



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended June 30, 2025

Table of Contents

President's Report for Q3 2025	2
Management's Discussion and Analysis as at August 13, 2025	3
Forward-Looking Information.....	3
Our Business	4
Key Highlights.....	4
Financial Performance	8
Summary of Quarterly Results	15
Liquidity and Capital Resources.....	16
Related Party Transactions	17
Planned Expenditures.....	18
Changes in Accounting Policies and Critical Accounting Estimates	18
Other	19
Non-IFRS Financial Measures.....	20

President's Report for Q3 2025

At Imperial Equities, discipline and adaptability are not just operational principles—they are core to our identity. In a business environment marked by ongoing global uncertainty, adaptability is no longer a competitive advantage—it is a necessity. Throughout the first half of 2025, and particularly during our Q3 2025, our ability to make timely, calculated decisions has defined our performance. Our commitment to discipline, creativity, and strategic thinking continues to guide us, reinforcing the foundation upon which our long-term success is built.

This past quarter, we resolved a longstanding tenancy matter that had been weighing on the performance of one of our assets. We made the strategic decision to terminate the tenancy and regain full control of the property. This decisive action will allow us to divest the asset, redeploy capital into stronger-performing segments of our portfolio, and meaningfully enhance our overall portfolio quality.

We also completed a strategic acquisition in Sparwood, British Columbia—a transaction that expands our regional presence and further demonstrates our commitment to long-term growth in Western Canada. Targeted investments like this serve as a cornerstone of our future performance and reflect our reputation as a responsive, relationship-focused landlord.

Throughout the quarter, consistency and purpose remained central to our operations. While the scheduled expiry of a lease created some short-term vacancy, our team is actively marketing the space. With strong tenant relationships and deep market expertise, we are well positioned to secure a new occupant. At the same time, continued renewal activity with existing tenants has reinforced leasing momentum and supported income stability.

On the financing front, we remain committed to a disciplined model grounded in balance and diligence. We have successfully renewed all our mortgages that have come due during the year, and subsequent to Q3, we renewed our largest credit facility, providing both stability and flexibility as we prepare for future opportunities. Our team continues to monitor interest rate trends closely and remains flexible in capital allocation and debt management.

Each of these developments, reflects our confidence in our strategy and our capacity to deliver long-term value. We are not reactive—we are responsive. By remaining closely attuned to tenant needs and market dynamics, we are able to make informed, value-aligned decisions that strengthen our competitive positioning.

Looking forward, we continue to evaluate new investment opportunities across our core markets. Alberta and British Columbia remain supported by strong fundamentals, and we are confident that disciplined, well-timed investment will deliver solid returns for patient capital in the years ahead.

As always, I am grateful for all of the continued support and confidence of our team, our Board, and our Shareholders.

Sincerely,



Sine Chadi, President

Management's Discussion and Analysis as at August 13, 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"). This MD&A should be read in conjunction with the unaudited interim condensed financial statements for the three and nine months ended June 30, 2025, and the related notes, as well as the audited consolidated financial statements and MD&A for the years ended September 30, 2024 and 2023.

Effective October 1, 2024 the Company amalgamated with its sole wholly owned subsidiary Imperial Equities Properties Ltd. The Company is a continuation of the previous consolidated reporting entity. As such 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 August 13, 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 unaudited interim condensed 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 increased revenues, and the fair value of its portfolio of investment properties through growth via 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.

There have been no significant changes to the Company's overall business or strategy during the three and nine months ended June 30, 2025.

Management and the Board monitor specific key performance indicators in three critical areas of the business: property operations and financing, investment properties, and leasing activities. These key performance indicators remain consistent with those discussed in the MD&A for the year ended September 30, 2024.

Key Highlights

Management and the board monitor the performance of the Company using specific key performance indicators which are highlighted below. Certain of the performance indicators have not materially changed since September 30, 2024 and have therefore not been included in this MD&A.

Our Operations and Financing

Income from operations (000's)

Q3 2025			YTD 2025		
	\$	3,259		\$	9,957
Q3 2024	\$2,942	+10.77%	YTD 2024	\$9,618	+3.52%

Rental income increased over the prior year to date and prior quarter due to increased operating cost recoveries, primarily for property taxes. Property operating expenses decreased compared to the same periods in the prior year due to reduced utilities costs as a result of less non-recoverable utilities incurred on vacant buildings to date. Additionally, in Q3 2025, the Company received \$158,000 of miscellaneous revenue from a third party for extended access to one of the Company's vacant buildings for the purposes of disposing of the equipment left by a former tenant.

Operating expense recovery percentage¹

Q3 2025			YTD 2025		
	75%			81%	
Q3 2024	70%	+8.28%	YTD 2024	75%	+7.01%

In fiscal 2024, the Company incurred higher non-recoverable repairs and maintenance costs on several larger projects, and higher non-recoverable utilities costs for vacant spaces. During Q3 2025 the Company had two vacancies commence, which increased the non-recoverable utilities expenses in the quarter. This impact is expected to carry into Q4 2025.

