

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") provides an explanation of the financial position, operating results, performance and outlook of Mainstreet Equity Corp. ("Mainstreet" or the "Corporation") as at and for the fiscal years ended September 30, 2024 and 2023. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic and political conditions. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic and political conditions. Additionally, other events may occur that could affect the Corporation in the future. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the fiscal years ended September 30, 2024 and 2023. The audited consolidated financial statements of the Corporation have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). This MD&A has been reviewed and approved by the Audit Committee and Board of Directors of the Corporation and is effective as of December 5, 2024. All amounts are expressed in Canadian dollars. Additional information regarding the Corporation including the Corporation's annual information form ("AIF") is available under the Corporation's profile at SEDAR+ (www.sedarplus.ca).

Unless indicated otherwise, reference herein to 2024 and 2023 refers to the fiscal years ended September 30, 2024 and 2023, respectively.

FORWARD-LOOKING INFORMATION

Certain statements contained herein constitute "forward-looking statements" as such term is used in applicable Canadian securities laws. These statements relate to analysis and other information based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. In particular, statements concerning: estimates related to the effect of rising interest rates on the Corporation, the effect that inflation will have on: (i) the Corporation's tenants and the effect on credit risk; and (ii) the cost of renovations and other expenses, disruptions effecting the global supply chain and energy and agricultural markets (including as a result of geopolitical turmoil), future acquisitions, dispositions and capital expenditures, future vacancy rates, increase of rental rates and rental revenue, future revenue, income and profitability, timing of refinancing of debt, access to low-cost long-term Canada Mortgage and Housing Corporation ("CMHC") insured mortgage loans, benefits from shorter term mortgages in the short term, the amount of liquidity the Corporation will have access to in the current and subsequent fiscal years, including the amount of funds to be raised through up-financing of maturing mortgages and financing of clear titled assets after stabilization, the potential changes in interest and mortgage rates, completion timing and costs of renovations, benefits of renovations, funds to be expended on renovations in fiscal year 2025 and the sources thereof, increased funds from operations and cash flow, access to capital, minimization of operating costs, the Corporation's liquidity and financial capacity, the Corporation's intention and ability to make distributions to shareholders in fiscal 2025, rental conditions and vacancy rates, rates of international immigration and population growth in areas where Mainstreet operates, the period of time required to stabilize a property, future climate change impact, the Corporation's strategy and goals and the steps it will take to achieve them, changes in zoning laws and potential benefits to Mainstreet as a result of the same, the Corporation's anticipated funding sources to meet various operating and capital obligations, key accounting estimates and assumptions used by the Corporation, the attraction and hiring of additional personnel, the effect of changes in legislation on the rental market, expected cyclical changes in cash flow, net operating income and operating margins, the effect of environmental regulations on financial results, the effect of income taxes on the Corporation, the handling of any future conflicts of interests of directors or officers, the effects of cyber incidents on the Corporation (including the effect of the cybersecurity incident which occurred on May 2, 2024), the benefits in trading volume from the Corporation's new dividend policy, and other factors and events described in this document should be viewed as forward-looking statements to the extent that they involve estimates thereof. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using such words or phrases as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and should be viewed as forward-looking statements.

Such forward-looking statements are not guarantees of future events or performance and by their nature involve known

and unknown risks, uncertainties and other factors, including those risks described in the Corporation's AIF, dated December 5, 2024 under the heading "Risk Factors," that may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, the effect of inflation on consumers and tenants, the effect of rising mortgage and interest rates on the Corporation, including its financing costs, challenges related to up-financing maturing mortgages or financing of clear titled assets after stabilization, disruptions in global supply chains, labour shortages, the length and severity of geopolitical conflict and the occurrence of additional global turmoil and its effects on global markets and supply chains, changes in government policies regarding immigration and international students, cyber-incidents Corporation (including the effect of the cybersecurity incident which occurred on May 2, 2024), costs and timing of the development or renovation of existing properties, availability of capital to fund stabilization programs, other issues associated with the real estate industry including availability of labour and costs of renovations, supply chain issues, fluctuations in vacancy rates, general economic conditions, competition for tenants, unoccupied units during renovations, rent control, fluctuations in utility and energy costs, carbon tax increases, environmental and other liabilities, effects of climate change, credit risks of tenants, availability of capital, changes in legislation and regulatory regime applicable to the corporation, loss of key personnel, a failure to realise the benefit of acquisitions and/or renovations, the effects of severe weather events on the Corporation's properties, climate change, public health measures (including travel and post-secondary restrictions), uninsured losses, fluctuations in the capital markets and the trading price of the Common Shares, conflicts of interest of the Corporation's directors and officers, and other such business risks as discussed herein. This is not an exhaustive list of the factors that may affect Mainstreet's forward-looking statements. Other risks and uncertainties not presently known to the Corporation could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include, among others, the impact of economic conditions in Canada and globally including as a result of inflation, interest rate increases, supply shortages and geopolitical turmoil, the Corporation's future growth potential, prospects and opportunities, the direction of the residential rental environment, trends in interest and mortgage costs, access to capital markets to fund (at acceptable costs), the future growth program to enable the Corporation to refinance debts as they mature, changes in tax laws, mortgage rules and other temporary legislative changes in respect of pandemics or otherwise, and the availability of purchase opportunities for growth in Canada.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that Mainstreet will derive from them. As such, undue reliance should not be placed on forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

Forward-looking statements are based on management's beliefs, estimates and opinions on the date the statements are made, and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions should change except as required by applicable securities laws.

Management closely monitors factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements and will update those forward-looking statements where appropriate in its annual and quarterly financial reports.

This MD&A includes forward-looking information about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical balance sheet, income statement or cash flow statement ("Financial Outlook"). Actual results may vary from the Financial Outlook summarized in this MD&A. Management of the Corporation has approved the Financial Outlook as of December 5, 2024. The Financial Outlook has been included in this MD&A to provide readers with disclosure regarding the Corporation's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the Financial Outlook may not be appropriate for other purposes.

NON-IFRS MEASURES

Mainstreet prepares and releases unaudited interim condensed consolidated financial statements and audited consolidated annual financial statements in accordance with IFRS. In this MD&A and in any earnings releases, as a complement to results provided in accordance with IFRS, Mainstreet also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These non-IFRS measures are prepared in accordance with the Real Property Association of Canada's ("REALPAC"), a leading national industry association of investment real estate. These include funds from operations ("FFO"), FFO before current income tax, FFO per share and FFO before current income tax per share. FFO is widely accepted as a supplemental measure of the performance of Canadian real estate entities, and management believes these non-IFRS measures are relevant measures to maintain comparability in operating performance. FFO is defined as profit before change in fair value, deferred income taxes and depreciation of property and equipment excluding depreciation of items which are not uniquely significant to the real estate industry (for example, computers or vehicles).

These non-IFRS measures may not be comparable to similarly titled measures reported by other issuers. The Non-IFRS measures should not be construed as alternatives to net profit (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of Mainstreet's performance. Reconciliation of FFO to profit, the most directly comparable IFRS measure is provided in the table and the footnotes thereto, under the heading "Review of Financial & Operating Results – Summary of Financial Results".

Prior to fiscal 2024 Mainstreet had not incurred any material amounts of current income tax expense. As the Corporation continues its strong financial growth, Mainstreet starts to incur current income tax. As the calculation of FFO does include current income taxes, Mainstreet has chosen to present FFO in this MDA both before and after current income taxes, so that readers are able to: (i) compare FFO before current income taxes to prior quarterly and annual disclosures of FFO by Mainstreet (which did not include current income taxes, as no material current income tax expense was incurred by Mainstreet in prior periods); and (ii) also be able to receive the actual FFO for Q4 2024, which is inclusive of current income taxes, and compare the same to other entities that report FFO inclusive of current income taxes.

OPERATIONS OVERVIEW

Rent collection: Mainstreet's rent collection remains strong. As of December 5, 2024, Mainstreet had collected 99% of total rents for November 2024 and 99% of total rents for October 2024.

Leasing and tenant support: Mainstreet has leveraged its technological investment in the Yardi System which enables paperless leasing processes. The Yardi System significantly improved Mainstreet's operational efficiencies and competitive edge. Mainstreet believes in timely, transparent communication and provides regular updates to both its tenants and team members, through various channels.

Team Member Support: The Corporation maintains a high level of personal protective equipment for its team members. Mainstreet continues to ensure on-going regular communication with its leadership and operational teams to assess and support any needs of its team members.

Acquisitions: Mainstreet continued its acquisition activity in 2024 and has actively taken advantage of opportunities to acquire undervalued assets. In 2024, Mainstreet acquired \$178.0 million (1,296 units including 8 commercial units) in new acquisitions in Alberta, British Columbia and Saskatchewan. Subsequent to year end 2024, Mainstreet acquired an additional \$12.3 million (68 units) in new acquisitions in Alberta and British Columbia. Mainstreet also disposed a 11-unit non-core building in Edmonton for \$1.1 million around its IFRS value.

Refinancing: Mainstreet continues to reposition its unstabilized properties and continues to have access to mortgage debt. In 2024, the Corporation financed 8 maturing mortgages and 31 clear title properties for an additional net funding of \$77.1 million at an average interest rate of 4.42%.

Liquidity: Liquidity is an important measure of the availability of sufficient cash to fund ongoing business activities, and capital and liability commitments. Liquidity is defined to include cash and cash equivalents on hand plus estimated new financings of clear title assets and up-financings of maturing mortgages. Assuming current lending criteria remains mainly unchanged, plus the available credit Mainstreet has access to under its approved line of credit, Mainstreet estimates it will have access to approximately \$400¹ million in available liquidity in 2025, which management believes is sufficient for its operations, including to address any remaining inherent uncertainty surrounding disruption from supply chain disruptions, inflation, interest rate increases and rent control measures, all while continuing to support its stakeholders.

1) Including \$49 million cash-on-hand, \$221 million being management's estimated funds that may be available through up-financing of maturing mortgages and financing of clear titled assets after stabilization and a \$130 million line of credit.

EFFECT OF MARKET FORCES ON MAINSTREET

The Corporation saw substantial improvement in its overall occupancy in 2024, mainly as a result of an increase in rentals in all markets and is cautiously optimistic that this trend will continue for following periods. There is a risk that the Corporation could be adversely affected due to market changes particularly in supply, inflation, labour force, interest rates and regional rent controls. Canada saw significant inflation in the latter part of 2023, effects of which have continued to be felt in 2024. In addition, sustained higher housing prices, substantial supply constraints and geopolitical conflicts, have increased prices for energy and agricultural markets and there has also been significant disruption to the global supply chain in recent years . Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Corporation.

Please refer to the section titled “Risk Assessment and Management” in this MD&A.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITY

Sustainability and social responsibility have been an important part of Mainstreet’s culture and values for many years. Mainstreet continues to take steps to: (i) ensure it is a responsible steward of the environment by improving the energy efficiency of its properties and reducing its environmental footprint, (ii) attract and retain the best employees, (iii) create a safe and healthy environment for all of its employees and residents, (iv) build strong relationships with its tenants and the communities in which they live, and (v) maintain transparent and open communication with its employees, tenants and investors.

The following sets forth some of the programs and practices that Mainstreet already has in place to foster a positive impact in its business.

ENVIRONMENTAL

The Corporation is continuously looking for ways to make its operations more sustainable and has taken positive steps in furtherance of this goal, including:

- Adopting a policy to obtain a Phase 1 environmental report conducted by independent environmental consultants for newly acquired and financed buildings and committing to implement the recommendations wherever possible to improve its environmental practices;
- Decreasing energy and water consumption by utilizing LED lights, as well as low flush toilets and water conserving shower heads;
- Replacing windows, roofs, sidings, old appliances and boilers with new energy efficient alternatives whenever possible, to further reduce water and energy consumption;
- Utilizing sub-metering to encourage residents to be more efficient in utility usage;
- Currently conducting a review in respect of installing charging stations for electric vehicles on Mainstreet’s properties; and
- Continuously looking for, and participating in, new energy saving programs, including utilizing new energy saving devices wherever possible and working towards further quantifying the results with certain applied metrics.



Bird e-Scooters parked on a branded parking pad outside an inner-city Calgary Mainstreet building.

Mainstreet’s partnership with Bird drives home our commitment to sustainability.



Mainstreet purchases buildings along bike paths and retrofit the properties with bike racks and scooter parking pads to empower our tenants to live sustainably without sacrificing convenience, and demonstrate that we understand what they’re looking for.

SOCIAL COMMUNITY INVESTMENT

The Corporation strives to give back in a number of meaningful ways, including the following initiatives:

- Participating in various housing assistance programs designed to assist those who have lost their homes due to natural disasters, such as wildfires or through conflicts, such as Syrian, Afghan and Ukrainian refugees;
- Partnering with various social organizations such as Calgary Housing, the Mustard Seed and the Homeless Society, to provide affordable housing for those members of the community who may not otherwise be able to access affordable and secure housing; and
- Working with various social assistant program such as, Calgary's Love with Humanity Association, to make food donations and install food banks in Mainstreet's buildings to provide supports to residents and communities experiencing financial challenges;



In 2024, Mainstreet's Edmonton team joined Terry Fox Run and "Telus" initiative of giving back to the community events.



In 2024, our SK team organized community BBQs to foster connection and engagement, providing meals to customers and community members. In BC, we complemented these efforts with a beach and park cleanup initiative, highlighting our commitment to community and environmental stewardship.



