

IMPERIAL EQUITIES INC.

Year ending September 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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At Imperial Equities, discipline and adaptability are not simply operational principles, they are the essence of who we are. In a world defined by ongoing global uncertainty, adaptability has shifted from being a competitive advantage to an absolute necessity. This year, our ability to make timely, calculated decisions has strengthened our position and defined our performance. Guided by discipline, creativity, and strategic thinking, we continue to reinforce the foundation of long-term success. We are driven by purpose, sustained by resilience, and committed to building enduring value.

Reflecting on the past fiscal year, what stands out most is how much of our progress was shaped by staying true to our purpose, even as the environment around us shifted. It was a year that demanded patience and steady judgment. Interest rates finally began to ease after a prolonged period of pressure, certain markets adjusted more quickly than anticipated, and activity across our portfolio often moved in different directions simultaneously. Through all of this, our sense of purpose gave us clarity, and the resilience we have built over many years allowed us to respond with confidence rather than urgency.

A defining example of this principle was our decision to terminate a longstanding tenancy that had weighed on performance. Acting decisively enabled us to reposition the asset, complete its sale, and redeploy capital into opportunities more closely aligned with our strategy. At the same time, we expanded our footprint in British Columbia through the acquisition of a strategically located property in Sparwood. Anchored by a national tenant and supported by immediate upgrades, this investment reflects the disciplined growth that underpins our long-term vision.

Across our portfolio, resilience was evident in our approach to leasing. We proactively renewed and extended several important leases, reinforcing our strengths as a relationship-driven landlord. While a temporary increase in vacancy modestly reduced occupancy, our team responded quickly—actively marketing space and engaging with credible prospects. This consistency reinforces our purpose: maintaining a stable, high-quality tenant base that supports durable cash flows.

Our financing strategy also reflected the balance of purpose and resilience. As rate conditions began to ease, we timed mortgage renewals deliberately, favouring shorter terms to preserve flexibility in a shifting environment. We strengthened our balance sheet, improved our debt-to-asset ratio, and continued to benefit from interest income tied to vendor-take-back mortgages used in recent dispositions. These decisions positioned us to operate from a place of stability while preparing for opportunities ahead.

Financially, we continue to benefit from a lean cost structure and sustained positive net income, marking a significant turnaround from our 2024 position. This year, we achieved earnings of \$0.51 per share, driven primarily by increased rental revenue and a reduction in non-recoverable operating costs. Our debt-to-assets ratio declined to a highly competitive 46%, underscoring improved balance sheet strength, while our occupancy rate of 97.8% highlights the Company's solid fiscal foundation and resilient portfolio performance.

Behind these actions was another important focus—strengthening the internal foundation of Imperial Equities. We expanded our team with key roles in operations, legal, finance, and administration, building capacity and reinforcing long-term capabilities. Purpose is not only demonstrated through strategic decisions—it is expressed in how we prepare ourselves to execute them.

In December 2024, the Canadian Sustainability Standards Board (CSSB) issued its first two sustainability standards (CSDS 1 *General requirements for disclosure of sustainability related information* and CSDS 2 *Climate related disclosures*) which were not mandatory, unless mandated by the Canadian Securities Administrators (CSA). However, in April of 2025, the CSA announced a pause on its development of any mandatory climate related disclosure and its amendments to diversity related disclosures for public companies.

As a result, there continues to be no mandatory ESG reporting requirements for our Company, and it appears that nothing will be required in the near future. We believe that there continues to be value in reporting on ESG, and will take the opportunity that this regulatory pause has provided to review the previous reporting that we have done under the Global Reporting Initiative (GRI), and assess what we need to do to provide meaningful disclosures in the future that are compliant with CSDS 1 and 2. We completed a standalone ESG report for fiscal 2024, and expect to do the same for fiscal 2025.

Looking ahead, we remain confident in the opportunities developing across Western Canada. Alberta and British Columbia continue to demonstrate strong industrial fundamentals, and the evolving interest-rate environment supports investment and growth. With a resilient tenant base, disciplined capital management, and a clear sense of direction, we are exceptionally well positioned for the future.

Our purpose continues to guide us. Our resilience continues to define us. And our commitment to long-term, sustainable value remains unchanged.

As always, I extend my sincere gratitude to our team, our Board, and our Shareholders for your continued trust and support. It is this shared belief in our purpose that strengthens our resolve and empowers us to move forward with confidence. We look forward to having the opportunity to speak with investors and partners at our AGM which will be held on March 12, 2026 online via zoom at <https://bit.ly/IEIAGM2026>. In the meantime, please feel free to reach out with any questions about your investment.

Thank you for your ongoing interest in our Company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sine Chadi', is centered on a light gray rectangular background.

Sine Chadi, CEO

IMPERIAL EQUITIES INC. MD&A AS AT DECEMBER 10, 2025

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 audited financial statements for the years ended September 30, 2025 and 2024, which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company completed a reorganization of its corporate structure. At the end of the day on September 30, 2024, the Company dissolved eight inactive subsidiaries, then on October 1, 2024 the Company amalgamated with its sole wholly owned subsidiary Imperial Equities Properties Ltd. This reorganization did not impact the financial or operational results of the Company. The comparative figures presented in this MD&A are those of the previously consolidated entity.

Unless otherwise noted, all amounts in this MD&A are reported in Canadian dollars, which is the Company’s presentation and functional currency. The information contained in this MD&A, including forward-looking statements, is based on information available to management as at December 10, 2025, except as otherwise noted.

Throughout the MD&A, Management will use measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. These measures include operating expense recoveries, funds available for property improvements and growth, debt, debt to asset ratios, and unencumbered properties. A description of these measures and their limitations are discussed under “Non-IFRS financial Measures”.

Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol “IEI”. Additional information on the Company may be obtained by visiting www.sedarplus.com.

The Company’s Board of Directors, at the recommendation of the Audit Committee have reviewed and approved this MD&A and the accompanying financial statements.

FORWARD-LOOKING INFORMATION

Some of the information that the Company provides in this document is forward-looking and therefore could change over time to reflect changes in the environment in which the Company operates and competes. This forward-looking information reflects the Company’s intentions, plans, expectations, and beliefs, and is based on management’s experience and assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances.

Forward-looking statements may involve but are not limited to, comments with respect to our initiatives for 2026 and beyond, future leasing, acquisition and financing plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results or outlook for our operations. By their nature, forward looking statements are subject to numerous risks and uncertainties including those discussed under Risks and Risk Management in this MD&A.

Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be place on forward- looking statements.

Actual results, performance or achievements could differ materially from those expressed in or implied by these forward-looking statements. Except as may be required by law, the Company does not undertake to update any forward-looking statement, whether written or oral, made by the Company or on its behalf.

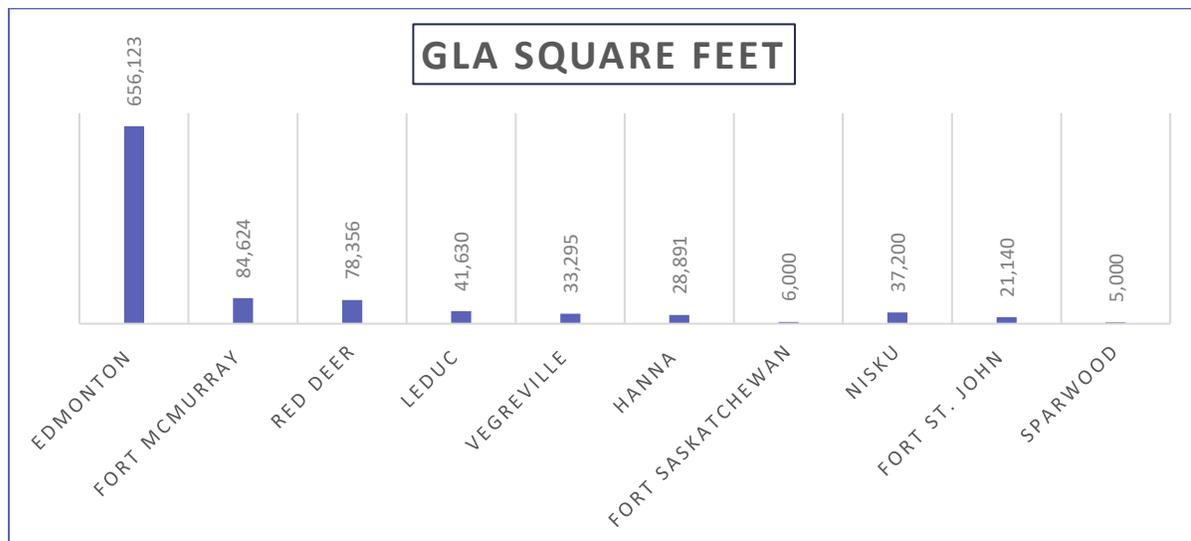
OUR BUSINESS

Based in Edmonton, Alberta, Imperial Equities is a publicly traded company that invests in and manages industrial, agricultural, and commercial properties in its targeted markets throughout Western Canada. Since operations started in 1998, the Company has grown its revenues, and the fair value of its portfolio of investment properties through acquisitions, the construction of build-to-suit projects, proactive maintenance of its properties, and responsive property management to build strong relationships with long-term tenants.

The Company's business model is to:

- Acquire fully occupied, single-tenant or multi-tenant industrial properties with long-term lease agreements and rental rates commensurate with the location
- Finance acquisitions with the lowest available cost of capital
- Maximize the revenue potential of each asset in its region
- Dispose of older assets that may have reached their maximum earning potential to reduce the overall age of the properties in the portfolio
- Manage the Company's environmental impacts with a view to moving to net zero emissions
- Invest in the communities where properties are located

The Company has 33 investment properties, consisting of 30 income producing properties, and 3 pieces of raw land held for development, at September 30, 2025. The Company owns properties located across Western Canada, with a focus on assets in Edmonton, Alberta.



Throughout fiscal 2025, the Company actively assessed its portfolio to enhance performance and reinforce overall resiliency. The Company completed the sale of land held for development that was classified as held for sale at the end of the prior fiscal year, generating cash for acquisitions and operations, and reducing holding costs on land that had no immediate development plans. After being approached by a current tenant, the Company acquired a new property in British Columbia, upgraded the building to Imperial Equities standards, and entered into a new 10 year lease.

