

RemTech 2024

Imperial Surplus Properties

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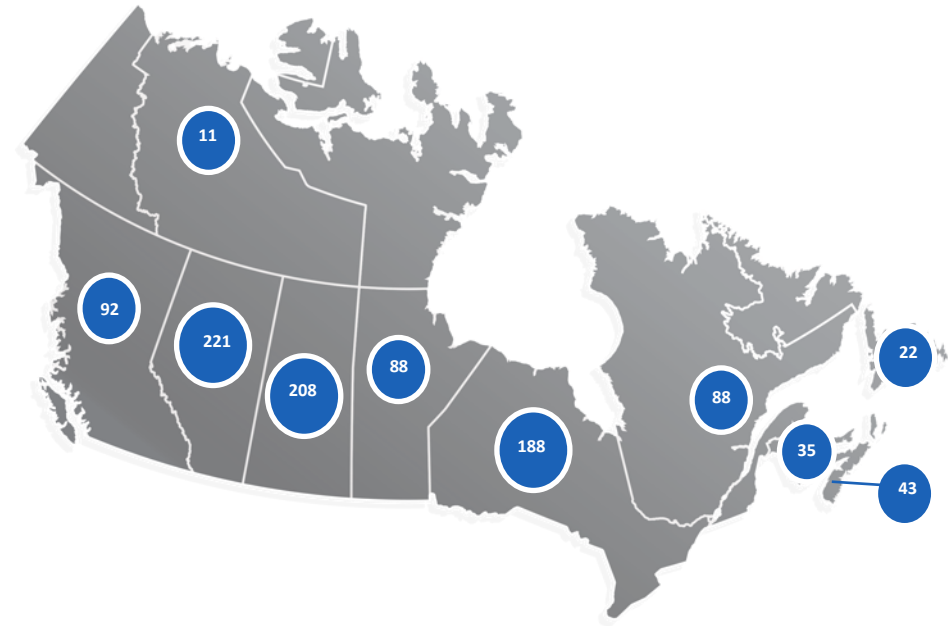
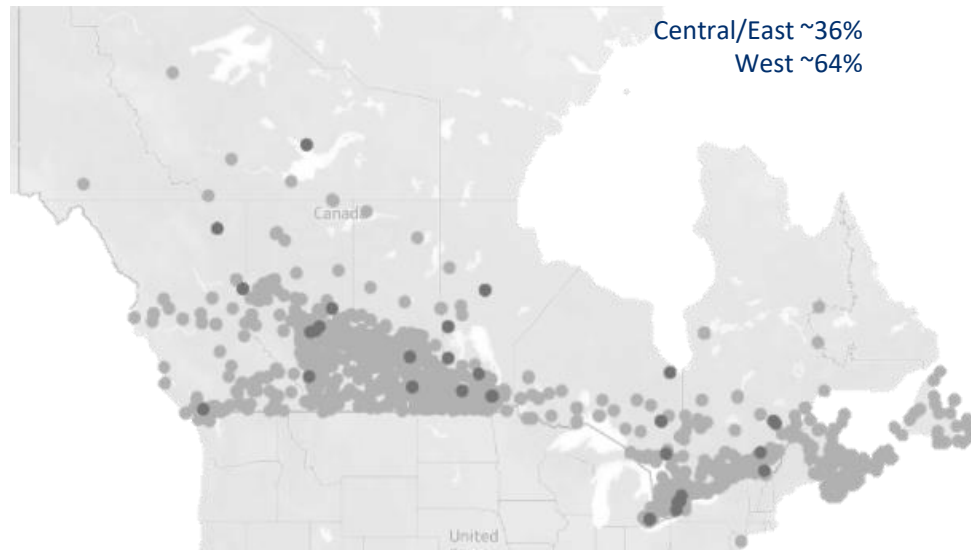
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Let's get started!