EMPLOYEE ENGAGEMENT

The Corporation creates a positive experience for team members through numerous programs, including:

- Prioritizing training and development, by offering learning opportunities to team members both internally, through on the job training, and in academic settings, to facilitating internal advancement and promotions wherever possible;
- Providing annual evaluations of its team member's performance, for the purpose of identifying and supporting career growth and development opportunities for such team members;
- Offering a healthy and safe work environment by providing all team members with competitive medical benefits, short and long-term disability plans, and life insurance plans. The Corporation has set up occupational health and safety

committees with representatives in all cities where the Corporation's team members are located that meet regularly to assist in safety trainings and inspections;

- Working to ensure that all human resource policies and practices are non-discriminatory and actively promote a diverse workforce, as evidenced by the diversity of the Corporation's management team; and
- Adopting a whistle-blower policy, the details of which can be found in each employee's handbook, to empower and encourage its team members to report their concerns and complaints regarding the accuracy and integrity of the Corporation's accounting, auditing and financial reporting or any violations or possible violations of applicable laws, rules or regulations or the Corporation's Code of Business Conduct and Ethics, in a confidential manner without fear of reprisal;

GOVERNANCE

The Corporation is committed to maintaining the highest ethical standards through a strong governance framework and an experienced Board of Directors. The Corporation has a diverse and gender-balanced executive leadership team and a well-rounded and experienced Board of Directors, which adheres to the highest standards of governance.

The Corporation has developed a clear business strategy and organizational structure, which sets out clearly the roles and accountabilities of each team member of the organization. The Corporation has ensured that it has the proper resources for its members to succeed in implementing its business strategy, including in respect of human resources, specialized skills, organizational infrastructure, technology and financial resources.

The Board of Directors has constituted a number of committees to assist it in achieving the highest standards of governance, including an audit committee, executive committee, a human resources committee, a risk management committee, a safety committee and a cyber security committee.

In addition, the Corporation has set up internal health and safety committees in each location it operates out of to ensure the healthiest environment possible in all of the properties owned by the Corporation.

BUSINESS OVERVIEW

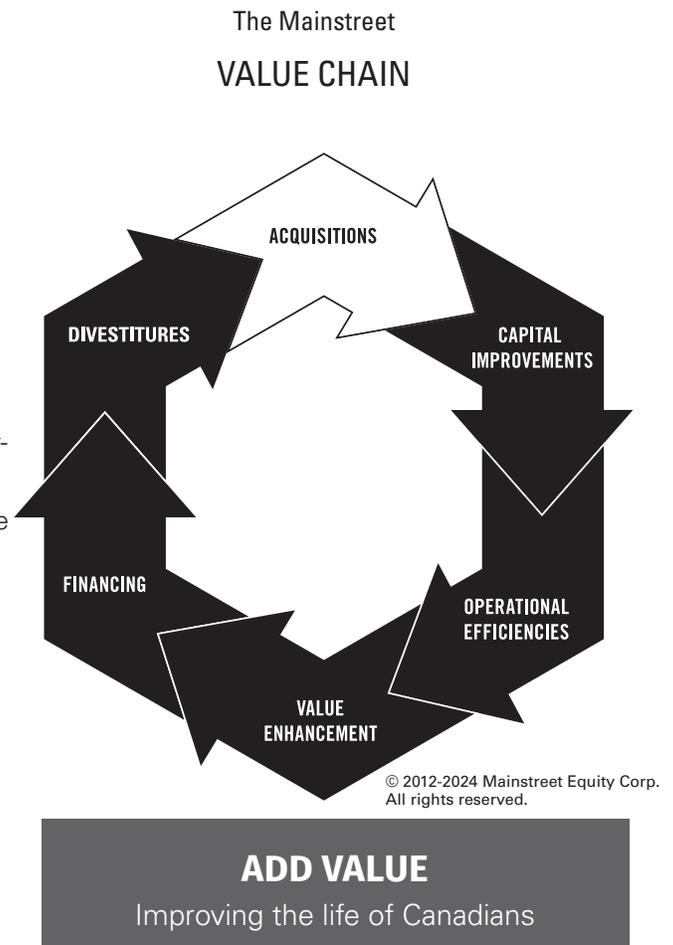
Based in Calgary, Alberta, Mainstreet is a Canadian real estate corporation focused on the acquisition, redevelopment, repositioning and management of mid-market rental apartment buildings in six major Canadian markets: British Columbia (including Vancouver Lower Mainland, Vancouver Island, Okanagan, and Northern BC), Calgary (including the City of Airdrie, the City of Lethbridge, and the Town of Cochrane), Edmonton (including the City of Fort Saskatchewan), Saskatoon, Regina and Winnipeg.

Mainstreet is listed on the Toronto Stock Exchange (“TSX”) and its common shares are traded under the symbol “MEQ”.

BUSINESS STRATEGY

Mainstreet’s goal is to become Canada’s leading provider of affordable mid-sized, mid-market rental accommodations – typically properties with fewer than 100 units. In pursuit of this goal, the Corporation adheres to its six-step “Value Chain” business model:

- Acquisitions: Identify and purchase underperforming rental units at prices well below replacement costs;
- Capital improvements: Increase the asset value of Mainstreet’s portfolio by renovating acquired properties;
- Operational efficiencies: Minimize operating costs through professional management, efficient technology and energy-saving equipment;
- Value enhancement: Reposition renovated properties in the market as Mainstreet branded products for higher rents, and build and sustain customer loyalty through high levels of service;
- Financing: Maintain a sound capital structure with access to low-cost, long-term Canada Mortgage and Housing Corporation (“CMHC”) insured mortgage loans; and
- Divestitures: Occasionally sell mature real estate properties to redirect capital into newer, higher potential properties.



INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements of the Corporation prepared in conjunction with this MD&A have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IFRS”).

Investment properties

Investment properties are properties held to earn rental income and are initially measured at cost. Cost includes the initial purchase price and any direct attributable expenditure related to the acquisition and improvement of the properties. All costs associated with upgrading the quality and extending the economic life of the investment properties are capitalized as an additional cost of investment properties.

After initial recognition, the Corporation adopts the fair value model to account for the carrying value of investment properties in accordance with International Accounting Standard (“IAS”) 40 Investment Property (“IAS 40”).

Method used in determining the Fair Value of investment properties

Fair value is determined based on a combination of internal and external valuation processes. Gains and losses arising from differences between current period fair value and the sum of previous measured fair value and capitalized costs as described above are recorded in profit and loss in the period in which they arise.

For the Corporation’s financial reporting, external valuations are obtained from independent qualified real estate appraisers who are members of the Appraisal Institute of Canada and have appropriate qualifications and experience in the valuation of the Corporation’s investment properties in the relevant locations. In addition, the Corporation has established an internal valuation model, which is based on the same assumptions and valuation techniques used by the external valuation professionals. The Corporation groups its investment properties in each city by their types and geographic locations. Samples are selected in each group for independent appraisal. The appraised values of the samples selected are compared with their appraised values of the previous corresponding financial quarters. The percentage changes in values of those samples selected were reviewed and applied to the whole population of each group in determination of the fair value of investment properties of the Corporation as of September 30, 2024 and September 30, 2023. Properties are selected on a rotational basis and approximately 40% of the Corporation’s portfolio is externally valued annually.

The fair values are most sensitive to changes in net operating income and capitalization rates. Mainstreet’s total portfolio is valued at \$3.4 billion as of September 30, 2024 (\$3.0 billion as of September 30, 2023). The following is the breakdown of market value by city and average capitalization rates used in determining the fair value of investment properties at September 30, 2024 and September 30, 2023, respectively.

As at September 30, 2024	Number of properties	Number of units	Market value (\$ million)	Average value per unit (\$000)	Average capitalization rate as at Sep. 30, 2023
Lower Mainland, British Columbia (Note 1)	37	3,183	\$ 966	\$ 303	3.87%
British Columbia excluding Lower Mainland (Note 2)	22	999	143	143	5.42%
Calgary, Alberta (Note 3)	117	3,907	843	216	6.11%
Edmonton, Alberta (Note 4)	173	6,217	910	146	5.85%
Saskatoon, Saskatchewan	63	2,643	362	137	5.49%
Regina, Saskatchewan	62	991	148	149	5.88%
Winnipeg, Manitoba	4	405	35	86	5.79%
Total investment properties	478	18,345	\$ 3,407	\$ 186	5.28%

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of Maple Ridge, the City of New Westminister and the City of Surrey

Note (2) – includes the City of Courtenay, the City of Esquimalt, the City of Kamloops, the City of Nelson, the City of Penticton, the City of Prince George, the City of Vernon, and the City of Victoria

Note (3) – includes the City of Lethbridge, the Town of Cochrane and the City of Airdrie

Note (4) – includes the City of Fort Saskatchewan

As at September 30, 2023	Number of properties	Number of units	Market value (\$ million)	Average value per unit (\$000)	Average capitalization rate as at Sep. 30, 2023
Lower Mainland, British Columbia (Note 1)	30	2,944	\$ 885	\$ 301	3.77%
British Columbia excluding Lower Mainland (Note 2)	15	732	96	131	4.87%
Calgary, Alberta (Note 3)	112	3,837	761	198	5.94%
Edmonton, Alberta (Note 4)	166	5,799	822	142	5.71%
Saskatoon, Saskatchewan	59	2,334	315	135	5.82%
Regina, Saskatchewan	62	991	138	139	6.01%
Winnipeg, Manitoba	4	405	35	86	5.81%
Total investment properties	448	17,042	\$ 3,052	\$ 179	5.20%

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of New Westminister and the City of Surrey

Note (2) – includes the City of Courtenay, the City of Kamloops, the City of Penticton, the City of Prince George, the City of Vernon and the City of Nelson.

Note (3) – includes the City of Lethbridge, the Town of Cochrane and the City of Airdrie

Note (4) – includes the City of Fort Saskatchewan

Acquisitions & Growth

(000s of dollars)

For the year ended September 30,

	2024 Airdrie, Calgary Courtenay, Chilliwack, Edmonton Maple Ridge, Prince George, Saskatoon, Victoria	2023 Calgary, Edmonton Penticton, Prince George, Nelson, Saskatoon, Winnipeg
Number of rental units	1,296	1,145
Total costs	\$ 178,006	\$ 136,042
Average price per apartment unit	\$ 137	\$ 119

Employing a strict set of criteria, Mainstreet identifies and acquires underperforming rental properties in major residential centres in Western Canada that offer the potential to enhance the Corporation's asset value and its long-term revenues through increased rental rates. In 2024, Mainstreet acquired 1,296 investment property units in the Provinces of Alberta, British Columbia, and Saskatchewan for a total consideration of \$178.0 million. Since Mainstreet's previous financial year-end (September 30, 2023), the Corporation has grown its portfolio of investment properties by 8%.

As of September 30, 2024, Mainstreet's portfolio included 18,336 units in its investment properties, 9 units in freestanding commercial properties and 53 units in a property being held for sale. The portfolio excludes two regional office buildings and two warehouses which are classified as property and equipment. Mainstreet's investment properties include townhouses, garden-style apartments, concrete mid-rise and high-rise apartments and condo suites. As of September 30, 2024, a total of 97% of Mainstreet's units in its investment properties were rented, while 1% were being renovated and the remaining 2% were left vacant.

Since 1997, the Corporation's investment property portfolio has increased from 10 to 478 buildings, while the fair value of the investment properties within this portfolio has grown from approximately \$17 million to \$3.4 billion as of September 30, 2024.

The following table demonstrates the growth of the Corporation by region since the end of the previous financial year ended September 30, 2023.

	Number of units as at Oct. 1, 2023	Acquisitions/ disposition 12 months ended Sep. 30, 2024	Additional units created 12 months ended Sep. 30, 2024	Number of units as at Sep. 30, 2024	% Growth
Lower Mainland, British Columbia (Note 1)	2,944	239	–	3,183	8%
British Columbia excluding Lower Mainland (Note 2)	732	267	–	999	36%
Calgary, Alberta (Note 3)	3,837	63	7	3,907	2%
Edmonton, Alberta (Note 4)	5,799	418	–	6,217	7%
Saskatoon, Saskatchewan	2,334	309	–	2,643	13%
Regina, Saskatchewan	991	–	–	991	–
Winnipeg, Manitoba	405	–	–	405	–
Investment properties	17,042	1,296	7	18,345	8%
Property held for sale – Calgary, Alberta	65	(12)	–	53	-18%

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of Maple Ridge, the City of New Westminster and the City of Surrey

Note (2) – includes the City of Courtenay, the City of Esquimalt, the City of Kamloops, the City of Nelson, the City of Penticton, the City of Prince George, the City of Vernon, and the City of Victoria

Note (3) – includes the City of Lethbridge, the Town of Cochrane and the City of Airdrie

Note (4) – includes the City of Fort Saskatchewan

CAPITAL IMPROVEMENTS

Mainstreet’s “Value Chain” business philosophy focuses on creating value in capital assets by renovating newly-acquired properties and enhancing operating efficiencies. Every property and rental unit is upgraded to meet Mainstreet’s brand standard, which creates an attractive product while reducing operating costs and enhancing long-term asset value. Capital investment also includes expenses incurred on turnover units.

In 2024, the Corporation spent \$31.1 million (2023 - \$25.5 million) on capital improvements, of which \$27.4 million (2023 - \$22.2 million) was for upgrading stabilized properties and improving other holdings – specifically for exterior upgrades such as new roofs, windows, balconies, siding and insulation. These expenditures also covered mechanical and interior upgrades such as new boilers, flooring and paint to address the balance of non-renovated units and to maintain the condition of properties in the current portfolio. Mainstreet currently plans to spend an estimated total of \$41 million on capital improvement during the 2025 fiscal year, however these plans may be revised depending upon economic conditions during fiscal year 2025. These improvements are expected to be financed through existing cash balances, funds from operations and ongoing refinancing of existing properties. Mainstreet expects to complete most of the renovations of its existing properties within the next 6 to 24 months. Revenue and income are expected to increase over time as more units are renovated and reintroduced to the market at anticipated higher rental rates.

Uncertainties affecting future revenue and income include the rate of turnover of existing tenants, supply chain disruptions, increased inflation, the availability of renovation workers and building materials, increases in labour and material costs, and increases in interest rates. All of these uncertainties could have a material impact on the timing and cost of completing these capital improvements.

