IMPERIAL EQUITIES INC.

Q1 2025 Interim Condensed Financial Statements

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.4(4)(a), if an auditor has not performed a review of the interim financial statement, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Imperial Equities Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2024 (Unaudited)	September 30, 2024 (Audited) (Consolidated – Note 2)
Assets			
Investment properties	3	**$ 231,035,342**	$ 231,058,342
Right-of-use assets		**219,280**	263,737
Mortgages and loans receivable	4	**5,885,184**	5,586,514
Total non-current assets		**237,139,806**	236,908,593
Current portion of mortgages and loans receivable	4	**1,431,269**	1,477,754
Receivables		**186,593**	406,496
Prepaid expenses and deposits		**138,982**	1,126,799
Cash		**305,872**	306,017
Total current assets		**2,062,716**	3,317,066
Investment property held for sale	3	**-**	2,200,000
Total Assets		**$ 239,202,522**	$ 242,425,659
Liabilities			
Mortgages	5	**$ 57,932,038**	$ 58,401,654
Security deposits		**795,430**	795,430
Lease liabilities	13	**45,881**	98,141
Deferred taxes	8	**17,036,184**	16,664,623
Total non-current liabilities		**75,809,533**	75,959,848
Income taxes payable		**224,397**	1,271,158
Current portion of lease liabilities		**201,835**	199,174
Current portion of mortgages	5	**34,034,650**	35,459,869
Bank operating facilities	6	**19,920,323**	21,293,808
Payables and accruals		**911,254**	1,079,659
Total current liabilities		**55,292,459**	59,303,668
Total Liabilities		**131,101,992**	135,263,516
Equity			
Issued share capital		**5,947,346**	5,947,346
Contributed surplus		**251,600**	251,600
Retained earnings		**101,901,584**	100,963,197
Total Equity		**108,100,530**	107,162,143
Total Equity and Liabilities		**$ 239,202,522**	$ 242,425,659

Post-reporting date events (Note 14)

Signed "Sine Chadi", Director *Signed "Kevin Lynch",* Director

See accompanying notes to the financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

		Three months ended	
	Notes	**December 31, 2024**	**December 31, 2023**
Rental revenue	10,13	**$ 4,908,164**	$ 4,950,153
Property operating expenses	13	**1,577,369**	1,608,778
Income from operations		**3,330,795**	3,341,375
Finance costs	11	**1,196,908**	1,431,485
Administration expenses		**324,232**	269,686
Amortization of deferred leasing		**104,103**	94,868
Amortization of right-of-use asset		**44,457**	37,510
Loss on the sale of investment properties	3	**141,202**	-
Valuation (gain) loss from investment properties, net	3	**(133,648)**	3,049,706
Income (loss) before income tax		**1,653,541**	(1,541,880)
Income tax expense	8	**526,129**	866
Net income (loss) and comprehensive income (loss)		**$ 1,127,412**	$ (1,542,746)
Weighted average number of shares outstanding – basic and diluted		**9,451,242**	9,451,242
Earnings (loss) per share basic and diluted		**$ 0.12**	$ (0.16)

See accompanying notes to the financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Number of shares	Capital stock	Contributed surplus	Retained earnings	Total
Balance, October 1, 2023	9,451,242	$ 5,947,346	$ -	$ 105,980,319	**$ 111,927,665**
Dividends paid	-	-	-	(756,099)	**(756,099)**
Share based compensation	-	-	251,600	-	**251,600**
Net loss and comprehensive loss	-	-	-	(4,261,023)	**(4,261,023)**
Balance, September 30, 2024	9,451,242	5,947,346	251,600	100,963,197	**107,162,143**
Dividends paid	-	-	-	(189,025)	**(189,025)**
Net income and comprehensive income	-	-	-	1,127,412	**1,127,412**
Balance, December 31, 2024	9,451,242	$ 5,947,346	$ 251,600	$ 101,901,584	**$ 108,100,530**

See accompanying notes to the financial statements.