Funds available for property operations and growth¹

Q3 2025			YTD 2025		
	\$ 432,239			\$ 1,075,357	
Q3 2024	\$(362,100)	+219.65%	YTD 2024	\$(437,704)	+345.68%

Funds available for property operations have increased due to decreased finance costs, as a result of overall reductions in debt balances and market interest rates compared to fiscal 2024.

Debt to total assets ratio¹

Q3 2025		
	46%	
Q3 2024	48%	-3.31%

The ratio of debt to assets decreased in the current year due to the ongoing reduction in outstanding debt balances. In particular, the outstanding mortgage balances have decreased by \$3.6 million compared to Q3 2024, while total assets have remained consistent year over year.

Weighted average interest rates on mortgages

Q3 2025		
	4.41%	
Q3 2024	4.30%	+2.56%

The increase in weighted average interest rates is related to the renewal of mortgages at higher interest rates over fiscal 2023 and 2024. During Q3 2025, the Company renewed two mortgages with the weighted average interest rates on the two mortgages increasing to 4.27% from 3.58%.

¹ See "Non-IFRS Financial Measures" for further information about this measure.

Our Investment Properties

Total number of investment properties

(excluding property held for sale)

Q3 2025		
	33	
Q3 2024	37	-10.81%

In Q3 2025, the Company acquired an investment property in British Columbia. This was offset by the classification of a property as held for sale during the quarter, with the closing of the sale anticipated in Q4 2025. The decrease in the number of investment properties compared to Q3 2024 is due to 3 pieces of land under lease being included with related investment properties for valuation purposes rather than accounting for them as separate investment properties. Additionally, the Company sold one investment property, consisting of land held for development in Q1 2025.

Our Leasing Activities

Gross Leasable Area ("GLA") in square feet²

(excluding property held for sale)

Q3 2025		
	1,014,599	
Q3 2024	1,059,599	-4.25%

A new building, consisting of 5,000 ft² was acquired in Q3 2025. This increase was offset by the decrease to remove a building with 50,000 ft² that was reclassified to property held for sale during the current quarter.

Renewals (GLA)²

Q3 2025			YTD 2025		
	22,594			103,349	
Q3 2024	12,124	+86.36%	YTD 2024	33,251	+210.81%

During Q3, the Company completed a lease amendment with an existing tenant to extend the existing lease an additional 3 years. In Q1 and Q2 2025 the Company amended one lease extending the term an additional five years with the existing tenant and renewed a lease with an existing tenant for a term of five years.

² GLA is the square footage of space in the Company's investment properties that is leased or available to be leased to tenants.

New Leases (GLA)²

Q3 2025			YTD 2025		
	5,000			5,000	
Q3 2024	-	100.00%	YTD 2024	-	100.00%

During Q3, a new lease was signed on the new building acquired in British Columbia. The lease is with an existing tenant who leases multiple other locations owned by the Company.

Leases expiring in the next twelve months (GLA)²

Q3 2025		
	79,043	
Q3 2024	53,495	+47.76%

The GLA of leases expiring over the next twelve months consists of five leases. For three of the leases, with a combined total of 64,599 ft², the existing tenants have indicated that they will be renewing, and renewal negotiations have commenced. Management anticipates that these leases will be renewed subsequent to quarter end.

Building occupancy

Q3 2025		
	93.5%	
Q3 2024	95.2%	-1.81%

The Company's building occupancy decreased in Q3 2025 as a result of the vacancy of two locations at the end of the quarter, with a total combined square footage of 62,125 ft². One tenant vacated their space at the conclusion of their lease, and the Company terminated a lease for non-payment with another tenant. Of the vacant space, 50,000 ft² relates to the building that is classified as held for sale.

Average lease term to maturity (years)

Q3 2025		
	4.65	
Q3 2024	4.59	+1.30%

The Company's average lease term increased due to the extensions and renewals and new lease noted above. This was offset by the termination of a lease during the quarter that had almost 3 years remaining at the end of Q3 2024.