REVIEW OF FINANCIAL & OPERATING RESULTS

Summary of financial results

(000s of dollars except per share amounts)

For the year ended	2024	2023	2022	% change 2023	% change 2022
Gross revenue	\$ 256,520	\$ 212,461	\$ 181,349	21 %	17 %
Net profit and total comprehensive income	199,877	109,413	120,536	83%	-9%
Change in fair value	(144,860)	(69,512)	86,890	108 %	-20 %
Gain from disposal of assets	(2,011)	(443)	4,166	354 %	-89 %
Depreciation	719	806	714	-11 %	13 %
Current income tax expense	6,943	-	-	100 %	-
Deferred income tax expense	30,979	28,457	22,630	9 %	-26 %
Funds from operations before current income tax expense					
– Non IFRS Measurement (Note 1)	\$ 91,647	\$ 68,721	\$ 52,824	33 %	30 %
Current income tax expense	6,943	-	-	100 %	-
Funds from operations -					
– Non IFRS Measurement (Note 1)	\$ 84,704	\$ 68,721	\$ 52,824	23 %	30 %
Interest income	(6,724)	(2,433)	(776)	176 %	214 %
General and administrative expenses	18,177	17,230	14,937	5 %	15 %
Financing Costs	57,141	47,600	42,475	20 %	12 %
Depreciation (computer and vehicle)	198	189	205	5 %	-8 %
Net operating income	\$ 160,439	\$ 131,307	\$ 109,665	22%	20%
Dividends declared and paid	\$ 769	\$ -	\$ -		
Operating margin from operations	64%	63%	61%		
Profit per share					
Basic and fully diluted	\$ 21.45	\$ 11.74	\$ 12.90	83 %	-9 %
Funds from operations before current income tax per share					
Basic and fully diluted	\$ 9.83	\$ 7.37	\$ 5.65	33 %	30 %
Funds from operations per share					
Basic and fully diluted	\$ 9.09	\$ 7.37	\$ 5.65	23 %	30 %
Dividends declared and paid per share					
Basic and fully diluted	\$ 0.11	\$ -	\$ -		
Weighted average number of shares					
Basic and fully diluted	9,318,818	9,320,447	9,341,683		

1. FFO is calculated as profit before change in fair value, deferred income taxes and depreciation of property and equipment excluding depreciation of items which are not uniquely significant to the real estate industry (such as computers or vehicles). FFO is a widely accepted supplemental measure of a Canadian real estate company's performance but is not a recognized measure under IFRS. The IFRS measurement most directly comparable to FFO is profit (for which reconciliation is provided above). FFO should not be construed as an alternative to profit or cash flow from operating activities, determined in accordance with IFRS, as an indicator of Mainstreet's performance. Readers are cautioned that FFO may differ from similar calculations used by other comparable entities. Management believes FFO is useful for readers to determine the operating performance. This information is critical for the Corporation to maintain comparability in operating performance.

2. Prior to fiscal 2024 Mainstreet had not incurred any material amounts of current income tax expense. As the calculation of FFO does include current income taxes, Mainstreet has chosen to present FFO in this MDA both before and after current income taxes, so that readers are able to: (i) compare FFO before current income taxes to prior quarterly and annual disclosures of FFO by Mainstreet (which did not include current income taxes, as no material current income tax expense was incurred by Mainstreet in prior periods); and (ii) also be able to receive the actual FFO for Q4 2024, which is inclusive of current income taxes, and compare the same to other entities that report FFO inclusive of current income taxes.

REVENUE

In 2024, revenue primarily consisted of rental and ancillary revenue totalling \$249.8 million (2023 - \$210.0 million) and interest income. Overall, rental revenue increased 19% as compared to 2023, which is discussed and analysed in the session entitled "Rental Operations" below

NET PROFIT

For the year ended September 30, 2024, Mainstreet reported a net profit of \$199.9 million (\$21.5 per basic share) as compared to a net profit of \$109.4 million (\$11.74 per basic share) in 2023, including a fair value gain of \$144.9 million in 2024 compared to a fair value gain of \$69.5 million in 2023, which will be further discussed and analysed below.

In Q3 2024, the Corporation recorded a deferred income tax adjustment of \$51.1 million due to the capital gain tax change announced by the federal government in Budget 2024. As of September 30, 2024, the legislation had not been passed therefore it was not substantively enacted for the purpose of IFRS. As a result, in Q4 2024, the capital gain inclusion rate was adjusted back to one half to reflect the relevant amount of deferred income expense for fiscal 2024.

Net profit is further analysed as follows:

(000s of dollars)

For the year ended September 30,	2024	2023	% change
Funds from operations before current income tax expenses			
– Non IFRS measurement (see Note 1 previous table)	\$ 91,647	\$ 68,721	33%
Change in fair value	144,860	69,512	108%
Gain from disposal of assets	2,011	443	354%
Depreciation (exclude computer and vehicle)	(719)	(806)	-11%
Current income tax expense	(6,943)	-	100%
Deferred income tax expense	(30,979)	(28,457)	9%
Net profit and total comprehensive income			
– IFRS measurement	\$ 199,877	\$ 109,413	83%

Funds from operations in 2024 are further discussed and analysed below.

In 2024, Mainstreet realized a fair value gain of \$144.9 million, compared with a fair value gain of \$69.5 million in 2023.

This was mainly due to changes as identified below:

(000s of dollars)

Change in Fair value	2024	2023
Lower Mainland, BC (Note 1)	\$ 36,629	\$ 21,730
BC excluding Lower Mainland (Note 2)	1,722	5,383
Calgary (Note 3)	75,571	25,192
Edmonton (Note 4)	36,736	33,835
Saskatoon	16,070	(3,731)
Regina	9,260	12,780
Winnipeg	-	(212)
	175,988	94,977
Capital expenditure	(31,128)	(25,465)
Change in fair value	\$ 144,860	\$ 69,512

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of Maple Ridge, the City of New Westminister and the City of Surrey

Note (2) – includes the City of Courtenay, the City of Esquimalt, the City of Kamloops, the City of Nelson, the City of Penticton, the City of Prince George, the City of Vernon and the City of Victoria

Note (3) – includes the City of Lethbridge, the Town of Cochrane and the City of Airdrie

Note (4) – includes the City of Fort Saskatchewan

The fair value gain represented the change in the market value of the Corporation's investment properties over the years ended September 30, 2024 and 2023. The amount of change was determined by the market value of Mainstreet's investment properties at the year-end dates of September 30, 2024 and 2023, which was regarded as a non-operating expense.

FUNDS FROM OPERATIONS – NON IFRS MEASUREMENT

Management believes that FFO is also a meaningful performance measurement for a real estate company's operating performance. FFO excludes changes in fair value, deferred income taxes and depreciation of property and equipment excluding depreciation of items which are not uniquely significant to the real estate industry (for example, computers and vehicles). Mainstreet generates FFO from three sources: rental and ancillary revenue from investment properties, sale of properties acquired for resale purposes, and the periodic sale of investment properties. Mainstreet generally reinvests the proceeds from the latter into investment properties with greater potential for long-term returns.

Mainstreet's FFO increased by 23% to \$84.7 million in 2024, compared with \$68.7 million in 2023. FFO before current income tax expenses increased by 33% to \$91.6 million in 2024, compared with \$68.7 million in 2023. The increase in FFO for 2024 was mainly attributable to increased rental revenue, which will be discussed and analysed in the following section entitled "Rental Operations".

See "Non-IFRS Measures" and Note (1) to the table titled "Summary of Financial Results" for additional information regarding FFO and a reconciliation of FFO to net profit, the most directly comparable IFRS measurement.

GENERAL & ADMINISTRATIVE ("G&A") EXPENSES

G&A expenses mainly include corporate costs such as office overhead, legal and professional fees and salaries. G&A expenses increased by 6% to \$18.2 million in 2024 as compared to \$17.2 million in 2023, mainly due to increased professional and personnel expenses. The Corporation continues to build up its management team in anticipation of continued growth in its core operating regions.

FINANCING COSTS

(000s of dollars)

For the year ended September 30,	2024	2023	% Change
Mortgage interest	\$ 49,694	\$ 40,954	21%
Amortization of deferred financing cost	7,447	6,646	12%
Financing costs	\$ 57,141	\$ 47,600	20%

Mortgage interest expenses increased by 21% to \$49.7 million in 2024 from \$41.0 million in 2023.

The rise was mainly attributable to an increase in mortgage loans from refinancing of maturing and new clear title mortgages after the completion of stabilization process. In 2024, the Corporation financed 8 maturing mortgages and 31 clear title properties for an additional net funding of \$77.1 million at an average interest rate of 4.42%.

The mortgage rate for a 5-year fixed CHMC mortgage has increased by almost 100 basis points since the end of the prior financial year.

RENTAL OPERATIONS

(000s of dollars except per unit data)

For the year ended September 30,	Total Portfolio			Same Asset			Acquisition		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
Rental and ancillary revenue	\$249,796	\$210,028	19%	\$224,169	\$199,889	12%	\$ 25,627	\$ 10,139	153%
Operating expenses	89,357	78,721	14%	76,343	74,237	3%	13,014	4,484	190%
Net operating income	\$160,439	\$131,307	22%	\$ 147,826	\$125,652	18%	\$ 12,613	\$ 5,655	123%
Operating margin	64%	63%		66%	63%		49%	56%	
Average vacancy rate	3.2%	4.5%	-29%	3.1%	4.2%	-26%	3.8%	7.3%	-48%
Weighted average number of units	17,745	16,584	7%	15,898	15,898	-	1,847	686	169%
Average rental rate per unit per month	\$ 1,173	\$ 1,055	11%	\$ 1,175	\$ 1,048	12%	\$ 1,156	\$ 1,232	-6%
Average operating expense per unit per month	\$ 420	\$ 396	6%	\$ 400	\$ 389	3%	\$ 587	\$ 545	8%

The vacancy rate decreased to 3.2% in 2024, from 4.5% in 2023, mainly due to strong rental demand in the Corporation's operating markets. In 2024, the Corporation had seen strong rental housing demand throughout its overall portfolio, as a result of a significant increase in inter-provincial migration, immigration, and foreign and domestic students, especially in the provinces of Alberta and Saskatchewan. As of September 30, 2024, overall vacancy in Mainstreet's portfolio was at 3.6%, which was composed of 5.2% in Calgary, 3.9% in Edmonton, 4.4% in Saskatoon, 1.9% in Regina and 1.7% in British Columbia.

As an overall result, the average monthly rental rate increased 11% to \$1,173 per unit in 2024, compared with \$1,055 per unit in 2023. Overall rental and ancillary revenue increased 19% to \$249.8 million in 2024 as compared to \$210.0 million in 2023. This was mainly due to the decrease in vacancy rate, the rental rate increase, reduced tenant concessions and the continued growth of the Corporation's portfolio as the average number of units owned by the Corporation increased 7% over the year.

For same asset properties, which refer to properties owned by the Corporation for the entire twelve-month periods ended September 30, 2024 and 2023, rental and ancillary revenue increased 12% to \$224.2 million in 2024 from \$199.9 million in 2023. The average monthly rental rate increased by 12% to \$1,175 per unit in 2024, from \$1,048 per unit in 2023. The vacancy rate decreased to 3.1% in 2024, from 4.2% in 2023, mainly due to strong demand in the provinces of Alberta and Saskatchewan.

Mainstreet's overall operating expenses increased 14% to \$89.4 million in 2024, from \$78.7 million in 2023, due mainly to the increased number of apartment units.

The overall operating expenses on a per unit basis increased by 6%, while that of the same asset properties has increased by 3% mainly as a result of higher utilities, repair and maintenance expenses in 2024.

As a result, overall net operating income increased 22% to \$160.4 million in 2024, from \$131.3 million in 2023, and net operating margins increased to 64% in 2024, from 63% in 2023.

For same asset properties, net operating income increased 18% to \$147.8 million in 2024, from \$125.7 million in 2023. The net operating margins increased to 66% in 2024, from 63% in 2023.

RENTAL OPERATIONS BY PROVINCE

Mainstreet manages and tracks the performance of rental properties in each of its geographic markets.

BRITISH COLUMBIA

Mainstreet achieved a 15% increase in rental revenue in its British Columbia portfolio in 2024 primarily due to the Corporation's diversification strategy and an increase in monthly rents on turnovers of units. The Corporation continued its expansion into British Columbia's market in 2023 and 2024, and achieved 9% growth of average unit count in its BC portfolio in 2024. The average vacancy rate increased slightly to 1.7% in 2024 from 1.4% in 2023 due mainly to acquisition of unstabilized assets in 2024. This is still an above-average occupancy rate, which can be largely attributed

to the overall economic performance of British Columbia, which is among the strongest in the country, according to data published by Statistics Canada. As a result, due to this high occupancy rate, rental revenue per unit increased to \$1,249 per month in 2024 from \$1,190 per month in 2023.

Operating expenses per unit increased 9% to \$341 per month in 2024 compared with \$314 per month in 2023, due mainly to increased repair and maintenance expenses of newly acquired unstabilized properties and higher property tax and utility expense. As a result, net operating income increased 13%, and net operating margins decreased slightly to 73% in 2024 from 74% in 2023.