IMPERIAL EQUITIES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Notes	Three months ended December 31, 2024	2023
Operating activities			
Net income (loss) from operations		**$ 1,127,412**	$ (1,542,746)
Finance costs	11	**1,196,908**	1,431,485
Leasing commissions		**(36,180)**	(86,648)
Items not affecting cash:			
Amortization of right-of-use asset		**44,457**	37,510
Amortization of tenant inducements		**31,714**	36,789
Amortization of deferred leasing commissions		**104,103**	94,868
Loss on sale of investment properties	3	**141,202**	-
Valuation (gain) loss on investment properties	3	**(133,648)**	3,049,706
Straight-line rental revenue		**48,036**	55,624
Deferred income taxes	8	**371,561**	(118,878)
Net change in operating working capital	9	**(90,474)**	372,360
Cash provided by operating activities		**2,805,091**	3,330,070
Investing activities			
Proceeds on sale of investment properties	3	**2,058,798**	-
Recoveries (additions) to investment properties		**8,975**	(5,826)
Advances on loans and mortgages receivable	4	**(272,757)**	-
Proceeds from mortgage receivable		**135,344**	8,480
Change in payables and accruals for investing		**45**	(905,836)
Cash provided by (used in) investing activities		**1,930,405**	(903,182)
Financing activities			
Repayment of mortgages		**(1,902,596)**	(1,945,315)
Fees associated with new or renewed mortgages		**(10,993)**	(7,230)
Advances from other financing		**-**	600,000
Repayment of other financing		**-**	(1,000,000)
Finance costs paid		**(1,209,943)**	(1,304,317)
Principal repayments on lease liability		**(49,599)**	(40,855)
Dividends paid		**(189,025)**	(189,025)
Net (repayments) advances from bank operating facilities		**(1,373,485)**	1,373,992
Cash used in financing activities		**(4,735,641)**	(2,512,750)
Decrease in cash and cash equivalents		**(145)**	(85,862)
Cash and cash equivalents, beginning of period		**306,017**	424,451
Cash and cash equivalents, end of period		**$ 305,872**	$ 338,589

Supplemental cash flow information (Note 9)

See accompanying notes to the financial statements.

1. General information and nature of operations

Imperial Equities Inc. ("the Company") was incorporated in Edmonton, Alberta, Canada. The registered and operating office of the Company is 2151, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The Company's operations consist of the acquisition, development, and redevelopment of industrial, agricultural, and commercial properties primarily in Edmonton, throughout Alberta and in British Columbia. The Company's common shares trade on the TSX Venture Exchange (TSXV) under the symbol "IEI".

2. Statement of compliance and basis of preparation

Statement of compliance
These interim condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the annual financial statements have been omitted or condensed.

The Board of Directors authorized these interim condensed financial statements for issue on February 12, 2025.

Basis of preparation
These interim condensed financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended September 30, 2024, except as explained below, and should be read in conjunction with the Company's annual September 30, 2024 consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The interim condensed statements are for the three months ended December 31, 2024, and are presented in Canadian dollars, which is the functional currency of the Company.

On October 1, 2024, the Company amalgamated with its sole wholly owned subsidiary, Imperial Equities Properties Ltd. ("IEPL"). The Company is a continuation of the previously consolidated reporting entity. As such the comparative figures presented in these interim condensed financial statements are those of the previously presented interim condensed consolidated financial statements and the annual consolidated financial statements of the Company.

Use of estimates judgments and assumptions
The preparation of these interim condensed financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The significant judgments made by management when applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual September 30, 2024 audited consolidated financial statements.

New and amended standards adopted

IAS 1 *Presentation of Financial Statements* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and clarify when a liability is considered settled. These amendments are effective for financial reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The amendments did not have a material effect on the interim condensed financial statements.

2. Statement of compliance and basis of preparation (cont'd)

Amendments to IAS 1 *Presentation of Financial Statements – Non-current Liabilities with Covenants* were issued In October 2022 to clarify how conditions that an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments are effective for financial reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The amendments did not have a material effect on the interim condensed financial statements.

New and amended standards not yet adopted

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 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.