After the termination of a tenant's lease in Q3, the Company decided to dispose of one of its older properties, which had been underperforming and was no longer a fit with the Company's portfolio. This sale was completed in September 2025 and provided the Company with cash to pay off the outstanding mortgage on the property with the remainder of the purchase price being financed with a vendor-take-back ("VTB") mortgage. Management determined that providing a VTB mortgage to finance the buyer for the short term was beneficial as it generates monthly cash flows and reduces operating costs that would be required on a vacant building. Management continues to see VTB mortgages ("mortgages receivable" in the financial statements) as a valuable tool to reduce the Company's exposure to property risks and costs, while generating ongoing monthly cash flows, and ultimately receiving the full purchase price of a property.

Management continued its focus on securing future cash flows for the business, by completing renewals and extensions of leases on a proactive basis, refreshing property exteriors and continuing repairs and maintenance that support improved energy efficiency and encourage tenants to stay, and evaluating mortgage renewals and financing to more proactively manage cash flows. Throughout the year, the Company added additional employees, including an additional finance administrator, legal counsel and a Chief Operating Officer, with the focus on building foundational strength for future growth.

The Board of Directors oversees the activities of the Company and includes individuals with significant real estate and governance experience to guide and assess the Company's strategy and investment decisions. Management monitors the success of Imperial by measuring how well the Company delivers on its strategies and executes due diligence.

Strategic Objectives

- ❖ Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants, and maintain high building occupancy
- ❖ Monitor the quality of tenants in the portfolio to reduce the risk of defaults on leases
- ❖ Maximize the cash flow from operations to ensure funding for growth opportunities
- ❖ Select mortgage terms that provide a low cost of capital and utilize debt leverage opportunities while managing interest rate risks
- ❖ Monitor GHG emissions on all properties and move towards net zero emissions
- ❖ Maintain the assets to high standards, including structural, mechanical, and cosmetic, to showcase the existing properties to prospective tenants or purchasers
- ❖ Ensure that maintenance on the properties is done to exacting standards, and performed at rigorous safety standards, while ensuring the costs are competitive
Complete preventative maintenance on the properties with a focus on improving energy efficiency, reducing occupancy costs, and maximizing the longevity of the buildings

Environmental, social and governance ("ESG")

The Company continues to monitor the ESG reporting environment, as well as evaluating how to best set goals to ensure its environmental risks are managed, mitigated and its environmental footprint is reduced over time. The Company continues to assess what steps would be required for the properties to achieve Net Zero impact.

In April 2025, the Canadian Securities Administrators ("CSA") announced a pause on its development of a new mandatory climate-related disclosure rule, and amendments to the existing diversity-related disclosure requirements. The Canadian Sustainability Standards Board ("CSSB") issued CSDS1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS2 *Climate-related Disclosures* were finalized in December 2024. These disclosures are not yet mandatory in Canada, and there is no further indication if, and when, the CSA might re-engage with implementing mandatory requirements for public companies. The Company issued a stand-alone ESG report for the year ended September 30, 2024, and anticipates doing the same again this year. While the Company has historically followed the Global Reporting Initiative (GRI) standards as a framework for reporting its ESG impact, management plans to start amending its reporting to more closely align with the CSSB standards.

KEY HIGHLIGHTS

Management and the board monitor the performance of the Company using specific key performance indicators as highlighted below.

(1) See “Non-IFRS Financial Measures” for further information about this measure.

Our Operations and Financing

Income from operations (000's)			
Year ended September 30, 2025			
	\$ 13,484		
Year 2024	\$ 13,027	4%	
<p>Income from operations increased primarily due to decreased non-recoverable property operating costs due to less costs for non-recoverable repairs and maintenance projects, and lower utilities incurred on vacant spaces. These decreases were partially offset by increases in property tax expense. Rental revenue increased due to increased recovery revenue as a result of increased recoverable expenses. Minimum rental revenue decreased slightly due to vacancies during the current year, on properties that were fully leased in the prior year.</p>			

Operating expense recovery percentage ⁽¹⁾			
Year ended September 30, 2025			
	87%		
Year 2024	80%	8%	
<p>The percentage of property operating expenses recovered from tenants increased in comparison to the prior year because of lower non-recoverable repairs and maintenance, and utilities expenses in the current year, compared to the prior year.</p> <p>These non-recoverable expenses are incurred either when a property is vacant, and therefore there is no tenant to recover costs from, or for repairs and maintenance items which management determines will not be charged back to tenants.</p>			

Funds available for property operations ⁽¹⁾			
Year ended September 30, 2025			
	\$2,001,107		
Year 2024	\$ 461,245	334%	
<p>Funds available for property improvements and growth increased over the prior year due to decreased interest expense and increased income from operations as noted above. Interest expense decreased due to decreasing interest rates on mortgage renewals, and the impact of lower prime rates on floating rate debt. Additionally, the Company earned higher interest revenue as the result of higher mortgages and loans receivable balances outstanding for longer during the current year. The Company also had lower principal payments on debt in fiscal 2025 primarily due to one mortgage that was assumed partway through the prior year, and with no payments required in the current year.</p>			

Debt to total assets ratio ⁽¹⁾			
Year ended September 30, 2025		The debt to total assets ratio decreased to 46%, as compared to 48% in the prior year and the historical average of 50%.	
	46%	This improvement is primarily a result of continued principal payments on the outstanding mortgages, as well as the sale of an investment property during the year, where the outstanding mortgage was paid out. The sale was financed with a VTB mortgage receivable of \$4,000,000 which is included in total assets at the end of the year.	
Year 2024	48%	-2%	

Weighted average interest rates on mortgages			
Year ended September 30, 2025		The weighted average interest rate on the Company's outstanding mortgages is used to monitor the cost of the Company's outstanding mortgage debt. The weighted average interest rate on mortgages increased at September 30, 2025 compared to September 30, 2024. During the current year ten mortgages were renewed, with the weighted average interest rate on the renewed mortgages increasing from 4.07% to 4.42%.	
	4.44%	This increase is the result of several mortgages that had been fixed at very low rates in prior years maturing in the current year and being renewed at current rates.	
Year 2024	4.30%	0%	

Our Investment Properties

Total number of investment properties ⁽²⁾ (excluding investment property held for sale)			
Year ended September 30, 2025		The Company sold two investment properties during the year: one piece of raw land held for development, and one income producing property with a gross leasable area of 50,000 ft ² . The sales of these properties provided capital for property improvements and acquisitions and operations.	
	33	The Company purchased one investment property with gross leasable area of 5,000 ft ² for \$800,000. The property was leased to a tenant at September 30, 2025.	
Year 2024	33	0%	Three properties consisting of three parcels of land held for development were reclassified to be included with the related investment property that is leased by the same tenant, rather than counted as separate properties. The prior year number was adjusted to reflect this reclassification.

2) The number of investment properties for the year ended September 30, 2024 was adjusted in the current year to group certain properties together for consistency of presentation.

Gross Leasable Area ("GLA") in square feet ⁽³⁾ (excluding investment property held for sale)			
Year ended September 30, 2025		GLA decreased in the current year as a result of the sale of an income producing property with total GLA of 50,000 ft ² and the purchase of a building of 5,000 ft ² .	
	1,014,599		
Year 2024	1,059,599	-4%	

(3) GLA is the square footage of space in the Company's investment properties that is leased or available to be leased to tenants.

Our Leasing Activities

Renewals (GLA)			
Year ended September 30, 2025		The Company successfully renewed 134,613 ft ² of leases with existing tenants consisting of 3 tenants leasing single tenant buildings, and 2 tenants in multi-tenant buildings. The weighted average rental rate per square foot ("PSF") on the renewed leases decreased to \$17.59 PSF from \$18.76 PSF, primarily as a result of one renewal where the rate at the end of the original long-term lease was higher than the current market rate.	
	134,613		
Year 2024	74,622	80%	

New Leases (GLA)			
Year ended September 30, 2025		During Q3, a new lease was signed on the new building acquired in Sparwood B.C. The lease is with an existing tenant who leases other locations.	
	5,000		
Year 2024	43,556	-89%	

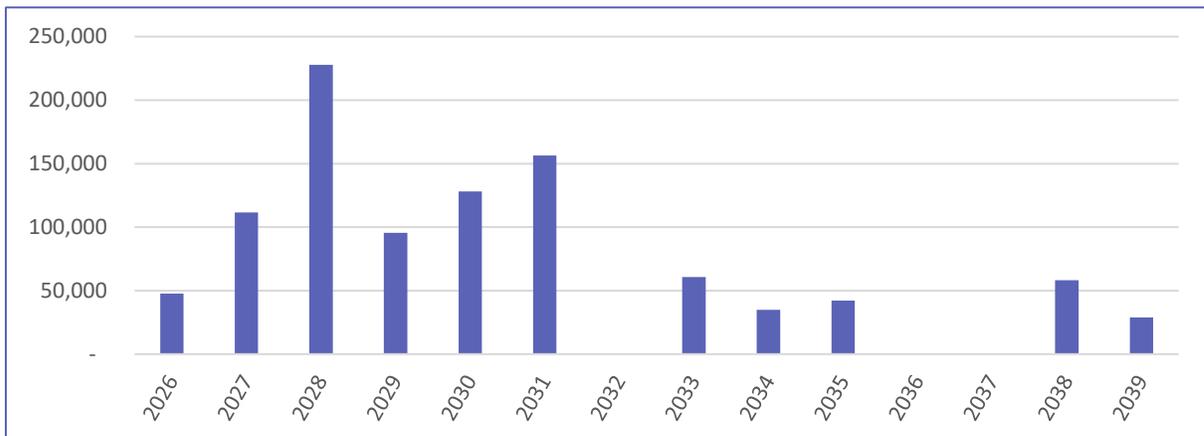
Leases expiring in the next twelve months (GLA)			
Year ended September 30, 2025		As of September 30, 2025, the Company has 3 leases that are expiring in the next 12 months. For 33,295 ft ² of the GLA, a lease renewal is in progress and expected to be signed during Q1 2026. Of the 60,543 ft ² of GLA with leases expiring at September 30, 2024, renewals were completed for 48,419 ft ² during fiscal 2025. The remaining 12,124 ft ² was vacant at September 30, 2025.	
	47,779		
Year 2024	60,543	-21%	

