs for decades to come.

The building design ties in with the theme of the Coppertone Industrial Common that creates the appearance of being an Imperial Equities built building.

### Tenant

Norwesco Inc. | [norwescocanada.com](http://norwescocanada.com)

## COPPERTONE III BUILDING

**Coppertone Industrial Common**  
11921 – 152 St, Edmonton, AB

12,124 total ft<sup>2</sup> | 1.25 acres of land  
*Developed by IEI in 2018*



### Property Details

Within Imperial's Coppertone Industrial Common is a cluster of first-rate service and industrial buildings with one common theme. Each of our buildings share a copper façade that creates a look of quality that stands head and shoulders above anything in the immediate area and more notably they are immediately identified as an Imperial Equities' property. The newest addition to Coppertone Industrial Common is our Coppertone III property.

Developed by Imperial Equities in 2018 this innovative 12,124 ft<sup>2</sup> building has incorporated many of the LEEDS building standards and is situated on 1.25 acres of completely serviced and surfaced land. The ultra modern 3,500 ft<sup>2</sup> office component is positioned on 2 levels and features two separate stairwells each with exterior access. The warehouse/shop boasts elements that will rival most LEEDS certified buildings with fully automated LED lighting, energy efficient mechanical systems and even a built-in oil separator.

### Tenant

Ledcor Group | [ledcor.com](http://ledcor.com)

## COPPERTONE IV BUILDING

**Coppertone Industrial Common**  
**15035 – 121A Avenue, Edmonton, AB**

6,000 total ft<sup>2</sup> | 0.77 acres of land  
*Acquired in 2021*



### Property Details

Located within Imperial's Coppertone Industrial Common, the Coppertone IV building is situated on .77 acres, with 6,000 square feet of leasable office space on-site. The property is currently fully leased to a single commercial tenant. The building is a single-story, wood-frame office building with a full basement containing similar office configuration as the main floor. The site also features a paved parking lot, accessible from 121A Avenue.

Developed in 2004, Imperial's Coppertone Industrial Common, now holds seven properties and almost 120,000 square feet of first-class industrial space. It is part of the well-established Mitchell Industrial District in Edmonton's Northwest, which is ideally located with quick access to Yellowhead Trail, Whitemud Drive, and the Anthony Henday ring road. Coppertone Industrial Common is home to several industrial and commercial tenants including: Gescan, Norwesco, Ledcor and Farm Credit Canada.

### Tenant

Sable Realty Corp. | [sablerealty.ca](http://sablerealty.ca)

## COPPERTONE VII BUILDING

**Coppertone Industrial Common**  
**12004/40 – 149 Street, Edmonton, AB**

48,776 total ft<sup>2</sup> | 2.82 acres of land  
*Acquired in 2017*



### Property Details

The Coppertone VII building is situated along 149 Street and bookends the easterly boundary of our Coppertone Industrial Common. The building is sited on 2.82 acres of prime commercial/industrial real estate with considerable frontage along the highly utilized 149 Street in northwest Edmonton.

Built in 1999, this aesthetically pleasing multi tenant building features a great mix of leasable space including service, retail, distribution and office. All service bays include rear grade loading with ample maneuverability as well as electrified staff parking and two dock loading doors.

Construction of this 48,776 ft<sup>2</sup> building is of a high quality steel superstructure that is dressed up with a variety of decorative concrete block. The entire property is meticulously landscaped and vehicular traffic areas are completely surfaced with concrete and asphalt. The location of Coppertone VII is strategic to Imperial's long term goal of creating an attractive and functional industrial area in northwest Edmonton.

### Tenants

LDI Commercial Kitchen Repair Ltd. | [lditechs.com](http://lditechs.com)  
Battery World | [batteryworld.com](http://batteryworld.com)  
Uniglassplus/Ziebart | [uniglassplus.com](http://uniglassplus.com)  
Fifendekel Pie Shop Café | [fifendekel.com](http://fifendekel.com)  
Magnacharge Battery Corporation | [magnacharge.com](http://magnacharge.com)  
Farm Credit Canada | [fcc.ca](http://fcc.ca)  
GCORE Canada | [gcorevape.ca](http://gcorevape.ca)

## COPPERTONE VIII BUILDING

**Coppertone Industrial Common  
12212 – 152 Street, Edmonton, AB**

7,266 total ft<sup>2</sup> | 1.84 acres of land  
*Acquired in 2016*



### Property Details

Located in the highly established Mitchell Industrial district of northwest Edmonton, our Coppertone VIII building is situated on 1.84 acres of prime industrial property. Construction of this 7,266 ft<sup>2</sup> building is of a high quality steel superstructure with a combination of precast concrete and metal insulated panels. The 2,100 ft<sup>2</sup> office component is largely on ground level and several offices and a generous boardroom on the mezzanine level. The 5,166 ft<sup>2</sup> warehouse is a clear span, open space with a 21' ceiling height. The property is fully serviced with all amenities and is entirely chain link fenced. The entire yard is professionally graded, paved and accessed by 2 large gates allowing for a drive in and drive out scenario for large trucks. The property is near Imperial's Coppertone Industrial Common and as such has been renamed to Coppertone VIII.

The Coppertone Industrial Common is very well situated in northwest Edmonton with excellent access to all major thoroughfares, including the Yellowhead Trail, the Whitemud Drive and the Anthony Henday.

### Tenant

Wolseley Canada Inc. | [wolseleyinc.ca](http://wolseleyinc.ca)

## CORE DISTRIBUTION BUILDING

**11311 - 120 Street, Edmonton, AB**

70,660 total ft<sup>2</sup> | 3.37 acres of land  
*Acquired in 2005*



### Property Details

Located in the heart of Hudson's Bay Reserve area and near the fringe of downtown Edmonton, this 70,660 ft<sup>2</sup> building is situated on 3.37 acres, encompassing a whole city block. Features include over 20,000 ft<sup>2</sup> of premium showroom space, natural lighting in the warehouse with dock and grade loading.

The tenant, MTF Mainland Distributors operates under the "Big Box Outlet Store" banner and will occupy approximately 75% of the building. The building has been completely renovated using components that fit within Imperial's Environmental, Social & Governance (ESG) sustainable plans.

This type of property will continue to generate income for our Company but more importantly it has great future redevelopment potential. Currently, the area serves a wide variety of commercial uses such as distribution and big box retail. Imperial will continue to bank land on the fringe of Edmonton's downtown core.

### Tenant

Big Box Outlet Store | [bigboxoutletstore.ca](http://bigboxoutletstore.ca)

## DAY AND ROSS CROSSDOCK FACILITY

11727 – 178 Street Edmonton, AB

22,600 total ft<sup>2</sup> | 4.79 acres of land  
*Acquired in 2002*



### Property Details

Situated on 4.79 acres in the Armstrong Industrial area of Northwest Edmonton is the Day and Ross Crossdock facility. The 22,600 square foot building is a purpose built crossdock that allows for the easy movement and distribution of freight from one tractor trailer to another. Crossdock buildings in Edmonton are very much in demand and a necessity for companies such as Day and Ross.

This facility is very well located in Edmonton along 178 Street with easy access to the major thoroughfares such as the Yellowhead Trail and Anthony Henday. The building consists of an office area comprised of 2,594 ft<sup>2</sup> at the north end and the balance being 20,000 ft<sup>2</sup> of crossdock and warehousing space. The building is situated tight along the east boundary of the lot leaving the vast majority of the land to be used for truck and other vehicular manoeuvrability.

### Tenant

Day and Ross | [dayross.ca](http://dayross.ca)

## EPCOR BUILDING

6005 - 72A Ave, Edmonton, AB

58,393 total ft<sup>2</sup> | 7.66 acres of land  
*Developed by IEI in 2008*



### Property Details

Located in the Davies Industrial East business park of Edmonton, this 58,393 ft<sup>2</sup> specialty building is comprised of 25,520 ft<sup>2</sup> of office and 32,873 ft<sup>2</sup> of warehouse. The building is situated on 7.66 acres on the south side of 72A Avenue just east of 67 Street. Imperial completed this build to suit project in July 2008.

The building features a two storey curtain wall finish with the balance of the exterior walls of split face concrete block and acrylic stucco. It is barrier free and all areas are wheelchair accessible. The interior features include two full floors of office, state of the art lighting and a fire suppression system. The 2nd floor offices are accessed by elevator or by the feature staircase leading to an open area that overlooks the entire main reception. The warehouse features include extensive craneways and state of the art electrical and mechanical systems. The storage yard is a 4 acre fenced and compacted compound with concrete grey beams that ensure safety and stability of the extensive pallet racking system.

### Tenant

EPCOR | [epcor.ca](http://epcor.ca)

## MASTER BUILDING

11418 – 120 Street, Edmonton, AB

25,595 total ft<sup>2</sup> | 1.58 acres of land  
*Acquired in 2004*



### Property Details

This well-located industrial warehouse building in north-central Edmonton was specifically chosen to be the new location for the Master Group and Soper's Supply. The tenant, a large national company, wanted to expand its footprint in Alberta which consequently resulted in a long-term tenancy arrangement with Imperial. The tenant required certain upgrades and finishes to suit their business needs which Imperial undertook to complete. The property is comprised of a 1.58 acre site together with a 25,595 ft<sup>2</sup> building. The premises were architecturally designed with a configuration of 10,000 ft<sup>2</sup> of sales and administration areas including built to suit offices, training room and staff areas. The building received an exterior facelift and improvements to the base building, roof, mechanical, electrical, plumbing, entrances, windows, warehouse, parking lot, site, landscaping and loading areas. The building boasts a sophisticated mechanical layout to showcase the products of the tenant and features fully air-conditioned warehouse areas.

### Tenant

Master Group | [master.ca](http://master.ca)

## RUSSELL HENDRIX BUILDING

11931 – 145 Street, Edmonton, AB

71,519 total ft<sup>2</sup> | 2.97 acres of land  
*Acquired in 2020*



### Property Details

Located in Edmonton's Dominion Industrial area, this property is 100% leased and currently serves as a distribution warehouse for a major supplier of foodservice equipment and supplies that serves much of its Western Canadian market from this location. Complementary to its purpose as a distribution centre is its location, close to major transportation links including 149 street, 118 Avenue, and Yellowhead Trail, a major thoroughfare.

The fully fenced and paved property features 71,519 ft<sup>2</sup> of leasable concrete-block building on a 2.97-acre site. It primarily consists of a large, open, distribution warehouse (65,381 ft<sup>2</sup>) with 12 dock level overhead doors, full interior sprinklers and LED lighting throughout. The building has clear ceiling heights of 21 feet under deck. It also includes approximately 6,000 square feet of demised office space. Though the building was originally constructed in 1972, a strong maintenance and replacement program has given it an effective age of approximately 10 years. Recent maintenance has included new mechanical systems throughout along with a new roof membrane.

### Tenant

Russell Hendrix | [russellhendrix.com](http://russellhendrix.com)

## SABLE BUILDING

8804 Yellowhead Trail, Edmonton, AB

7,871 total ft<sup>2</sup> | 0.35 acres of land  
*Acquired in 2018*



### Property Details

Located along one of Edmonton's busiest thoroughfares in northeast Edmonton, the Sable Building achieves tremendous exposure given its south facing façade overlooking the Yellowhead Trail. In 2019, Imperial undertook to completely renovate the property with all new modern components and most prerequisites required to be included in a LEED certified project.