3. Investment properties

	Income producing properties	Held for development	Total investment properties
Balance, October 1, 2024	$ 228,122,706	$ 2,935,636	$ 231,058,342
Additions:			
Capitalized property taxes (recoveries) and other	-	(8,975)	(8,975)
Leasing commissions	36,180	-	36,180
Amortization of tenant inducements	(31,714)	-	(31,714)
Amortization of deferred leasing commissions	(104,103)	-	(104,103)
Change in straight-line rental revenue	(48,036)	-	(48,036)
Fair value gains (losses), net	124,673	8,975	133,648
Balance, December 31, 2024	**$ 228,099,706**	**$ 2,935,636**	**$ 231,035,342**

3. Investment properties (cont'd)

Property dispositions

On October 15, 2024 the Company sold 3 acres of land held for development that was classified as investment property held for sale at September 30, 2024, for gross sale proceeds of $2,200,000. The Company incurred transaction costs of $141,202 and recorded a loss on sale of $141,202.

During the year ended September 30, 2024, the related property was adjusted to fair value based on the sale price, resulting a loss of $50,000 being included in the valuation gain (loss) on investment properties, net. The operating results of disposed properties are included up to the date of disposition.

Valuation methodology and processes

The Company has made no changes to its valuation methodology and processes since the year-ended September 30, 2024.

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

At December 31, 2024

		Edmonton and area - Single tenant	Edmonton region - Multi tenant	Fort McMurray - Single Tenant	Red Deer - Single Tenant	Rural Alberta and B.C. - Single tenant
	Range	Weighted Average				
Vacancy loss percentage	1.00 - 2.00%	1.78%	1.47%	1.00%	1.47%	1.36%
Structural reserve percentage	0.50 - 2.00%	1.45%	1.85%	0.50%	0.77%	1.34%
Net operating income		$ 494,464	$ 546,548	$ 1,584,006	$ 592,801	$ 393,065
Capitalization rate	4.50-8.00%	6.24%	6.08%	3.05%	6.29%	7.31%
Fair value		$ 114,401,000	$ 26,844,000	$ 45,849,000	$ 18,820,000	$ 18,275,000

At September 30, 2024

		Edmonton and area - Single tenant	Edmonton region - Multi tenant	Fort McMurray - Single Tenant	Red Deer - Single Tenant	Rural Alberta and B.C. - Single tenant
	Range	Weighted Average				
Vacancy loss percentage	1.00 - 2.00%	1.66%	1.47%	1.00%	1.47%	1.36%
Structural reserve percentage	0.50 - 2.00%	1.45%	1.85%	0.50%	0.77%	1.34%
Net operating income		$ 492,623	$ 541,192	$ 1,590,960	$ 592,801	$ 396,161
Capitalization rate	4.50 -8.00%	5.91%	6.07%	6.60%	6.29%	7.31%
Fair value		$ 114,160,000	$ 26,646,000	$ 46,234,000	$ 18,820,000	$ 18,352,000

3. Investment properties (cont'd)

At September 30, 2024 and December 31, 2024

Land held for development - Weighted average price per acre		
Edmonton	Red Deer	Rural Alberta
$ 797,000	$ 400,000	$ 6,428

Fair value sensitivity

The following table summarize the fair value sensitivity for the Company's income producing properties which are most sensitive to changes in capitalization rate, and normalized net operating income:

Capitalization rate				Normalized net operating income			
Rate sensitivity	Weighted average cap rate	Fair value	Change in fair value	Sensitivity	Normalized NOI	Fair value	Change in fair value
(0.50)%	5.88%	$ 243,239,764	$ 19,050,764	$(500,000)	$ 13,812,203	$216,356,907	$(7,832,093)
(0.25)%	6.13%	$ 233,326,161	$ 9,137,161	$(250,000)	$ 14,062,203	$220,272,954	$(3,916,046)
0.00%	6.38%	$ 224,189,000	$ -	$ -	$ 14,312,203	$224,189,000	$ -
0.25%	6.63%	$ 215,740,502	$ (8,448,498)	$ 250,000	$ 14,562,203	$228,105,046	$ 3,916,046
0.50%	6.88%	$ 207,905,638	$(16,283,362)	$ 500,000	$ 14,812,203	$232,021,093	$ 7,832,093