Building occupancy (excluding investment property held for sale)			
Year ended September 30, 2025		The Company's building occupancy decreased for September 30, 2025 compared to the prior year as a result of two single tenant buildings being vacant that were fully leased at September 30, 2024. The total GLA of these vacant buildings is 15,221 ft ² . These buildings are being actively marketed for lease. Included in vacant space at September 30, 2025 is 7,119 ft ² in a single tenant building that was also vacant at September 30, 2024.	
	97.8%		
Year 2024	99.3%	-2%	

Average lease term to maturity (years)			
Year ended September 30, 2025		The Company's average lease term decreased due to the termination of a lease during Q3 2025 that had a remaining term of approximately 3 years. This was offset by the extensions and renewals and new lease noted above.	
	4.83		
Year 2024	4.89	-1%	

Tenant base by type as a % of annual revenue			
	Year ended September 30		The Company's tenant base consists primarily of National and Multi-National tenants, with over 85% of minimum rental revenue attributable to these tenants. The changes in the percentage of rental revenue by type are attributable to the vacancy and sale of a building that was previously leased to a local tenant, and continuing increases in contractual rent for National tenants in long term leases.
Type of tenant	2025	2024	
Multi-National	40%	40%	
National	46%	44%	
Regional	12%	12%	
Local	2%	4%	

Lease Expiries (GLA Square feet)



Total GLA at September 30, 2025 was 1,014,599 ft².

The Company monitors lease expiries to manage risks related to tenant vacancies. In fiscal 2026, the Company will have 3 leases which expire during the year and have not yet been renewed. Of these three, one lease representing just over 33,000 sq ft. has a lease renewal agreement in progress at the date of the MD&A which is expected to be completed in Q1 2026. One tenant, representing just under 5,000 Sq. Ft. of GLA has indicated that they will not be renewing their lease on expiry. Management has started the process to find a new tenant for this location. In fiscal 2027 the Company will have 6 leases which are expiring, and in fiscal 2028, the Company will have 8 leases that are expiring. Management has already commenced initial discussions with some of these tenants regarding renewal of their leases. Management actively monitors upcoming renewals, and wherever possible renews leases in advance of expiry.

Effective lease rates by City per square foot ⁽⁴⁾		
City	Year ended September 30	
	2025	2024
Edmonton, Alberta	\$ 11.27	\$ 10.60
Red Deer, Alberta	\$ 14.07	\$ 8.45
Fort Saskatchewan, Alberta	\$ 42.15	\$ 42.15
Fort McMurray, Alberta	\$ 37.16	\$ 36.94
Leduc, Alberta	\$ 17.27	\$ 17.27
Hanna, Alberta	\$ 20.11	\$ 19.94
Nisku, Alberta	\$ 13.63	\$ 13.49
Vegreville, Alberta	\$ 7.18	\$ 7.18
Fort St. John, British Columbia	\$ 16.44	\$ 14.75
Sparwood, British Columbia	\$ 2.12	\$ -

In the current year, the increases in rates in Edmonton, Fort McMurray, Hanna, Nisku and Fort St. John were due to contractual increases in minimum rent under the terms of existing leases. Increases in Edmonton were offset by vacancies during the year, which reduced the minimum rent collected per square foot for the year.

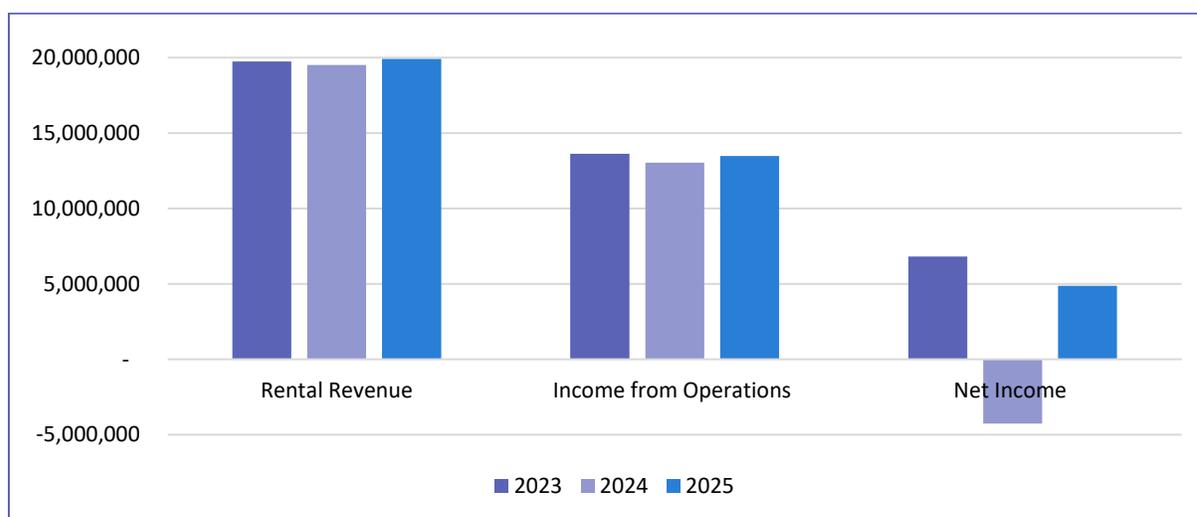
Lease rates increased in Red Deer as a result of additional rental revenue for a property that was vacant for a period in the prior year. The Sparwood British Columbia location was new in the current year and had only one month of revenue, resulting in a lower rate PSF than the contractual lease rate.

(4) Annualized lease rates are calculated as the total actual minimum rent by city divided by total GLA in square feet per city.

FINANCIAL PERFORMANCE

(in thousands)	Years ended September 30,			
	2025	2024	Variance	2023
Rental revenue	\$ 19,919	\$ 19,523	\$ 396	\$ 19,737
Property operating expenses	6,435	6,496	(61)	6,111
Income from operations	13,484	13,027	457	13,626
Finance costs	4,761	5,567	(806)	5,106
Administrative expenses	1,760	1,649	111	1,450
Share based compensation	250	252	(2)	-
Amortization of deferred leasing	446	397	49	483
Amortization of right-of-use asset	178	154	24	150
Loss (gain) on sale of investment properties	297	1,506	(1,209)	-
Valuation net (gain) loss from investment properties	774	6,110	(5,336)	(2,131)
Income before income tax	5,018	(2,608)	7,626	8,568
Income tax expense	152	1,653	(1,501)	1,755
Net income and comprehensive income	\$ 4,866	\$ (4,261)	\$ (9,127)	\$ 6,813
Earnings per share basic and diluted (in dollars)	\$ 0.51	\$ (0.45)	\$ 0.96	\$ 0.72
Dividends per share (in dollars)	\$ 0.08	\$ 0.08	\$ -	\$ 0.08

The following chart compares the years ended September 30, 2025, 2024 and 2023.



Rental revenue includes minimum rent, which is recorded on a straight-line basis over the terms of the related leases, as well as property tax, insurance and occupancy cost recovery revenue. Rental revenue also includes adjustments for amortization of tenant inducements, as well as any settlement revenue received from tenants for payments for the early termination of leases, or for damages when a tenant is vacating a property.

Property taxes, insurance, and operating cost recovery revenue is budgeted annually and reconciled every 12 months on a tenant-by-tenant basis. All the Company's leases during the year, except for 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 recovery of the expenditures over a period consistent 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, recovery revenues will fluctuate year-over-year, however, are expected to be approximately 80-85% of property operating expenses.

For the year ended September 30, 2025, rental revenue was \$19,919,142 compared to \$19,522,902 for the year ended September 30, 2024.

Increases in recovery revenue account for \$376,000 of the \$396,000 increase in rental revenue in the current year. Recovery revenue is higher due to higher property taxes and increased recoverable repairs and maintenance expenses. Minimum rent decreased slightly in the year due to more vacancies in the current year than the prior year including the vacancy of one property where the lease was terminated for non-payment of rent during the year and the building sold during Q4 2025. This decrease in minimum rent revenue was partially offset as the Company received a one time payment of \$150,000 for a fee paid by a third party for access to one of the Company's buildings for a limited period of time for the purposes of selling equipment located in the building.

The decrease in rental revenue for the year ended September 30, 2024 compared to September 30, 2023 was the result of lower minimum rent from several larger vacancies in fiscal 2024 compared to fiscal 2023. Rental revenue in fiscal 2023 also included a one time settlement payment from a departing tenant of \$200,000. The decreases in minimum rent and other rental revenue were offset by increased recovery revenue for increased operating expense costs.

Income from operations is \$13,484,033 for the year ended September 30, 2025 compared to \$13,026,527 for the year ended September 30, 2024. The increase compared to the prior year is due to the increase in rental revenues noted above, and a decrease in non-recoverable property operating expenses. The percentage of property operating expenses that were recovered in fiscal 2025 increased to 87% from 80% in the prior year. In fiscal 2024, the Company incurred \$480,000 in non-recoverable repairs and maintenance expenses, compared to \$150,000 in the current year.

The decrease in income from operations for the year ended September 30, 2024 compared to the year ended September 30, 2023 is due to the decrease in rental revenues as noted above, and higher non-recoverable operating expenses, as several large projects were undertaken in fiscal 2024, including drainage repairs, and maintenance undertaken when a property was vacant.

Net income for the year ended September 30, 2025 was \$4,866,164 compared to a net loss of \$(4,261,023) for the year ended September 30, 2024. The loss in the prior year due to higher losses on valuations of investment properties, and higher administrative and finance costs. Administrative expenses included higher bad debts due to an increase in the allowance for doubtful accounts related to overdue payments from specific tenants, and finance costs were higher due to higher interest rates.

