

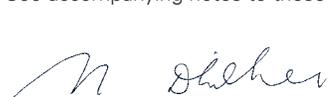
**MAINSTREET EQUITY CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AUDITED**

(000s of Canadian dollars)

Year Ended September 30,	2024	2023
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties [Note 3]	\$ 3,407,493	\$ 3,051,665
Property and equipment [Note 4]	6,836	7,020
Intangible assets [Note 5]	527	949
	<b>3,414,856</b>	<b>3,059,634</b>
<b>Current assets</b>		
Property held for sale [Note 6]	10,004	11,994
Prepaid assets [Note 7]	3,968	3,056
Prepaid current income tax	-	110
Trade and other receivables [Note 8]	5,754	1,640
Restricted cash [Note 9]	5,970	4,982
Inventory [Note 10]	2,055	1,814
Cash and cash equivalents	48,826	81,762
	<b>76,577</b>	<b>105,358</b>
<b>Total Assets</b>	<b>\$ 3,491,433</b>	<b>\$ 3,164,992</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Mortgages payable [Note 11]	\$ 1,494,131	\$ 1,418,783
Deferred tax liabilities [Note 12]	292,995	262,016
	<b>1,787,126</b>	<b>1,680,799</b>
<b>Current liabilities</b>		
Mortgages payable [Note 11]	155,534	147,030
Trade and other payables [Note 13]	15,229	10,873
Income tax payable [Note 12]	6,834	-
Refundable security deposits [Note 14]	8,357	7,046
	<b>185,954</b>	<b>164,949</b>
<b>Total Liabilities</b>	<b>1,973,080</b>	<b>1,845,748</b>
<b>Equity</b>		
Share capital [Note 16]	26,419	26,419
Retained earnings	1,491,934	1,292,825
<b>Total Equity</b>	<b>1,518,353</b>	<b>1,319,244</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,491,433</b>	<b>\$ 3,164,992</b>

See accompanying notes to these consolidated financial statements.



Bob Dhillon, Director



Joe Amantea, Director

December 5, 2024

## MAINSTREET EQUITY CORP.

### CONSOLIDATED STATEMENTS OF NET PROFIT AND TOTAL COMPREHENSIVE INCOME

(000s of Canadian dollars, except per share amounts)

Year Ended September 30,	2024	2023
Rental revenue [Note 17]	\$ 245,470	\$ 206,803
Ancillary revenue	4,326	3,225
Total rental and ancillary revenue	249,796	210,028
Property operating expenses [Note 18]	89,357	78,721
Net operating income	160,439	131,307
Financing costs [Note 19]	57,141	47,600
General and administrative expenses [Note 18]	18,177	17,230
Depreciation	917	995
Interest income	(6,724)	(2,433)
Profit before change in fair value, gain from disposal and income tax	90,928	67,915
Change in fair value [Note 3]	144,860	69,512
Gain from disposal of assets	2,011	443
Profit before income tax	237,799	137,870
Current income tax expense [Note 12]	6,943	
Deferred income tax expense [Note 12]	30,979	28,457
Net profit and total comprehensive income	\$ 199,877	\$ 109,413
Profit per share		
– basic and fully diluted [Note 20]	\$ 21.45	\$ 11.74

See accompanying notes to these consolidated financial statements.

## MAINSTREET EQUITY CORP.

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(000s of Canadian dollars)

	Share Capital	Retained Earnings	Total Shareholders' Equity
Balance, October 1, 2022	\$ 26,441	\$ 1,184,309	\$ 1,210,750
Shares purchased for cancellation	(22)	(897)	(919)
Profit for the year	–	109,413	109,413
Balance, September 30, 2023	\$ 26,419	\$ 1,292,825	\$ 1,319,244
Balance, October 1, 2023	\$ 26,419	\$ 1,292,825	\$ 1,319,244
Dividend paid	–	(768)	(768)
Profit for the year	–	199,877	199,877
Balance, September 30, 2024	\$ 26,419	\$ 1,491,934	\$ 1,518,353

See accompanying notes to these consolidated financial statements.

## MAINSTREET EQUITY CORP. CONSOLIDATED STATEMENTS OF CASHFLOWS

(000s of Canadian dollars)

Year Ended September 30,	2024	2023
<b>Cash obtained from (used in) operating activities</b>		
Net profit	\$ 199,877	\$ 109,413
Adjustments for:		
Depreciation	917	995
Change in fair value [Note 3]	(144,860)	(69,512)
Deferred income tax expense [Note 12]	30,979	28,457
Gain from disposal of assets	(2,011)	(443)
Financing costs [Note 19]	57,141	47,600
Deferred financing costs incurred	(6,084)	(6,303)
Interest paid on mortgages [Note 19]	(49,694)	(40,954)
Cash from operating activities before changes in non-cash working capital	86,265	69,253
Change in working capital		
Prepaid assets	(912)	(331)
Trade and other receivables	(4,056)	(93)
Inventory	(241)	45
Restricted cash	(988)	(1,081)
Trade and other payables	3,134	1,740
Current income tax payable	6,943	-
Refundable security deposits	1,311	1,225
Cash from operating activities	91,456	70,758
<b>Financing activities</b>		
Financing of investment properties	203,780	244,894
Mortgage principal repayments	(28,570)	(28,415)
Mortgage payments upon refinancing	(126,645)	(90,529)
Divident payout	(768)	-
Repurchase of shares	-	(919)
Cash from financing activities	47,797	125,031
<b>Investing activities</b>		
Additions to investment properties [Note 3]	(175,880)	(158,957)
Additions to property and equipment	(300)	(188)
Additions to intangible assets	(11)	(399)
Proceeds from disposal	4,022	1,105
Additions to property held for sale	(20)	(148)
Cash used in investing activities	(172,189)	(158,587)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,936)</b>	<b>37,202</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>81,762</b>	<b>44,560</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 48,826</b>	<b>\$ 81,762</b>
<b>Cash and cash equivalents are comprised of:</b>		
Cash	\$ -	\$ -
Short-term deposits	48,826	81,762
	<b>\$ 48,826</b>	<b>\$ 81,762</b>