Financial Performance

(in thousands)	Three months ended June 30,			Nine months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Rental revenue	\$ 4,940	\$ 4,670	\$ 270	\$ 14,754	\$ 14,467	\$ 287
Property operating expenses	1,681	1,728	(47)	4,797	4,849	(52)
Income from operations	3,259	2,942	317	9,957	9,618	339
Finance costs	1,170	1,396	(226)	3,558	4,272	(714)
Administration expenses	360	281	79	1,283	912	371
Amortization of deferred leasing costs	117	101	16	338	291	47
Amortization of right-of-use asset	44	38	6	133	112	21
Loss on sale of investment properties	-	1,485	(1,485)	141	1,485	(1,344)
Valuation (gain) loss from investment properties, net	(706)	(115)	(591)	(99)	6,586	(6,685)
Income before income tax	2,274	(244)	2,518	4,603	(4,040)	8,643
Income tax expense	443	1,202	(759)	(302)	1,109	(1,411)
Net income (loss) and comprehensive income (loss)	\$ 1,831	\$(1,446)	\$ 3,277	\$ 4,905	\$(5,149)	\$ 10,054
Earnings (loss) per share basic and diluted (in dollars)	\$ 0.19	\$ (0.15)	\$ 0.34	\$ 0.52	\$ (0.54)	\$ 1.06
Dividends per share (in dollars)	\$ 0.02	\$ 0.02	\$ -	\$ 0.06	\$ 0.06	\$ -

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.

For the three and nine months ended June 30, 2025 rental revenue increased by \$269,821 and \$287,580 respectively compared to the same periods in the prior year. Included in this increase is \$158,000 received in Q3 2025 for a lump sum payment from a third party to provide access to a building for the purposes of selling equipment left by a former tenant within the building. The remainder of the increase is due to increased occupancy cost recovery revenue, primarily for increases in property taxes. For the three months ended June 30, 2025 compared to the same period in the prior year, there was also an increase in minimum rent for a location that was vacant in Q3 2024 but occupied in Q3 2025. The two vacancies that occurred during Q3 2025 partially offset this increase. For the year-to-date Q3 2025, minimum rent is lower than the same period in the prior year as the property that was vacant for a portion of the prior fiscal year was leased at a lower rate starting in Q4 2024.

Income from operations is \$3,259,592 and \$9,957,712 for the three and nine months ended June 30, 2025 compared to \$2,942,716 and \$9,617,598 for the same periods in the prior year. The increase compared to the prior year is due to the increased rental revenue as noted above, as well as decreased non-recoverable property operating expenses.

Net income increased to \$1,831,080 and \$4,904,678 for the three and nine months ended June 30, 2025 compared to the same periods in the prior year which had net losses of \$1,445,617 and \$5,149,977 respectively. The losses for prior year periods were primarily due to losses on the sale of investment properties, and valuation losses on investment properties. For the nine months ended June 30, 2025, the Company also recorded higher income tax recoverable amounts due to adjustments to the deferred tax provision for reductions to the expected capital gains rates as a result of a change in government policy in Q2 2025.

Property operating expenses

	Three months ended June 30,			Nine months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Property taxes	\$ 934,216	\$ 928,310	\$ 5,906	\$ 2,616,351	\$ 2,562,993	\$ 53,358
Insurance	56,102	60,671	(4,569)	175,873	183,582	(7,709)
Repairs and maintenance	594,031	588,114	5,917	1,663,837	1,680,264	(16,427)
Utilities	96,234	150,543	(54,309)	340,630	422,386	(81,756)
	\$ 1,680,583	\$ 1,727,638	\$ (47,055)	\$ 4,796,691	\$ 4,849,225	\$ (52,534)

Property operating expenses have decreased for the three and nine months ended June 30, 2025 compared to the same periods in the prior year. For the three and nine months ended June 30, 2025, the Company incurred lower utilities expenses as the result of less vacant space during the period compared to the same period in the prior year. For the nine months ended June 30, 2025, the lower utilities expenses were partially offset by higher property taxes. Repairs and maintenance expenses for the nine months ended June 30, 2025 were lower than the same period in the prior year as a result of fewer large projects being undertaken in the current period compared to the same period in the prior year.

Finance costs

	Three months ended June 30,			Nine months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Interest on mortgages	\$ 976,482	\$ 997,554	\$ (21,072)	\$ 2,952,869	\$ 3,039,733	\$ (86,864)
Interest on bank operating facilities	295,423	341,045	(45,622)	862,773	1,059,394	(196,621)
Interest on other unsecured financing	-	29,775	(29,775)	-	129,237	(129,237)
Interest on lease obligations	2,754	4,145	(1,391)	8,651	12,435	(3,784)
Amortization of deferred financing fees	15,674	37,317	(21,643)	52,118	76,461	(24,343)
Financing fees	25,000	35,476	(10,476)	30,000	35,476	(5,476)
Interest income	(145,062)	(49,242)	(95,820)	(348,043)	(81,105)	(266,938)
	\$1,170,271	\$1,396,070	\$ (225,799)	\$3,558,368	\$4,271,631	\$ (713,263)

Finance costs for the three and nine months ending June 30, 2025 are lower than for the same periods in 2024 due to an overall reduction in outstanding debt balances, in particular of high-rate bank operating facilities, as well as decreases in market interest rates, which reduced interest on bank operating facilities and on mortgages that were renewed throughout 2023 and 2024.

Additionally, the Company has increased interest income from an additional vendor-take back mortgage receivable from a property sale in 2024, and from renewing the previously existing vendor take back mortgage at a higher rate for an additional year.