Property operating expenses

	Year ended September 30,		
	2025	2024	Variance
Property taxes	\$ 3,497,078	\$ 3,404,060	\$ 93,018
Insurance	228,868	243,467	(14,599)
Repairs and maintenance	2,271,000	2,356,902	(85,902)
Utilities	438,163	491,946	(53,783)
	\$ 6,435,109	\$ 6,496,375	\$ (61,266)

The overall decrease in property operating expenses in the current year compared to the prior year is primarily due to decreases in repairs and maintenance and utilities expenses. In the prior year, the Company incurred large expenses related to refreshing a building that became vacant in the year, and for a specific drainage project. In the current year, the Company's repairs and maintenance expense did not include any large projects. While the Company did undertake a larger renovation for a tenant, this was recoverable from the tenant via a loan receivable and was therefore treated as a reimbursement of the related expense. Additionally, in Q4 2025, the Company also had two large projects for roof replacement and yard repairs; these were included with the investment property value and not expensed through repairs and maintenance as they were capital in nature.

The decrease in utilities expenses compared to the prior year is due to the removal of the Canadian carbon tax in April 2025 and decreased non-recoverable utilities from vacancies compared to the prior year. In fiscal 2024 the Company had approximately 13 months of non-recoverable utilities expense on two larger vacant spaces. In fiscal 2025, the Company had approximately 6 months of non-recoverable expenses related to two buildings.

The decreases in repairs and maintenance and utilities expenses were offset by increased property tax rates across most of the properties in the portfolio. While property tax assessment values remained stable, many municipalities raised tax rates, resulting in an overall increase in property tax expense.

Finance costs

	Year ended September 30,		
	2025	2024	Variance
Interest on mortgages	\$ 3,916,669	\$ 4,072,134	\$ (155,465)
Interest on bank operating facilities	1,205,244	1,362,538	(157,294)
Interest on other unsecured financing	-	134,363	(134,363)
Interest on lease obligations	11,272	17,339	(6,067)
Amortization of deferred financing fees	69,521	103,345	(33,824)
Finance fees	30,000	64,996	(34,996)
Interest income	(471,818)	(187,649)	(284,169)
	\$ 4,760,888	\$ 5,567,066	\$ (806,178)

Finance costs continue to decrease in the current year compared to the prior year because of decreases in the overall interest rate environment. This impacts the Company through reductions in the floating interest rate charged on the bank operating facilities, and in reduced interest rates on mortgages renewed during the year. During fiscal 2024, the other unsecured financing was repaid and there was no outstanding balance or interest incurred for this financing in fiscal 2025. Financing fees and amortization of deferred financing fees decreased as there were lower renewal costs on bank operating facilities in the year.

The Company also saw an increase in interest income, as a result of entering into an additional VTB mortgage receivable on the sale of an investment property, and having a full year of interest revenue on the VTB mortgage receivable that was entered into in May of 2024. Both these mortgage receivables generated an additional \$280,000 of interest revenue in the current year compared to the prior year.

Administrative expenses

	Year ended September 30,		
	2025	2024	Variance
Salaries and benefits	\$ 929,579	\$ 727,152	\$ 202,427
Public company costs	92,576	97,281	(4,705)
Professional fees	135,169	139,572	(4,403)
Office and other	350,746	334,960	15,786
Bad debts	252,156	349,621	(97,465)
	\$ 1,760,226	\$ 1,648,586	\$ 111,640

Administrative expenses increased in the current year compared to the prior year primarily due to increased salaries and benefits. During Q3 and Q4 of the current year, the Company added three new employees consisting of a finance administrator, Corporate legal counsel, and a new COO. Additionally, the current year includes a full year of salary for the Director of Financial Planning, Reporting and Analysis who joined partway through fiscal 2024.

The increase in salaries and benefits was partially offset by a decrease in bad debts expense. In the prior fiscal year, Management identified two specific tenants that had overdue rent balances which the Company allowed for. In the current year, the Company terminated the lease for one of these tenants during Q3 2025. The remaining outstanding receivables balance that was written off in the current year was lower than the prior year. Management does not believe there is a likelihood of repayment from this tenant.

Office and other expense increased in comparison to the prior year primarily due to an increase in promotional expenses attributable to additional sponsorships of various charitable organization. This was offset by a decrease in interest and penalties on corporate taxes due to adjustments to timing of the payment of outstanding balances in the current period.

Share based compensation expense is for stock options that were issued during the current year. The Board of Directors approved the issuance of 200,000 stock options to the CEO, with a term of 5 years and an exercise price of \$3.85 which vested immediately. The Black-Scholes option pricing model was used to determine the fair value of the options of \$1.248 per option. The Company issued 200,000 stock options in the prior year with a fair value of \$1.258 per option.

Amortization of deferred leasing and right-of-use asset are related to the accounting for deferred leasing costs and right-of-use asset. Deferred leasing costs are costs incurred when a lease is entered into or renewed and consist primarily of commissions. For accounting purposes these are deferred and amortized against rental revenue over the term of the related lease. Amortization is recorded on the right-of-use asset on a straight-line basis over the term of the lease which generated the asset. The increase in the amortization of deferred leasing costs in the current year is due to the increase in the balance of deferred leasing costs over the past two years for commissions on renewals and new leases, which has increased the amortization expense on these additions.

Loss on sale of investment property is the amounts recognized on the sale of two investment properties during the year, and primarily consists of transaction costs, as the fair value of investment properties does not include any adjustment for transaction costs. The prior year included costs related to the sale of three properties, and \$185,000 attributable to an adjustment to the consideration on one of the sales per the requirements of IFRS 15 for a significant financing component in the form of a VTB Mortgage.

Valuation loss (gains) from investment properties, net are the result of adjusting the investment properties to fair value at the end of each reporting period. For the year ended September 30, 2025, the net valuation loss from properties was \$773,585 compared to a valuation loss of \$6,110,040 for the year ended September 30, 2024. The change in investment property fair value is discussed below in "Investment properties".

Selected balance sheet information

(in thousands)				
As at September 30,	2025	2024	Variance	2023
Investment properties	\$ 227,029	\$ 231,058	\$ (4,029)	\$ 260,517
Right-of use asset	86	264	(178)	363
Mortgages and loans receivable	5,850	5,587	263	-
Total non-current assets	232,965	236,909	(3,944)	260,880
Current portion of mortgage receivable	5,485	1,478	4,007	1,439
Current assets	2,105	1,839	266	1,716
Total current assets	7,590	3,317	4,273	3,155
Investment property held for sale	-	2,200	(2,200)	-
Total assets	\$ 240,555	\$ 242,426	\$ (1,871)	\$ 264,035
Mortgages	\$ 19,985	\$ 58,402	\$ (38,417)	\$ 78,886
Security deposits	821	795	26	746
Term loan	214	-	214	-
Lease liability	-	98	(98)	246
Deferred taxes	15,862	16,665	(803)	16,721
Total non-current liabilities	36,882	75,960	(39,078)	96,599
Current portion of mortgages	66,332	35,460	30,872	28,852
Bank operating facilities	23,265	21,294	1,971	19,874
Other financing	-	-	-	3,565
Other current liabilities	2,554	2,550	4	3,217
Total current liabilities	92,151	59,304	32,847	55,508
Total liabilities	129,033	135,264	(6,231)	152,107
Equity	111,522	107,162	4,360	111,928
Total equity and liabilities	\$ 240,555	\$ 242,426	\$ (1,871)	\$ 264,035

Investment properties are carried at fair value, which is determined by management using valuation methodologies at the end of each reporting period.

Investment property fair values are determined by Management using either an income approach, or a direct comparison approach. For the income approach, net operating income is estimated based on the actual annual contracted minimum rental revenue, less a vacancy and structural reserve allowance, and a capitalization rate is applied to this normalized operating income to derive 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 applies these factors to each property in determining a capitalization rate.

Lower capitalization rates are applied to the Company's 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 land held for development. Vacant land held for development is valued using Management's research of similar properties that have been sold recently or are available for sale.

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 or adjusts the net operating income downward 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, or normalized net operating income decreased, to maintain existing values despite increased contractual revenue streams which would otherwise drive the value upwards.

The fair value of the investment property portfolio decreased from \$231,058,342 at September 30, 2024 to \$227,029,386 at September 30, 2025.

This decrease is primarily due to the sale of two investment properties in addition to reductions in fair value recorded for certain properties based on the expected future market rent, and the current market conditions. The decrease was partially offset by the addition of a new investment property and increases in fair value for increased net operating income under leases.

There has been no significant change in the cap rates used in the valuation of the investment property.

	September 30, 2025			September 30, 2024	
Location	Total GLA	Range (Cap Rates)	Rate Change	Total GLA	Range (Cap Rates)
Edmonton, Alberta	678,463	4.50% - 7.00%	↔	728,463	4.50% - 7.00%
Fort McMurray, Alberta	84,624	6.50% - 6.75%	↔	84,624	6.50% - 6.75%
Red Deer, Alberta	78,356	6.10% - 6.50%	↔	78,356	6.10% - 6.50%
Leduc, Alberta	41,630	7.00%	↔	41,630	7.00%
Vegreville, Alberta	33,295	8.00%	↔	33,295	8.00%
Hanna, Alberta	28,891	7.00%	↔	28,891	7.00%
Fort Saskatchewan, Alberta	6,000	6.75%	↔	6,000	6.75%
Nisku, Alberta	37,200	6.50%	↔	37,200	6.50%
Fort St. John, British Columbia	21,140	8.00%	↔	21,140	8.00%
Sparwood, British Columbia	5,000	7.00%	↑	-	-
Total GLA square feet	1,014,599			1,059,599	

Cap rates continue to be evaluated on a property-by-property basis to ensure values reflect current market conditions.

Changes in investment properties since the fiscal year-end of September 30, 2024, are detailed below.

	Income producing properties	Held for development	Total investment properties
Balance, September 30, 2024	\$ 228,122,706	\$ 2,935,636	\$ 231,058,342
<i>Additions:</i>			
Property improvements and additions	2,136,959	-	2,136,959
Capitalized property taxes and other	-	66,741	66,741
Leasing commissions	355,306	-	355,306
Amortization of tenant inducements	(126,854)	-	(126,854)
Amortization of deferred leasing commissions	(446,140)	-	(446,140)
Change in straight-line rental revenue	(241,383)	-	(241,383)
Disposals	(5,000,000)	-	(5,000,000)
Fair value losses, net	(706,844)	(66,741)	(773,585)
Balance, September 30, 2025	\$ 224,093,750	\$ 2,935,636	\$ 227,029,386

Property improvements and additions include structural improvements and the purchase of new properties. Leasing commissions were paid for lease renewals during the year. In the current year, property improvements and additions include \$800,000 to acquire a new property in Sparwood, B.C, costs relating to significant interior and exterior renovations to the Sparwood B.C. property, and renovations and costs to other properties including significant repair of a concrete yard, and the commencement of a roof replacement.