Imperial Downstream Surplus Property Portfolio

~950
properties
across
Canada



Portfolio Highlights

- 65% of sites are in areas with a population <10K (micro)
- 15% of sites are in areas with a population <50K (rural)
- 5% of sites are in areas with a population of <100K (mid)
- 15% of sites are in areas with a population of >100K (urban)
- >50% of micro & rural sites are in Prairies

Low market value
Remedial cost >> site value
Small buyer pool / neighbour
Declining population
Industrial / Commercial



Typical micro site in the Prairies

Historical Uses of Downstream Properties



Service Station – 1970s



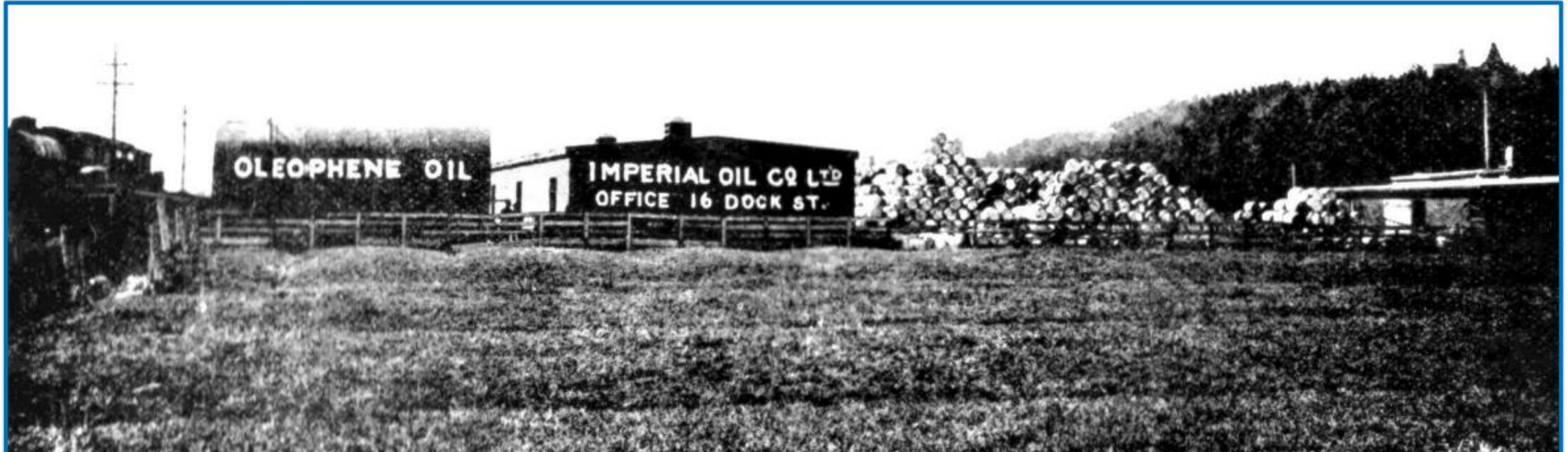
Commercial Cardlock – 1990s

Historical Uses of Downstream Properties (Continued)



Esso fuel bulk plant with rail supply – 1960s

Historical Uses of Downstream Properties (Continued)