The 7,813 ft<sup>2</sup> masonry building comprises a large office, warehouse/shop, break room, storage room, and a 500 ft<sup>2</sup> mezzanine. The office features an abundance of built in teak cabinetry with granite tops that are accentuated by the high gloss epoxy finished walkways and carpet tile flooring throughout. The warehouse/shop includes features such as a large purpose-built wash bay with a retractable curtain system and ample power including 3 phase power. The entire building has new LED lighting and is secured with a camera system that covers every part of the interior and the exposed areas of the exterior.

The large rectangular site is all level, fully fenced and is hard surfaced throughout.

### Tenant

Sable Realty & Management Ltd (Sable)

## SEABOARD CANADA BUILDING

4737 – 97 Street, Edmonton, AB

75,000 total ft<sup>2</sup> | 6.8 acres of land  
*Acquired in 2016*



### Property Details

Located in the highly established Papachase Industrial district of south Edmonton, the Seaboard Canada Building is situated on 6.8 acres of prime property. Bordered by major thoroughfares, the property has excellent access to surrounding arterials including Gateway Boulevard/Calgary Trail, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday. Construction of this 75,000 ft<sup>2</sup> manufacturing facility is of a high quality steel superstructure with a combination of concrete block and metal insulated panels. The 10,000 ft<sup>2</sup> office component is built on two levels and features a large curtainwall front entry that immediately draws your eye to the property. The 65,000 ft<sup>2</sup> shop features dock and grade loading doors, a total of 14 cranes driven by a 1600 amp power service. Originally constructed in 1981 and expanded in 1991, the Seaboard Building has undergone major renovations and upgrades in 2015. The fully paved parking lot is located all along the popular 97 Street and features 118 generous sized and energized parking stalls. The property has wonderful curb appeal and is fully serviced, fenced and landscaped.

### Tenant

Seaboard Canada | [weiroilandgas.com](http://weiroilandgas.com)

## SKYWAY CANADA BUILDING

**7303 – 36 Street, Edmonton, AB**

24,855 total ft<sup>2</sup> | 2.19 acres of land  
*Acquired in 2017*



### Property Details

The Skyway Canada Building is located at the core of southeast Edmonton's established Weir Industrial district. The property consists of 2.19 acres of serviced industrial land with a 24,855 ft<sup>2</sup> industrial building. The large rectangular site is situated at the corner of 36 Street and 73 Avenue and provides effortless access onto 34 Street which connects to surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday.

The Skyway building is archetypical of the industrial fabrication facilities that exist on the landscape of any industrial area. The long rectangular shaped building has 30 foot ceilings and is constructed of pre-engineered steel with a band of translucent wall panels along the underside of the roof overhang. These translucent panels allow for natural lighting throughout the interior of the building. The fully sprinklered building also includes features such as in slab floor heating along with several wall to wall radiant tubes. There are 3 bridge cranes ranging in size from 10 – 50 tons and a craneway that spans the entire length of the building. The property is fully serviced and all fenced.

### Tenant

Skyway Canada | [skywcan.ca](http://skywcan.ca)

## TEAM INDUSTRIAL BUILDING

**2507 – 84 Avenue, Edmonton, AB**

33,500 total ft<sup>2</sup> | 4.0 acres of land  
*Acquired in 2001*



### Property Details

Situated on a four acre site, this building is a single tenant custom constructed industrial building measuring approximately 33,500 ft<sup>2</sup>. The building contains two concrete bunkers with 36-inch concrete walls and doors which allow the company to do non-destructive testing on-site. The specialty building is the only one of its kind in the Pacific Northwest. Located along the Sherwood Park freeway this property has excellent exposure as well as easy access to all major thoroughfares in Edmonton's southeast industrial corridor.

Given the highly specialized features of the building and the presence of a stable, long-term tenant, Imperial has enjoyed steady returns on the property and has achieved a growing equity position.

### Tenant

Team Industrial Services | [teamindustrialservices.com](http://teamindustrialservices.com)

## UNIVERSAL RAIL BUILDING

3403 – 74 Avenue, Edmonton, AB

34,404 total ft<sup>2</sup> | 3.76 acres of land  
*Acquired in 2017*



### Property Details

The Universal Rail Building is located along the highly desirable 34 Street in south east Edmonton's established Weir Industrial district. The property consists of 3.76 acres of serviced industrial land and is situated at the southwest corner of 34 Street and 74 Avenue. The large rectangular site affords excellent exposure onto 34 Street and is easily accessed by surrounding arterials including Sherwood Park Freeway, Whitemud Drive and Edmonton's newest ring road, the Anthony Henday.

Construction of this 34,404 ft<sup>2</sup> single occupant industrial building is of a high quality steel superstructure with a combination of metal cladding and a brick façade throughout the front office area. The 11,000 ft<sup>2</sup> office component is built on two levels and features high quality finishes and workmanship. The 23,400 ft<sup>2</sup> shop features an abundance of grade doors, a total of 5 overhead cranes with individual craneways and driven by a 1200 amp power service. Originally constructed in 1993, the Universal Rail Building has undergone major additions, renovations and upgrades in 2006 and in 2016 the building was completely renovated and updated to comply with all current building codes. The building is fully sprinklered and has a large paved parking lot with 60 energized parking stalls. The property is fully serviced, fenced and landscaped.

### Tenant

Universal Rail Systems Inc. | [universalrail.com](http://universalrail.com)

## WAJAX EDMONTON

17604 – 105 Avenue, Edmonton, AB

41,054 total ft<sup>2</sup> | 4.67 acres of land  
*Acquired in 2020*



### Property Details

The Wajax Edmonton property is located within the busy McNamara Industrial Neighbourhood in Northwest Edmonton. The site has easy access to 170 street, Edmonton's busiest North-South roadway, and is proximate to 107 Avenue, a major east-west connector. Both major roadways are also equidistant to Edmonton's ring road, the Anthony Henday.

The site consists of two separate and contiguous properties totalling 4.67 acres. Each property has a fully functional building on site with a combined leasable area of 41,054 ft<sup>2</sup>. The main building includes two stories of office space and more than 20,000 ft<sup>2</sup> of service bays with 16 large overhead doors. The second building is a steel frame superstructure with concrete walls and contains 10,612 ft<sup>2</sup> of service and warehouse space with four large overhead doors. Both buildings are equipped with heavy power, multiple crane-ways, overhead cranes and jib cranes. The site is fully fenced, landscaped and features both paved parking and a compacted, graveled storage yard.

### Tenant

Wajax | [wajax.com](http://wajax.com)

## Edmonton Region

### DYNAMAX BUILDING

7501 – 42 Street, Leduc, AB

41,630 total ft<sup>2</sup> | 3.81 acres of land  
*Acquired in 2018*



#### Property Details

The Dynamax Building is located in the newly developed and highly desirable industrial corridor connecting Nisku with the city of Leduc, Alberta. The property consists of 3.81 acres of serviced industrial land and is situated at the northeast corner of the intersection which affords access to and from 2 major thoroughfares. The large rectangular site has excellent exposure and is easily accessed by surrounding arterials including the QE II highway.

Construction of this 41,630 ft<sup>2</sup> single occupant industrial building was completed in 2014. Distinctly, a first-class building constructed using a steel superstructure and a combination of concrete block, stucco, and metal cladding. The 8,030 ft<sup>2</sup> office component which is situated on one level, features exceptionally high-quality finishes with a workmanship to match. The exterior of the office component incorporates quality features such as an abundance of large windows, decorative rock and a stucco façade.

The shop/warehouse areas comprise a total of 33,600 ft<sup>2</sup> with all the latest in engineering technology, including an in-floor water recycling system. There are 8 five-ton cranes on 4 individual craneways, all powered by a 1600 amp service.

#### Tenant

Dynamax Drilling Tools Inc. | [dynamaxdrillingtools.com](http://dynamaxdrillingtools.com)

### UNITED RENTALS FORT SASKATCHEWAN

11141 – 89 Avenue Fort Saskatchewan, AB

6,000 total ft<sup>2</sup> | 2.3 acres of land  
*Acquired in 2008*



#### Property Details

Just minutes northeast of Edmonton and anchored by the city of Fort Saskatchewan lies Alberta's Heartland. This prime industrial area has been identified for the development of complimentary industries to the oil sands such as refineries and upgraders.

This 2.3 acre property fronts highway 15 on the corner of 112 Street in Fort Saskatchewan, Alberta. The building is a 6,000 ft<sup>2</sup> concrete block structure that was completely renovated in 2008. The interior features include a showroom and a bank of offices. The shop features 3 repair bays and a complete wash bay. The entire yard is fenced and paved allowing for easy movement of equipment throughout.

#### Tenant

United Rentals | [unitedrentals.com](http://unitedrentals.com)

## WAJAX NISKU

1403 – 5th Street, Nisku, AB

37,200 total ft<sup>2</sup> | 2.82 acres of land  
*Acquired in 2019*



### Fort McMurray

## UNITED RENTALS FORT MCMURRAY

140 TaigaNova Crescent, Fort McMurray, AB

26,400 total ft<sup>2</sup> | 5.4 acres of land  
*Developed by IEI in 2011*



### Property Details

The Wajax Building is located within the Nisku Business Park, one of North America's leading industrial manufacturing and service areas. Nisku Park is a well-developed and mature industrial park and centre of manufacturing activity for Northern Alberta and the Edmonton Metropolitan Region. The area is strategically located, proximate to the QE2 highway and the Edmonton International Airport.

The property consists of 2.82 acres with a 37,200 ft<sup>2</sup> single-tenant industrial building originally constructed in 1996. The building is a structural steel frame/concrete block building with a decorative front facade. The building includes 11,600 ft<sup>2</sup> of office space located over two floors with open office areas and perimeter offices and boardroom areas. The 25,600 ft<sup>2</sup> of warehouse and shop space which consists of mainly open workspace, insulated metal walls/ceilings and craneways supporting four bridge cranes. The site is fully fenced landscaped and has an abundance of paved and energized vehicle parking stalls.

### Tenant

Wajax | [wajax.com](http://wajax.com)

### Property Details

Along highway 63 on the north end of Fort McMurray lies the TaigaNova Eco- Industrial Park. Developed as a showcase industrial development in Fort McMurray, Alberta, it is a highly efficient Eco-Industrial Park that uses green infrastructure and innovative sustainable design approaches resulting in a higher quality industrial development. Imperial Equities is proud to be one of the first developers to begin construction in the Eco Park.

Construction of the 26,400 ft<sup>2</sup> building began in September 2010. The building is a precast concrete tilt up structure that has incorporated many green friendly features aimed at reducing the amount of natural resources buildings consume both during and after construction is completed.

More than 10% of the entire site is landscaped with mostly native vegetation. The balance of the yard area is concrete that is sloped to collect the surface water which is directed to the storm water retention pond. The 2 story office component features a curtain wall glass facade that will allow a great deal of natural light while keeping a controlled environment throughout summer and winter.