The Company sold two investment properties during the year.

- 3 Acres of land held for development for gross proceeds of \$2,200,000. Net cash proceeds of \$2,058,799 were received for the sale.
- Income producing property consisting of land and building for gross proceeds of \$5,000,000. The sale included net cash proceeds received of \$1,000,000 and a vendor take back mortgage with a balance of \$4,046,043 at the closing date.

The option to lease agreement for 49.42 acres of land held for development in Hanna, Alberta expired subsequent to year-end and was not renewed by the potential tenant as a result of the potential solar project not receiving regulatory approval.

The Fair value of investment properties decreased by \$4,028,956 from \$231,058,342 at September 30, 2024 to \$227,029,386 at September 30, 2025 as a result of the following:

- The sale of an investment property consisting of land and building, with a fair value of \$5,000,000. The fair value of the investment property was adjusted to the sale price during the year, resulting in additional valuation loss of \$486,000 being recorded during the year.
- The purchase of an investment property consisting of land and building, with a fair value of \$1,744,000. The initial purchase price of the property was \$800,000, and significant renovations were completed to improve the property.
- A loss of \$2,100,000 was recorded on a property where renewal negotiations during the year indicated that market rates for the particular market that the property was located in had decreased in comparison to the contractual lease rate.
- Several properties had increased rental revenue as a result of lease steps ups and renewals with lease rates at higher rates. This was offset by increases in capitalization rates and decreases in normalized net operating income on some properties, to maintain a fair value that was consistent with overall market values. The net of these changes was an increase in fair value of \$1,850,000.

- Three pieces of land under lease were reclassified to be valued with the two related investment properties which are leased by the same tenant. The total adjustment to fair value as a result of this reclassification was a loss of \$24,000.

The Fair value of investment properties decreased by \$29,458,677 from \$260,517,019 at September 30, 2023 to \$231,058,342 at September 30, 2024 as a result of the following:

- The sale of three investment properties with a fair value of \$21,110,000. The fair value of the investment properties was adjusted to the sale price during the year, resulting in an additional valuation loss of \$2,343,855 being recorded in the year.
- The Company classified one investment property valued at \$2,200,000 to investment property held for sale at year end.
- There was a loss recorded on a property that was vacated during the year and leased to a new tenant prior to year-end, at a lower lease rate than previously anticipated. The total valuation loss recorded on the property was \$6,391,000.
- The Company received an offer to purchase one of the properties, which was determined by management to reflect a market price for the property. This result in a valuation increase of \$1,219,000.
- Several properties had increased rental revenue as a result of lease steps ups and renewals with lease rates at higher rates. This was offset by increases in capitalization rates and decreases in normalized net operating income on some properties, to maintain a fair value that was consistent with overall market values. The net of these changes was an increase in fair value of \$1,185,000.
- The Company reduced the capitalization rate for the property located in Fort St. John, BC as a result over the overall improved economic activity in that market, resulting in a valuation gain of \$220,000.

Mortgage and loans receivable increased to a total balance of \$11,335,136 at September 30, 2025 compared to a total balance of \$7,064,267 at September 30, 2024. This increase was the result of an additional mortgage and an additional loan receivable during the year.

The Company entered into a loan receivable with a tenant for an initial balance of \$272,757, to finance certain renovations to the tenant's space. The Tenant agreed to repay the amount of the loan with 8.5% interest per annum over a 10 year period, with the loan repayments of \$3,358 per month being included with minimum rent. The balance outstanding on this loan at September 30, 2025 was \$259,250.

As part of the investment property sale completed in September 2025, the Company entered into a vendor take back mortgage from a sale of a property. The balance of the mortgage receivable at September 30, 2025 was \$4,046,043, and it bears interest at 5.00% per annum, with monthly blended payments of principal and interest of \$23,519, and a maturity date of Sep 1, 2026. The mortgage can be prepaid at any point in the term with no penalty and is therefore carried at fair value.

The vendor take back mortgage with a balance outstanding of \$1,330,392 at September 30, 2025 (2024 - \$1,348,550) matured in July 2025. The Company granted an extension on the mortgage until October 31, 2025. This was further extended to December 31, 2025. During the extension period, the mortgage continued on the same terms of 8.5% interest rate per annum and combined monthly principal and interest payments of \$10,303.

The remaining loan receivable and vendor take back mortgage that were outstanding at September 30, 2024 had no change to the terms.

Right-of-use assets and lease liabilities have been recorded in accordance with the requirements of IFRS 16 *Leases*, and consist of the Company's office lease, and the lease of two vehicles. There were no additions to the right-of-use assets and lease liabilities in the current year. The two vehicle leases were entered into in fiscal 2024. Total lease payments for all leases were \$210,446 for the year ended September 30, 2025 (2024 - \$184,788).

Current assets include receivables from tenants, prepaid expenses and deposits and cash balances with banks. The balance at September 30, 2025 increased due to higher receivables from tenants as a result of higher occupancy cost recovery accruals in Q4, as actual operating costs were higher than budgeted.

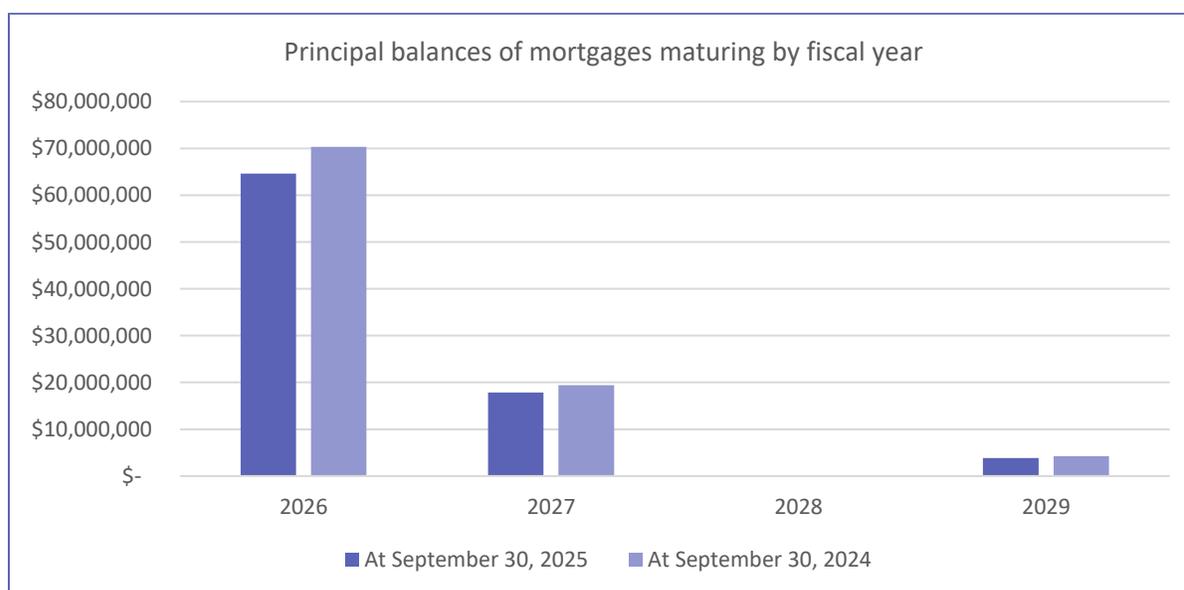
Mortgages including both current and long-term portions and unamortized finance fees have a balance of \$86,316,497 at September 30, 2025 (September 30, 2024 - \$93,861,523).

The decrease in mortgages is primarily as a result of paying down mortgages through monthly principal payments, and the repayment of the mortgage on the income producing property that was sold in September 2025. During the year, this mortgage matured, and the Company renewed it as an open variable rate mortgage, as the sale of the property was pending. When the sale closed, the mortgage had a balance outstanding of \$1,014,645 (September 30, 2024 - \$1,249,673) which was paid in full from the cash proceeds received on the sale, and from operating cash flows. There was no penalty on the mortgage payout. Also, during the year, the Company made a lump sum principal payment of \$231,000 from operating cash flows, on a mortgage that was renewed in the 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.

At September 30, 2025, the weighted average interest rate on mortgages increased to 4.44% compared to 4.30% at September 30, 2024. This increase was the result of the maturity of several mortgages that had been fixed when mortgage rates were lower and as a result had increases in rates of 1 – 2% at renewal during the year. This was offset by several mortgages where rates decreased, as a result of being renewed in the lower rate environment in the current year. Management monitors the timing of mortgage renewals, and where possible spaces renewal timings to mitigate any risks related to interest rate changes during the year of renewal.

Management renewed 10 mortgages during the year, including the mortgage that was paid out upon the sale of the related investment property. Management decided to renew all of the mortgages that came due during the current year for 1 to 2 year terms, based on the belief that interest rates would decline over the remainder of fiscal 2025. As a result, the Company has the majority of its mortgages coming due for renewal in fiscal 2026. Management will continue to monitor interest rates, however, anticipates that rates will stabilize in fiscal 2026, and will consider beginning to stagger maturity dates as renewals occur in during the coming twelve months.



Security deposits are amounts received from certain tenants under the terms of the leases as security on the building and future rental revenue, and are refundable to the tenant upon the conclusion, if certain conditions are met, including the return of the lease premises in an appropriate state of repair. As the majority of the Company's leases are long term in nature and security deposits are held for the duration of the lease, they are classified as long-term liabilities. Any security deposits that relate to leases with a term that expires in the next twelve months are reclassified to payables and accruals. There were no security deposits classified as current at September 30, 2025 (2024 - \$86,755).

The total balance of security deposits decreased at September 30, 2025 compared to the prior year as the result of the payment of a security deposit to a tenant who vacated at the end of their lease term.

Deferred taxes are recorded on the difference between the accounting and tax bases of assets and liabilities. The difference between the fair value of investment properties recorded for accounting purposes, and the cost basis used for tax purposes generates the largest deferred tax liability at \$14,966,816 (2024 – \$16,127,047). The decrease in deferred tax in the current year is due to the decrease in the outstanding balance of investment properties compared to the prior year as a result of property sales, and a decrease in the capital gains income tax rates applied during the year.