(000s of dollars except per unit data)

For the year ended September 30,	2024	2023	% change
Rental and ancillary revenue	\$ 58,222	\$ 50,833	15%
Operating expenses	15,903	13,436	18%
Net operating income	\$ 42,319	\$ 37,397	13%
Weighted average number of units	3,884	3,561	9%
Average rent per unit per month	\$ 1,249	\$ 1,190	5%
Operating cost per unit per month	\$ 341	\$ 314	9%
Average vacancy rate	1.7%	1.4%	
Operating margin	73%	74%	

ALBERTA

Mainstreet achieved 5% growth in its Alberta portfolio in 2024, with the weighted average number of rental units growing to 9,903 units, compared with 9,403 units in 2023. The rental income increased by 19% to \$141.8 million in 2024 from \$119.3 million in 2023. The average vacancy rate decreased to 3.6% in 2024 from 4.6% in 2023, mainly due to strong demand for apartment rentals in the province. Rental revenue per unit increased 13% to \$1,193 per month in 2024 from \$1,057 per month in 2023 mainly due to improved occupancy rates and increased rental rates in 2024.

Operating expenses per unit increased 7% to \$450 per month in 2024 compared to \$422 per month in 2023 due mainly to increased property, repair, maintenance, and utility expenses in 2024. As a result, net operating income increased by 23% to \$88.2 million in 2024 from \$71.7 million in 2023, and net operating margin increased to 62% in 2024 from 60% in 2023.

(000s of dollars except per unit data)

For the year ended September 30,	2024	2023	% change
Rental and ancillary revenue	\$ 141,760	\$ 119,311	19%
Operating expenses	53,529	47,635	12%
Net operating income	\$ 88,231	\$ 71,676	23%
Weighted average number of units	9,903	9,403	5%
Average rent per unit per month	\$ 1,193	\$ 1,057	13%
Operating cost per unit per month	\$ 450	\$ 422	7%
Average vacancy rate	3.6%	4.6%	
Operating margin	62%	60%	

SASKATCHEWAN

Mainstreet achieved a 22% increase in its rental revenues in its Saskatchewan portfolio in 2024. The average vacancy rate was 3.4% in 2024 compared to 6.5% in 2023. As a result, rental revenue per unit increased 14% to \$1,057 per month in 2024 from \$925 per month in 2023.

Operating expenses per unit increased 4% to \$423 per month in 2024, from \$408 per month in 2023 due mainly to

increased utility and property tax expenses. As a result, net operating income increased 31% and net operating margins increased to 60% in 2024 from 56% in 2023.

(000s of dollars except per unit data)

For the year ended September 30,	2024	2023	% change
Rental and ancillary revenue	\$ 45,060	\$ 36,908	22%
Operating expenses	18,017	16,263	11%
Net operating income	\$ 27,043	\$ 20,645	31%
Weighted average number of units	3,552	3,324	7%
Average rent per unit per month	\$ 1,057	\$ 925	14%
Operating cost per unit per month	\$ 423	\$ 408	4%
Average vacancy rate	3.4%	6.5%	
Operating margin	60%	56%	

MANITOBA

Mainstreet successfully entered the Manitoba market in 2021 and subsequently underwent further expansion in the market in 2022 and 2023. Mainstreet achieved a 60% increase in its rental revenues in its Manitoba portfolio in 2024. The overall average vacancy rate in Manitoba decreased to 5.8% in 2024 from 13.6% in 2023. As a result, the rental revenue per unit was increased 17% to \$978 per month in 2024 compared to \$838 per month in 2023.

Operating expenses per unit increased slightly to \$393 per month in 2024 compared to \$390 in 2023, and as a result net operating income increased by 79% to \$2.8 million in 2024 from \$1.6 million in 2023 and net operating margin increased to 60% in 2024 from 53% in 2023.

(000s of dollars except per unit data)

For the year ended September 30,	2024	2023	% change
Rental and ancillary revenue	\$ 4,754	\$ 2,976	60%
Operating expenses	1,908	1,387	38%
Net operating income	\$ 2,846	\$ 1,589	79%
Weighted average number of units	405	296	37%
Average rent per unit per month	\$ 978	\$ 838	17%
Operating cost per unit per month	\$ 393	\$ 390	1%
Average vacancy rate	5.8%	13.6%	
Operating margin	60%	53%	

SUMMARY OF QUARTERLY RESULTS²

(000s of dollars except per share amounts)

	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Rental revenue								
British Columbia	\$ 15,331	\$ 14,405	\$ 13,845	\$ 13,430	\$ 13,033	\$ 12,762	\$ 12,258	\$ 11,865
Alberta	37,166	36,021	34,225	32,509	31,150	30,096	29,064	27,472
Saskatchewan	11,829	11,223	10,857	10,525	9,690	9,236	8,857	8,680
Manitoba	1,034	1,040	1,038	992	941	897	549	253
Total rental revenue	\$ 65,360	\$ 62,689	\$ 59,965	\$ 57,456	\$ 54,814	\$ 52,991	\$ 50,728	\$ 48,270
Ancillary revenue	1,524	633	1,283	886	901	907	825	592
Interest income	788	1,960	2,198	1,778	905	876	117	535
Total revenue								
from operations	\$ 67,672	\$ 65,282	\$ 63,446	\$ 60,120	\$ 56,620	\$ 54,774	\$ 51,670	\$ 49,397
Change in fair value	\$ 48,527	\$ 19,540	\$ 20,370	\$ 56,423	\$ 30,782	\$ 23,821	\$ 11,986	\$ 2,923
Profit (loss)								
from operations	\$ 113,526	\$ 35,278	\$ 33,610	\$ 68,548	\$ 39,495	\$ 34,196	\$ 20,720	\$ 15,002
Net profit (loss) per share								
– Basic & Diluted	\$ 12.18	\$ 3.79	\$ 3.61	\$ 7.36	\$ 4.24	\$ 3.67	\$ 2.22	\$ 1.61
Same assets rental and ancillary revenue								
British Columbia	\$ 13,628	\$ 13,201	\$ 13,254	\$ 12,837	\$ 12,662	\$ 12,486	\$ 12,383	\$ 12,058
Alberta	33,135	32,470	31,802	30,477	29,243	28,389	27,582	27,240
Saskatchewan	11,078	10,640	10,413	10,240	9,848	9,335	8,958	8,735
Manitoba	255	259	255	225	205	245	262	258
Total same assets rental and ancillary revenue	\$ 58,096	\$ 56,570	\$ 55,724	\$ 53,779	\$ 51,958	\$ 50,455	\$ 49,185	\$ 48,291
Same assets vacancy rate	3.5%	2.7%	3.2%	3.2%	4.3%	4.4%	4.3%	4.4%
Same assets net operating income								
British Columbia	\$ 10,744	\$ 9,461	\$ 9,519	\$ 9,222	\$ 9,834	\$ 9,252	\$ 8,549	\$ 8,826
Alberta	23,744	21,137	18,805	19,168	18,985	17,516	15,912	15,956
Saskatchewan	7,327	6,392	5,804	6,014	5,928	5,342	4,448	4,706
Manitoba	180	140	57	112	117	105	53	123
Total same assets net operating income	\$ 41,995	\$ 37,130	\$ 34,185	\$ 34,516	\$ 34,864	\$ 32,215	\$ 28,962	\$ 29,611
Net operating income	\$ 45,654	\$ 40,453	\$ 37,287	\$ 37,045	\$ 36,848	\$ 33,999	\$ 30,357	\$ 30,103
Funds from operations of stabilized properties - Non-IFRS measurement (Note 1)	\$ 20,365	\$ 19,121	\$ 15,993	\$ 15,908	\$ 18,045	\$ 15,382	\$ 11,838	\$ 12,868
Funds from operations -before current income tax expense - Non-IFRS Measurement	\$ 26,800	\$ 23,479	\$ 20,624	\$ 20,711	\$ 21,062	\$ 17,845	\$ 14,144	\$ 15,670
Funds from operations -Non-IFRS measurement								
– Basic & Diluted	\$ 24,218	\$ 22,128	\$ 19,025	\$ 19,333	\$ 21,062	\$ 17,845	\$ 14,144	\$ 15,670
Funds from operations of stabilized properties per share - Non-IFRS measurement								
– Basic & Diluted	\$ 2.19	\$ 2.05	\$ 1.72	\$ 1.71	\$ 1.94	\$ 1.65	\$ 1.27	\$ 1.38
Funds from operations before current income tax expense per share - NON-IFRS measurement (Note 1)								
– Basic & Diluted	\$ 2.88	\$ 2.52	\$ 2.21	\$ 2.22	\$ 2.26	\$ 1.91	\$ 1.27	\$ 1.38
Funds from operations per share - Non-IFRS measurement (Note 1)								
– Basic & Diluted	\$ 2.60	\$ 2.37	\$ 2.04	\$ 2.07	\$ 2.26	\$ 1.91	\$ 1.52	\$ 1.68
Average vacancy rate								
British Columbia	2.0%	1.6%	1.8%	1.5%	1.7%	1.8%	1.3%	0.8%
Alberta	4.1%	3.1%	3.3%	3.7%	4.8%	4.6%	4.4%	4.4%
Saskatchewan	2.9%	3.0%	4.3%	3.3%	4.5%	6.3%	7.3%	7.8%
Manitoba	5.8%	4.6%	4.3%	8.4%	12.0%	17.3%	14.8%	10.2%
Total average vacancy rate	3.4%	2.8%	3.2%	3.3%	4.3%	4.7%	4.5%	4.4%

¹ See “Non-IFRS Measures” and Note (1) to the table titled “Summary of Financial Results” for additional information regarding FFO and a reconciliation of FFO to net profit, the most directly comparable IFRS measurement.

Highlights of the Corporation's financial results for the fourth quarter ended September 30, 2024:

- Rental and ancillary revenue increased to \$66.9 million, compared to \$63.3 million in Q3 2024 and \$55.7 million in Q4 2023.
- Average vacancy rate for the quarter was 3.4%, compared with 2.8% in Q3 2024 and 4.3% in Q4 2023.
- Change in fair value for the quarter was a gain of \$48.5 million, compared with a gain of \$19.5 million in Q3 2024 and a gain of \$30.8 million in Q4 2023.
- Funds from operations for the quarter were \$24.2 million, a 10% increase from \$22.1 million in Q3 2024 and a 15% increase from \$21.1 million in Q4 2023. See "Non-IFRS Measures".
- Net operating income for the quarter was \$45.7 million, an increase of 13% from \$40.5 million in Q3 2024 and a 24% increase from \$36.8 million in Q4 2023.
- Mainstreet's same asset vacancy rate was 3.5% in Q4 2024, an increase from 2.7% in Q3 2024 and a decrease from 4.3% in Q4 2023. Same asset revenues were \$58.1 million in Q4 2024, an increase from \$56.6 million in Q3 2024 and \$52.0 million in Q4 2023.
- Net operating income on a same asset basis for the quarter was \$42.0 million, an 13% increase from \$37.1 million in Q3 2024 and a 20% increase from \$34.9 million in Q4 2023.
- Funds from operations related to stabilized properties were \$20.4 million in Q4 2024, a 7% increase from \$19.1 million in Q3 2024 and a 13% increase from \$18.0 million in Q4 2023. See "Non-IFRS Measures."

STABILIZED PROPERTIES

The Corporation focuses on the acquisition of underperforming properties, renovating them and repositioning the renovated properties in the market at current market rents. Underperforming properties have typically been poorly managed, with substantial deferred maintenance and rents that are often well below current market rental rates.

The Corporation refers to such underperforming properties acquired as "unstabilized properties"; and to the process of renovating and repositioning those acquired unstabilized properties as the "stabilization process". After completion of the stabilization process, such properties are referred to as "stabilized properties". The period of time required for the completion of renovations and repositioning of renovated properties at current market rents depends on the condition of the properties acquired, the amount of renovation work required to bring the property up to Mainstreet's standards and the applicability of rent control legislation to those properties, according to the provinces in which they are acquired.

Based upon the Corporation's past experience, the average period required for the stabilization process is approximately two years in provinces without statutory rent controls, such as the provinces of Alberta and Saskatchewan. In British Columbia, due to applicable statutory rent controls, the allowable annual rent increase for existing tenants is determined by the Tenancy Board of the province of British Columbia (thereby potentially decreasing tenant turnover rate and delaying rent increases to current market levels). For this reason, past experience suggests the average stabilization process in British Columbia is approximately three years.

As of September 30, 2024, 420 properties (15,760 units) out of 478 properties (18,345 units) were stabilized. The following table summarizes the change of the Corporation's stabilized and unstabilized units since the beginning of fiscal year 2024.

	Oct. 1, 2023	%	Acquisition/ Creation	Number of units stabilized	Sep. 30, 2024	%
Stabilized Units	14,880	87%	–	880	15,760	86%
Unstabilized Units	2,162	13%	1,303	(880)	2,585	14%
Total Investment Properties Units	17,042	100%	1,303	–	18,345	100%

The following table summarizes the Corporation's stabilization progress since the beginning of fiscal year 2024.

	Oct. 1, 2023	No. of units stabilized during the period	No. of unstabilized units acquired/created during the period	Sep. 30, 2024
Numbers of unstabilized units held for renovation	2,162	(880)	1,303	2,585
Number of months				
Average time spent on stabilization	16	33	4	11
Estimated remaining time for stabilization	16	–	26	19

During the year ended September 30, 2024, the Corporation acquired 39 unstabilized units and completed and added 7 additional units in previously unstabilized space in Calgary, Alberta; acquired 24 unstabilized units in Airdrie, Alberta; acquired 418 unstabilized units in Edmonton, Alberta; acquired 115 unstabilized units in Maple Ridge, British Columbia; acquired 65 unstabilized units in Prince George, British Columbia; acquired 106 unstabilized units in Victoria, British Columbia; acquired 48 unstabilized units in Courtenay, British Columbia; acquired 124 units in Chilliwack, British Columbia; acquired 48 units in Esquimalt, British Columbia; and acquired 309 unstabilized unit in Saskatoon, Saskatchewan. Some acquired assets require substantial renovation and had rental rates that are considered well below the market for stabilized units. The Corporation has stabilized 880 units in 2024, meaning that renovation work is substantially completed, resulting in rent increases to or near current market levels.