Administrative expenses

	Three months ended June 30,			Nine months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Salaries and benefits	\$ 227,897	\$ 175,845	\$ 52,052	\$ 651,029	\$ 521,906	\$ 129,123
Public company costs	12,998	14,896	(1,898)	77,564	83,310	(5,746)
Professional fees	-	3,886	(3,886)	35,864	24,935	10,929
Office and other	74,205	86,461	(12,256)	273,402	282,084	(8,682)
Bad debts	44,580	-	44,580	244,710	-	244,710
	\$ 359,680	\$ 281,088	\$ 78,592	\$1,282,569	\$ 912,235	\$ 370,334

Administrative expenses increased for the three and nine months ending June 30, 2025 compared to the same periods in the prior year primarily due to increases in bad debts expense and salaries and benefits. In Q2 and Q3 2025, the Company allowed for receivables related to a tenant that was in default of their lease, and where the lease was terminated during Q3 2025. Salaries and benefits expense increased due to additional individuals who joined the Company during fiscal 2024, and a new financing administrator who joined during Q3 2025, as well as wage increases as the CFO moved from interim to permanent in January 2024.

Amortization of deferred leasing and right-of-use assets are related to the accounting for deferred leasing costs and right-of-use asset. These amounts increased over the prior year due to the addition of a new leased asset in fiscal 2024, and the commencement of amortization on deferred leasing costs that were incurred over fiscal 2024 that are now being amortized over the terms of the related leases.

Loss on sale of investment property is the amounts recognized on the sale of one investment property during Q1, and consists of transaction costs, as the fair value of investment properties does not include any adjustment for transaction costs.

Valuation (gain) loss from investment properties, net is the result of adjusting the investment properties to fair value at the end of each reporting period. For the three months ended June 30, 2025, the Company recorded a larger gain on valuation of investment properties than in the comparable period in the prior year. For the nine months ended June 30, 2025, the Company recorded a small gain in comparison to a large loss in the prior year. The change in investment property fair value is discussed below in "Investment properties".

Selected Statement of Financial Position Information

As At (in thousands)	June 30, 2025	September 30, 2024	Variance
Investment properties	\$ 227,359	\$ 231,058	\$ (3,699)
Right-of use assets	130	264	(134)
Mortgages and loans receivable	5,878	5,587	291
Total non-current assets	233,367	236,909	(3,542)
Current portion of mortgages and loans receivable	1,422	1,478	(56)
Current assets	2,379	1,839	540
Total current assets	3,801	3,317	484
Investment property held for sale	5,000	2,200	2,800
Total assets	\$ 242,168	\$ 242,426	\$ (258)
Mortgages	\$ 49,453	\$ 58,402	\$ (8,949)
Security deposits	816	795	21
Term loan	229	-	229
Lease liabilities	4	98	(94)
Deferred taxes	15,945	16,665	(720)
Total non-current liabilities	66,447	75,960	(9,513)
Current portion of mortgages	39,404	35,460	3,944
Bank operating facilities	23,237	21,294	1,943
Other current liabilities	1,580	2,550	(970)
Total current liabilities	64,221	59,304	4,917
Total liabilities	130,668	135,264	(4,596)
Equity	111,500	107,162	4,338
Total equity and liabilities	\$ 242,168	\$ 242,426	\$ (258)

Investment properties

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

During Q2 2025, the Company changed the methodology for the valuation of three parcels of land held for development that are leased by existing tenants. Management determined that it would be more appropriate to value these parcels of land in combination with the related investment properties. This adjustment to the unit of account for the purposes of the fair value calculation resulted in the vacant land being valued with the related investment property using the income capitalization approach. The land held for development was previously valued using the direct comparison approach. The total value of the land that was valued using the direct comparison approach at September 30, 2024 was \$3,910,710. Included in the nine months ending June 30, 2025 is a fair value loss of \$15,637 on the two investment properties to which the land held for development was reallocated.

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, October 1, 2024	\$ 228,122,706	\$ 2,935,636	\$ 231,058,342
<i>Additions:</i>			
Property improvements and additions	1,398,598	60,991	1,459,589
Leasing commissions	346,550	-	346,550
Amortization of tenant inducements	(95,141)	-	(95,141)
Amortization of deferred leasing costs	(337,973)	-	(337,973)
Change in straight-line rental revenue	(170,635)	-	(170,635)
Fair value gains (losses), net	159,547	(60,991)	98,556
Total investment property	\$ 229,423,652	\$ 2,935,636	\$ 232,359,288
Less: classified as held for sale	(5,000,000)	-	(5,000,000)
Balance, June 30, 2025	\$ 224,423,652	\$ 2,935,636	\$ 227,359,288

During Q3 2025, the Company entered into a sales agreement for an investment property consisting of land and building. Conditions were lifted on the sale, and the sale is expected to close during Q4 2025. The property was reclassified to "held for sale" at June 30, 2025, at the sales price of \$5,000,000.