During the year ended September 30, 2024, the Government of Canada announced an increase in the capital gains inclusion rate from one-half to one-third. The calculation of deferred tax at September 30, 2024 reflected this increased capital gains rate. On March 21, 2025 the Government of Canada announced the cancellation of the previously announced increase, and that the capital gains inclusion rate would remain at ½. As a result, the Company's calculation of deferred taxes at September 30, 2025 reflects the decrease the expected deferred tax on investment properties, and capital losses. The impact of the change in rates was a recovery of approximately \$1,515,000 included in deferred tax expense for the year ended September 30, 2025.

Bank operating facilities at September 30, 2025 have a total balance of \$23,265,456 with two of the Company's major lenders (September 30, 2024 - \$21,293,808). The increase for the year ended September 30, 2025 reflects the use of the facilities to fund certain operational expenditures and the purchase of an investment property.

The details of the Company's two credit facilities are as follows:

- 1) One operating Line of Credit (LOC) with a limit of \$15,500,000 and a balance of \$15,376,917 at September 30, 2025 (2024 – \$13,799,145)

This LOC is used to assist with property acquisitions and general operations. At September 30, 2025, the facility consists of a revolving line of credit. At September 30, 2024, the facility had both a fixed rate fixed term ("FRFT") component of \$8,000,000 and a revolving component. On February 1, 2025, the fixed rate fixed term ("FRFT") component matured, and the balance was rolled into the revolving credit facility. The balance of the FRFT component was \$7,350,934 at maturity and \$7,444,453 at September 30, 2024.

The facility bears interest at prime plus 1% per annum. The LOC is secured by specific revenue-producing properties with combined fair values of \$49,903,000 (September 30, 2024 - \$46,880,000). Prime rate at September 30, 2025 was 4.70% (September 30, 2024 – 6.45%).

The specific covenants related to this facility remained the same as at September 30, 2024. The lender may, on demand, require immediate payment of all amounts outstanding or accrued in connection with the facility as a whole.

Specific covenants of this credit facility include the following:

- Minimum Occupancy Level: The Company is required to have a minimum of 90% occupancy of the secured buildings. Should a secured property fall below the Minimum Occupancy level, a 6-month grace period will commence subject to a reduced Loan to Value Test of 50%, and the existing Debt Service Test.
- Debt Service Coverage Ratio (“DSCR”): The DSCR is calculated as the net operating income divided by the debt service. The debt service is defined as the annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 5.7% or the Government of Canada Benchmark Bond Yields plus 225 basis points. The net operating income is defined as 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”): The LTV must be maintained at less than 70%. The LTV is defined as the total debt on the secured properties divided by the current market value of the secured properties.

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; 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. For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

Starting May 1, 2025, the Company was in violation of the covenant requiring a minimum of 90% occupancy of the secured buildings as the result of the vacancy of one of the buildings securing the LOC. Under the terms of the LOC, a 6 month grace period commenced, wherein the property is subject to a reduced LTV of 50%, and the DCSR requirements remain unchanged. At September 30, 2025 the Company is in compliance with the LTV and DSCR calculations as amended under the requirements of the grace period, which expires October 31, 2025. Subsequent to year-end, the grace period expired, and the LTV was reduced to 0%, with the DSCR requirements remaining unchanged. The Company remained in compliance with the LTV and DSCR requirements, and the availability of the facility remained unchanged.

- 2) A second operating LOC with a limit of \$8,000,000 and a balance of \$7,888,549 at September 30, 2025 (2024 – \$7,494,663)

This credit facility bears interest at prime plus 0.95% per annum and is secured by specific revenue-producing properties with combined fair values at September 30, 2025, of \$28,444,000 (September 30, 2024 - \$33,429,000).

There are no specific covenants or margin formulas for this line of credit.

The **term loan** included in the Company’s available credit facilities is a \$1,000,000 revolving lease line of credit. This facility provides the Company with the ability to finance certain eligible expenditures with leases. During the year, the Company entered into a sale-leaseback agreement for \$310,013 for certain leasehold improvements included in one of its buildings. The agreement has a five-year term commencing February 6, 2025, had an effective interest rate of 5.146%, monthly payments of \$5,837 plus GST, and includes an option to purchase the leaseholds for \$1 at the conclusion of the lease. Management determined that the transfer of the asset did not meet the criteria to be considered a sale under IFRS 15 *Revenue from contracts with customers* and as such the lease is treated as a financial liability under IFRS 9 *Financial Instruments*. The current portion of the term loan at September 30, 2025 was \$57,709.

Other current liabilities include payables and accruals, income taxes payable and the current portion of the lease liability and term loan. Other current liabilities increased slightly at September 30, 2025 compared to the prior year. This increase is primarily due to an increase in payables and accruals, that was offset by a decrease in income taxes payable. Payables and accruals at September 30, 2025 includes approximately \$400,000 for amounts due to a contractor for capital project that was in progress at year-end. Income taxes payable was lower at September 30, 2025 compared to the prior year as there were lower gains on the sale of investment properties in the current year, which decreased the estimated current taxes payable.

Selected cash flow information

(in thousands) Year ended September 30,	2025	2024	Variance	2023
Cash provided by operating activities	\$ 10,586	\$ 9,843	\$ 743	\$ 11,270
Cash provided by (used in) investing activities	900	3,448	(2,548)	(6,529)
Cash used in financing activities	(11,522)	(13,409)	1887	(4,550)
Increase in cash and cash equivalents	(36)	(118)	82	191
Cash and cash equivalents, beginning of period	306	424	(118)	233
Cash and cash equivalents, end of period	\$ 270	\$ 306	\$ (36)	\$ 424

Cash provided by operating activities for the year ended September 30, 2025 was \$10,586,363 (2024 - \$9,842,730). The Company continues to generate positive cash flows from operations which cover operating expenses, additions to investment properties, and payments on financing. The increase in the cash provided by operating activities was due to higher net income compared to the net loss in the prior year.

Cash provided by investing activities for the year ended September 30, 2025 was \$899,827 (2024 – \$3,448,293). The decrease in cash provided by investing activities is due to increases in the additions paid for investment properties, as a result of the purchase and renovation of the Sparwood BC property, and cash spent on capital projects. In addition, the cash received on sale of investment properties is approximately \$1,500,000 lower in the current year compared to the prior year.

Cash used in financing activities for the year ended September 30, 2025 was \$11,522,087 (2024 - \$13,409,457). Changes in cash used in financing activities are driven by the timing of funds received from mortgages, and other financing, as well as the timing of draws or repayments. The decrease in cash used in financing activities in the current year is primarily because the prior year included the repayment of other financing, resulting in a net cash outflow of \$3,565,000. There were no similar outflows required in the current year. This was offset by an increased net cash outflow related to mortgages in the current year compared to the prior year. The prior year included additional cash inflows from a new mortgage, which refinanced two existing mortgages, and there were no new mortgages in the current year. The remaining difference primarily relates to fluctuations in the use of bank operating facilities, the amount of interest paid, and cash received from the term loan.

At September 30, 2025, there was a **net decrease in cash** of \$35,897 (2024 – decrease in cash of \$118,434).

SUMMARY OF QUARTERLY RESULTS

(in thousands \$)	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Revenue	5,165	4,940	4,906	4,908	5,057	4,670	4,846	4,950
Total comprehensive (loss) income	(39)	1,831	1,946	1,128	889	(1,446)	(2,162)	(1,542)
<i>(in dollars)</i>								
EPS-Basic	-	0.19	0.21	0.12	0.09	(0.15)	(0.23)	(0.16)
EPS-Diluted	-	0.19	0.21	0.12	0.09	(0.15)	(0.23)	(0.16)

The Company is not significantly impacted by seasonality in its operations. Minimum rental revenue is recorded on a straight-line basis over the term of the lease, and property operating recoveries are recorded at estimated amounts throughout the year, with a reconciliation to actual recoveries completed at Q4 each year. As a result, the revenue in Q4 may increase in comparison to prior quarters, as amounts receivable from tenants over the budgeted recoveries are accrued. The decrease in rental revenue in Q2 and Q3 2024 is attributable to vacancies.

Changes in comprehensive income relate primarily to fluctuations in the net valuation gain (loss) from investment properties and changes in finance costs. During fiscal 2024, the Company had increased finance costs due to higher interest rates on bank operating facilities.

The fluctuations in the valuation net gains (losses) from investment properties is summarized below:

(in thousands \$)	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Valuation gains (losses) from investment properties, net	(873)	706	(741)	134	476	115	(3,651)	(3,049)

Fluctuations in the net valuation gains (losses) from investment properties quarter over quarter primarily reflect adjustments to the fair value of investment properties related to the completion of new or renewed leases, and completion or progress on redevelopment projects that improve the overall value of the buildings, and the impact of vacancies and market conditions on expected rent.

In Q1 and Q2 of 2024, losses were recorded on investment properties that were sold, once the sales prices for the properties were established. In addition, further impairment was taken on a property that became vacant in Q2 of 2024, based on lower than expected lease rates in the market in which the property was located in.

In Q2 2025, a loss was recorded on the investment property that was subsequently sold in Q4 2025 to bring the fair value to the sales price. In Q3 2025, the Company completed the acquisition of a new property and recognized a fair value increase over property costs as a result of the expected value from the lease and upgrades to the property. In Q4 2025 the Company recorded additional fair value loss on a property where a lease renewal indicated that the market rate was lower than the current minimum rent. Additionally, in Q4, 2025 capital projects including building and parking additions were undertaken, however the fair value of the related buildings were maintained, which resulted in additional valuation losses recorded.

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

LIQUIDITY AND CAPITAL RESOURCES

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 and improvements. On one of the Company's available bank facilities, the Company did not meet one of the required covenants for minimum occupancy. This breach did not impact the availability under the facility or the Company's compliance with the other covenants. The Company continues to maintain a healthy relationship with its current lenders.