FUNDS FROM OPERATIONS OF STABILIZED PROPERTIES

For 2024, FFO of Mainstreet's stabilized property portfolio amounted to \$75.0 million (\$8.05 per basic share and per fully diluted share). See "Non-IFRS Measures".

(000s of dollars except per share amounts)

For the year ended September 30, 2024	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	\$ 223,206	\$ 26,590	\$ 249,796
Property operating expenses	78,181	11,176	89,357
Net operating income	\$ 145,025	\$ 15,414	\$ 160,439
Operating margin	65%	58%	64%
Vacancy rate	3.1%	3.8%	3.2%
Interest income	\$ (5,850)	\$ (874)	\$ (6,724)
General & administrative expenses	15,777	2,400	18,177
Financing cost	53,901	3,240	57,141
Depreciation (computer and vehicle)	172	26	198
Current income tax expense	6,040	903	6,943
Funds from operations – Non-IFRS measurement	\$ 74,985	\$ 9,719	\$ 84,704
Depreciation (exclude compute and vehicle)			\$ 719
Change in Fair Value			144,860
Gain on disposal			2,011
Deferred income tax expense			30,979
Net profit and total comprehensive income			\$ 199,877
Funds from operations per share – Non-IFRS measurement			
Funds from operations per share			
– basic & diluted	\$ 8.05	\$ 1.04	\$ 9.09
Weighted average number of shares			
– basic & diluted			9,318,818

(000s of dollars except per share amounts)

For the year ended September 30, 2023	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	\$ 189,271	\$ 20,757	\$ 210,028
Property operating expenses	69,379	9,342	78,721
Net operating income	\$ 119,892	\$ 11,415	\$ 131,307
Operating margin	63%	55%	63%
Vacancy rate	4.2%	5.8%	4.5%
Interest income	\$ (2,100)	\$ (333)	\$ (2,433)
General & administrative expenses	15,039	2,191	17,230
Financing cost	45,337	2,263	47,600
Depreciation (computer and vehicle)	162	27	189
Funds from operations – Non-IFRS measurement ²	\$ 61,454	\$ 7,267	\$ 68,721
Depreciation			\$ 806
Fair value gain			69,512
Gain on disposal			443
Deferred income tax expense			28,457
Net profit and total comprehensive income			\$ 109,413
Funds from operations per share – Non-IFRS measurement			
Funds from operations per share			
– basic & diluted	\$ 6.59	\$ 0.78	\$ 7.37
Weighted average number of shares			
– basic & diluted			9,320,447

In 2024, FFO of the stabilized property portfolio increased 22% to \$75.0 million as compared to \$61.5 million in 2023, while the number of stabilized units increased 6% to 15,760 units as of September 30, 2024 compared to 14,880 units as of September 30, 2023. The increase in FFO for stabilized properties was due to the improved vacancy rates and increased rental rate during the year.

(000s of dollars)

For the year ended Septemer 30,	2024	2023	% change
FFO of stabilized properties (Note 2)	\$ 74,985	\$ 61,454	22%
Number of stabilized units	15,760	14,880	6%

2) See “Non-IFRS Measures” and Note (1) to the table titled “Summary of Financial Results” for additional information regarding FFO and a reconciliation of FFO to net profit, the most directly comparable IFRS measurement.

LIQUIDITY & CAPITAL RESOURCES

Access to liquidity is important as it allows the Corporation to implement its overall strategy. Liquidity is an important measure of the availability of sufficient cash to fund ongoing business activities and capital and liability commitments. Liquidity is defined to include cash and cash equivalents on hand plus estimated new financings of clear title assets and up-financings of maturing mortgages, assuming current lending criteria remains mainly unchanged, plus the available credit Mainstreet has access to under its approved lined of credit. Mainstreet estimates it will have access to approximately \$400 million³ in available liquidity in 2025, which management believes is sufficient for its operations. With the current inflation and the increase in interest rates, the importance of liquidity has been magnified even more.

The mortgage rate for a 5-year fixed CHMC mortgage has increased by almost 100 basis points since the end of the prior financial year. The Corporation will continue to cautiously monitor this trend in interest rates and will need to consider the same in making decisions when its mortgages mature and need to be renewed.

3) Including \$49 million cash-on-hand, \$221 million being management’s estimated funds that may be available through up-financing of maturing mortgages and financing of clear titled assets after stabilization and a \$130 million line of credit.

Working Capital Requirement

Mainstreet requires sufficient working capital to cover day-to-day operating and mortgage expenses as well as income tax payments. In 2024, after payments of all required expenses, the Corporation generated funds from operations of \$84.7 million.

Management expects funds generated from operations will continue to grow in the long term when more units are renovated and re-introduced to the market at higher rental rates, and Management believes that these funds should be sufficient to meet the Corporation's working capital requirements on a year-to-year basis going forward. As of September 30, 2024, potential working capital deficiency is being managed through the available liquidity under banking facilities as well as the ongoing financing of mortgages payable, which is discussed and analysed in the session entitled "Financing" below.

Other Capital Requirements

Mainstreet also needs sufficient capital to finance continued growth and capital improvement. In 2024, the Corporation spent approximately \$211.3 million on acquisitions and capital improvements. Management expects the following capital resources to be sufficient to meet the capital requirements on a year-to-year basis.

Financing

Debt financing after property stabilization and maturity of initial loans is a cornerstone of Mainstreet's business strategy. Management believes this unlocks the value added through stabilization and liberates capital for future growth.

Management also believes this mitigates the risk of anticipated interest rate hikes and minimizes the costs of borrowing. Mainstreet continually refinances as much floating and maturing debt as possible into long-term debt, primarily CMHC insured mortgages.

In 2024, the Corporation financed 8 maturing mortgages and 31 clear title properties for an additional net funding of \$77.1 million at an average interest rate of 4.42%.

The mortgage rate for a 10-year fixed CMHC mortgage has increased by almost 100 basis points since the end of the prior financial year. The Corporation will continue to cautiously monitor this trend in interest rates and will need to consider the same in making decisions when its mortgages mature and need to be renewed.

As of September 30, 2024, the Corporation owned title to 110 clear title properties and five development lots having an aggregate fair value of approximately \$647 million.

High commodity prices and global supply chain constraints have pushed inflation up over the last 2 fiscal years, although inflation rates have decreased in recent months compared to prior years, with the consumer price index (CPI) being 2.0% in October 2024. In response the Bank of Canada has significantly increased interest rates during the prior financial year, and they remained at such higher rate for the first half of the current fiscal year. Although the Bank of Canada has made modest decreases to the interest rates in recent months, it remains unclear if there will be further decreases in the interest rates and the time frame over which such decreases may occur. Mainstreet has attempted to deal with the risk of continuing inflation and the correlated risk in interest rates continuing to decrease by locking its debt into modest to long-term maturities.

If required, Mainstreet believes it could raise additional capital funds through mortgage financing at competitive rates under which these clear title properties would be pledged as collateral.

The Corporation's policy for capital risk management is to keep a debt-to-fair value of investment properties ratio under 70%. The current ratio is approximately 47%, which Management believes leaves considerable room to raise additional funds from refinancing if the need arises.

Banking Facility

Effective January 2014, the Corporation was granted a banking facility to a maximum of \$85 million with a syndicate of chartered financial institutions. The facility is secured by a floating charge against the Corporation's assets and carries an interest rate of prime plus 1.15%. The facility requires monthly interest payments and is renewable every three years subject to the mutual agreement of the lenders and the Corporation. The Corporation has extended the maturity date to December 2, 2025. As at September 30, 2024, the Corporation has drawn \$Nil (September 30, 2023 - \$Nil) against this credit facility.

Additionally, the Corporation has entered into a \$45 million revolving credit facility with a third-party financial institution, which carries an interest rate equal to the prime rate. As at September 30, 2024, the Corporation has drawn \$Nil (September 30, 2023 - \$Nil) against this credit facility.

Both facilities contain financial covenants to maintain an overall funded debt to gross book value ratio of not more than 65% and debt service ratio of not less than 1.2. As of September 30, 2024, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 47% and 1.68, respectively.

CONTRACTUAL OBLIGATIONS

As of September 30, 2024, the Corporation had the following contractual obligations, which are anticipated to be met using the existing revolving credit facility, funds from operations and proceeds from the refinancing of maturing and floating mortgage loans.

PAYMENTS DUE BY PERIOD

Principal payments required to retire the mortgage obligations as of September 30, 2024 are as follows:

(000s of dollars)

12 months ending September 30,	Amount
2025	\$ 163,212
2026	274,424
2027	90,064
2028	133,675
2029	472,099
Subsequent	553,394
	1,686,868
Deferred financing cost	(37,203)
	\$ 1,649,665

LONG-TERM DEBT

(000s of dollars)

	Amount	% of Debt	Average interest rate (%)
Fixed rate debt			
– CMHC-insured	\$ 1,682,821	99%	2.97%
– non-CMHC-insured	4,047	1%	3.23%
Total debt	1,686,868	100%	2.97%
Deferred financing costs	(37,203)		
	\$ 1,649,665		

Mainstreet's long-term debt consists of low-rate, fixed-term mortgage financing. All individual mortgages are secured with their respective real estate assets. Based largely on the fair value of properties, Management believes this financing reflects the strength of its property portfolio. The maturity dates for this debt are staggered to mitigate overall interest rate risk.

As of September 30, 2024, total mortgages payable were \$1,650 million compared to \$1,565 million on September 30, 2023, an increase resulting from financing and acquisition activity during the year ended September 30, 2024.

As of September 30, 2024, Management believes the Corporation's financial position to be stable, with overall mortgage levels reported at 47% of the fair value of investment properties. About 99% of the Corporation's mortgage portfolio was CMHC-insured, providing Mainstreet with what management believes are interest rates lower than those available through conventional financing.

To maintain cost-effectiveness and flexibility of capital, Mainstreet continually monitors short-term and long-term interest rates. When doing so is expected to provide a benefit, the Corporation intends to convert short-term floating-rate debt to long-term, CMHC-insured fixed-rate debt.

MORTGAGE MATURITY SCHEDULE

(000s of dollars)

Maturing during the following financial year end	Balance maturing	% of debt maturing	Weighted average rate on expiry (%)
2025	137,805	8%	3.64%
2026	261,765	16%	2.34%
2027	74,313	4%	3.14%
2028	120,727	7%	3.63%
2029	479,887	29%	3.96%
Subsequent	612,371	36%	2.17%
	\$ 1,686,868	100%	2.97%

The average maturing term of mortgage loans is 4.77 years as of September 30, 2024, compared to 5.37 years as of September 30, 2023.

INTERNAL CONTROLS

Disclosure controls and procedures (“DC&P”) are designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. DC&P are also designed to include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Corporation’s Management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

The preparation of this information is supported by an internal control and procedure framework designed by Management to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control and procedure framework related to the Corporation’s Internal Control over Financial Reporting (“ICFR”) and DC&P were designed in accordance with Risk Management and Governance – Guidance on Control, published by the Canadian Institute of Chartered Accountants and the requirements of National Instrument 52-109 of the Canadian Securities Administrators entitled, “Certification of Disclosure in Issuer’s Annual and Interim Filings”.

As at September 30, 2024, Mainstreet determined that there were no material weaknesses in the design of its ICFR or DC&P.

Mainstreet’s Management evaluated, or caused to be evaluated under its supervision, the effectiveness of its ICFR and DC&P as at September 30, 2024. Based on this evaluation, Management has concluded that the Corporation’s ICFR and DC&P were effective as at September 30, 2024.

As at September 30, 2024, Mainstreet has confirmed that it has designed DC&P to provide reasonable assurance that information required to be disclosed by Mainstreet in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by Mainstreet in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to Mainstreet’s management, including its certifying officer, as appropriate to allow timely decisions regarding required disclosure. No changes were made to the Corporation’s DC&P during the year ended September 30, 2024.

As at September 30, 2024, Mainstreet confirmed it had designed its ICFR to provide reasonable assurances regarding the reliability of the financial reporting and the preparation of financial statements and information for external purposes in accordance with IFRS and that the ICFR operated effectively throughout the reported period. The Corporation may,

from time to time, make changes aimed at enhancing their effectiveness and ensuring that these systems evolve with the Corporation's business. There were no changes in the Corporation's ICFR during the year ended September 30, 2024, which have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Financial Instruments & Risk Management

Fair value of financial assets and liabilities

The Corporation's financial assets and liabilities comprise restricted cash, cash and cash equivalents, trade and other receivables, mortgages payable, trade and other payables, and refundable security deposits. Fair values of financial assets and liabilities, summarized information related to risk management positions, and discussion of risks associated with financial assets and liabilities are presented as follows.

The fair values of restricted cash, cash and cash equivalents, trade and other receivables, trade and other payables, and refundable security deposits approximate their carrying amounts due to the short-term maturity of those instruments.

The fair values of mortgages receivable and payable are determined using the current market interest rates as discount rates, the net present value of principal balances and future cash flows over the terms of the mortgages. In identifying the appropriate level of fair value, the Corporation performs a detailed analysis of financial assets and liabilities. The inputs used to measure fair value determine different levels of the fair value hierarchy categorized as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3: Values based on valuation techniques for which any significant input is not based on observable market data.

The fair values of financial assets and liabilities were as follows:

(000s of dollars)

		Sep. 30, 2024		Sep. 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Restricted cash	Level 2	\$ 5,970	\$ 5,970	\$ 4,982	\$ 4,982
Cash and cash equivalents	Level 2	48,826	48,826	81,762	81,762
Trade and other receivables	Level 2	5,754	5,754	1,640	1,640
Financial liabilities:					
Mortgages payable	Level 2	1,649,665	1,623,623	1,565,813	1,457,667
Trade and other payables	Level 2	15,229	15,229	10,873	10,873
Refundable security deposits*	Level 1	\$ 8,357	\$ 8,357	\$ 7,046	\$ 7,046

See also the Notes to the Corporation's audited consolidated financial statements for the fiscal years ended September 30, 2024 and 2023 (the "Annual Financial Statements") for additional information regarding financial assets and the risks associated therewith

Risk Associated with Financial Assets & Liabilities

The Corporation is exposed to risks arising from its financial assets and liabilities. These include market risk related to interest rates, credit risk and liquidity risk. For detailed explanations of these risks, refer to the section entitled "Risk Assessment and Management"

* Refundable security deposits for Alberta, Manitoba and Saskatchewan are considered as restricted cash as they are held in trust bank accounts and subject to the contingent rights of third parties.