Barrel-filling facility – 1880s

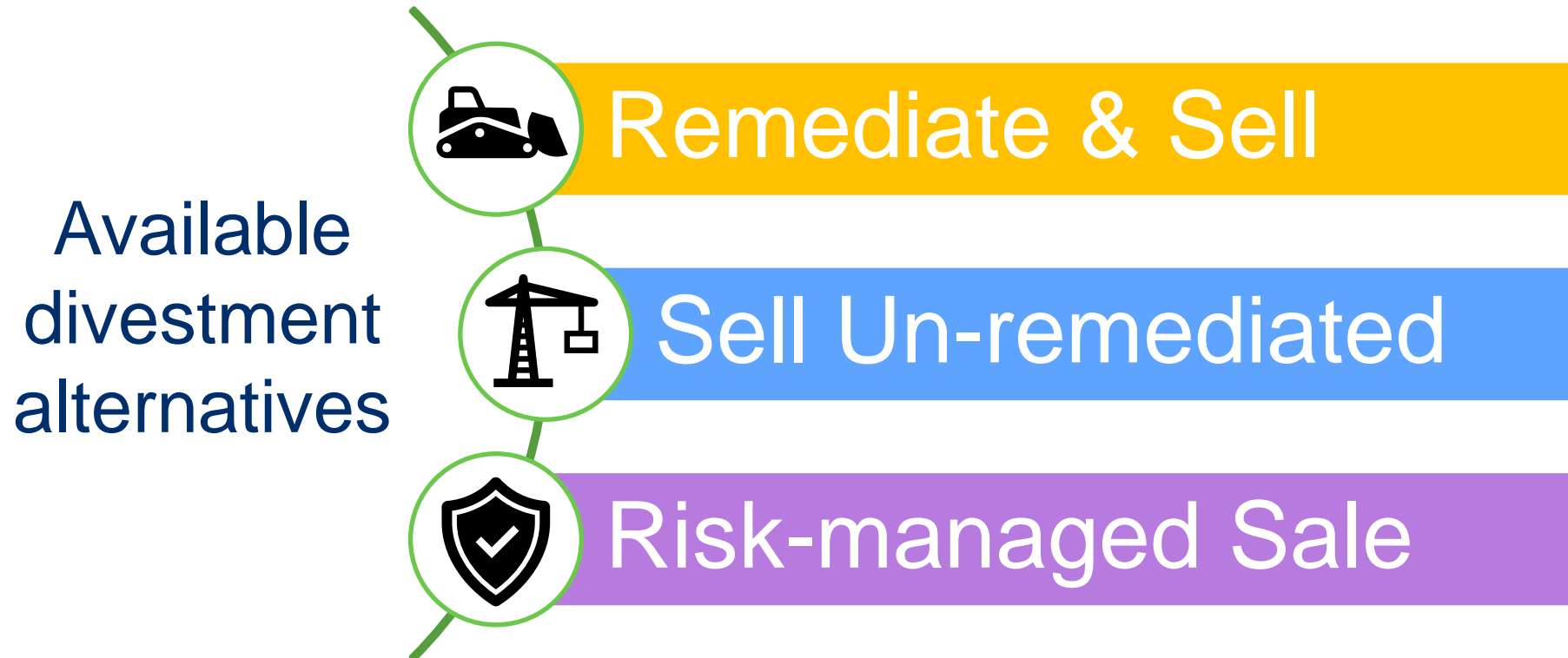
Environmental Risk Management

- Most properties have had petroleum infrastructure removed for over 15 years
- Owner-led environmental due diligence to ensure state of the site is stable and well understood
- Potential paths to closure are developed and periodically reviewed by both Environmental and Commercial contacts
- Ongoing, proactive dialogue is maintained with provincial regulators



Property Divestment Plans & Alternatives

Goal: Responsibly divest and return properties to productive use in accordance with legal and regulatory requirements





Remediate & Sell

What is involved?

- Traditional “dig & dump” remediation
- Sale with or without regulatory closure depending on site, jurisdiction & buyer
- Buyer responsible for development plans including any required zoning amendments

Pros and Cons

- + Increased control / certainty
- Resource intensive
- Often costlier than property’s commercial value





Sell Un-remediated

What is involved?

- Buyer environmental due diligence period and access to Imperial's environmental reports
- Buyer undertakes remediation over specified term (vetting process to ensure they're capable)
- Imperial removes restrictive covenants upon buyer providing Remediation Certificate
- Imperial repurchase option if buyer does not remediate by specified time

Pros and Cons

- + More efficient (dig once vs twice)
- + Buyer may remediate at lower cost
- Buyer may not uphold remedial obligations



Claridge Icon redevelopment on former Imperial service station property, Ottawa ON



Brightwater redevelopment on former Imperial refinery lands, Port Credit ON



Risk-managed Sale

What is involved?

- Significant environmental due diligence is completed to ensure that the environmental state of the site is stable and well understood
- Buyer found and property end use defined upfront
- Qualified professional prepares Risk Management Plan (RMP) outlining Risk Mitigation Measures (RMMs) to be upheld in order to properly manage ongoing potential human and ecological risks
- No buyer obligation to remediate as long as property remains in prescribed end use
- Restrictive covenants (RCs) to prevent certain uses

Pros and Cons

- + Economics vs. traditional remediation
- + Quicker return of site to productive use
- Less control over future property end uses vs. maintaining ownership (mitigated by RCs)
- + Science-based risk management process
- + Allows for sales to be commercially viable



**Commercial parking lot end use
Cornwall ON**

Proactive Dialogue with Municipalities

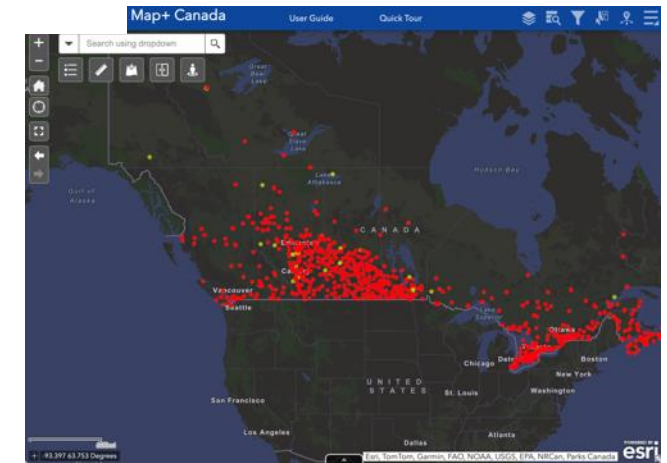
New Management Approach for Divesting Surplus Sites