The Company has the following available room under its bank operating facilities:

	September 30, 2025	September 30, 2024
Available bank credit facilities	\$ 23,500,000	\$ 23,500,000
Bank facilities outstanding	23,265,456	21,293,808
Available credit facilities	\$ 234,544	\$ 2,206,192

During the year, the Company received approximately \$2,800,000 in cash from investment property sales. Of this amount, \$1,200,000 was used to pay the outstanding mortgage on one of the properties sold. The remaining funds from property sales, along with the available credit facilities funded operations, and property additions and improvements. As a result, the available credit facilities decreased at September 30, 2025 compared to the prior year. At September 30, 2025, the Company has \$450,000 in tenant receivables, for reimbursements of occupancy costs already incurred, which it expects to collect during Q1 2026.

The Company considers its sources of financing to be mortgages, term loan, bank operating facilities, and cash generated from operating activities.

The Company primarily relies on its lenders to finance the majority of the cost of property acquisitions through conventional mortgage financing. Any further cash shortfalls are covered through related-party financing, or operating 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 to grow and to satisfy short-term borrowing needs and obligations.

At September 30, 2025, sixteen (2024 – ten) mortgages are due in the next twelve months with combined principal balances of \$64,646,509 (2024 - \$31,453,668) 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, or adjusting amortization periods to reduce required debt service cash flow. During fiscal 2025, the Company extended the amortization periods on two of its mortgages which reduced the required monthly payments. Subsequent to year-end, the Company entered into commitments to refinance two mortgages that were maturing and confirmed the renewal of a third mortgage that matured in the period. The Company also completed a letter of commitment for a new mortgage on a property for \$1,050,000 in proceeds. These funds will be used to pay down bank operating facilities and fund future operations and growth.

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 payments may change.

Investment properties unencumbered with debt are valued at \$10,711,636 at September 30, 2025 (September 30, 2024 excluding investment property held for sale - \$8,967,636). Previously included in the unencumbered land value was certain land under lease. During fiscal 2025, these parcels of land held under leases were no longer valued separately but included with the related investment properties. As a result, the figure for September 30, 2024 was adjusted to remove these balances for comparative purposes. Overall, the ratio of debt to total assets is 46% at September 30, 2025 (September 30, 2024 - 48%), providing possible leverage opportunities in the future.

The Company has a contract to complete a roof replacement on one of its buildings, with a total remaining commitment outstanding of approximately \$600,000 at September 30, 2025. The Company anticipates the completion of this project, and payment of the outstanding balance out of cash flows during Q1 2026. The Company has no other commitments or project plans which would require significant cash outlays as of the date of the MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Paid to companies owned or controlled by a director, majority shareholder, and officer

Property management and maintenance fees of \$1,536,200 (2024 - \$1,482,541) 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 compensate Sable for the management and maintenance of the Company's properties for a fee of 4% of rents collected by the Company. 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 \$579,306 (2024 - \$829,499) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi. These fees are paid pursuant to a contract with the Company for asset management services. The contract provides for fees to be paid by the Company as follows:

- Leasing fees of 6% of the value of minimum rent on new leases for the first five years, and 3% of the value of minimum rent for years six to ten, to a maximum of ten years;
- Acquisition fees based on 1% of the purchase price of the property; and
- Disposition fees based on 3% of the sale price of the property.

Leased office space and parking were paid to Sable in the aggregate amount of \$180,000 (2024 - \$180,000). Imperial Equities shares its head office space with the Sable head office. There was no change in lease rates in the current year. The lease term expires on February 28, 2026.

Rent collected from Sable for commercial lease space was \$98,960 (2024 – \$97,651). Sable leases a 7,871 ft² building in Edmonton, Alberta from the Company.

Lease payments made to North American Mortgage and Leasing Inc. for (“NAML”) of \$9,000 (2024 - \$19, 200) were for the lease of one vehicle (2024 – two vehicles).

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.

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>. These contracts and the associated fees and rates are reviewed by the Company’s Board of Directors.

Paid to directors

Directors’ fees paid to independent directors for attending directors’ meetings during the year were \$45,000 (2024- \$47,500). 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

Compensation of key management personnel is as follows:

	Salaries and wages	Stock based compensation	Short-term benefits	Year-ended September 30,	
				2025	2024
Sine Chadi, President & CEO*	\$300,000	\$ 249,600	\$ 8,183	\$ 558,783	\$ 559,390
Meghan DeRoo McConnan, CFO **	220,000	-	6,999	226,999	220,210
Total	\$520,000	\$ 249,600	\$ 16,182	\$ 785,782	\$ 779,600

* The CEO was granted 200,000 (2024 – 200,000) stock options with a fair value of \$249,600 (2024 - \$251,600) for the year ended September 30, 2025. .

** The CFO joined the Company May 23, 2023 as Interim CFO and became CFO effective January 1, 2024.

FOURTH QUARTER RESULTS

	Three months ended September 30,	
	2025	2024
Rental revenue	\$ 5,164,739	\$ 5,056,079
Income from operations	\$ 3,526,321	\$ 3,408,929
Net (loss) income and comprehensive (loss) income	\$ (38,514)	\$ 888,954

For Q4 2025, the Company had higher rental revenue compared to the same period in the prior year as a result of increased recovery revenues. The Company reconciles budgeted to actual operating costs at Q4 of each year.

The amount receivable from tenants at Q4 2025 increased compared to Q4 2024 as a result of higher recoverable expenses during the year.

Income from operations increased due to the increased rental revenue.

The net loss in Q4 2025 was primarily due to the recognition of a loss on sale of investment property and loss on valuation of investment properties. The loss on valuation of investment properties in Q4 2025 is due to a reduction in the fair value of a property due to a lease renewal indicating a reduction in expected market lease rates. These losses were offset by lower administration fees for lower bad debts expense, and lower finance costs for lower interest expense due to reduced rates compared to the prior year. In Q4 2024, the Company recorded a gain on valuation of investment properties.

PLANNED EXPENDITURES

The Company has no planned expenditures at the date of the MD&A. Management has been continuing its discussions regarding a build-to-suit project with an existing tenant, as well as evaluating a possible building purchase. No commitments have been made at the date of this MD&A.

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.

RISKS AND RISK MANAGEMENT

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. The more significant risks and the action taken to manage them, are as follows:

Enterprise risk management

The Company is impacted by general Canadian and worldwide economic conditions. Market uncertainty, such as those arising from changing tariff rates, and trade volatility can impact the willingness of tenants to commit to longer lease terms or undertake large projects. Tenants are also impacted by inflation and increases in costs due to tariffs which can impact the available income of tenants and adversely impact the Company's operations. Risks include, but are not limited to, increasing credit risk associated with receivables, limitations on the Company's ability to quickly respond to changes in credit risk, and increased pressure on lease rates within the Company's target market.

There is also increased risk as to the extent of the impact of a possible economic recession on leasing, occupancy, tenant inducements, market rents, and capital expenditures. The potential impact of this moderate economic uncertainty on the Company's future financial results and valuation of assets is difficult to reliably measure.

Lease rates will likely adjust downward if the demand for comparable lease space decreases, which is expected in any economic downturn. As demand for leased space increases, so does the lease rate. The Company 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 similar rates.

Management continues to proactively monitor the economic environment, and the health of tenants to manage the impact of economic risks.

Tenant and real property risks

All real property investments are subject to elements of risk. The value of the Company's investment properties depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. In addition, certain expenditures, including property taxes, mortgage payments, insurance costs and other related costs must be paid regardless of whether a property is leased and producing income. Cash available for growth, and payments to shareholders will be adversely affected if a significant number of tenants are unable to meet their obligations under their lease, or if a significant amount of space in the investment properties becomes vacant and cannot be leased on economically viable terms.

Upon expiry of any lease, there is no assurance that the lease will be renewed or that the tenant replaced. The terms of any new lease may be less favourable than those of the existing leases. The ability to rent vacant space is affected by many factors including general economic conditions, local real estate markets and availability of similar properties.

Management addresses this risk by ensuring the quality of its tenant base is strong. The Company's real estate portfolio is predominately comprised of large single-tenant industrial buildings that are leased to multi-national and national tenants who are very likely to manage their operations sustainably during any economic turbulence.

The Company continuously carries out risk assessment activities with all its tenants to assess potential exposure associated with the tenant's performance. Most tenants have been with the Company for many years, and the Company conducts due diligence on all prospective tenants. The Company also monitors its cash flows and ensures that there is sufficient cash flow available from operations to pay for carrying costs on properties that might be vacant for periods of time.

The Company's portfolio of properties consists of industrial properties. Consequently, changes in the industrial environment could adversely impact the Company's financial condition. The Company's portfolio of properties is concentrated in Alberta and Western Canada. As a result, there is a risk that a downturn in the region in which the Company operates could have an adverse impact on the Company's financial position.

The Company has one large tenant occupying six properties in six different locations: Edmonton, Nisku, Red Deer, Fort McMurray in Alberta and Fort St. John, and Sparwood in British Columbia. The revenue from this tenant now accounts for approximately 23% of the Company's total revenue. This tenant has been assessed to have strong financial performance, and management believes that there is very low risk of default.

Financing risks

Market values of the investment properties can decrease if the demand for industrial 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.

The total fair value of the investment properties at September 30, 2025 is \$227,029,386 which includes \$10,711,636 of properties unencumbered with debt. The mortgages and bank operating facilities secured against specific properties total \$109,644,327 or 48% of the value of the Company's investment properties. Management believes the amount of debt against the properties is low enough to absorb any potential decline in values and support our ability to refinance.

Interest rates on mortgages that are up for renewal have decreased throughout fiscal 2025, and management believes rates have stabilized as of the date of this MD&A. The Company benefitted from certain mortgages that were fixed for longer terms at very low rates in fiscal 2020 and 2021. During the past few years when interest rates were higher, the Company chose shorter terms, resulting in a significant number of mortgages renewing during the next twelve months. Management anticipates that these mortgages will be renewed at lower rates and over longer terms going forward.

The Company mitigates the risk of rising interest rates by fixing rates for longer terms, extending amortization periods to manage cash flows, and by minimizing its exposure to floating-rate financing. All mortgages have fixed terms and fixed rates

Capitalization rate risk

The Company values most of its investment properties using the capitalized net operating income method. Under this method, capitalization rates are applied to net operating income (minimum rent less a vacancy and structural reserve). The key assumptions are the capitalization rates for each specific property and net operating income.