### Tenant

United Rentals | [unitedrentals.com](http://unitedrentals.com)

## WAJAX FORT MCMURRAY

205 MacAlpine Crescent, Fort McMurray, AB

25,024 total ft<sup>2</sup> | 6.0 acres of land  
*Acquired in 2014*



Rural Alberta

## BRANDT AGRICULTURE BUILDING

302 Pioneer Trail South, Hanna, AB

28,891 total ft<sup>2</sup> | 16.5 acres of land  
*Acquired in 2018*



### Property Details

Located near the southern limits of Fort McMurray and along the eastern side of highway 63, lies the Mackenzie Industrial Park. Matured and fully developed, this industrial area of Fort McMurray has played an integral part of the development of the region. Prominently located within the Park is the state of the art and architecturally pleasing Wajax Building. Situated on 6 acres of prime industrial property, the site provides easy access and exposure to and from the two main thoroughfares.

Construction of the Wajax Building was completed in February 2014 with immediate occupancy. The 25,024 ft<sup>2</sup> building has a structural steel frame with prefinished exterior metal insulated wall panels. The main reception and office area features a central open staircase accessing its second level that overlooks the rear shop areas. The warehouse/shop areas have a ceiling height of 32 feet to underside of the steel trusses that easily accommodates the four 20 ton cranes.

The building has both dock and grade loading with drive in and drive through capability. The perimeter has a 20 foot concrete apron and surfaced and energized car parking for 26 employee and customer parking.

### Tenant

Wajax | [wajax.com](http://wajax.com)

### Property Details

Located in the heart of Alberta's breadbasket is the town of Hanna. With a vast agricultural drawing area and a limited supply of existing buildings in town, Imperial undertook to develop a large new commercial building that would accommodate a John Deere dealership for decades to come. Imperial acquired a 66.75 acre parcel of land at the southern boundary of the town. The property which was specifically chosen, afforded exceptional access to and from all major thoroughfares and its location provided incredible exposure for any business. A 16.5 acre parcel was subdivided and rezoned to allow for the new development.

Construction of two separate buildings were completed in 2018. The main dealership building is 24,847 ft<sup>2</sup> and an ancillary building of 4,044 ft<sup>2</sup> for a total of 28,891 ft<sup>2</sup>. Both buildings were constructed using a steel superstructure and a combination of concrete, stucco and metal siding to complete the exterior finish. The main floor of the dealership building features several offices and a large show room. The second level is designed as a mezzanine level that features several offices and meeting rooms. The 16,000 ft<sup>2</sup> of built out shop space incorporates 10 technical work stations complete with equipment that will accommodate the repair of any agricultural implement.

### Tenant

Brandt Agriculture Hanna | [brandt.ca](http://brandt.ca)

## ESSENTIAL ENERGY BUILDING

77 Queensgate Crescent, Red Deer, AB

43,400 total ft<sup>2</sup> | 10.0 acres of land  
*Acquired in 2014*



### Property Details

Developed in the Red Deer's modish business park this 43,400 ft<sup>2</sup> building is situated on 10 acres of prime real estate. The Queens Business Park, newly created by the city of Red Deer, is positioned at the junction of highways 11A and the Queen Elizabeth II and has become the desired location among corporations catering to the energy sector.

Built in 2014, this industrial tilt up concrete building is architecturally pleasing as well as state of the art. It employs a hydronic in-floor heating system throughout the building including the heating required for the large repair bays as well as the equipment wash bay.

The perimeter of the building has a large concrete apron and asphalt surfacing for automobile parking. The storage yard consisting of approximately 8 acres is completed with a clay and gravel base with geotechnical fabric covered with a further 12 inches of gravel thus creating a yard that will withstand any large loads placed on it. The entire site is chain link fenced and access is provided through several 40 foot cantilever gates with electronic openers.

### Tenant

Essential Energy Services Ltd. | [essentialenergy.ca](http://essentialenergy.ca)

## ROCKY MOUNTAIN EQUIPMENT BUILDING

6425 – 55 Avenue, Vegreville, AB

33,295 total ft<sup>2</sup> | 5.89 acres of land  
*Acquired in 2019*



### Property Details

The Rocky Mountain Equipment Building is located in the heart of the town of Vegreville, Alberta. The property consists of 5.89 acres of serviced industrial land and is situated along 55 Avenue, which provides for easy access to and from 2 major thoroughfares being the Yellowhead Highway and Highway 16A. The large square site is all level, fully fenced and has a completely hard surfaced parking lot.

There are four buildings on the site totaling 33,295 ft<sup>2</sup> and each serve a specific purpose for the operations of Rocky Mountain Equipment (RME). The main building is 25,775 ft<sup>2</sup> and serves as a show room, parts room, general offices and a modern service centre, all on one level. Construction is a combination of concrete block, stucco, and metal cladding all wrapping a steel superstructure.

A newer 5,440 ft<sup>2</sup> service shop is located facing the rear of the main building. There are 10 large overhead grade doors that access 10 service bays that serve as overflow during peak farming seasons. The remaining two buildings on site serve as parts and merchandise storage.

### Tenant

Rocky Mountain Equipment (RME) | [rockymtn.com](http://rockymtn.com)

## WAJAX RED DEER

123 Queensland Crescent, Red Deer, AB

34,811 total ft<sup>2</sup> | 4.72 acres of land  
*Acquired in 2021*



British Columbia

## WAJAX FORT ST. JOHN

10135 Finning Front, Fort St. John, BC

21,140 total ft<sup>2</sup> | 4.62 acres of land  
*Acquired in 2021*



### Property Details

The Wajax Building is located within the Queens Industrial Park, a 640-acre industrial development located in the northwest area of the City of Red Deer. It is located advantageously, right off of Highway 11A and with quick access to the Queen Elizabeth II Highway, Alberta's busiest corridor. The 34,811 ft<sup>2</sup> industrial building was built in 2019, as a build-to suit for the current tenant, and the total size of the property is 4.72 acres. The tenant, Wajax Limited, was fully involved in the planning and design of the building from the very beginning.

The building is a modern precast concrete structure with approximately 10,811 ft<sup>2</sup> of office space and 24,000 ft<sup>2</sup> of warehouse space. The building also features 1 dock door and 17 extra wide grade doors which are positioned to create seven drive-through bays and a large wash bay. The warehouse has two craneways and four 10-ton cranes spanning the length of the space. It also features an SBS roof that extends beyond the north wall of the warehouse to provide a covered storage or work area and is complete with a concrete floor and an exterior wall, which allows for an easy transformation to create an additional 6000 ft<sup>2</sup> of future warehouse expansion space.

### Tenant

Wajax | [wajax.com](http://wajax.com)

### Property Details

Located in the heart of British Columbia's booming energy capital, this 21,140 square foot, concrete block industrial building is situated on 4.62 acres and fully leased to Wajax, one of Canada's longest standing and most diversified industrial products and services providers. The building features seven grade-level overhead doors, including two 18-foot by 18-foot doors, two 5-ton cranes and one 1.5-ton crane. It also has a two-story modern office component, a secure storage yard and freestanding yard storage structures.

As Landlord, we moved quickly to bring the building into our energy efficiency program and to enhancing the property with installations of LED lighting throughout, along with new insulation and roof repairs.

Fort St. John is the energy centre of British Columbia with extensive energy related activity, growing capital investment and strong economic projections. The combination of a strong tenant and an attractive market made the purchase an ideal entry into British Columbia for the Company.

### Tenant

Wajax | [wajax.com](http://wajax.com)

# Raw Land Held for Development

## NE Corner of 17 Street & 90 Avenue

### 12.9 acres

Located along 17 Street in Edmonton's southeast industrial district is the Lauren Industrial Park. Conveniently situated just off the Sherwood Park Freeway with several access points to Edmonton's ring road, the Anthony Henday. This 12.9 acre site is the last undeveloped property in Lauren Industrial and is fully serviced and ready for development.

The site is a large square shaped parcel with excellent exposure. It is gently sloping with a hard clay base and gravel surface that is conducive to heavy truck or equipment usage. Access to the site is off 90th Avenue. A conceptual building plan has been created and can easily be altered to suit the needs of a prospective tenant. Imperial has land banked this property and is looking for a build to suit opportunity to develop the site.



## 14420 – 112 Avenue, Edmonton, AB

### 3.0 acres

Conveniently located between 142 Street and 149 Street in central west Edmonton this 3 acre parcel of land has all the attributes for a classic build to suit building for any type of business. The site, in the heart of the highly desirable Huff Bremner Industrial area, affords easy access to and from any of the major thoroughfares in Edmonton. Its connectivity to arterial roadways permitting truck traffic renders this site one of the more attractive locations anywhere in the city.

The property is largely rectangular in shape and is flat, fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The site is electrified and features a large number of individual electrical plugs specifically designed for large transport truck usage. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.



## 3503 – 74 Avenue, Edmonton, AB

### 1.70 acres

Nestled in the highly desirable Weir Industrial area of southeast Edmonton is this 1.70 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

This corner lot is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. Accessed off of 74 Avenue, the site features an extra wide approach with remote opening and locking gates. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.



## 7335 – 36 Street, Edmonton, AB

### 1.71 acres

Nestled in the highly desirable Weir Industrial area of southeast Edmonton is this 1.71 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

The property is square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.



## 3603 – 73 Avenue, Edmonton, AB

### 1.49 acres

Located in the highly desirable Weir Industrial area of southeast Edmonton is this 1.49 acre site. The site is conveniently located with easy access from the popular 34 Street SE which connects to arterial roadways permitting truck traffic to anywhere in the city. The property is one of 5 contiguous properties owned by Imperial Equities in the 34 Street SE industrial corridor.

The property is practically square in shape and is fully fenced, serviced and compacted sufficient to allow the heaviest of loads. The enhancements that have been made to the site will certainly mitigate time and costs toward the future development of this site.

Acquiring and retaining raw lands in strategic locations for future development has long been part of Imperial's strategy. This site is a textbook example of a holding property that will facilitate a future build to suit opportunity in one of the most desired industrial areas of Edmonton.



## 15003 – 121A Avenue, Edmonton, AB

### 2.24 acres

Located along 121A Avenue in the Mitchell Industrial area of Edmonton's northwest district is this 2.24 acre property with exposure to the very busy 149 Street thoroughfare. The site is rectangular in shape for the most part and has a triangular shape at the southern most boundary and is ready for development. Access to the property is off of 121A Avenue and all services are available and at the property line.

Imperial has land banked this site and is actively pursuing a build to suit opportunity to commence development. As part of Imperial's Coppertone Industrial Common any new building development on this site will incorporate the desirable copper cladding that is common to the area.



*Altogether we invested more than \$5 million in property improvements throughout the year, and expect to invest at least another \$5 million during fiscal 2023 – a massive and prudent investment in boosting our portfolio value overall.*



2022

# FINANCIAL STATEMENTS



# Independent Auditor's Report

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**Grant Thornton LLP**  
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To the Shareholders of

Imperial Equities Inc.

## Opinion

We have audited the consolidated financial statements of Imperial Equities Inc. (the "Company") which comprise the consolidated statements of financial position as at September 30, 2022 and September 30, 2021 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Alex Lau.