During Q1 2025 the Company completed the sale of the investment property that was classified as "held for sale" at September 30, 2024. The property sold for gross proceeds of \$2,200,000 and incurred transaction costs of \$141,202.

The fair value of investment properties increased to \$232,359,288 at June 30, 2025 compared to \$231,058,342 at September 30, 2024. The net increase is a result of the following:

- The Company completed the acquisition of a property located in British Columbia for total gross proceeds of \$800,000. Extensive renovations with a total cost to June 30, 2025 of \$500,000 were completed on the property. Management valued the property at \$1,744,000 based on the net operating income of the signed lease agreement, and a cap rate reflecting the quality of the property in the market.
- The Company recorded a net decrease of \$1,380,000 related to a property where lease renewal negotiations indicated that the market expectations for net operating income were lower than previously anticipated.
- In Q2 2025, the Company recorded a decrease of \$486,000 on the property that was reclassified to held for sale, as initial sales negotiations indicated that the property sales value was lower than originally estimated. The prior value of the property had been validated by a previous preliminary sales agreement that was terminated during the quarter.
- The Company recorded an increase of \$500,000 on a property located in central Edmonton, as management assessed an increase in value due to the quality of the property, its size including available land, and its location.
- Several properties had increased rental revenue because of lease steps ups and renewals with lease rates at higher rates. Where applicable, management reviewed capitalization rates and normalized net operating income if the increases in property value were not supportable. Total net increases for the nine months ended June 30, 2025 were \$1,214,000.

Mortgages and loans receivable increased to a total balance of \$7,300,291 at June 30, 2025 compared to a total balance of \$7,064,268 at September 30, 2024. The increase relates to a new loan receivable from a tenant with a balance of \$263,848 at June 30, 2025, bearing interest at 8.5% and repayable in monthly payments of \$3,358 starting January 1, 2025 for a 10-year period. This increase was offset by ongoing principal repayments on the mortgages and loans receivable during the period.

Right-of-use assets and lease liabilities have been recorded in accordance with the requirements of IFRS 16 *Leases*. There have been no changes to the assets leased since September 30, 2024. Principal payments on the leases for the 3 months ended June 30, 2025 were \$49,857 (three months ending June 30, 2024 - \$40,855).

Current assets include receivables from tenants, prepaid expenses and deposits and cash balances with banks. The balance has increased because of increased prepaid expenses, offset by decreased receivables.

Prepaid expenses increased due to increases in prepaid property taxes and prepaid insurance. Property taxes are charged on a calendar year-end basis, and for most of the Company's properties are paid in full in June, and so at June 30, there is a balance of prepaid property taxes for the period from July to December. Insurance is paid in quarter 3 each year for a 12-month period. As a result, there is an increase in the outstanding prepaid insurance balance between September 30 and June 30 each year.

Receivables decreased due to the timing of the reconciliation of occupancy costs. Occupancy cost recoveries are reconciled at year-end, and therefore any amounts recoverable from tenants are accrued at September 30. At September 30, 2024, there were significant receivables accrued from tenants due to higher than budgeted property tax and repairs and maintenance expenses incurred in fiscal 2024. As of June 30, 2025, these amounts have been collected from tenants or allowed for, and therefore the outstanding receivables balance has decreased from September 30, 2024.

During Q3 2025, the Company wrote off \$509,259 of accounts receivable related to a single tenant. Of this balance \$277,200 was previously allowed for at September 30, 2024. Management assessed that the likelihood of collecting this outstanding amount was minimal.

Mortgages including both current and long-term portions and unamortized finance fees have a balance of \$88,857,435 at June 30, 2025 (September 30, 2024 - \$93,861,523). The decrease in mortgages is as a result of paying down mortgages through monthly principal payments, and the payment of a lump sum amount on renewal of a mortgage during Q1. There were no new mortgages advanced in the quarter. Two mortgages were renewed during the quarter with the weighted average interest rate on the renewed mortgages increasing to 4.27% from 3.58%.

Security deposits increased at June 30, 2025 compared to September 30, 2024 as the result of a lease renewal being signed by a tenant, resulting in \$20,500 in security deposit being reclassified from the current portion included in accounts payable to long term security deposits. The current portion of security deposits at June 30, 2025 was \$4,910 (September 30, 2024 - \$86,755). The decrease in the current portion of security deposits was the result of \$40,000 being used against the first months rent for a tenant in Q1 2025, the refund of \$20,800 in security deposit to a departing tenant, and the above noted reclassification to long term for a lease renewal.

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 of \$15,227,352 (September 30, 2024 - \$16,127,047). The decrease in deferred tax from the prior fiscal year is due to a change in capital gains rates.