The Company is responsible for the reasonableness of the assumptions and for the accuracy of inputs that are used to determine valuation disclosures. Management selects the capitalization rate for each property that management believes is most appropriate in its judgment. The Company uses available market information, including capitalization rate reports that are publicly available and makes relevant adjustments to our input assumptions. If these input assumptions are not correct, the valuation disclosures may not accurately describe the fair value of the Company's properties.

Reliance on key personnel

The Company depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on the Company and adversely impact the Company's financial condition.

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. The risk to the Company of a cybersecurity breach include the potential loss of data, inability to access key systems, and reputation risks if confidential data is exposed. While the Company is aware it cannot protect against all types of attacks and human error, the Company believes it 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;
- use trusted software to execute on the operating system;
- regular updates of anti-virus software, web browsing and email security software, malware security software and firewalls;
- employee vigilance against suspicious emails and attachments, and use of cyber security tools;
- automatic software updates to ensure software and operating system currency, and reduce the risks associated with out-of-date, vulnerable software; and
- 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.

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 in the coming years and is actively taking steps towards this goal through proactive property improvements and working towards more precise measurement of its greenhouse gas emissions.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Future Accounting Standards

The IASB has published several new, but not yet effective, standards, amendments to existing standards, and interpretations. None of these standards, amendments to existing standards, or interpretations have been early adopted by the Company, and management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, add new disclosures for certain instruments with contractual terms that can change cash flows, and make updates to the disclosure for equity instruments designated at fair value through other comprehensive income. The effective date for these amendments is for annual reporting periods beginning on or after January 1, 2025. The Company does not expect these amendments to have a material impact on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. New key concepts include the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The effective date for this standard is for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact of this standard on its financial statements.

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 financial statements:

- (i) Leases

The Company applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Company enters into lease agreements that contain options to terminate or extend the lease. At the commencement date of the lease, the Company determines whether a lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Company considers any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease, and the importance of the underlying asset in the lessee's operations. In most cases, the Company does not identify sufficient evidence to meet the required level of certainty.

Property lease classification – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major portion of the economic life of the commercial property, and the present value of minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases.

Treatment of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. There is judgement in determining the treatment of these payments. 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.

(ii) Revenue from contracts with customers

The Company applies the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determination of performance obligations

In relation to the services provided to tenants of investment property (such as repairs and maintenance and landscaping) as part of the lease agreements into which the Company enters as a lessor, the Company has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same.

Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Company has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Company.

Principal versus agent considerations – services to tenants

The Company arranges for certain services provided to tenants that are included in the contract the Company enters into as a lessor, to be provided by third parties. The Company has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them.

In making this determination, the Company has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints, and it is primarily responsible for the quality or suitability of the services. In addition, the Company has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Company has concluded that it is the principal in these contracts. In addition, the Company has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

Determining the timing of revenue recognition on the sale of property

The Company has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Company has generally concluded that contracts relating to the sale of investment property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

Consideration of significant financing component in a contract

For some contracts involving the sale of property, the Company is entitled to receive an initial deposit. The Company concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Company. The initial deposits are used to protect the Company from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

(iii) Investment properties

Additions to investment properties

There is judgment 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 when the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses and borrowing costs ceases 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.

Asset acquisition versus business combinations

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 the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which substantive processes are acquired (e.g., maintenance, cleaning, security etc.). To date, all acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

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 financial statements are described below.

(i) Valuation of investment properties

The fair value of investment property is determined by management, using recognized valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. The critical estimates and assumptions underlying the valuation of investment properties, and a detailed discussion of valuation methods are set out in Note 4 of the financial statements. Significant estimates used in determining the fair value of the investment property under lease valued using the income capitalization method 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.

Land held for development is valued with reference to historical and current market comparable values for similar properties. In determining which comparable properties were most comparable to the land held for development and specific investment properties, management considered factors such as the relative location, size, and access of the properties in comparison to the available market values.

(ii) 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.

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.

FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

Fair value determination is classified within a three-level hierarchy, based on the observability of significant inputs, as follows:

- 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.

There were no transfers between the levels of fair value hierarchy during the year ended September 30, 2025.

The carrying value of cash and cash equivalents, receivables, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the short-term and demand nature of those instruments.

Mortgages and loans receivable includes two mortgages (2024 – one mortgage) that is measured at fair value as it is prepayable without penalty. The fair value of the mortgages at September 30, 2025 is \$5,376,435 (2024 - \$1,348,550). The remaining mortgage receivable and loan receivable are recorded at amortized cost with a total carrying value of \$5,888,152 (2024 - \$5,715,718). The estimated fair value of the mortgage and loan receivable carried at amortized cost at September 30, 2025 is \$6,184,000 (2024 - \$5,864,940).

The fair value of mortgages and loans receivable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar debt with similar terms and conditions. The estimated fair value of the mortgages and loans receivable at September 30, 2025 is based on a discount rate of 4.26% (2024 – 4.95%).

The fair value of mortgages payable and term loan 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, 2025 is \$86,391,000 (2024 - \$91,261,000). The estimated fair value of the term loan at September 30, 2025 is \$266,000. 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 these calculations was 6.09% (2024 – 6.49%).

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 primarily on its cash and cash equivalents, tenant receivables, and mortgage and loans receivable. The Company's maximum exposure to credit risk at September 30, 2025 is \$12,383,883 (2024 – \$8,069,633).

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 simplified approach to recognize lifetime expected credit losses ("ECL"). 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, 2025 the Company has recorded a loss provision of \$63,572 (September 30, 2024 - \$325,777) on tenant receivables. The Company identified specific tenant balances that are overdue and the tenants have been unable to remedy the default on a timely basis. The Company considers balances in default if they are over 90 days overdue.

Accounts receivable are written off when there is no reasonable expectation of recovery, based on communication with the tenant or counterparty. During the year, \$514,360 (September 30, 2024 - \$23,844) of receivables were written off. Of this amount \$252,155 (2024 - \$349,621) was not previously allowed for and was included in administrative expenses.

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

Credit risk associated with mortgages and loans receivable is mitigated through the Company assessing the creditworthiness of the counterparty prior to entering into a transaction. The mortgage receivables are secured by first mortgages on the related real properties. The Company has assessed that there has been no change in the credit risk on the mortgages and loans receivable in the period, and that the twelve month expected credit losses is \$nil, based on the value of the underlying collateral security on the mortgage receivables, and the creditworthiness and payment history of the counterparties.

Interest rate risk

The Company's exposure to interest rate risk relates to its short-term floating interest rates on the portion of bank operating facilities that are not fixed rate fixed term. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance of the floating rate portion of the bank operating facilities at September 30, 2025 is \$23,265,456 (September 30, 2024 - \$13,849,355). Under the assumption any balance of the floating rate 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 \$232,655 (September 30, 2024 - \$138,493). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms of 1-5 years.

DISCLOSURE CONTROLS AND PROCEDURES

Risks Associated with Disclosure Controls and Procedures & Internal Control over Financial Reporting

The Company's major weakness in internal controls and procedures continues to be 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 by implementing review and approval processes and segregating duties to the extent possible.

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 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.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at December 10, 2025 is 9,451,242.

The Company has 400,000 stock options outstanding at December 10, 2025.

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.

Subsequent to the year ending September 30, 2025, the Company issued a press release on October 2, 2025 announcing the declaration of a quarterly dividend of \$0.02 per share payable on November 7, 2025 (Q4 2025) to shareholders of record effective October 24, 2025.

NON-IFRS FINANCIAL MEASURES

Operating expense recoveries, funds available for property improvements and growth, debt, debt to asset ratios and unencumbered properties are not measures recognized by IFRS, and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that these measures should not replace net income or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from its operating, investing and financing activities or as a measure of its liquidity and cash flows. Furthermore, the Company's method of calculating these measures may differ from the methods used by other issuers. Therefore, the Company's calculation of these measures may not be comparable to similar measure presented by other issuers.

Operating expense recoveries and percentage of property operating expense recoveries:

Total operating expense recoveries is a non-IFRS financial measure which is calculated below. The percentage of property operating expense recoveries is calculated as the total property operating expenses divided by total operating expense recoveries.

Management believes that this measure is important as it indicates how much of property operating expenses are required to be recovered from other sources of revenue.

The calculation is as follows:

	Year ended September 30,	
	2025	2024
Property tax and insurance recoveries	\$ 3,467,461	\$ 3,239,856
Operating expense recoveries	2,105,184	1,956,867
Total recoveries	\$ 5,572,645	\$ 5,196,723
Total property operating expenses	\$ 6,435,109	\$ 6,496,375
% of property operating expense recoveries	87%	80%

Funds available for property improvements and growth:

Funds available for property improvements and future growth is a non-IFRS financial measure and is defined as income from operations, less interest on financing adjusted for interest income, interest on lease liabilities, amortization of deferred financing fees and capitalized interest, and principal repayments on mortgages. Management believes that this measure provides information about the funds available to the Company to use for reinvestment in properties or growth.

The calculation is as follows:

	Year ended September 30,	
	2025	2024
Income from operations	\$ 13,484,033	\$ 13,026,527
Less: interest on financing*	5,151,913	5,634,031
Less: principal payments on mortgages	6,331,013	6,931,251
Funds available for property improvements and growth	\$ 2,001,107	\$ 461,245

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

Debt:

Debt is a non IFRS financial measure and is calculated below. The debt to asset ratio is calculated as total assets divided by total debt. Management uses this measure to monitor the Company's current leverage, and the ability to obtain additional financing if needed.

As at	September 30, 2025	September 30, 2024
Total Assets	\$ 240,554,628	\$ 242,425,659
Mortgages excluding transaction fees	86,378,868	93,955,546
Other financing	-	-
Bank operating facilities	23,265,456	21,293,808
Debt	\$ 109,644,324	\$ 115,249,354
Ratio of debt to assets	46%	48%

Unencumbered properties:

Unencumbered properties is a non-IFRS measure and is calculated as the fair value of properties which are not security for mortgages or bank operating facilities. Management uses this measure to evaluate the ability of the Company to obtain additional leverage through the ability to mortgage properties that currently are not security for debt.