*Grant Thornton LLP*

Vancouver, Canada  
December 7, 2022

Chartered Professional Accountants

**IMPERIAL EQUITIES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**At September 30,**

	Notes	2022	2021
<b>Assets</b>			
Investment properties	3	\$ 253,596,382	\$ 244,943,895
Mortgage receivable	3	1,439,324	-
Right-of-use asset	4	512,639	662,679
<b>Total non-current assets</b>		<b>\$ 255,548,345</b>	<b>\$ 245,606,574</b>
Current portion of mortgage receivable	3	32,992	2,500,000
Receivables	5	434,538	279,750
Prepaid expenses and deposits	6	926,750	905,499
Cash and cash equivalents		232,998	196,114
<b>Total current assets</b>		<b>\$ 1,627,278</b>	<b>\$ 3,881,363</b>
<b>Total Assets</b>		<b>\$ 257,175,623</b>	<b>\$ 249,487,937</b>
<b>Liabilities</b>			
Mortgages	7	89,072,503	82,293,558
Lease liability	9	409,195	564,738
Security deposits		763,276	748,608
Deferred taxes	12 (b)	15,410,921	14,272,154
<b>Total non-current liabilities</b>		<b>\$ 105,655,895</b>	<b>\$ 97,879,058</b>
Current portion of mortgages	7	18,969,418	26,216,379
Current portion of lease liability	9	155,543	148,046
Other financing	21 (b)	3,000,000	3,800,000
Bank operating facilities	8	18,883,408	20,360,492
Payables and accruals	10	3,754,446	1,701,278
Income taxes payable		886,079	703,934
<b>Total current liabilities</b>		<b>\$ 45,648,894</b>	<b>\$ 52,930,129</b>
<b>Total Liabilities</b>		<b>\$ 151,304,789</b>	<b>\$ 150,809,187</b>
<b>Equity</b>			
Issued share capital	15 (a)	5,947,346	5,947,346
Retained earnings		99,923,488	92,731,404
<b>Total Equity</b>		<b>\$ 105,870,834</b>	<b>\$ 98,678,750</b>
<b>Total Equity and Liabilities</b>		<b>\$ 257,175,623</b>	<b>\$ 249,487,937</b>

Guarantees, contingencies, and commitments (Note 18)  
Post-reporting date events (Note 22)

*See accompanying notes to the consolidated financial statements.*

**IMPERIAL EQUITIES INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Years ending September 30,**

	Notes	2022	2021
Rental revenue	14,17	\$ 19,067,094	\$ 18,109,501
Property operating expenses	14	(5,608,308)	(4,971,156)
<b>Income from operations</b>		<b>\$ 13,458,786</b>	<b>\$ 13,138,345</b>
Finance costs	11	(4,376,974)	(4,258,511)
Administrative expenses		(1,476,540)	(1,581,600)
Amortization of deferred leasing	3	(352,258)	(307,109)
Amortization of right-of-use asset	4	(150,040)	(150,040)
Gain on sale of investment property	3	193,123	-
Valuation net gains from investment property	3	2,507,969	1,685,903
<b>Income before income tax</b>		<b>\$ 9,804,066</b>	<b>\$ 8,526,988</b>
Income tax expense	12 (a)	(1,950,395)	(1,684,668)
<b>Net income and comprehensive income</b>		<b>\$ 7,853,671</b>	<b>\$ 6,842,320</b>
<b>Earnings per share basic and diluted</b>	16	<b>\$ 0.83</b>	<b>\$ 0.72</b>

*See accompanying notes to the consolidated financial statements.*

**IMPERIAL EQUITIES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**Years ending September 30,**

	<b>Number of shares</b>	<b>Capital stock</b>	<b>Retained earnings</b>	<b>Total</b>
<b>October 1, 2021</b>	9,451,242	\$ 5,947,346	\$ 92,731,404	\$ 98,678,750
Dividends paid	-	-	(661,587)	(661,587)
Net earnings	-	-	7,853,671	7,853,671
<b>Balance September 30, 2022</b>	<b>9,451,242</b>	<b>\$ 5,947,346</b>	<b>\$ 99,923,488</b>	<b>\$105,870,834</b>

	<b>Number of shares</b>	<b>Capital stock</b>	<b>Retained earnings</b>	<b>Total</b>
<b>October 1, 2020</b>	9,460,442	\$ 5,925,098	\$ 86,336,638	\$ 92,261,736
Shares held in treasury-	28,044	-	28,044	
Shares cancelled during the year	(9,200)	(5,796)	(22,248)	(28,044)
Dividends paid	-	-	(425,306)	(425,306)
Net earnings	-	-	6,842,320	6,842,320
<b>Balance September 30, 2021</b>	<b>9,451,242</b>	<b>\$ 5,947,346</b>	<b>\$ 92,731,404</b>	<b>\$ 98,678,750</b>

*See accompanying notes to the consolidated financial statements.*

**IMPERIAL EQUITIES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ending September 30,**

	Notes	2022	2021
<b>Operating activities</b>			
Net income from operations		\$ 7,853,671	\$ 6,842,320
Finance costs		4,376,974	4,258,511
Items not affecting cash:			
Amortization of right-of-use asset		150,040	150,040
Amortization of tenant inducements		66,201	43,414
Amortization of deferred leasing commissions		352,258	307,109
Fair value gains on investment properties		(2,507,969)	(1,685,903)
Gain on sale of investment property		(193,123)	-
Straight-line rental revenue		174,164	248,646
Deferred income taxes		1,138,767	926,073
Leasing commissions		(319,964)	(764,652)
Net change in operating working capital	13	119,051	120,148
<b>Cash provided by operating activities</b>		<b>\$ 11,210,070</b>	<b>\$ 10,445,706</b>
<b>Investing activities</b>			
Purchase of investment properties		(2,345,333)	(11,143,005)
Improvements and additions to investment properties		(5,553,720)	(2,505,036)
Proceeds on mortgage receivable		2,500,000	5,500,000
Net cash proceeds on sale of investment property		202,684	-
Net change in investing working capital	13	2,181,529	150,973
<b>Cash used in investing activities</b>		<b>\$ (3,014,840)</b>	<b>\$ (7,997,068)</b>
<b>Financing activities</b>			
Proceeds from new mortgages		20,500,000	30,332,722
Repayment of mortgages on maturity		(11,195,362)	(13,940,180)
Repayment of mortgages through principal instalments		(9,798,326)	(6,976,104)
Amortization of deferred finance fees		107,016	94,104
Fees associated with new or renewed mortgages		(81,343)	(84,229)
Advances from other financing		3,000,000	2,175,000
Repayment of other financing		(3,800,000)	(3,425,000)
Finance costs		(4,376,974)	(4,258,511)
Principal repayments on lease liability		(148,046)	(148,538)
Dividends paid		(661,587)	(425,306)
Net repayments on bank operating facilities		(1,477,084)	(5,915,395)
Net change in financing working capital	13	(226,640)	195,294
<b>Cash used in financing activities</b>		<b>\$ (8,158,346)</b>	<b>\$ (2,376,143)</b>
<b>Increase in cash and cash equivalents</b>		<b>36,884</b>	<b>72,495</b>
Cash and cash equivalents, beginning of fiscal year		196,114	123,619
<b>Cash and cash equivalents, end of fiscal year</b>		<b>\$ 232,998</b>	<b>\$ 196,114</b>

See accompanying notes to the consolidated financial statements

## **1. Description of the Company**

Imperial Equities Inc. (“the Company”) was incorporated in Edmonton, Alberta, Canada. The registered and operating office of the Company is 2151, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The Company’s operations consist of the acquisition, development, and redevelopment of commercial and industrial properties primarily in Edmonton and throughout Alberta. All the operations of Imperial Equities Inc. are conducted in Canadian funds. The Company’s common shares trade on the TSX Venture Exchange (TSXV) under the symbol “IEI”. These consolidated financial statements include the Company and its wholly-owned subsidiaries, Imperial Equities Properties Ltd. (“IEPL”), Imperial One Limited, Imperial Two Limited, Imperial Three Limited, Imperial Four Limited, Imperial Five Limited, Imperial Six Limited, Imperial Seven Limited, and Imperial Eight Limited.

## **2. Significant accounting policies**

### **(a) Statement of compliance, the basis of presentation and consolidation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial instruments that have been measured at fair value. These consolidated financial statements are prepared on a going concern basis and are presented in Canadian dollars, which is the Company’s functional currency.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are the entities over which the Company has control. The Company controls the entity when the Company is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns. All significant intercompany balances and transactions have been eliminated.

### **(b) Investment properties**

Investment properties are comprised of acquired commercial properties, developed commercial properties, and properties under development or re-development, held to earn rental income or for capital appreciation or both.

#### *Investment properties*

Investment properties are measured initially at cost including transaction costs. Transaction costs include various professional fees, initial leasing commissions, and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. After initial recognition, investment properties are stated at fair value. Related fair value gains and losses arising from changes in the fair values are recorded in the consolidated statements of comprehensive income in the period in which they arise.

The carrying value of investment properties also includes straight-line rent receivable, tenant incentives, and leasing commissions.

Tenant incentives are inducements given to prospective tenants to move into the properties or to existing tenants to extend the lease term. The net book value of tenant incentives is included in the carrying value of the investment properties and are deducted from rental revenue on a straight-line basis over the term of the tenant’s lease.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statements of comprehensive income in the period of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous reporting period financial statements.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of re-development or development with a view to sale. Investment properties are reclassified to “Investment properties held for sale” when the criteria set out in IFRS 5 “Non-Current Asset Held for Sale and Discontinued Operations” are met (Note 2(e)). If the investment property is not sold and the criteria are no longer met, the investment property is no longer classified as “Investment properties held for sale.”

Vacant land owned by the Company is held for capital appreciation or future development and treated as investment property.

#### *Investment properties under development*

The cost of properties under development includes direct development costs, realty taxes, and borrowing costs directly attributable to the development. Investment properties under development are measured at fair value at each reporting date and any gains or losses are recognized in the consolidated statements of comprehensive income. If the fair value of investment properties under development is not reliably determinable, it measures those investment properties under development at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

#### *Borrowing costs related to properties under development*

Borrowing costs associated with direct expenditures on properties under development are capitalized. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale, are complete. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs along with amortization of deferred finance fees, and net of interest income.

#### **(c) Business combinations**

In accordance with IFRS 3 – Business Combinations (“IFRS 3”), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired, and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest), or generating other income from ordinary activities. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions which do not meet the above definition of a business are recorded as an asset addition. There are no acquisitions that meet the definition of a business in the current or comparative year.

#### **(d) Impairment of assets**

At the end of each reporting period, assets, other than those identified in the standards as not being applicable to IAS 36 – Impairment of Assets such as investment properties recorded at fair value, are assessed for any indication of impairment. Should any indication of impairment exist, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit level. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset’s “fair value less costs of disposal” and its “value-in-use”. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statements of comprehensive income. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in the consolidated statements of comprehensive income. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined had no impairment loss been recognized.