4. Mortgages and loans receivable

	December 31, 2024	September 30, 2024
Loan receivable from a tenant, bearing interest at 5.5% per annum, repayable in equal monthly payments of principal and interest of $496, with a maturity date of May 1, 2028, at which time any outstanding balance is repayable in full.	**$ 43,974**	$ 44,850
Loan receivable from a tenant, bearing interest at 8.5% per annum, repayable in equal monthly payments of principal and interest of $3,358, with payments commencing January 1, 2025 and a maturity date of December 31, 2034.	**272,757**	-
Mortgage receivable, bearing interest at 8.00% per annum, repayable in monthly blended payments of principal and interest of $10,303, with a maturity date of July 31, 2025. Secured by a first mortgage charge against land and building.	**1,344,144**	1,348,550
Mortgage receivable, bearing interest at 5.5% per annum, with monthly blended payments of principal and interest of $34,315, and a maturity date of May 28, 2027. Secured by a first mortgage charge against land.	**5,655,578**	5,670,868
	7,316,453	7,064,268
Less current portion	**(1,431,269)**	(1,477,754)
Long-term portion	**$ 5,885,184**	$ 5,586,514

5. Mortgages

	Maturity Date	Monthly blended principal and interest payments	Rate	December 31, 2024	September 30, 2024
		$		$	$
	February 1, 2025	35,507	3.420%	3,658,829	3,733,862
	February 1, 2025	47,279	3.310%	3,618,133	3,729,623
	February 1, 2025	17,662	5.720%	1,383,740	1,416,856
	April 1, 2025	27,830	5.290%	2,850,549	2,896,350
	April 1, 2025	34,847	2.310%	3,842,858	3,924,998
	July 1, 2025	25,203	5.990%	1,192,267	1,249,673
	August 1, 2025	27,279	2.837%	3,012,393	3,072,706
	October 1, 2025	53,312	7.020%	4,219,304	4,305,259
	November 1, 2025	35,967	6.640%	2,909,070	2,968,684
	December 1, 2025	43,161	6.763%	3,497,780	3,568,158
	January 1, 2026	23,512	5.930%	1,440,910	1,489,864
	January 1, 2026	18,660	5.930%	1,143,579	1,182,432
	April 1, 2026	33,136	6.010%	3,274,562	3,324,875
	April 1, 2026	23,715	2.675%	1,894,039	1,952,328
	July 1, 2026	76,219	2.710%	9,091,626	9,258,283
	July 1, 2026	39,884	2.710%	4,757,480	4,844,689
	September 1, 2026	100,705	4.950%	17,310,660	17,400,000
	October 1, 2026	65,250	2.940%	7,825,323	7,963,235
*	November 1, 2026 (September 30, 2024 - November 1, 2024)	39,621 (September 30, 2024 - 63,681)	4.663% (September 30, 2024 - 3.56%)	6,184,240	6,520,161
*	December 1, 2026 (September 30, 2024 - December 1, 2024)	31,349 (September 30, 2024 - 33,003)	4.669% (September 30, 2024 - 6.073%)	2,511,591	2,572,333
*	December 1, 2026 (September 30, 2024 - December 1, 2024)	28,482 (September 30, 2024 - 29,985)	4.669% (September 30, 2024 - 6.073%)	2,281,920	2,337,107
	June 11, 2029	42,759	3.480%	4,152,096	4,244,073
	Total mortgages			92,052,949	93,955,546
	Less: current portion of principal payments			(34,034,650)	(35,459,869)
	Less: Balance of unamortized finance fees			(86,261)	(94,023)
				57,932,038	58,401,654
	Weighted average rate			4.31%	3.73%

** Mortgages renewed during the three months ended December 31, 2024.*

All the mortgages are repayable in blended monthly payments of interest and principal. The security pledged for each mortgage is limited to the related investment property.

6. Bank operating facilities

	December 31, 2024	September 30, 2024
LOC with a limit of $15,500,000	**$ 14,401,283**	$ 13,799,145
LOC with a limit of $8,000,000	**5,519,040**	7,494,663
Bank operating facilities	**$ 19,920,323**	$ 21,293,808

There have been no changes to the terms of the bank operating facilities which consist of lines of credit ("LOC") since the year ended September 30, 2024.