SHARE CAPITAL

Authorized:

Unlimited number of common voting shares with no par value

Unlimited number of preferred shares with no par value

Issued, outstanding and fully paid:

	Sep. 30, 2024		Sep. 30, 2023	
	Number of common shares	Amount (000s)	Number of common shares	Amount (000s)
Issued and outstanding				
– beginning of the period	9,318,818	\$ 26,419	9,326,718	\$ 26,441
Shares purchased for cancellation	–	–	(7,900)	(22)
Issued and outstanding, – end of the period	9,318,818	\$ 26,419	9,318,818	\$ 26,419

All common shares share an equal right to dividends.

On May 30, 2024, Mainstreet announced that it had obtained approval from the Toronto Stock Exchange (“TSX”) to repurchase up to 475,229 common shares of the Corporation under a Normal Course Issuer Bid (“NCIB”) commencing June 3, 2024. The current NCIB expires on June 2, 2025. The Corporation’s previous NCIB expired on June 2, 2024.

During 2024 and 2023, the Corporation purchased and cancelled Nil (2023 – 7,900) common shares at an average price of Nil (2022 – \$116.33) respectively, per common share under its NCIB.

From time to time the market price of the common shares may not reflect their underlying value, and in such circumstances, Management believes that the acquisition of its common shares for cancellation is in the best interest of Mainstreet. The acquisition returns capital to shareholders in a tax-efficient manner that is accretive to net asset value. Mainstreet will continue to assess on an ongoing basis whether purchases of its common shares under the NCIB are warranted.

STOCK OPTIONS

The Corporation has no issued and outstanding stock options. Since March 24, 2017, the Corporation was unable to grant any further options under the Corporation’s prior stock option plan. Upon the expiration or exercise of all remaining issued and outstanding stock options under the Corporation’s prior stock option plan, the plan expired in accordance with the terms thereof. The Corporation has not adopted a new stock option plan at this time.

Shareholder Rights Plan

Effective February 21, 2013, the Board of Directors of the Corporation approved the adoption of a shareholder rights plan agreement (the “Rights Plan”) dated February 21, 2013 between the Corporation and Computershare Trust Company of Canada. The Rights Plan was ratified and approved by shareholders of the Corporation on March 21, 2013 and subsequently amended and renewed by the shareholders of the Corporation on March 18, 2016, March 29, 2019 and March 11, 2022. The Rights Plan was most recently amended to amend the definition of “Expiration Time” from 2022 to 2025. The Rights Plan will expire at the termination of the annual general meeting of shareholders of the Corporation scheduled for the 2025 fiscal year unless otherwise renewed at or prior to that time.

Immediately upon the Rights Plan coming into effect, one right (“Right”) was issued and attached to each common share of the Corporation outstanding and will continue to attach to each common share subsequently issued.

The Rights will separate from the common shares of the Corporation and will be exercisable on the close of business on the 10th trading day after the earlier of the date on which a person has acquired 20% or more of, or a person commences or announces a take-over bid for, the Corporation’s outstanding common shares, other than an acquisition pursuant to a Permitted Bid or a Competing Permitted Bid as such terms are defined under the Rights Plan.

The acquisition by a person of 20% or more of the common shares of the Corporation is referred to as a “Flip-In Event”. When a Flip-In Event occurs, each Right (except for Rights beneficially owned by an Acquiring Person or certain transferees of an Acquiring Person, which Right will be void pursuant to the Rights Plan) becomes a right to purchase

from the Corporation, upon exercise thereof, in accordance with the terms of the Rights Plan, that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-In Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. The Exercise Price for the Rights provided in the Rights Plan is \$100. As an example, if at the time of the Flip-in Event the Common Shares have a market price of \$25, the holder of each Right would be entitled to receive \$200 (twice the Exercise Price) in market value of the Common Shares (8 Common Shares) for \$100, i.e.: at a 50% discount.

Certain exemptions exist under the Rights Plans for Portfolio Managers and Grandfathered Persons as such terms are defined in the Rights Plan.

A complete copy of the Rights Plan as amended and renewed, including the specific provisions thereof, is available under the Corporation's profile filed on SEDAR+.

Key accounting estimates and assumptions

The following are the key accounting estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- i. Significant estimates used in determining the fair value of investment properties include capitalization rates, market rent, vacancy rate, net operating income and operating expenses. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to Note 3 to the annual financial statements for a sensitivity analysis;
- ii. Significant estimates used in determining the fair value of financial instruments include the discount rate used to discount the future cash flows of mortgages for similar loans with similar credit ratings and the same maturities. Please refer to Note 21 of the annual financial statements;
- iii. Allocation of purchase cost in the acquisition of investment properties is based on information from industry practice and entity specific history;
- iv. Allocation of purchase cost in the acquisition of property and equipment into different components, estimation of useful life and impairment, are based on information from industry practice and entity specific history; and
- v. The future income tax rate used to arrive at future income tax balances.

Actual results could differ from estimates.

Transactions with Related Parties

- a. The President and Chief Executive Officer is paid a commission at commercial rates in his capacity as a licensed broker for certain property transactions conducted by the Corporation in its normal course of business. Commissions are determined on an exchange value basis. Except in very limited circumstances, these commissions are paid by the selling third party or third parties to the transaction. The commissions received by the President and Chief Executive Officer during the year ended September 30, 2024, amounted to \$864,086 (2023 – \$356,027).

These commissions form part of the CEO's annual compensation. Each year the Chief Executive Officer is entitled to receive an annual performance bonus based upon pre-determined performance goals and discretionary bonus amounts determined by the board of directors. In making such determination, the board of directors takes in consideration the amount of commissions paid to the Chief Executive Officer during each year, such that once determined, that portion of the annual performance bonus paid in cash to the CEO by the Corporation amounts to the difference between the amount of the CEO's annual performance bonus determined by the board of directors, if any, less the amount of commissions paid to the Chief Executive Officer during that year.

As a result, the actual portion of the discretionary bonus, if any, paid by the Corporation each year to the Chief Executive Officer will be reduced by the amount of third party paid commissions to the Chief Executive Officer during that year.

- b. The Corporation paid legal and professional fees and reimbursements for the year ended September 30, 2024, amounting to \$414,791 (2023 - \$457,831) to a law firm of which a director and officer of the Corporation is a Senior Associate. As at September 30, 2024, the amounts payable to the law firm were \$Nil (September 30, 2023 – \$Nil).

These fees were incurred at amounts which in management's opinion approximate fair market value that would be incurred by a third-party law firm.

Off Balance Sheet Arrangements

The Corporation does not have any off balance sheet arrangement at September 30, 2024 and no off balance sheet arrangement were made during 2024.

Subsequent Events

Subsequent to year-ended September 30, 2024, the Corporation acquired an additional 68 residential units in Alberta and British Columbia for a total consideration of \$12.3 million. Mainstreet also disposed a 11-unit non-core building in Edmonton for \$1.1 million around its IFRS value.

Subsequent to year-ended September 30, 2024, the Corporation financed 18 clear title properties for an additional net funding of \$83 million at an average rate of 3.8%.

Risk Assessment and Management

Management defines risk as the evaluation of the probability that an event that could negatively affect the financial condition or results of the Corporation may happen in the future. The following section describes specific and general risks that could affect the Corporation. As it is difficult to predict whether any risk will occur or what its related consequences might be, the actual effect of any risk on the business of the Corporation could be materially different than anticipated. The following discussion of risk does not include all possible risks as there may be other risks of which the Corporation is currently unaware. Please also see the risks which are summarized in the Corporation's Annual Information Form for the year ended September 30, 2024 ("AIF").

Inflation, Labour Shortages and Supply Chain Risk

There is a risk that the Corporation could be adversely affected due to market changes particularly in supply, inflation, interest rates and regional rent controls. Canada saw significant inflation in the latter part of 2022, effects of which have continued to be felt in 2023 and 2024. In addition, sustained higher housing process, substantial supply constraints and geopolitical conflicts, have increased prices for energy and agricultural markets, and there has also been significant disruption to the global supply chain in recent years. Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Corporation.

Interest Rate Risk

The Corporation is exposed to interest rate risk to the extent of any upward or downward revision in prime lending rates. Increases in the interest rate and sustained higher interest rates, such as those seen throughout 2023 and 2024, have the potential to adversely affect the profitability of the Corporation. The Corporation attempts to mitigate this risk by staggering the maturity dates for its mortgages. The majority of Mainstreet's mortgages and fixed-rate mortgage financings are insured by Canada Mortgage and Housing Corporation ("CMHC") under the National Housing Association ("NHA") mortgage program. This added level of insurance offered to lenders allows the Corporation to receive the best possible financing and interest rates, and significantly reduces the potential for a lender to call a loan prematurely.

Previously, the Corporation had seen the mortgage interest rate for a 5-year fixed CHMC mortgage remain at a low level which has provided an opportunity for the Corporation to obtain financing at lower interest rates when mortgages matured and needed to be renewed. The Corporation took advantage of this opportunity and fixed 100% of its long-term debt into fixed rate debts, of which 99% are fixed as CMHC insured mortgages at an average interest rate of 2.97%. However, the mortgage rate for a 5-year fixed CMHC mortgage has increased by almost 100 basis points since the end of the prior financial year. The Corporation will continue to cautiously monitor this trend in interest rates and will need to consider the same in making decisions when its mortgages mature and need to be renewed.

Cyber Security Risk

Cyber security has become an increasingly important issue for corporations and businesses. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the Corporation's

information resources. More specifically, a cyber incident is an intentional attack or an unintentional event which can include gaining unauthorized access to information systems to disrupt business operations, corrupt data or steal confidential information. As Mainstreet's reliance on technology has increased, so have the risks posed to its systems. Such an attack could compromise Mainstreet, its employees and tenants' confidential information, and third parties with whom Mainstreet interacts and may result in negative consequences, including remediation costs, loss of revenue, data corruption, additional regulatory scrutiny, litigation and reputational damages. As a result, Mainstreet has implemented processes, procedures and controls to help mitigate these cyber-security risks, but these measures do not guarantee that a cyber incident can be totally avoided and that the Corporation's business and financial condition will not be negatively impacted by such an incident. The significance of any event is difficult to quantify, but may in certain circumstances be material.

In May, 2024 the Corporation became aware that it had been the target of a cybersecurity incident which affected the Corporation's internal systems. The Corporation immediately implemented the procedures it had in place in the event of such a cybersecurity incident, including the retention of a third party cybersecurity firm with expertise in dealing with and responding to such incidents, to provide the Corporation with incident response services. Fortunately, the Corporation's main operating system was not impacted by the cybersecurity incident and as a result the Corporation did not suffer any material downtime or loss of productivity in its daily operations and did not suffer any material financial losses resulting from interruptions in operations.

The third party cybersecurity firm has completed its investigation into the cybersecurity incident. In addition, the Corporation has engaged a third party independent expert to conduct a full review of its information technology systems and policies, and anticipates it will receive such third party's final report from their review in the next month. The Corporation anticipates that the final report when delivered will contain recommendations for the Corporation to increase its cybersecurity processes, policies and controls, which the Corporation will review and implement as promptly as possible.

The Corporation has incurred direct costs related to the cybersecurity incident, including the cost of retaining the third party cybersecurity firm, the third party conducting the full review of the Corporation's IT systems and policies, and additional legal costs related thereto. These costs are currently not anticipated to have a material impact on the Corporation's financial condition. In addition, the Corporation has identified and notified those persons whose personal information may have been accessed during the cybersecurity incident. At this time it is not known whether there will be additional material costs in respect of this potential disclosure of information.

Vacancy Risk

The Corporation is subject to tenant vacancy risk when, in some markets and under certain economic conditions, housing/condominiums are affordable, financing is readily available and interest rates are low, making it easier for renters to become homebuyers. This increases vacancy rates and decreases rental revenue cash flow.

Vacancy rates can also be affected negatively by increased supply of multi-family units in the Corporation's core markets. Numerous other residential developers and apartment owners compete for potential tenants. Although it is Mainstreet's strategy to own multi-family residential properties in premier locations in each market in which it operates, some of the apartments or its competitors may be newer, better located or offer lower rents. In addition, an increase in alternative housing could have a material adverse effect on the Corporation's ability to lease units and in the rents charged and could adversely affect the Corporation's revenues and ability to meet its obligations. Further, changes in provincial migration rates, or changes to Canada's policies related to immigration and foreign students may have negative results on vacancy rates.

Accordingly, the Corporation's performance will always be affected by the supply and demand for multi-family rental real estate in Western Canada. The potential for reduced rental revenue exists in the event that Mainstreet is not able to fill its properties at a high level of occupancy, or in the event of a downturn in the economy, which could result in lower rents or higher vacancy rates. Mainstreet has minimized these risks by:

- attempting to increase customer satisfaction;
- diversifying its portfolio across Western Canada, thus lowering its exposure to regional economic swings;
- acquiring properties only in desirable locations, where vacancy rates for properties are higher than city-wide averages but can be reduced by repositioning the properties through better management and selective upgrades;

- holding a balanced portfolio which includes a variety of multi-family building types including high-rise, townhouse, garden and walk-ups, each with its own market niche;
- maintaining a wide variety of suites, including bachelor suites, one, two and three bedroom units;
- building a broad and varied customer base, thereby avoiding economic dependence on larger-scale tenants;
- focusing on affordable multi-family housing, which is considered a stable commodity;
- advertising and offering competitive market pricing to attract new tenants;
- developing a specific rental program characterized by rental adjustments that are the result of enhanced services and superior product; and
- developing regional management teams with significant experience in the local marketplace, and combining this experience with its existing operations and management expertise.