During fiscal 2024, the Canadian government announced an increase in the capital gains inclusion rate to $\frac{2}{3}$ from $\frac{1}{2}$ effective June 25, 2024, and the $\frac{2}{3}$ rate was utilized in the year end deferred tax calculation. During Q2 2025, the Canadian Government announced the cancellation of the increase, and management adjusted the deferred tax estimate to reflect the $\frac{1}{2}$ inclusion rate. The rate change resulted in a decrease in deferred tax liabilities on investment properties of approximately \$1,515,000. The decrease was partially offset by adjustments to bring the deferred tax provision into alignment with final balances when tax returns were filed, specifically for the use of capital and non-capital loss carry forwards, and to record deferred taxes on the newly purchased property in British Columbia.

Bank operating facilities at June 30, 2025 have a total balance of \$23,237,230 (September 30, 2024 - \$21,293,808) with two of the Company's major lenders. The increase in the outstanding balance is due to the payment of approximately \$3,400,000 in property taxes which were due on June 30, and the acquisition payment for the property in British Columbia totalling \$800,000. This was offset by proceeds on the sale of investment property in Q1 2025. During Q2, the Fixed Rate Fixed Term ("FRFT") component of one of the lines of credit matured, and the outstanding balance was rolled into the revolving portion of the line of credit. The balance of the FRFT component was \$7,350,934 at maturity (September 30, 2024 - \$7,444,453).

The total **term loan** balance of \$285,786 was incurred under an available revolving lease line of credit. This lease line of credit has a maximum value of \$1,000,000. The facility is accessed by way of lease agreement and is available to finance specific types of building improvements and equipment. During Q2 the Company entered into a sale-leaseback agreement for \$310,013 for certain leasehold improvements included in one of its buildings.

The lease has a five-year term commencing February 6, 2025, with monthly payments of \$5,837 and an option to purchase the leaseholds for \$1 at the end 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*, and as such the lease is treated as a financial liability, with an effective interest rate of 4.956%.

Other current liabilities include payables and accruals, income taxes payable and the current portion of the lease liabilities and term loan. The decrease in other current liabilities at June 30, 2025 compared to September 30, 2024 is due primarily to a decrease of \$896,000 in income taxes payable. During Q1 and Q2 2025, the Company fully paid its outstanding taxes payable from the fiscal year-ended September 30, 2024. Taxes payable in Q3 is the estimated total payable to date for the fiscal 2025 year. Accounts payable also decreased at June 30, 2025 compared to September 30, 2024 due to decreases in the current portion of tenant security deposits as noted above and decreases in prepaid rent due to timing of tenant payments.

Selected cash flow information

(in thousands)	Three months ended June 30,			Nine months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Cash provided by operating activities	\$ 330	\$ (264)	\$ 594	\$ 6,613	\$ 7,096	\$ (483)
Cash used in investing activities	(1,226)	4,288	(5,514)	711	3,394	(2,683)
Cash used in financing activities	795	(4,256)	5,051	(7,319)	(10,673)	3,354
Increase in cash and cash equivalents	(101)	(232)	131	5	(183)	188
Cash and cash equivalents, beginning of period	412	473	(61)	306	424	(118)
Cash and cash equivalents, end of period	\$ 311	\$ 241	\$ 70	\$ 311	\$ 241	\$ 70

Cash provided by operating activities for the three months and nine months ended June 30, 2025 increased compared to the same period in the prior year due primarily to increases in income offset by decreases in operating working capital due to payments for income taxes. The Company continues to generate positive cash flows from operations which cover operating expenses, additions to investment properties, and payments on financing.

Cash provided by (used in) investing activities for the three and nine months ended June 30, 2025 decreased over the same period in the prior year primarily due to higher proceeds on property sales received in Q3 2024, compared to the current periods.

Cash provided by (used in) financing activities increased for the three and nine months ending June 30, 2025 compared to the same periods in the prior year due to lower financing costs, and lower mortgage repayments as a result of the lower overall mortgage balance. For the three months ended June 30, 2025, the Company had higher advances under bank credit facilities than in the prior year, primarily due to the proceeds on the property sale in Q3 2024 being used to pay down bank operating facilities.

At June 30, 2025, there was a **net decrease in cash** of \$100,641 for the three month period, and a net increase in cash of \$5,471 for the nine month period (June 30, 2024 – decrease in cash of \$232,094 and \$183,082 for the three and nine month periods).

Summary of Quarterly Results

(in thousands \$)	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Revenue	4,940	4,906	4,908	5,056	4,670	4,846	4,950	5,226
Total comprehensive income (loss)	1,831	1,946	1,128	889	(1,446)	(2,162)	(1,543)	1,126
(in dollars)								
EPS-Basic	0.19	0.21	0.12	0.09	(0.15)	(0.23)	(0.16)	0.12
EPS-Diluted	0.19	0.21	0.12	0.09	(0.15)	(0.23)	(0.16)	0.12

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 2024 and Q4 2023 increased in comparison to prior quarters, as amounts receivable from tenants over the budgeted recoveries were accrued.