**(e) Investment property held for sale**

Investment property is categorized as held for sale where the property is available for sale in its present condition and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the property is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where a property is acquired with a view to resale, it is classified as held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a brief period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect property held for sale. On reclassification to or from investment property held for sale, investment property that is measured at fair value continues to be so measured.

**(f) Leases**

**The Company as a Lessee**

The Company assesses whether a contract is, or contains, a lease at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measure of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of an option in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or a rate change in expected payment under a guaranteed residual value, in which cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant, and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statements of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient on its contract for office space which contains both lease and non-lease components.

#### **The Company as a Lessor**

The Company enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Company has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

#### **(g) Income tax**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current income taxes including any adjustments to tax payable in respect of previous years are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

**(h) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

**(i) Revenue recognition**

Contracted rental revenue is recognized and measured in accordance with IFRS 16 *Leases*. Revenue commences when a tenant has a right to occupy the leased asset. Base rents or minimum rents in lease contracts are recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount received. The Company has retained substantially all the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Rental revenue includes recoveries of property taxes, insurance, and operating expenses. Operating expense recoveries from tenants are providing a service to the tenant and therefore are non-lease components. IFRS 15 *Revenue from Contracts with Customers* requires revenue recognized from non-lease components to be disclosed separately from other sources of revenue. Operating expense recoveries are recognized over time for services rendered in the period they are earned. The recoveries are included gross of the related costs in revenue, as management considers that the Company acts as principal in this respect. Some of the Company's leases allow the tenant to pay property taxes directly to the municipality. When the tenant chooses this option, the Company does not recognize any revenue recovery or expense related to those property taxes. Rental revenue also includes accelerated rent adjustments that occur when the Company agrees to allow a tenant to terminate their lease in advance of the contractual lease term. The proceeds of the negotiated rent adjustment are recognized in income when it is receivable, and there is no ongoing contractual obligation.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payment is not made on such basis. The lease term is the non-cancellable period of the lease.

When management determines the collectability of revenue under a lease is not reasonably assured, revenue is no longer recorded.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on an unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

**(j) Fair value measurements**

The Company measures certain non-financial assets such as investment property at fair value at the end of each reporting period. Fair values of financial instruments measured at amortized cost are disclosed in the notes to the consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability if market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(k) Financial instruments**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. For financial assets, the Company applies the general approach to recognize impairment losses which require losses to be recognized from possible defaults in the next twelve months.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments and they are derecognized when they are extinguished, discharged, cancelled, or expire.

Classification and measurement

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured in two categories: amortized cost or FVTPL.

The following summarizes the Company’s classification and measurement of financial assets and liabilities:

<u>Classification and Measurement</u>	
<b>Financial Assets</b>	
Cash and cash equivalents	Amortized cost
Tenant receivables	Amortized cost
Mortgage receivable	Amortized cost
<b>Financial Liabilities</b>	
Bank operating facilities	Amortized cost
Payables and accruals	Amortized cost
Lease liability	Amortized cost

Other financing	Amortized cost
Mortgages	Amortized cost
Security deposits	Amortized cost

The Company does not have any derivatives embedded in financial or non-financial contracts.

**(l) Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less.

**(m) Normal course issuers bid**

Common shares purchased under the normal course issuer bid (“NCIB”) are acquired at market value. The transaction reduces the number of common shares outstanding and the transaction value, including costs, reduces capital stock at the adjusted cost base of the shares repurchased with the remaining transaction value charged to retained earnings. For shares acquired and not cancelled, the transaction value, including costs, reduces capital stock.

**(n) Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company’s accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

**(i) Leases**

The Company has commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgments concerning the point in time at which revenue recognition under the lease commences.

The Company applies judgement in assessing whether an arrangement is, or contains, a lease in which the Company is a lessee, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rate applied to the lease liability and right-of-use asset.

**(ii) Investment properties**

The Company’s accounting policies relating to investment properties are described in Note 2(b). In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the property under development is available for use. This judgment is applied when the property is substantially complete and is sometimes concurrent with occupancy.

In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

**(iii) Classification of tenant incentives**

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. When the payments add future value to the space independent of the lease in place, such costs are capitalized to the investment property. If the costs incurred are specific to the lessee, and do not have

stand-alone value, these costs are treated as tenant incentives and amortized on a straight-line basis to revenue over the lease term in accordance with IFRS 16.

**(iv) Income tax**

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

**(o) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

**(i) Investment properties**

The choice of valuation method and the critical estimates and assumptions underlying the calculation of the fair value of investment properties and investment properties under development is set out in Note 3.

Significant estimates used in determining the fair value of the investment properties include capitalization rates and normalized net operating income (which is influenced by the inflation rate, vacancy rates, and standard costs) by individual properties, using property-specific capitalization rates.

Investment property under development is valued at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under development. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values, management used their market knowledge and professional judgment and did not rely solely on historical transaction comparables. In these circumstances, there is more uncertainty than which exists in a more active market in estimating the fair values of investment property. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

**(ii) Income taxes**

Uncertainties exist concerning the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

## **Future accounting standards**

### **New and amended standards not yet adopted**

IAS 1 *Presentation of Financial Statements* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and clarify when a liability is considered settled. On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023, and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been revised to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments also emphasize that a change in an accounting estimate that results from new information or development is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes are an input or measurement technique that are not the result of an error correction. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* amendments were made to IAS 37, in order to clarify (i) the meaning of "costs of fulfill a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. IAS 37 is required to be applied for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

### 3. Investment properties

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
<b>Opening balance at October 1, 2021</b>	\$ 232,421,152	\$ 120,751	\$ 12,401,992	\$ 244,943,895
<i>Additions:</i>				
Property improvements and additions	119,692	5,085,518	-	5,205,210
Capitalized property taxes and other	-	-	130,872	130,872
Tenant inducements	217,639	-	-	217,639
Leasing commissions	319,964	-	-	319,964
Property acquisitions	2,285,534	-	-	2,285,534
Property dispositions	(1,422,078)			(1,422,078)
Amortization of tenant inducements	(66,201)	-	-	(66,201)
Change in straight-line rental revenue	(174,164)	-	-	(174,164)
Revaluation gains (losses), net	2,324,868	313,973	(130,872)	2,507,969
Amortization of deferred leasing commissions	(352,258)	-	-	(352,258)
<b>Ending balance at September 30, 2022</b>	<b>\$ 235,674,149</b>	<b>\$ 5,520,242</b>	<b>\$ 12,401,992</b>	<b>\$ 253,596,382</b>

	Income Producing Properties	Properties Under Development	Held For Development	Total Investment Properties
<b>Opening balance at October 1, 2020</b>	\$ 214,542,476	\$ -	\$ 12,401,992	\$ 226,944,468
<i>Additions:</i>				
Property improvements and additions	1,852,799	120,751	-	1,973,550
Capitalized property taxes and other	-	-	144,605	144,605
Tenant inducements	386,881	-	-	386,881
Leasing commissions	764,652	-	-	764,652
Property acquisitions	13,643,005	-	-	13,643,005
Amortization of tenant inducements	(43,414)	-	-	(43,414)
Change in straight-line rental revenue	(248,646)	-	-	(248,646)
Revaluation gains (losses), net	1,830,508	-	(144,605)	1,685,903
Amortization of deferred leasing commissions	(307,109)	-	-	(307,109)
<b>Ending balance at September 30, 2021</b>	<b>\$ 232,421,152</b>	<b>\$ 120,751</b>	<b>\$ 12,401,992</b>	<b>\$ 244,943,895</b>

#### Valuation methodology and processes

The fair value of investment properties at each reporting period is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property-specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, the investment properties are typically classified as Level 3 assets. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Management's primary internal valuation model is based on a capitalization of the forecasted normalized net operating income approach. The Company determines the forecasted normalized net operating income using a one-year income forecast for each property based on current in-place rents and assumptions about occupancy, structural and vacancy reserves, less cash outflows expected to operate and manage each property within the portfolio. Capitalization rates used to estimate fair market value consider many factors including but not limited to; the

location of the property, the size of the land parcel, site coverage, the quality and strength of tenants, whether lease rates are over or under current market rates, demand for the type and use of the property, the age of the building, any special use characteristics of the building or area, whether it is single-tenant or multi-tenanted and vacancy rates in the area. Market information related to the external sale of similar buildings within a similar geographic location is also taken into consideration. This method was applied in the valuation of properties under development, where management used the property's expected net operating income and a capitalization rate to prorated the fair value for the percentage complete as of the year end date.

Land held for development, consisting of land, with holding income is valued based on sale data within the market area.

The Company's executive management team is responsible for determining fair value measurements including verifying all major inputs included in the valuation. Management, along with the Audit Committee, discusses the valuation process and key inputs every quarter.

The key level 3 valuation metrics for the investment properties are set out below.

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Range of capitalization rates applied to investment properties	4.50% - 8.50%	4.27% - 9.35%
Fair values of properties where cap rates were applied	\$ 230,757,797	\$ 228,631,148
Weighted average cap rates	6.38%	6.35%
Fair value impact of increasing average cap rate by 0.25%	\$ (8,700,399)	\$ (8,664,623)
Fair value impact of a 1% decrease in net operating income	\$ (2,310,365)	\$ (2,289,113)
<b>Land held for development</b>		
Average price per acre of land	\$ 157,274	\$ 157,274
Number of acres	64.55	64.55
Total fair values	\$ 10,152,036	\$ 10,152,036
Impact of a 10% change in average price per acre	\$ 1,015,204	\$ 1,015,204
<b>Land under lease agreements with tenants</b>		
Number of acres leased	8.90	7.90
Average price per acre	\$ 804,574	\$ 799,837
Total fair values of leased land	\$ 7,160,710	\$ 6,160,710
Impact of a 10% change in average price per acre	\$ 716,071	\$ 616,071

Included in the carrying amount of investment properties are the following:

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Straight line rent receivable	\$ 1,963,074	\$ 2,137,238
Tenant inducements	600,370	448,934
Leasing commissions	1,873,206	1,905,499
	<b>\$ 4,436,650</b>	<b>\$ 4,491,671</b>

All the above are amortized over the terms of the respective leases.

#### **Mortgage receivable**

During the year ended September 30, 2020, the Company completed the sale of an investment property for total sale proceeds of \$9,350,000 and agreed to a vendor take back ("VTB") mortgage in the amount of \$8,000,000. The VTB bore interest at an annual rate of 2.5% with monthly interest payments, and a maturity date of July 21, 2021.

The VTB can be prepaid in whole or in part without penalty. The purchaser had an option to extend the mortgage for a further year.

On May 7, 2021, the Company agreed to amend the terms of the VTB and received \$5,500,000 with the balance of \$2,500,000 to be received on or before August 15, 2021 (the "Maturity Date"). The balance of the VTB bears interest at an annual rate of 6%. If payment of the principal amount and accrued interest does not occur by the maturity date, then the whole of the principal amount plus accrued interest shall become immediately due and payable upon demand. The VTB is carried at amortized cost.

The principal amount and accrued interest were received after the maturity date but prior to demand being made. The full balance was received during the current year ending September 30, 2022.