The approach

- Open dialogue with potentially interested buyers
- Standardized sales agreements
- Leverage available closure (if applicable) & divestment options
- Centralized site information system and virtual data rooms

Initiative scope

- **Research to better understand municipal brownfield readiness**
- **Profiles of available surplus sites**
- **Engagement with municipalities and buyers who may be interested in revitalizing these sites through interim use and full redevelopment projects**



LOMASJYLHA Consulting and MPunt Environmental Consulting are providing support to Imperial Oil - proactive dialogue with municipalities on potential opportunities to divest surplus sites

Municipal Brownfield Readiness

Research (over 700 surplus sites from across Canada):

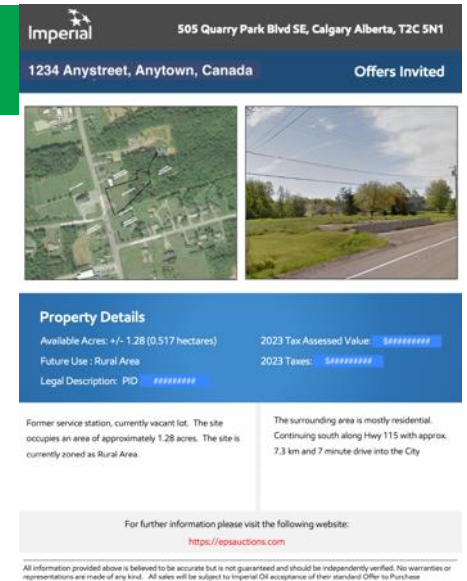
- Information gathering - evidence of municipal interest for brownfield reuse:
 - Brownfield policies, bylaws and incentives
 - Linkages to other priority municipal policies
 - Redevelopment (interim and full) projects
 - Municipal interest in facilitating redevelopment
- Screening tool to rank municipal readiness
- **FINDINGS:** Municipalities were grouped by readiness
 - 13.5% – High level of municipal interest, many considered brownfield leaders
 - 18.5% – Brownfields policies/linkages to priorities, some redevelopment
 - 74% – Little or no involvement with brownfields redevelopment



Opportunities to Divest Surplus Sites

Municipal Engagement:

- Developing site-specific data sheets to profile surplus properties
- Connecting with municipalities – to understand their needs and interests in revitalizing sites through interim use and/or full redevelopment
- Increasing knowledge on the benefits of brownfield redevelopment and information on how to build capacity to undertake these initiatives
- Facilitating dialogue between municipalities and Imperial Oil's Commercial Portfolio Managers to discuss potential opportunities for the surplus sites



The screenshot shows a listing for a surplus site. At the top, it says 'Imperial' and '505 Quarry Park Blvd SE, Calgary Alberta, T2C 5N1'. Below that, the address '1234 Anystreet, Anytown, Canada' and 'Offers Invited' are displayed. There are two images: a satellite view of the site and a street-level view. The 'Property Details' section includes: 'Available Acres: +/- 1.28 (0.517 hectares)', 'Future Use: Rural Area', 'Legal Description: PID: 00000000', '2023 Tax Assessed Value: \$00000000', and '2023 Taxes: \$00000000'. A note states: 'Former service station, currently vacant lot. The site occupies an area of approximately 1.28 acres. The site is currently zoned as Rural Area.' Another note says: 'The surrounding area is mostly residential. Continuing south along Hwy 115 with approx. 7.3 km and 7 minute drive into the City.' At the bottom, it says 'For further information please visit the following website: <https://epsauctions.com>' and a disclaimer: 'All information provided above is believed to be accurate but is not guaranteed and should be independently verified. No warranties or representations are made of any kind. All sales will be subject to Imperial Oil acceptance of their standard Offer to Purchase.'

Let us know if you are interested in Imperial Oil's municipal engagement project and surplus site opportunities

Thank You!

Q&A

For inquiries regarding Imperial surplus properties in Canada, please send an e-mail to:

iol-es-commercial@esso.ca