Changes in comprehensive income relate primarily to fluctuations in the net valuation gain (loss) from investment properties and changes in finance costs. For Q4 2023 to Q4 2024, the Company had higher finance costs due to higher market interest rates impacting its floating rate facilities and higher rates for mortgages that were renewed during the higher rate environment in fiscal 2022 and 2023. In Q1 through Q3 2025, the Company had reduced finance costs, due to lower bank operating facilities balances, and lower interest rates on its bank operating facilities because of reductions in market rates. The fluctuations in the valuation net gains (losses) from investment properties is summarized below:

(in thousands \$)	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Valuation gains (losses) from investment properties, net	706	(741)	134	476	115	(3,651)	(3,050)	86

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. From Q3 2024 to Q1 2025, there have been minimal changes in investment properties, with any net gains from increases in rental rates being offset by losses to reflect market conditions in specific markets. In Q2 2025, the Company recognized additional losses related to two properties where changes in market conditions indicated a reduction in the fair value. In Q3 2025, the Company recognized additional valuation gains on a newly acquired property, and existing properties where the market demand was anticipated to be higher, offset by reduction in a property where the expected renewal lease rate is lower than previous rates.

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

There have been no significant changes in the Company's liquidity or capital resources available during the three and nine months ended June 30, 2025.

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

	June 30, 2025	September 30, 2024
Available bank credit facilities	\$ 23,500,000	\$ 23,500,000
Bank facilities outstanding	23,327,230	21,293,808
Available credit facilities	\$ 172,770	\$ 2,206,192

During Q1 2025, the Company completed the sale of an investment property and received net proceeds of \$2,058,798. These proceeds were applied against the outstanding balance in the bank operating facilities and generated available credit facility room. In Q3 2025, the Company utilized its available credit facility room for the annual payment of property taxes, which are recoverable from tenants, and for the purchase of the property in British Columbia. The Company expects to utilize funds from operations and from property sales to reduce the outstanding credit facility balances in Q4 2025.

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

At June 30, 2025, fourteen (September 30, 2024 – ten) mortgages are due in the next twelve months with combined principal balances of \$36,310,379 (September 30, 2024 - \$31,453,668) and are shown as current liabilities.

Investment properties unencumbered with debt are valued at \$8,967,636 at June 30, 2025 (September 30, 2024 excluding investment property held for sale and land under lease - \$8,959,536) and remain unchanged from the prior quarter. At March 31, 2025, the Company adjusted its unencumbered properties value to exclude land that is leased by existing tenants and no longer valued separately. The comparative figures at September 30, 2024 were adjusted to be consistent with the current presentation.

The debt to total assets ratio of the Company was 46% at June 30, 2025 which is lower than the ratio at September 30, 2024 and lower than the historical average of 50%, providing possible leverage opportunities in the future.

During Q3 2025, the Company closed the purchase of a property in British Columbia with a total purchase price of \$800,000 which was paid from operating cash flows. Extensive renovations were completed on the property, and a lease with a tenant for the property was signed in Q3 2025.

During Q3 2025, the Company entered into a sales agreement on an investment property, and conditions were lifted prior to June 30, 2025. The gross sale proceeds are \$5,000,000. The sale is expected to close in Q4, 2025 and the cash flows generated by the sale will be used to pay the outstanding mortgage on the property, reduce outstanding bank operating facilities balances and for operating cash flows.

Related Party Transactions

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

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

Property management and maintenance fees for the three and nine months ended June 30, 2025 of \$438,542 and \$1,295,213 (2024 - \$424,766 and \$1,165,614) respectively were paid to Sable Realty & Management Ltd. ("Sable"), a company controlled by Sine Chadi, a director and officer of the Company.

Acquisition, disposition, and leasing fees in the aggregate amount of \$130,734 and \$420,550 for the three and nine months ended June 30, 2025 (2024 - \$639,483 and \$692,870) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi.

Vehicle leasing fees of \$2,250 and \$6,750 for the three and nine months ended June 30, 2025 (2024 - \$4,800 and \$14,400) were paid to North American Mortgage & Leasing Corp., a company controlled by Sine Chadi.

Leased office space and parking were paid to Sable in the aggregate amount of \$45,000 and \$135,000 for the three and nine months ended June 30, 2025 (2024 - \$45,000 and \$135,000).

Rent collected from Sable for commercial lease space for the three and nine months ended June 30, 2025 was \$25,633 and \$76,899 respectively (2024 - \$23,731 and \$71,192). Sable leases a 7,871 ft² building in Edmonton, Alberta from the Company.

Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at <www.sedar.com>. These contracts and the associated fees and rates are reviewed periodically by the Company's Board of Directors.