On August 1, 2022, the Company completed the sale of an investment property for total sale proceeds of \$1,675,000 and agreed to a VTB mortgage in the amount of \$1,475,000. The VTB bore interest at an annual rate of 4.5% with monthly blended payments of principal and interest amounting to \$8,164, and a maturity date of July 31, 2024. The VTB can be prepaid in whole or in part without penalty.

#### 4. Right-of-use asset

The following table presents the change in the balance of the Company's right-of-use asset which is its office lease:

	September 30, 2022	September 30, 2021
Opening balance	\$ 662,679	\$ 812,719
Amortization expense	(150,040)	(150,040)
<b>Balance, end of year</b>	<b>\$ 512,639</b>	<b>\$ 662,679</b>

#### 5. Receivables

	September 30, 2022	September 30, 2021
Receivables	\$ 431,844	\$ 219,214
Accrued interest	2,694	60,536
<b>Balance, end of year</b>	<b>\$ 434,538</b>	<b>\$ 279,750</b>

Tenant receivables at September 30, 2022, and 2021, include occupancy costs which are reconciled at each year-end and subsequently collected.

#### 6. Prepaid expenses and deposits

	September 30, 2022	September 30, 2021
Prepaid operating expenses	\$ 899,731	\$ 878,480
Security deposits with municipalities	27,019	27,019
<b>Total prepaid expenses and deposits</b>	<b>\$ 926,750</b>	<b>\$ 905,499</b>

Prepaid operating expenses are insurance and property taxes.

## 7. Mortgages

Maturity	Rate	September 30,	
		2022	2021
* On Demand	3.000%	\$ -	\$ 2,500,000
* December 1, 2022	3.670%	3,034,362	3,274,254
* December 1, 2022	3.671%	2,756,884	2,974,825
* February 1, 2023	3.750%	1,671,265	1,800,247
* April 1, 2023	1.860%	3,269,384	3,478,861
* July 1, 2023	5.450%	1,595,085	1,802,612
October 1, 2023	3.950%	143,163	270,036
October 1, 2023	4.090%	5,004,237	5,354,849
November 1, 2023	4.330%	3,448,623	3,684,371
December 1, 2023	4.648%	4,133,419	4,407,669
January 1, 2024	4.300%	1,874,009	2,057,447
January 1, 2024	4.300%	1,487,309	1,632,895
April 1, 2024	2.110%	3,796,429	4,035,050
August 1, 2024	3.300%	8,491,306	9,064,479
November 1, 2024	3.555%	7,550,033	8,038,382
February 1, 2025	3.420%	4,311,765	4,586,347
February 1, 2025	3.310%	4,589,983	5,000,983
April 1, 2025	2.310%	4,565,410	4,874,751
August 1, 2025	2.837%	3,540,220	3,764,283
July 1, 2026	2.710%	5,522,655	5,846,820
July 1, 2026	2.710%	10,553,887	11,173,373
April 1, 2026	2.675%	2,404,956	2,622,407
November 1, 2026	2.930%	10,506,586	4,860,030
October 1, 2026	2.940%	9,031,037	6,335,332
June 11, 2029	3.480%	4,960,922	5,296,315
<i>Total mortgages</i>		\$ 108,242,930	\$ 108,736,618
<i>Less: current portion of principal payments</i>		(18,969,418)	(26,216,379)
<i>Less: balance of unamortized finance fees</i>		(201,009)	(226,681)
		<b>\$ 89,072,503</b>	<b>\$ 82,293,558</b>
Weighted average rate		<b>3.23%</b>	<b>3.15%</b>

\*Mortgages due in the next twelve months

During the year ended September 30, 2021, the Company acquired a property in Red Deer, Alberta in the amount of \$9,300,000. As part of the consideration, the Company entered into a Vendor Take Back ("VTB") agreement in the amount of \$2,500,000 bearing an interest rate of 3% per annum; due on demand by the seller of the property. The VTB is secured by the related investment property. During the current year ended September 30, 2022, the full balance of the VTB along with accrued interest owing were paid in full.

All the remaining mortgages are repayable in blended monthly payments of interest and principal. The security pledged for each mortgage is limited to the related investment property. All mortgages have a fixed rate with the exception of one with an outstanding balance of \$1,595,085 as of September 30, 2022 and a variable interest rate of 5.450%.

## 8. Bank operating facilities

	September 30, 2022	September 30, 2021
Bank operating facilities	\$ 18,883,408	\$ 20,360,492

The Company has two credit facilities set out as follows:

- 1) One operating Line of Credit (LOC) with a limit of \$13,500,000 (September 30, 2021 - a limit of \$13,500,000).

This LOC is used to assist with property acquisitions and general operations and has a balance at September 30, 2022, of \$13,047,268 (September 30, 2021 - \$13,476,456). The credit facility bears interest at prime plus 1% per annum (September 30, 2021 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of \$36,469,039 (September 30, 2021- \$ \$36,338,761). In Q4 2021, the standby fee provisions were deleted and no longer in effect (September 30, 2021 - .25% per annum). Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

- Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 can be maintained, less the Prior Debt on the properties, (unchanged from September 30, 2021); or b) the level at which a Loan to Value Ratio of 70% can be maintained for the secured properties, over which the Lender has a 1<sup>st</sup> mortgage and 60% for the secured properties over which the Lender holds a 2<sup>nd</sup> mortgage, less the prior debt on the properties (unchanged from September 30, 2021). For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

Debt Service Coverage Ratio (“DSCR”) is the net operating income, divided by the debt service.

- *Debt service* = annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (September 30, 2021 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points.
- *Net Operating Income* is stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.

Loan to Value Ratio (“LTV”) is the total debt on the secured properties divided by the current market value of the secured properties.

Loan Covenant Requirements:	Min. 90% Occupancy	DSCR 1.25	LTV 70%
September 30, 2022,	No*	2.57	64%
June 30, 2022,	Yes	2.39	66%
March 31, 2022,	Yes	2.21	67%
December 31, 2021,	Yes	3.03	63%
September 30, 2021,	Yes	2.69	68%

\*All securing properties on this operating facility must have a minimum occupancy of 90%. During the year, one of the securing properties had a lease expiration on March 31, 2022 where the lease was not renewed. A new lease was signed on August 4, 2022 with a new tenant. This resulted in a temporary breach of the bank’s covenants

relating to the occupancy rate of this facility as it fell below the 90%. The Company's lender was aware of the vacancy throughout the period and has waived the breach as at September 30, 2022 as it was remediated as of the fiscal year end.

2) A second operating LOC with a limit of \$6,000,000 (September 30, 2021 – a limit of \$7,000,000).

The decrease in the limit from the prior year is a result of increased mortgage amounts upon maturity of existing mortgages. During the current year, proceeds from the increases in mortgage amounts were used to reduce the limit on the facility by \$1,000,000.

This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2021) and is secured by specific revenue-producing properties with combined fair of \$72,441,276 (September 30, 2021 - \$72,210,516).

There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at September 30, 2022 is \$5,836,140 (September 30, 2021 - \$6,884,036).

## 9. Lease liability

The following table presents the change in the balance of the Company's lease liability:

	September 30, 2022	September 30, 2021
Opening balance	\$ 712,784	\$ 861,322
Lease payments	(180,000)	(181,675)
Interest	31,954	33,137
<b>Balance, end of year</b>	<b>\$ 564,738</b>	<b>\$ 712,784</b>
Current portion	\$ 155,543	\$ 148,046
Non-current portion	409,195	564,738
	<b>\$ 564,738</b>	<b>\$ 712,784</b>

Incremental borrowing rate 4.95%

Estimated future principal payments required to meet the lease liability as at September 30, 2022, are as follows:

12 months ending September 30, 2023	\$ 155,543
12 months ending September 30, 2024	163,419
12 months ending September 30, 2025	171,645
<u>12 months ending September 30, 2026</u>	<u>74,131</u>
<b>Total</b>	<b>\$ 409,195</b>

## 10. Payables and accruals

	September 30, 2022	September 30, 2021
Trade payables	\$ 2,712,226	\$ 409,090
Accrued loan interest	326,345	552,985
Current portion of tenant security deposits	40,810	151,973
Accrued liabilities	242,807	190,322
Tenant inducement payable	200,000	200,000
Prepaid rents	232,258	196,908
<b>Total payables and accruals</b>	<b>\$ 3,754,446</b>	<b>\$ 1,701,278</b>

Trade payables include commissions payable on acquisitions and leasing fees, as well amounts payable for progress billings relating to properties under development. Accrued liabilities include occupancy costs due to tenants,

accruals for work done but not yet billed on investment properties, government remittances due, and accrued vacation balances. Tenant inducements payable relate to a lease agreement with a tenant signed during the fiscal ended 2021. Prepaid rents from tenants relate to rents due on the first of the following month, and the balance represents rents paid in advance which are recognized in revenue over the applicable months. The carrying value of payables and accruals approximates fair value due to their short-term maturity.

## 11. Finance costs

The components of finance costs are as follows:

	September 30, 2022	September 30, 2021
Interest on mortgages	\$ 3,546,287	\$ 3,259,784
Interest on bank operating facilities	666,330	800,236
Interest on other unsecured financing	40,425	251,839
Interest on lease obligations	31,954	33,137
Amortization of deferred finance fees	107,016	94,104
Interest income	(15,038)	(180,589)
	<b>\$ 4,376,974</b>	<b>\$ 4,258,511</b>

## 12. Income taxes

### a) Provision for income taxes

Components of income tax expense (recovery)

	September 30, 2022	September 30, 2021
Current tax expense	\$ 885,990	\$ 973,357
Prior period adjustments	(74,362)	(214,852)
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	1,138,767	847,573
Prior period adjustments	-	78,590
	<b>\$ 1,950,395</b>	<b>\$ 1,684,668</b>

The actual income tax provision differs from the expected amount calculated by applying Canadian combined federal and provincial corporate tax rates to income before tax of 23.00%. These differences result from the following:

	2022	2021
Income before income taxes	\$ 9,804,067	\$ 8,526,988
Expected income tax expense at 23.00% (2021 – 23.00%)	\$ 2,254,935	\$ 1,961,207
<i>Increase (decrease) resulting from:</i>		
Non-taxable items	(238,708)	(467,612)
Prior period adjustments	(74,362)	(136,293)
Tax rate differentials and tax rate changes	8,800	327,366
	<b>\$ 1,950,395</b>	<b>\$ 1,684,668</b>

### b) Deferred taxes

Deferred tax assets are attributable to the following:

	September 30, 2022	September 30, 2021
Lease liability	\$ 129,890	\$ 163,940
Capital losses	2,889	4,774

Deferred tax assets	132,779	168,714
Offset of tax	(132,779)	(168,714)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

Deferred tax liabilities are attributable to the following:	September 30, 2022	September 30, 2021
Straight-line rent receivable	\$ 451,507	\$ 491,565
Investment properties	14,512,133	13,106,031
Finance fees	13,551	7,932
Deferred leasing	430,835	438,263
Right-of-use asset	117,907	152,416
Capital gain reserve	17,767	244,661
Deferred tax liabilities	15,543,700	14,440,868
Offset of tax	(132,779)	(168,714)
<b>Net tax liabilities</b>	<b>\$ 15,410,921</b>	<b>\$ 14,272,154</b>