Economic Uncertainty

Any worldwide or regional economic slowdown, capital market uncertainty and international political credit crisis or uncertainty could adversely impact the business and the future profitability of the Corporation. During any period of economic uncertainty tenants may experience financial difficulty and may default in payment of rent or possibly look for less expensive accommodations thereby having a corresponding longer-term impact on rental and vacancy rates. In addition, Mainstreet's ability to obtain financing or renegotiate line of credit financing may be negatively affected.

In addition, various geopolitical conflicts have contributed to global economic uncertainty, including further disruptions to the global supply chain and increased prices for energy and agricultural markets, further disrupting global recovery and increasing inflation. Further, economic actions taken by foreign governments, such as the imposition of new tariffs on Canadian products, could negatively affect the Canadian economy (including Western Canada where the Corporation operates) and result in an adverse impact on the Corporation.

While it appears that Western Canada's economic growth rate is recovering, it is uncertain how strong this recovery will be in the short and long term, which may result in a tempering of housing and rental demand and a decline in net migration with a corresponding impact on the Corporation's rental and occupancy levels. Another unknown is the impact of various recently enacted or pending government initiatives, including increases to operating costs resulting from carbon tax legislation, the implementation of new climate change plans at both the provincial and federal government levels. However, the prairie provinces have seen some economic growth, with increased oil prices and a diversification of their economy.

Utilities and Tax Risk

Mainstreet's business is exposed to fluctuating utility and energy costs such as electricity and natural gas (heating) prices as well as exposure to significant increases in property taxes. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. In recent years, water and sewer costs have increased significantly, as have other forms of direct and indirect "taxes" imposed by various municipalities. Any significant increase in these costs that cannot be passed on to the tenant / customer may have a significant impact on the operations of the Corporation.

Management continues to monitor all these costs very closely. In order to mitigate these risks, the Corporation has implemented the following steps:

- where possible, electrical sub-metering devices have been installed, passing on the responsibility for electrical charges to the end tenant / customer;
- where possible, direct metering conversion programs have been implemented which effectively introduced a volume-based consumption system rather than a flat rate, in turn lowering operating costs for the Corporation;
- in other cases, rents have been, or will be adjusted upward to cover increased costs; and
- where possible, the Corporation enters into long term supply contracts at a fixed price.

For example, Mainstreet has entered into a fixed rate natural gas contract at \$3.78 per GJ in Alberta with a maturity date of December 31, 2026, and in Surrey, British Columbia, Mainstreet has completed a water meter conversion program for all its properties.

In addition, over the past few years, municipal property taxes have increased as a result of revaluations of municipal properties and their inherent tax rates. These revaluations may result in significant increases in some property assessments due to enhancements, which often are not represented on the Corporation's balance sheet as such representations are contrary to existing IFRS reporting standards. To address these risks, the Corporation has a team of property reviewers who, with the assistance of outside consultants, constantly review property tax assessments and, if warranted, appeal them. While it is not unusual for the Corporation to receive property tax refunds and / or adjustments, due to uncertainty of the timing and the amount of the refunds or adjustments, these amounts are only reported when they are actually received.

Risks of Real Estate Property Ownership

Real estate investments and projects are, generally, subject to numerous risks depending on the nature and location of the property that can affect attractiveness and sale ability of real estate assets to potential purchasers or other investors, or the owner's use of such real estate assets, all of which are beyond the control of the Corporation. Such risks include:

- the highly competitive nature of the real estate industry;
- changes in general economic conditions (such as the availability and cost of the property or widespread fluctuations in adjacent property values);
- changes in general or local conditions (such as the supply of competing real estate assets or the possibility of competitive overbuilding or the inability to obtain full occupancy or other usage of any real estate assets);
- governmental regulation, rules or policies (such as increased taxation on the sale of or profits from real estate property, environmental legislation or municipal approvals for usage, development or subdivision); and
- changes in costs or operating expenses anticipated for real estate assets.

Each segment in the real estate industry is capital intensive and is typically sensitive to interest rates. Any proceeds generated by the sale of real estate assets depend upon general economic conditions and, accordingly, the ability to repay its financing may be affected by changes in those conditions. The Corporation will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, mortgage payments, property management costs, insurance costs and related charges which must be made regardless of whether real estate assets are producing sufficient income to service such expenses. If the Corporation is unable or unwilling to meet the payment obligations on such loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale. As a result, the Corporation's ability to make interest payments or distributions of cash could be adversely affected.

In addition, real estate property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Corporation to vary its property portfolio promptly in response to changes in economic or investment conditions. If the Corporation were required to quickly liquidate its assets, there is risk that the Corporation would realize sale proceeds of less than the stated value of the properties of the Corporation. The Corporation's property portfolio is concentrated in British Columbia, Alberta and Saskatchewan. As a result, economic and real estate conditions in Western Canada will significantly affect the Corporation's revenues and the value of its properties.

Renovation Risks

The Corporation is subject to the financial risk of having unoccupied units during extended periods of renovations. During renovations, these properties are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real estate property regardless of whether the property is producing revenue. Delays in the renovation of a building or individual apartment units as a result of labour and material shortages and similar risks, could delay the renting of such building or units resulting in an increased period of time where the building is not producing revenue or produces less revenue than a fully-tenanted building. As the Corporation intends to source labour from other countries and renovation supplies directly from manufacturers in China and elsewhere, the Corporation will be subject to related immigration expenses, possible changes in laws related to the use of migrant or immigrant labour, shipping risks and delays, and currency fluctuations, all of which may result in unexpected or higher costs or possible delays. The Corporation intends to address these risks by acquiring financing to fund renovations, staggering renovations and by carrying out a detailed capital expenditures budget to monitor its cash position on a monthly basis. However, recent and possible new changes in federal immigration laws related to migrant or immigrant

labour may have a negative impact regarding mitigating an increase in labour costs and expenses.

In addition, high commodity prices and global supply chain constraints have pushed inflation up over the last 2 fiscal years, although inflation rates have decreased in recent months compared to prior years, with the consumer price index (CPI) being 2.0% in October 2024. This has resulted in higher costs in respect of renovations.

Reliance on Key Employees

Mainstreet's success depends in large measure on certain key executive personnel. The loss of the services of such key personnel could have a material adverse effect on the Corporation. Mainstreet does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations are likely to be of central importance. In addition, competition for qualified personnel in the industry is intense, and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Mainstreet.

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in a financial loss for the Corporation. The Corporation is exposed to credit risk as some tenants may experience financial difficulty and may default in payment of rent in the current economic environment. However, the Corporation attempts to minimize possible risks by conducting in-depth credit assessments of all tenants and collecting security deposits from tenants. The Corporation's tenants are numerous, which also reduces the concentration of credit risk. As tenants' rent is due at the beginning of the month, all amounts in accounts receivable are considered overdue by the Corporation. As of September 30, 2024, rents due from current tenants amounted to \$537,000 (September 30, 2023 - \$665,000). As of September 30, 2024, the possibility of not receiving payment of rent due from current tenants was covered by security deposits of \$8.4 million (September 30, 2023 - \$7.0 million) and provisions for bad debts of \$160,000 (September 30, 2023 - \$160,000).

The aging bands of rents due from current tenants as at September 30, 2024 and September 30, 2023 are outlined in the table below:

(000s of dollars)

	Sep. 30, 2024	Sep. 30, 2023
0-30 days	\$ 397	\$ 468
31-60 days	85	105
61-90 days	9	21
Over 90 days	46	71
Total rents due from current tenants	\$ 537	\$ 665

In relation to cash, cash equivalents and restricted cash, the Corporation believes that its exposure to credit risk is low. The Corporation places its cash, cash equivalents and restricted cash only with Schedule 1 and provincial crown corporation Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations. The Corporation manages its liquidity risk by monitoring forecast cash flows on a regular basis to meet expected operating expenses, by maintaining adequate banking facilities, by managing mortgage debt secured by its investment properties and by matching the maturity profiles of assets and liabilities. Please see "Liquidity and Capital Resources" above.

An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the Corporation's ability to divest itself of certain of its properties promptly in response to changing economic, investment or other conditions. If the Corporation was to be required to quickly liquidate its real property, the proceeds to the Corporation might be significantly less than the aggregate carrying or net asset value of its properties or less than what would be expected to be received under normal circumstances, which could have an adverse effect on the Corporation's financial condition and financial performance. Illiquidity may also result from legal or contractual restrictions on the resale of properties. In addition,

in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and, during an economic recession, the Corporation may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the Corporation to dispose of properties at lower prices in order to generate sufficient cash for operations. There can be no assurance that the fair market value of any properties held by the Corporation will not decrease in the future.

Financing Risk

Mainstreet anticipates that it will make substantial capital expenditures for the acquisition of properties in the future. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Mainstreet. Moreover, future activities may require Mainstreet to alter its capitalization significantly. The inability of Mainstreet to access sufficient capital for its operations could have a material adverse effect on Mainstreet's financial condition, the result of its operations or its overall prospects.

Market Risks

The economic performance and value of the Corporation's investments in real estate assets will be subject to all of the risks associated with investing in real estate, including, but not limited to:

- changes in the national, regional, provincial and local economic climates;
- local conditions, including an oversupply of properties or a reduction in demand for properties;
- the attractiveness of all or parts of real estate assets to renters or purchasers;
- competition from other available real estate assets; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

The Corporation's performance will be affected by the supply and demand for property in its geographic area(s) of ownership. Key drivers of demand include employment levels, population growth, demographic rents and consumer confidence. The potential for reduced rental revenue exists in the event that demand diminishes or supply becomes overabundant thereby driving down prices for real estate assets.

Acquisitions Risks

Mainstreet's growth depends in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such acquisitions. The real estate assets may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect the Corporation's operations, financial condition and results. The representations and warranties, if any, given by arm's length third parties to the Corporation may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, real estate assets acquired by the Corporation may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

Appraisals of Properties

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and quantitative and qualitative reasoning, leading to an opinion of value. The analysis, opinions and conclusions in an appraisal are typically developed based on and in conformity with, interpretations of the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Rent Control

The Corporation may be subject to legislation that exists or is enacted in certain jurisdictions, which restricts the right of landlords to increase rents charged to tenants. As a result, the inability to adjust rents to address higher operating costs or to improve margins on certain properties may have an adverse effect on the returns available from such properties.

Currently, the Corporation operates in Canada in the provinces of Alberta, British Columbia, Saskatchewan and Manitoba. Neither Alberta nor Saskatchewan is subject to rent control legislation; however, under Alberta rent legislation, a landlord is only entitled to increase rents once every twelve months.

Under British Columbia's rent control legislation, a landlord is entitled to increase the rent for existing tenants once every twelve months by no more than the "guideline amount" established by regulations. The guideline amount effective January 1, 2024 was 3.5% and effective January 1, 2025 will be 3.0%. When a unit is vacant, however, the landlord is entitled to lease the unit to a new tenant at market rental amount, after which annual increases are limited to the applicable guideline amount. The landlord may also be entitled to a greater increase in rent for a unit under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of that unit.

Under Manitoba's rent control legislation, a landlord is entitled to increase the rent for existing and new tenants once every twelve months at the set anniversary date of the particular unit, by no more than the "guideline limit" established by the provincial government. The guideline amount effective January 1, 2024 was 3.0% and effective January 1, 2025 will be 1.7%.

To manage this risk, prior to entering a market where rent controls are in place, extensive time is spent researching existing rules, and, where possible, the Corporation will ensure it utilizes employees who are experienced in working in these controlled environments. In addition, the Corporation adjusts forecast assumptions on new acquisitions to ensure they are reasonable given the rent control environment.

Environmental, Health and Safety Risks

Under various environmental, health and safety laws, ordinances and regulations, the current or previous owner or operator of properties acquired or refinanced by the Corporation, may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such properties. These costs could be substantial. Such laws could impose liability whether or not the Corporation knew of, or was responsible for, the presence of such hazardous or toxic substances when it acquired a property.

The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, or restrictions imposed by environmental, health and safety laws on the manner in which such properties may be operated or developed could adversely affect the Corporation's ability to sell such properties and could potentially also result in claims against the Corporation.

Environmental, health and safety laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental, health and safety laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. In addition, third parties may seek recovery from the Corporation in the event of an outbreak of illness in a property owned by the Corporation. The cost of defending against claims of liability, of complying with environmental, health and safety regulatory requirements, of remediating any contaminated property or of paying personal injury claims could be substantial.

The Corporation may be subject to liability for undetected pollution or other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the Corporation's perception of relative risk. Such factors may have an adverse impact on the Corporation.

Mainstreet has policies and procedures to review and monitor environmental exposure, including the completion of environmental audits in connection with the Corporation's due diligence procedures when looking at potential acquisitions when the Corporation deems advisable.

Climate Change Risk

There is growing risk that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of climate stress events. Climate change, including the impact of global warming, creates physical and financial risk.

Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as tropical and non-tropical storms.

Mainstreet owns buildings in locations that may be susceptible to climate stress events or adverse localized effects of climate change, such as sea-level rise and increased storm frequency or intensity. The occurrence of one or more natural disasters, such as hurricanes, fires, floods, and earthquakes (whether or not caused by climate change), could cause considerable damage to its properties, disrupt operations and negatively impact Mainstreet's financial performance. In recent years, certain areas of British Columbia, Alberta and Saskatchewan have been negatively impacted by wildfires, and in certain areas flooding. To the extent these events result in significant damage to or closure of one or more of Mainstreet's buildings, its operations and financial performance could be adversely affected through lost tenants and an inability to lease or re-lease the space. In addition, these events could result in significant expenses to restore or remediate a property, increases in fuel (or other energy) prices or a fuel shortage, increases in the costs of insurance if they result in significant loss of property or other insurable damage, and the introduction of or increases in climate change taxes such as provincial or federal carbon taxes or cap and trade taxes.