On February 1, 2025, the fixed rate fixed term ("FRFT") component of the LOC with a limit of $15,500,000 matured, and the balance was rolled into the revolving credit facility bearing interest at prime plus 1% per annum. The balance of the FRFT component was $7,388,492 at December 31, 2024 (September 30, 2024 - $7,444,453).

7. Equity

Stock options

	Number	Weighted average exercise price
Outstanding at October 1, 2024	**200,000**	**$ 4.00**
Granted during the period	**-**	**-**
Outstanding at December 31, 2024	**200,000**	**$ 4.00**
Exerciseable at December 31, 2024	**200,000**	**$ 4.00**

The weighted average contractual life for the stock options outstanding at December 31, 2024 is 4.65 years (September 30, 2024 – 4.91 years).

Earnings per share

The impact of the 200,000 stock options that are outstanding and exerciseable at December 31, 2024 and September 30, 2024 is anti-dilutive and therefore the stock options were excluded from the calculation of diluted earnings per share.

8. Income taxes

a) Provision for income taxes

Components of income tax expense (recovery)

	Three months ended December 31, 2024	2023
Current tax expense	**$ 184,687**	$ 119,744
Prior period adjustments	**(30,119)**	-
Deferred tax expense	**371,561**	(118,878)
	$ 526,129	$ 866

b) Deferred taxes

	December 31, 2024	September 30, 2024
Deferred tax assets are attributable to the following:		
Lease liabilities	**$ 56,975**	$ 68,383
Mortgages receivable	**35,196**	38,769
Finance fees	**5,865**	4,571
Capital losses	**24,158**	109,849
Non-capital losses	**-**	126,465
Total deferred tax assets	**122,194**	348,037
Offset of deferred tax liabilities	**(122,194)**	(348,037)
Net deferred tax assets	**$ -**	$ -
Deferred tax liabilities are attributable to the following:		
Straight-line rent receivable	**$ 400,661**	$ 411,709
Investment properties	**16,309,660**	16,127,047
Deferred leasing	**397,623**	413,245
Right-of-use-asset	**50,434**	60,659
Total deferred tax liabilities	**17,158,378**	17,012,660
Offset of deferred tax assets	**(122,194)**	(348,037)
Net deferred tax liabilities	**$ 17,036,184**	$ 16,664,623

9. Supplemental cash flow information

	Three months ended December 31, 2024	2023
Change in operating working capital:		
Receivables	**$ 219,903**	$ 4,787
Prepaid expenses and deposits	**987,817**	801,457
Payables and accruals	**(251,433)**	(553,628)
Income taxes payable	**(1,046,761)**	119,744
Net change in operating working capital	**$ (90,474)**	$ 372,360
Interest paid	**$ 1,209,941**	$ 1,320,297
Income taxes paid	**$ 1,201,423**	$ -

10. Rental revenue

The Company leases its commercial properties under operating leases with current terms ranging between 1 and 14 years. Some leases have options to extend for further five-year terms and several leases are month to month. Rental revenue includes the following:

	Three months ended December 31, 2024	2023
Rental revenue, contractual amount	**$ 3,685,840**	$ 3,815,545
Property tax and insurance recoveries	**889,298**	798,727
Amortization of tenant inducements	**(31,714)**	(36,789)
Straight-line rental revenue	**(48,036)**	(55,624)
Lease income	**4,495,388**	4,521,859
Operating expense recoveries	**412,776**	428,294
Total rental revenue	**$ 4,908,164**	$ 4,950,153

Future contracted minimum rent receivable from non-cancellable tenant operating leases at December 31 is as follows:

	2024	2023
One year	**$ 14,465,694**	$ 13,624,168
One to two years	**12,711,460**	12,994,685
Two to three years	**11,290,047**	11,266,587
Three to four years	**9,004,400**	10,183,498
Four to five years	**6,769,843**	8,300,365
Thereafter	**29,392,461**	33,082,725
	$ 83,633,905	$ 89,452,028

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

11. Finance costs

The components of finance costs are as follows:

	Three months ended December 31, 2024	2023
Interest on mortgages	**$ 999,420**	$ 1,016,736
Interest on bank operating facilities	**285,537**	356,699
Interest on other unsecured financing	**-**	50,500
Interest on lease obligations	**3,013**	4,145
Amortization of deferred financing fees	**18,755**	19,385
Finance fees	**5,000**	-
Interest income	**(114,817)**	(15,980)
Total	**$ 1,196,908**	$ 1,431,485