\$30,273,649 (September 30, 2021 - \$30,273,649) related to investments in certain subsidiaries was not recognized because it was not probable that the temporary difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

### 13. Supplemental consolidated cash flow information

<b><i>Net change in operating working capital</i></b>	September 30, 2022	September 30, 2021
(Increase) decrease in receivables	\$ (154,788)	\$ (14,875)
Decrease in loans receivable	-	-
Increase in prepaid expenses and deposits	(21,251)	(156,765)
Increase in payables and accruals	98,279	29,145
Increase (decrease) in income taxes payable	(178,829)	151,542
Increase in security deposits	14,668	111,101
	<b>\$ (241,921)</b>	<b>\$ 120,148</b>

<b><i>Net change in investing working capital</i></b>	September 30, 2022	September 30, 2021
Decrease (increase) in deposits in trust for property acquisitions	\$ -	\$ 9,360
Increase in payables and accruals	2,181,529	141,613
	<b>\$ 2,181,529</b>	<b>\$ 150,973</b>

<b><i>Net change in financing working capital</i></b>	September 30, 2022	September 30, 2021
Increase in accrued interest payable	\$ (226,640)	\$ 195,294

Interest paid	\$ 3,994,548	\$ 3,886,115
Income taxes paid	\$ 641,837	\$ 818,137

<b><i>Non-cash transactions</i></b>	September 30, 2022	September 30, 2021
Vendor take back financing on purchase of investment property	\$ -	\$ 2,500,000
Mortgage receivable	\$ 1,475,000	\$ -

#### 14. Segmented information

During the current year, the Company has reassessed the existence of operating segments as it has determined that its growth strategy will be assessed on its investment properties as whole as opposed to the industry that each investment property operates in. The Company has concluded there is one operating segment in the current year. The Company has not restated the prior year segments, as the prior period disclosure includes the comparatives figures within the consolidated amounts disclosed.

#### 15. Share capital

a) The Company has unlimited authorized common share capital.

	September 30, 2022	September 30, 2021
<b>Number of shares issued</b>		
Balance beginning of year	9,451,242	9,460,442
Shares cancelled	-	(9,200)
<b>Ending number of shares</b>	<b>9,451,242</b>	<b>9,451,242</b>
<b>Capital stock</b>		
Balance beginning of year	\$ 5,947,346	\$ 5,925,098
Shares held in treasury	-	28,044
Shares cancelled during the period	-	(5,796)
<b>Ending capital stock</b>	<b>\$ 5,947,346</b>	<b>\$ 5,947,346</b>

#### 16. Earnings per share

The following are the weighted average number of shares outstanding:

	September 30, 2022	September 30, 2021
Net income and comprehensive income	\$ 8,211,756	\$ 6,842,320
Weighted average shares outstanding – basic and diluted	9,451,242	9,452,628
<b>Earnings per share – basic and diluted</b>	<b>\$ .87</b>	<b>\$ .72</b>

#### 17. Rental revenue

The Company leases its commercial properties under operating leases with current terms ranging between 1 and 16 years. Some leases have options to extend for further five-year terms and several leases are month to month.

#### a) Rental revenue

	September 30, 2022	September 30, 2021
Rental revenue, contractual amount	\$ 14,716,654	\$ 14,326,825
Property tax and insurance recoveries	2,823,511	2,728,491
Operating expense recoveries	1,767,294	1,346,245
Amortization of tenant inducements	(66,201)	(43,414)
Straight-line rental revenue	(174,164)	(248,646)
<b>Rental revenue on statements of comprehensive income</b>	<b>\$ 19,067,094</b>	<b>\$ 18,109,501</b>

Future contracted minimum rent receivable from non-cancellable tenant operating leases is as follows:

	September 30, 2022	September 30, 2021
No later than one year	\$ 14,154,551	\$ 14,537,415
2 – 5 years	50,121,861	41,071,181
Over 5 years	18,014,322	30,606,384
	<b>\$ 82,290,734</b>	<b>\$ 86,214,980</b>

The month to month tenant revenue is not included in the above figures. The future contracted minimum rent receivable could be negatively impacted by a tenant having financial difficulties and being unable to meet their rent obligations. The future rent receivable assumes all tenants will honor the financial obligations of their leases, to the terms of their leases, with no defaults or variations in the contracted amounts.

#### 18. Guarantees, contingencies, and commitments

a) In the normal course of operations, the Company and its subsidiaries execute agreements that provide for indemnification and guarantees to third parties, such as engagement letters with advisors and consultants, and service agreements. The Company has also agreed to indemnify its directors and certain of its officers and employees in accordance with the Company's bylaws. Certain agreements do not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities, and as such, no provision has been included in these financial statements. Further, the Company maintains insurance policies that may provide coverage against certain claims under these indemnities.

b) The Company maintains insurance on its properties. The all-risk property insurance includes replacement cost and rental value coverage (including coverage for the perils of flood and earthquake).

c) The Company has contracts in place with related parties to provide property management and asset management. Both contracts have been in place since 1999 and have been renewed on an annual basis with no changes to the terms. Further information can be found in the Related Party Transactions in Note 21.

d) As at September 30, 2022, the Company entered into a construction contract to build an additional 33,200 ft<sup>2</sup> of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is \$8,600,000. As of September 30, 2022 construction is 51% and the work done amounts to \$4,836,672.

#### 19. Capital risk management

The Company defines capital that it manages as the aggregate of its equity and interest-bearing debt. The Company's objectives when managing capital are to ensure that the Company will continue as a going concern so that it can sustain daily operations and provide adequate returns to its shareholders. The Company is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced, or may not be refinanced on as favorable terms or with interest rates as favorable as those of the existing debt. The Company mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties, and maintain high occupancy levels. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	September 30, 2022	September 30, 2021
Mortgages	\$ 108,041,921	\$ 108,509,937
Lease liability	564,738	712,784
Bank operating facilities	18,883,408	20,360,492
Other financing	3,000,000	3,800,000
Total debt financing	130,490,067	133,383,213
Equity	106,228,919	98,678,750
<b>Total capital</b>	<b>\$ 236,718,986</b>	<b>\$ 232,061,963</b>

## 20. Financial instruments

	September 30, 2022	September 30, 2021
<b>Financial assets</b>		
Cash and cash equivalents	\$ 232,998	\$ 196,114
Receivables, net of provisions	434,538	279,750
Mortgage receivable	1,472,316	2,500,000
	<b>\$ 2,139,852</b>	<b>\$ 2,975,864</b>
<b>Financial liabilities</b>		
Bank operating facilities	\$ 18,883,408	\$ 20,360,492
Payables and accruals	3,754,446	1,701,278
Other financing	3,000,000	3,800,000
Lease liability	564,738	712,784
Security deposits	763,276	896,654
Mortgages	108,041,921	896,654
	<b>\$ 135,007,789</b>	<b>\$ 135,981,145</b>

The carrying value of cash and cash equivalents, receivables, mortgage receivable, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the near-term maturity of those instruments. The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at September 30, 2022 is \$100,675,995 (September 30, 2021 - \$109,317,430). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 6.40% (September 30, 2021 – 2.94%).

The Company's activities expose it to risks arising from financial instruments including credit risk, interest rate risk, and liquidity risk. Management reviews these risks on an ongoing basis to ensure that the risks are appropriately managed.

### Credit risk

The Company is exposed to credit risk equivalent to the balance of its tenant receivables of \$434,538 at September 30, 2022 (September 30, 2021 - \$297,750), and cash and cash equivalents of \$232,998 (September 30, 2021 - \$196,114). Credit risk on tenant receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. For tenant accounts receivable, the Company applies the general approach to recognize expected credit losses ("ECL") in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables. Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. At September 30, 2022 there is no loss provision for tenant receivables (September 30, 2021 - \$nil).

Accounts receivable are written off when there is no reasonable expectation of recovery. During the year, no revenue was written off (September 30, 2021 - \$90,949).

Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions.

### Interest rate risk

The Company's exposure to interest rate risk relates to its short-term floating interest rates on bank operating facilities. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance on the bank operating facilities at September 30, 2022 is \$18,883,408 (September 30, 2021 - \$20,360,492).

Under the assumption any balance of the debt is outstanding for a further one year; a 1% increase in the prime rate would have a negative impact on the future annual earnings of the Company of \$188,834 (September 30, 2021 - \$203,605). The Company minimizes its exposure to interest rate risk to the extent that all mortgages with the exception of one have fixed rates with terms of 2-5 years.

#### Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they become due. The Company's objective related to liquidity risk is to effectively manage cash flows to minimize the exposure that the Company will not be able to meet its obligations associated with financial liabilities. The Company actively monitors its financing obligations and cash and cash equivalents to ensure that it has enough available funds to meet current and foreseeable future financial requirements at a reasonable cost. Management manages its liquidity risk with the use of the lines of credit available to the Company as well as short term financing from related parties and private parties. Management estimates that cash flows from operating activities will provide enough cash requirements to cover normal operating and budgeted expenditures.

During the current year, the Company renewed four mortgages. Three mortgages were renewed for a further 2-5 years at fixed rates. One mortgage was renewed for a further one year with a variable interest rate. Upon renewal, the Company received \$9,304,638 in cash proceeds and assumed additional debt.

#### Contractual obligations at September 30, 2022

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	\$ 22,111,557	\$ 58,082,537	\$ 32,682,601	\$ 4,633,766	\$ 117,510,461
Payables and accruals	3,754,446	-	-	-	3,754,446
Lease liability	155,543	335,064	74,131	-	564,738
Security deposits	40,810	81,340	99,856	582,079	804,085
	26,623,356	58,498,941	32,856,588	5,215,845	123,194,730
Other financing	3,000,000	-	-	-	3,000,000
Operating facilities	18,833,408	-	-	-	18,833,408
	<b>\$ 48,506,764</b>	<b>\$ 58,498,941</b>	<b>\$ 32,856,588</b>	<b>\$ 5,215,845</b>	<b>\$ 145,078,138</b>

#### Contractual obligations at September 30, 2021

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	\$ 29,147,767	\$ 48,884,829	\$35,291,074	\$ 4,587,053	\$ 117,910,723
Payables and accruals	1,701,278	-	-	-	1,701,278
Lease liability	148,046	318,961	245,777	-	712,784
Security deposits	151,973	38,410	107,583	602,614	900,580
	31,149,064	49,242,200	35,644,434	5,189,667	121,225,365
Other financing	3,800,000	-	-	-	3,800,000
Operating facilities	20,360,492	-	-	-	20,360,492
	<b>\$ 55,309,556</b>	<b>\$ 49,242,200</b>	<b>\$ 35,644,434</b>	<b>\$ 5,189,667</b>	<b>\$ 145,385,857</b>

## 21. Related party transactions

The following are the related party transactions of the Company.

### a) Management agreements

Sable Realty & Management Ltd. ("Sable") provides property management services to Imperial Equities Inc. Sable is controlled by the President and CEO of the Company, Sine Chadi. North American Realty Corp. is also controlled by Mr. Chadi and provides asset management services to the Company.