Aging Portfolio Risk

Aging portfolio risk is the risk that there is decreased demand for Mainstreet's assets as a result of the age of its assets, as well as an increase in capital expenditures to maintain or enhance these assets in order to remain competitive. This risk is partially mitigated due to the fact that older assets tend to be in more desirable locations and may have larger suite sizes. In addition, this is mitigated through Mainstreet's stabilization process.

Development Risk

Mainstreet is reviewing and considering development of new selective projects on its excess density or land it has specifically for development. Any development commitments made by Mainstreet will be subject to those risks usually attributable to development projects, which include construction or other unforeseeable delays, cost overruns, poor market for leasing, and/or the failure of tenants to occupy and pay rent. This risks can result in an uneconomic return for the Corporation. In addition, development risks include building of oversupply in a particular market which can result in significant corrections of property values in that market. Mainstreet currently manages these risks by undertaking development as a small part of its overall business plan.

Property Redevelopment, Re-positioning and Renovations

Property redevelopment, re-positioning or major renovation work are subject to a number of risks, including: (i) the potential that Mainstreet may expend funds on, and devote management time to, projects which it does not complete; (ii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iii) the time required to complete the construction, redevelopment or renovation of a project, or to lease up the completed project may be greater than originally anticipated, thereby have a material adverse effect on the business of the Mainstreet (iv) the cost and timely completion of construction or renovations (including risks beyond Mainstreet's control, such as weather, labour conditions or material shortages); (v) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vi) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (vii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; and (viii) the availability and cost of financing to fund development or renovation activities on favourable terms or at all. The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation or completion of redevelopment or renovation activities. In addition, redevelopment and renovation projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have a material adverse effect on the business of the Corporation.

Disclosure Controls & Procedures on Internal Control over Financial Reporting Risk

Mainstreet's business could be adversely impacted if it has deficiencies in its disclosure controls and procedures or internal control over financial reporting. The design and effectiveness of Mainstreet's disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While Management continues to review the design and effectiveness of Mainstreet's disclosure controls and procedures and internal control over financial reporting, Mainstreet provides no assurance that its disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of Mainstreet's results of operations, restatements of its financial statements, a decline in the share price, or otherwise materially adversely affect Mainstreet's business, reputation, results of operation, financial condition or liquidity.

Income Tax Risk

Mainstreet intends to file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Mainstreet, whether by re-characterization and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

No History of Significant Dividends

Prior to Q1 2024, Mainstreet had not declared or paid any dividends on its common shares since its incorporation. For the 2024 fiscal year, Mainstreet has announced that it will pay quarterly dividends (\$0.0275 per share). However, there is no guarantee that a dividend will continue to be paid at any specific future times, or in any specified amount and any decision to pay dividends on the shares will be made by the board of directors on the basis of the Mainstreet's earnings, financial requirements and other conditions existing at such future time. The dividend policy of Mainstreet is established by the directors and is subject to change at the discretion of the directors. The recourse of shareholders who disagree with the dividend policy or any change in policy is limited and could require such shareholders to seek to replace the directors. Other than pursuant to corporate law and compliance with the provisions of its banking facility, there is no restriction that could prevent Mainstreet from paying dividends or another form of distribution in respect of the common shares.

Workforce Availability

Mainstreet's ability to provide services to its existing tenants is somewhat dependent on the availability of well-trained employees and contractors to service such tenants as well as complete required maintenance and capital upgrades on its buildings. The Corporation must also balance requirements to maintain adequate staffing levels while balancing the overall cost to the Corporation.

Within Mainstreet, its most experienced employees are employed full-time; this full-time force is supplemented by, seasonal and full-time immigrant labour, additional part-time employees, and specific contract services needed by the Corporation. Mainstreet constantly reviews existing overall market factors to ensure that its compensation program is in line with existing levels of responsibility and, if warranted, adjusts the program accordingly. Mainstreet also encourages employees' feedback in these areas to ensure existing programs are meeting their personal needs.

Uninsured Losses

The Corporation carries comprehensive general liability, fire, flood, earthquake, tornado, natural disaster, extended coverage, rental loss and vacancy insurance with policy specifications, limits and deductibles customarily carried for similar properties. However, there are certain types of risks, generally of a catastrophic nature, such as wars, terrorist attacks or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the Corporation could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

From time to time the Corporation may be subject to lawsuits as a result of the nature of its business. The Corporation intends to maintain business and property insurance policies in amounts and with such coverage and deductibles as are deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards.

However, there can be no assurance that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the Corporation that is not covered by, or in excess of, the Corporation's insurance could materially affect the Corporation's operating results and financial condition, which would have an adverse effect on the Corporation. Claims against the Corporation, regardless of their merit or eventual outcome, will require the Corporation's management to devote time to matters unrelated to the operation of the business.

Substitutions for Residential Rental Units

Demand for residential rental properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. Recently, interest rates offered by financial institutions for financing home ownership have been at low levels. If the interest rates offered by financial institutions for home ownership financing remain low, demand for rental properties may be adversely affected. A reduction in the demand for rental properties may have a material adverse effect on the Corporation's ability to lease suites and on the rents charged. This, in turn, may have a material adverse effect on the Corporation's business, cash flows, financial condition and results from operations.

Litigation Risks

In the normal course of the Corporation's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries or illness, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Corporation and as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results from operations. Even if the Corporation prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Corporation's business operations, which could have a material adverse effect on the Corporation's business, cash flows, financial condition and results of operations and ability to make dividends to shareholders.

Regulatory Risks and Adverse Changes in Law

The Corporation is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the Corporation (including with retroactive effect). Any changes in the laws to which the Corporation is subject could materially affect its rights and title to its assets. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the Corporation is subject or the effect of any such changes on its business.

Increases in real estate taxes and income, service and transfer taxes, introductions of new taxes such as previously or to be enacted carbon taxes, or increases in the capital gains tax, cannot always be passed through to residents or users in the form of higher rents, and may adversely affect the Corporation's operating expenses and to pay amounts due on its debt. Similarly, changes or interpretations of existing laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which could have a material adverse effect on the Corporation. Further, residential landlord/tenant laws in certain provinces may provide tenants with the right to bring certain claims to the applicable judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, the Corporation may, in the future, incur capital expenditures, which may not be fully recoverable from tenants.

Operational Risks

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed infrastructure, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal or regulatory proceedings. Mainstreet endeavours to minimize losses in this area by ensuring that effective infrastructure

and controls exist. These controls are constantly reviewed and, if deemed necessary, improvements are implemented.

Public Market Risk

It is not possible to predict the price at which Mainstreet's common shares will trade and there can be no assurance that an active trading market for the common shares will be sustained. The common shares will not necessarily trade at values determined solely by reference to the value of the properties of the Corporation. Accordingly, the common shares may trade at a premium or a discount to the value implied by the value of the Corporation's properties. The market price for common shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Corporation..

Potential Conflicts of Interest

Mainstreet may be subject to various conflicts of interest because of the fact that directors and officers of the Corporation are engaged in other real estate-related business activities. The Corporation may become involved in transactions which conflict with the interests of the foregoing. Directors may from time-to-time deal with persons, firms, institutions or corporations with which the Corporation may be dealing, or which may be seeking investments similar to those desired by the Corporation. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may compete with Mainstreet for available investment opportunities. Directors and officers of the Corporation are required to disclose material interests in material contracts and transactions and to refrain from voting thereon. See also "Transactions with Related Parties" above and "Interests of Management and Others in Material Transaction" in Mainstreet's AIF.

CHALLENGES

Inflation and cost pressures

Despite an overall favourable operating environment, rising costs continue to pose a challenge to Mainstreet. Higher interest rates increase the cost of Mainstreet's debt, the single-largest expense. (Mainstreet has locked in 99% of its debt into CMHC-insured mortgages at an average interest rate of 2.97%, maturing in 4.8 years, to protect against any further rate increases—see Outlook section below).

Inflation also increases major operating expenses like labour, utilities and materials. Carbon taxes increased to \$80 per tonne this year, and are scheduled to rise to \$95 per tonne in April 2025. Municipal property taxes in Vancouver/Lower Mainland, Calgary, Edmonton, Regina and Saskatoon are all set to rise sharply in coming years.

Additionally, Mainstreet is now liable for corporate income taxes for one of the first times in the Corporation's history due to its sustained growth and solid financial performance in recent years. Management views the Corporation's performance as an unmitigated success, and do not expect corporate taxes to have a material impact on Mainstreet's overall growth and performance going forward.

Defending against higher expenses

Mainstreet works constantly and on multiple fronts to counteract rising expenses. By securing longer-term natural gas contracts, management substantially reduced energy costs across a large portion of Mainstreet's buildings. The Corporation also managed to reduce insurance costs—a sizable Mainstreet expense—by more than 14% for fiscal 2024 by obtaining improved premium rates and coverage.

Despite the Corporation's best efforts to control costs where possible, inflationary pressures nonetheless introduce added financial burdens that will, in some cases, be passed onto tenants through soft rent increases over an extended period of time.

OUTLOOK

Putting the S in ESG

The Corporation believes that the tight housing market emphasizes Mainstreet's position as an important provider of affordable housing in Canada. As a corporation dedicated to social responsibility, Mainstreet believes its highly competitive rental options are a crucial service at a time when an inflation-driven affordability crisis has priced many lower income Canadians out of the market.

Hedging debts

Mainstreet continues to take an adaptive approach to its mortgage positions. When interest rates were lower, Mainstreet locked in its mortgages at longer-term, 10-year maturities to maximize savings. As rates increased, management shifted toward shorter-term debts. As rates once again come down, the Corporation will continue to modify its refinancing approach to align with monetary policy trends.

Strong performance across core markets

Mainstreet continues to benefit from an increasingly diversified portfolio, where each of its core markets have contributed solid results. Nearly half (48%) of Mainstreet's acquisitions in fiscal 2024 were in British Columbia. The region, which accounts for 43% of the estimated net asset value ("NAV") based on appraised IFRS value, is one of the primary candidates for future NOI growth. Due to government-imposed rental rate caps in the province, management has identified a large mark-to-market gap in the BC market (see Runway section below), built on vacancy rates that remain among the lowest in the province.

Alberta's net migration, meanwhile, hit historic highs with more than 200,000 new residents entering the province in the year ended mid-2024, according to provincial government data. Migration into Saskatchewan and Manitoba remains solid, which management expects will keep vacancy rates low while nudging rental rates higher.

Turning intangibles to tangibles

Mainstreet's portfolio of more than 800 low-density buildings, including buildings with subdividable residual lands, creates substantial opportunity to extract added value out of existing assets and additional lands at little cost. Mainstreet views this opportunity in the context of the ongoing housing shortage, under which Canadian municipalities increasingly aim to promote density through rezoning efforts. Management has developed a three-point plan comprised of the following to improve the density of Mainstreet's portfolio:

- Turning unused or residual space within existing buildings into new units
- Exploring zoning and density relaxations to potentially build new capacity within existing land footprints
- Subdividing residual lands for future developments.

Mainstreet views this strategy as one of the major potential drivers of future growth in the longer-term, and further evidence of Mainstreet's inherent intangible value.

Raising Mainstreet's nominal dividend

Mainstreet started offering a nominal dividend (\$0.11 per share annually) beginning Q1 2024. Given the apparent success of the nominal dividend based on early-stage performance, management team now plans to raise the dividend by 45% (to 0.16 per common share annually, or \$0.04 per common share quarterly) beginning Q1 2025. Due to Mainstreet's solid free cash flow, management determined Mainstreet was well placed to establish a nominal dividend to help widen its shareholder base, increase trading volume and elevate the market capitalization without negatively impacting liquidity for future non-dilutive growth. As always, Mainstreet will continue to derive growth in a way that is 100% organic and non-dilutive, pursuing acquisitions funded by low-cost capital.

3. The Corporation notes that any decision to pay dividends, and the amount of any such dividends on the shares, will be made by the Board of Directors at the relevant time, on the basis of Mainstreet's earnings, financial requirements and other conditions existing at such

future time. The dividend policy of Mainstreet is established by the Directors and is subject to change at the discretion of the Directors.

RUNWAY ON EXISTING PORTFOLIO

1. Expanding portfolio: Using liquidity position, estimated at \$400 million, Mainstreet believes there is significant opportunity to continue acquiring underperforming assets at attractive valuations.
2. Closing the NOI gap: As of the end of fiscal 2024, 14% of Mainstreet's portfolio was going through the stabilization process due largely to high levels of add-value acquisitions. Management team believes vacancy rates, NOI and FFO will be meaningfully improved as the Corporation continues to stabilize units. In the BC market alone, Mainstreet estimates that the potential upside based on mark-to-market gaps for NOI growth is approximately \$30 million, based on an estimated average monthly mark-to-market gap of \$650 per suite per month. Alberta and Saskatchewan markets also have substantial room for mark-to-market catch up.
3. Buying back shares: Management believes MEQ shares continue to trade below the true NAV, and that ongoing macroeconomic volatility could intensify that trend. Management will continue to buy back shares on an opportunistic basis under the corporation's normal course issuer bid.
4. Creating value from existing footprints: While the efforts to identify opportunities for subdivisions, zoning relaxations, and improved use of residual space remains in the very early stages, Mainstreet has created a ledger detailing excess lands in Mainstreet's potential subdividable properties across Mainstreet's portfolio.

ADDITIONAL INFORMATION

Additional information about Mainstreet, including its AIF, is available on the Corporation's website at www.mainst.biz and on SEDAR+ at www.sedarplus.ca.