12. Fair value of financial instruments

The carrying value of financial instruments is as follows:

	December 31, 2024	September 30, 2024
Financial assets		
Cash and cash equivalents	**$ 305,872**	$ 306,017
Receivables	**186,593**	406,496
Mortgages and loans receivable	**7,316,453**	7,064,268
	7,808,918	7,776,781
Financial liabilities		
Bank operating facilities	**$ 19,920,323**	$ 21,293,808
Payables and accruals	**911,254**	1,079,659
Lease liability	**247,716**	297,315
Security deposits	**795,430**	795,430
Mortgages	**91,966,688**	93,861,523
	$ 113,841,411	$ 117,327,735

Measurement of fair value

The carrying value of cash and cash equivalents, receivables, bank operating facilities, payables and accruals, and security deposits approximate their fair value because of the near-term maturity of those instruments.

Mortgages and loans receivable include one mortgage that is measured at fair value as it is prepayable without penalty. The fair value of the mortgage at December 31, 2024 is – $1,344,443 (September 30, 2024 - $1,348,550). The remaining mortgages and loans receivable are recorded at amortized cost with a total carrying value of $5,972,309 (September 30, 2024 - $5,715,718). The estimated fair value of the mortgages and loans receivable carried at amortized cost at December 31, 2024 is $6,165,000 (September 30, 2024- $5,865,000).

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 December 31, 2024 is based on a weighted average discount rate of 4.76% (September 30, 2024 - 4.95%).

The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable at December 31, 2024, is $89,467,000 (September 30, 2024 - $91,261,000). 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 this calculation was 6.49% (September 30, 2024 – 6.49%).

13. Related party transactions

a) *Management agreements*

Sable Realty & Management Ltd. (“Sable”), a company controlled by the President and CEO of the Company, provides property management services to the Company. North American Realty Corp. (“NARC”), which is controlled by the President and CEO of the Company, provides asset management services to the Company. North American Mortgage and Leasing Corp. (“NAML”) provides vehicles under lease to the Company

13. Related party transactions (cont'd)

Transactions with related parties during the period are summarized below:

		Three months ended December 31,	
	Financial statement category	**2024**	2023
Property management and maintenance fees paid to Sable	Property operating expenses	**$ 481,692**	$ 339,433
Disposition fees paid to NARC	Loss on sale of investment properties	**66,000**	-
Leasing fees paid to NARC	Deferred leasing costs (investment properties)	**36,180**	53,387
Vehicle lease payments paid to NAML	Lease liabilities	**2,250**	4,800
Total payments		**$ 586,122**	$ 397,620

At December 31, 2024 the Company has $nil (September 30, 2024 - $31,424) in outstanding payables to Sable.

b) *Other related party transactions*

i) Payments made to (received from) Sable Realty & Management Ltd. in the normal course of business are as follows:

		Three months ended December 31,	
	Financial statement category	**2024**	2023
Leased office space and parking	Lease liabilities	**$ 45,000**	$ 45,000
Rent at Sable Centre	Rental revenue	**(25,633)**	(23,731)
Net payments for the period		**$ 19,367**	$ 21,269

ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the three months ended December 31, 2024 were $10,000 (2023 – $10,000).

iii) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The amount disclosed in the table are recognized as an expense during the year. There were no other transactions with key management personnel.

	Three months ended December 31,	
	2024	2023
Salaries and wages	**$ 130,000**	$ 121,250
Short-term employee benefits	**3,798**	4,348
Total	**$ 133,798**	$ 125,598

14. Post-reporting date events

On January 3, 2025, the Company declared a quarterly dividend of $0.02 per share totalling $189,025 which was paid on February 3, 2025 to shareholders of record effective January 17, 2025.

During the quarter, the Company entered into a purchase and sale agreement to acquire an investment property consisting of land and building located in Sparwood, British Columbia for a total of $825,000. The conditions on the purchase were lifted subsequent to the quarter, and the purchase will close on May 25, 2025. Concurrent with the purchase, the Company entered into a lease agreement with a tenant for the property commencing on June 1, 2025.