Paid to directors

Directors' fees paid to independent directors for attending directors' meetings during the three and nine months ended June 30, 2025 were \$7,500 and \$35,000 (2024- \$10,000 and \$37,500).

Compensation to Key Management personnel

Compensation of key management personnel is as follows:

	Salaries and wages	Short-term benefits	Three months ended June 30,		Nine months ended June 30,	
			2025	2024	2025	2024
Sine Chadi, President & CEO	\$ 75,000	\$ 2,048	\$ 77,048	\$ 76,947	\$ 231,144	\$ 230,863
Meghan DeRoo McConnan, CFO*	55,000	1,750	56,750	57,346	170,249	163,460
Total	\$130,000	\$ 3,798	\$133,798	\$134,293	\$ 401,393	\$ 394,323

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

Planned Expenditures

The Company has no planned expenditures at the date of the 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.

Management is continuing to consider build-to-suit opportunities with tenants and potential tenants as they arise. There have been no commitments as of the date of this MD&A.

Changes in Accounting Policies and Critical Accounting Estimates

New and amended standards adopted

Certain amendments disclosed in Note 2 of the unaudited interim condensed financial statements for the three and nine months ended June 30, 2025 had an effective date of October 1, 2024 for the Company but did not have a material impact on the interim condensed financial statements or accounting policies for the three and nine months ended June 30, 2025.

Future accounting standards

Standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective are described in Note 2 of the unaudited interim condensed financial statements for the three and nine months ended June 30, 2025.

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 is currently assessing the impact of these amendments on its 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 and accounting estimates

The preparation of the interim condensed financial statements in accordance with IAS 34 requires the Company to make various estimates and assumptions. Future events may result in significant differences between estimates and actual results.

There has been no significant change in our critical judgements or accounting estimates in Q3 2025 from those described in the MD&A for the year ended September 30, 2024, in the Changes in Accounting Policies and Critical Accounting Estimates section and Note 3 of the September 30, 2024 audited consolidated financial statements.

Other

Risks and Risk Management

The nature and extent of the Company's significant risks has not changed materially from those described in the Risks and Risk Management section of the MD&A for the year ended September 30, 2024.

Financial Instruments and Market Risk

At June 30, 2025, the nature and extent of the Company's use of financial instruments did not change materially from those described in the Financial Instruments section of the MD&A for the year ended September 30, 2024.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Disclosure controls and procedures

There have been no material changes to the risks associated with disclosure controls and procedures and internal controls over financial reporting since those described in the Disclosure Controls and Procedures section of the MD&A for the year ended September 30, 2024.

Outstanding share data

The Company is authorized to issue an unlimited number of common shares. At August 13, 2025 total issued and outstanding shares are 9,451,242, and total outstanding and exercisable stock options are 200,000.

Dividends

During the three and nine months ended June 30, 2025, the Company declared and paid dividends of \$0.02 per share, totaling \$189,025 and \$567,075 respectively.

On July 2, 2025, the Company declared a quarterly dividend of \$0.02 per share totalling \$189,025 which was paid on August 1, 2025 to shareholders of record effective July 18, 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 recoveries divided by total property operating expenses.

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:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
Property tax and insurance recoveries	\$ 854,339	\$ 800,334	\$ 2,632,936	\$ 2,403,223
Operating expense recoveries	412,778	402,651	1,238,629	1,254,461
Total recoveries	\$ 1,267,117	\$ 1,202,985	\$ 3,871,565	\$ 3,657,684
Total property operating expenses	\$ 1,680,583	\$ 1,727,638	\$ 4,796,691	\$ 4,849,225
% of property operating expense recoveries	75%	70%	81%	75%

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:

	Three months ended June		Nine months ended June	
	30, 2025	2024	30, 2025	2024
Income from operations	\$ 3,259,592	\$ 2,942,716	\$ 9,957,712	\$ 9,617,598
Less: interest on financing*	1,296,905	1,403,851	3,845,642	4,263,842
Less: principal payments on mortgages	1,529,448	1,900,965	5,036,713	5,791,460
Funds available for property improvements and growth	\$ 432,239	\$ (362,100)	\$ 1,075,357	\$ (437,704)

*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 debt divided by total assets. Management uses this measure to monitor the Company's current leverage, and the ability to obtain additional financing if needed.

As at	June 30, 2025	September 30, 2024	June 30, 2024
Total Assets	\$ 242,167,637	\$ 242,425,659	\$ 242,531,985
Mortgages excluding transaction fees	88,918,834	93,955,546	92,596,238
Other financing	-	-	700,000
Bank operating facilities	23,237,230	21,293,808	22,870,920
Debt	\$ 112,156,064	\$ 115,249,354	\$ 116,167,158
Ratio of debt to assets	46%	48%	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. Starting in Q2 2025, the Company adjusted this measure to exclude land held for development that is under lease to tenants, as the land is no longer being valued separately. Prior period figures have been adjusted to be comparable.