#### ***Fee structure***

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#### ***Payments to Sable Realty & Management Ltd.:***

Property management	4% of gross rents paid plus a flat fee for ground maintenance on certain properties
Property maintenance	\$85/hour (Prior year \$85/hour) for labour plus charges for truck, equipment, and parts
Project fees	large scale improvements to tenant space are negotiated at the time services are requested

#### ***Payments to North American Realty Corp.:***

Leasing	6% of the value of new leases for the first five years plus 3% of the value of the leases that extend from six years to a maximum of ten years
Acquisitions	3% of the value of lease renewals to a maximum of five years
Dispositions	1% of the purchase price of the property
	3% of the sale price of investment property

<b><i>Payments for the year ending September 30,</i></b>	<b>2022</b>	<b>2021</b>
Property management and maintenance fees	\$ 1,272,355	\$ 1,240,524
Project fees	-	504,254
Acquisition fees	22,500	134,000
Disposition fees	50,250	-
Leasing fees	229,797	540,774
<b>Total payments</b>	<b>\$ 1,574,902</b>	<b>\$ 2,419,552</b>
<b>Amounts payable at September 30,</b>	<b>\$ 217,977</b>	<b>\$ 227,728</b>

### b) Other related party transactions

#### i) Payments made to (received from) Sable Realty & Management Ltd.

	<b>2022</b>	<b>2021</b>
Leased office space and parking	\$ 180,000	\$ 181,675
Fees for Accounting/Consulting Services	1,800	49,802
Rent at Sable Centre	(94,923)	(90,242)
<b>Net payments for the year</b>	<b>\$ 86,877</b>	<b>\$ 141,235</b>

#### ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the year were \$45,000 (2021 – \$52,500).

- ii) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company's key management personnel include President Sine Chadi, who is also a director of the Company, and the Chief Financial Officer, Azza Osman.

<b>Year ending September 30,</b>	<b>2022</b>	<b>2021</b>
Sine Chadi	\$ 300,000	\$ 300,000
Patricia Misutka	145,909	180,000
Azza Osman	180,000	155,000
	<b>\$ 625,909</b>	<b>\$ 635,000</b>

The Company's former Chief Operating Officer, Patricia Misutka, resigned from her role effective July 15, 2022.

- vi) Other financing, unsecured

<b>Related Parties</b>	<b>Balance 1-Oct-21</b>	<b>Advances</b>	<b>Repayments</b>	<b>Balance 30-Sep-22</b>
Jamel Chadi, Shareholder <sup>1</sup>	\$ 2,100,000	\$ 1,200,000	\$ (2,100,000)	\$ 1,200,000
Sine Chadi, Shareholder <sup>1</sup>	700,000	750,000	(700,000)	750,000
NAMC <sup>2</sup>	-	350,000	-	350,000
Diane Buchanan, Shareholder <sup>1</sup>	1,000,000	700,000	(1,000,000)	700,000
<b>Total</b>	<b>\$ 3,800,000</b>	<b>\$ 3,000,000</b>	<b>\$ (3,800,000)</b>	<b>\$ 3,000,000</b>

<b>Related Parties</b>	<b>Balance 1-Oct-20</b>	<b>Advances</b>	<b>Repayments</b>	<b>Balance 30-Sep-21</b>
Jamel Chadi, Shareholder <sup>1</sup>	\$ 2,000,000	\$ 1,200,000	\$ (1,100,000)	\$ 2,100,000
Sine Chadi, Shareholder <sup>1</sup>	1,550,000	750,000	(1,600,000)	700,000
NAMC <sup>2</sup>	-	225,000	(225,000)	-
Diane Buchanan, Shareholder <sup>1</sup>	1,500,000	-	(500,000)	1,000,000
<b>Total</b>	<b>\$ 5,050,000</b>	<b>\$ 2,175,000</b>	<b>\$ (3,425,000)</b>	<b>\$ 3,800,000</b>

- Loans received from shareholders bear interest at an annual rate of 6%. Total interest expense during the year was \$34,597. In the prior year, loans repaid to shareholders totaling \$3,425,000 were repaid with interest at an annual rate of 6%. Total interest expense at September 30, 2021, was \$251,838.
- North American Mortgage Corp. ("NAMC") is controlled by Mr. Sine Chadi, President of the Company. Total interest expense in the current year at an annual rate of 6% is \$5,828 (September 30, 2021- \$628).

All related party financing is unsecured with no specified dates of repayment and therefore are due on demand. The fair value of the related party loans at the reporting dates approximates their carrying value as the amounts are due on demand.

**22. Post-reporting date events**

Subsequent to the year ending, the Company has declared a quarterly dividend of \$0.02 per share totalling \$189,025 paid on October 31, 2021 to shareholders of record effective October 24, 2021.

Subsequent to the year ending, one of the Company's lenders has increased the Company's credit limit on one of its operating facilities from \$13,500,000 to \$15,500,000 effective November 10, 2022.

**23. Authorization of the consolidated financial statements**

The consolidated financial statements for the year ending September 30, 2022 (including comparatives) were authorized for issue by the Board of Directors on December 7, 2022.

*Signed "Sine Chadi", Director*

*Signed "Kevin Lynch", Director*



# BOARD OF DIRECTORS

# Board of Directors



## **Sine Chadi** *CEO & Chairman of the Board*

**Sine Chadi is the founder of Imperial Equities Inc. and has been the principal driver of its growth and development, overseeing all day-to-day aspects of the Corporation's development and management.**

He has worked in the real estate and development industries for more than 45 years. He is the owner of several companies involved in real estate sales, asset management, property management and mortgage financing. Mr. Chadi is an active community leader who has determinedly and financially supported many community groups and charities. He has received numerous awards for his business achievements and community involvement including being recognized as a recipient of the Queen Elizabeth II Golden Jubilee Medal (2002), the Alberta Centennial Medal (2005), a finalist for Ernst & Young's Entrepreneur of the Year (2008), the Queen Elizabeth II Diamond Jubilee Medal (2012). He was inducted to the City of Edmonton Hall of Fame (2013), the Alberta Business Hall of Fame by the Junior Achievement of Northern Alberta and NWT (2022) and received the Queen Elizabeth II Platinum Jubilee Medal (2023).

Mr. Chadi is a renowned philanthropist and fundraiser in the Edmonton area, donating and raising millions on behalf of organizations including the Glenrose Rehabilitation Hospital's pediatric unit, where \$7,000,000 was raised and the Chadi Family Foundation made a lead donation of \$1 million toward the Chadi Centre for Pediatric Rehabilitation. He is currently leading an effort to raise funds for a new Glenrose Hospital program supporting COVID long-haulers and continues to support many other organizations as well. His charitable activities are conducted through his companies and increasingly through the Chadi Family Foundation, which prioritizes healthcare, the arts, sports and other community causes. He is a current board member of the Parkinson Association of Alberta, and of the Gordon and Diane Buchanan Family Foundation, and a past board member of the Capital Care Foundation and the Glenrose Hospital Foundation.



## **Diane Buchanan** *Director*

**Diane Buchanan has worked in the real estate industry and the Edmonton business community for more than 30 years.**

She is the former CEO of Advanced Panel Products Ltd. and a former real estate agent that owned several real estate brokerages and has developed several real estate properties including the Union Bank Inn, a 4-star hotel in downtown Edmonton. Ms. Buchanan is also the CEO of Yorkshire Equities and Chair of the Gordon and Diane Buchanan Family Foundation, which has donated more than \$16 million to charitable causes to date.

Ms. Buchanan also developed the Buchanan Centre, a world-class wellness centre for Albertans impacted by Parkinson's disease. She continues to lead the development of an endowment fund to ensure Centre sustainability. In 2021, she was named the first female Honorary Lt. Colonel since 1895 for the Military Police for Western Canada and the NWT (overseeing the Army, Navy, and Air Force) and was inducted to the Northern Alberta Junior Achievement Business Hall of Fame. Ms. Buchanan was also recognized in 2019 by being inducted in the City of Edmonton Hall of Fame. She has also been an active Rotarian for many years and is former member of the Royal Alexandra Hospital Foundation Board, a founding member of the Lois Hole Hospital for Women Foundation, and a volunteer/event organizer for the Edmonton Humane Society, as well as an ongoing supporter of multiple community and arts organizations.



### **Kevin L. Lynch**

*Director*

**Kevin Lynch was a partner with Bennett Jones in its Edmonton office (retired December 2021) and is a Vice-President with Grow Lending Group Inc.**

In his legal practice, he acted for corporations, financial institutions and private equity firms in mergers and acquisitions, financings, commercial real estate financings and corporate/commercial matters. An active member of the community, Mr. Lynch has previously volunteered for sports organizations, school boards, condominium boards, and has assisted with fund raising for hospital foundations. More recently, he has been actively involved in campaigns to increase the awareness of the life-giving gift that is organ donation.



### **Dave Majeski, ICD**

*Director*

**Dave Majeski retired from the Royal Bank of Canada in 2015 after 47 years of continuous service.**

He enjoyed a diverse career that included branch network and operations, human resources and commercial markets. Most recently, he was the Vice President Real Estate and Construction Services in Edmonton and the market lead for Red Deer North, which included north eastern British Columbia and the Territories. Mr. Majeski is a graduate of the Institute of Corporate Directors – Rotman Directors Education Program. He continues to be an active community supporter and serves two not-for-profit boards and associations. In 2013, Mr. Majeski was recognized as a distinguished citizen by MacEwan University and awarded an Honorary Bachelor Degree. In 2015, he was inducted into the City of Edmonton Hall of Fame for his outstanding community service.



### **Susan Green, ICD**

*Director*

**Susan Green is an experienced board director with demonstrated success on public, private and not-for-profit sector boards.**

Ms. Green is a director with the Great Western Brewing Company Ltd., Chair of the Resilience Initiative for Crossroads international and Chair of Governance for Habitat for Humanity Canada. She was chair of the Alberta Liquor and Gaming Commission and was a director, officer and owner of Guardian Chemicals Inc. She served as Vice President of External Relations at the University of Alberta and previously held senior executive leadership roles at the Alberta Cancer Board, the Alberta Cancer Foundation and the Government of Alberta. In addition to Crossroads International and Habitat for Humanity, she is presently serving/has served as chair or on the executive committee of provincial, national and international organizations such as the Lieutenant Governor of Alberta Arts Awards Foundation, Peter Lougheed Leadership College, Pearson College of the Pacific, the Rotary Club of Edmonton Glenora and Edzimkulu: A Society for Children with AIDS in South Africa. Ms. Green holds a Bachelor of Arts degree from the University of Alberta, certificates from the Banff School of Advanced Management, the Niagara Institute, the Foundation of Administrative Justice and has her designation from the Institute of Corporate Directors. She is the recipient of Daughter of the Year Award 2017, Distinguished Citizen Award from MacEwan University (2014), the Queen's Diamond Jubilee Award (2013), Global Woman of Vision (2006), the Alberta Centennial Medal (2005) and Venture Magazine's 2016 Top 50.

# Contact Information



## HEAD OFFICE

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## DIRECTORS

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### Susan Green

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## ANNUAL MEETING

Date: March 16, 2023  
Time: 2:00pm MST  
Zoom Videoconference: <https://bit.ly/3G0I6ae>





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EQUITIES  
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