See accompanying notes to these consolidated financial statements.

## **MAINSTREET EQUITY CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2024 and 2023

(Thousands of Canadian dollars, except share and per share amounts and amounts within narrative)

#### **1. GENERAL**

Mainstreet Equity Corp. (the "Corporation") is a Canadian real estate corporation, incorporated under the Business Corporations Act (Alberta), focused on acquiring and managing mid-market residential rental apartment buildings in major markets primarily in Western Canada. The registered office and head office of the Corporation are located at 600, 1331 Macleod Trail SE Calgary, Alberta T2R 0W7 and 305 10th Avenue SE Calgary, Alberta T2G 0W2, respectively. Navjeet (Bob) Dhillon, President and Chief Executive Officer of the Corporation, owns approximately 46% of the outstanding common shares of the Corporation.

#### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a) Statement of compliance**

The 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).

##### **b) Basis of presentation**

These consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value. The consolidated financial statements are prepared on a going concern basis and have been prepared in Canadian dollars which is the functional currency rounded to the nearest thousand. The accounting policies set out below have been applied consistently in all material respects.

##### **c) Basis of consolidation**

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, MEQ Asset Management Corp. All inter-company transactions, balances, revenue and expenses have been eliminated on consolidation.

##### **d) Revenue recognition**

Rental revenue from an investment property is recognized on a monthly straight line basis when a tenant begins occupancy of a rental unit, and rent is due. Any rental incentive offered is amortized over the term of the tenancy lease. All residential leases are for one-year terms or less and the Corporation retains all of the benefits and risks of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases.

Ancillary revenue comprises income from laundry machines, income from telephone and cable providers and other miscellaneous income and is recognized as earned.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and applicable effective interest rates.

##### **e) Investment properties**

Investment properties include multi-family residential properties held to earn rental income and are initially measured at cost. Cost includes purchase price, and any direct attributable expenditure related to the acquisition (excluding transaction costs related to a business combination) and improvement of the properties. All costs associated with upgrading the quality and extending the economic life of the investment properties are capitalized as additional cost of investment properties.

Subsequent to initial recognition, investment properties are recorded at fair value, determined based on valuations performed by independent third party qualified appraisers or available market evidence, in accordance with International Accounting Standard 40-Investment Property ("IAS 40"). Fair value represents an estimate of the amount at which the properties could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's-length transaction at the date of valuation.

Mainstreet's investment properties have been valued on a highest and best use basis and do not include any portfolio premium that may be associated with economies of scale from owning a large portfolio or the consolidation value from having compiled a large portfolio of properties over a long period of time, often through individual property acquisitions. 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 were obtained throughout the year 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 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 grouped its investment properties in each city by their types and geographic locations. Samples were selected in each group for independent appraisal. The appraised values of the samples selected were compared with their carrying values. 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.

Investment properties are reclassified to 'Non-Current Assets held for sale' when the criteria set out in IFRS 5- Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5") are met.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value is adjusted to reflect the fair value as outlined in the purchase and sale agreement. This adjustment is recorded as a change in fair value. Any remaining gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

### Excess land

Excess land represents land owned by the Corporation located contiguous to land included as investment property. The Corporation has the ability to develop additional multi-family residential buildings on this land or sell it separately from the investment property at a later date. Excess land is held for capital appreciation, and therefore is treated as Investment Property and recorded in accordance with IAS 40 as outlined above.

### f) Current assets held for resale

Current assets held for resale include assets or groups of assets and liabilities ("disposal groups") that are available for resale in their present condition and the sale is highly probable and expected to be completed within one year from the date of classification. From time to time the Corporation also purchases properties with the intention of selling the property within a pre-determined period of time. The property is classified as a current asset held for resale if the disposal is expected to take place within one year of the acquisition. Assets held for resale are valued at the lower of their carrying amount and fair value less costs to sell, unless they are investment properties accounted for in accordance with the fair value model, in which case they remain at fair value. The gains or losses arising on a sale of assets or group of assets that does not meet the definition of discontinued operations will be recognized as part of continuing operations..

### g) Property and equipment

Tangible assets that are held for use in the production or supply of goods and services, for rent to others, or for administrative purposes and are expected to be used during more than one period, except when other accounting standards require or permit a different accounting treatment, are recorded using the cost model in accordance with IAS 16 – Property, Plant and Equipment ("IAS 16") which requires, after initial recognition, that the tangible assets be carried at their cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the assets are expected to be realized and consumed by the Corporation. IAS 16 also requires that the cost and useful economic life of each significant component of a depreciable real estate property be determined based on the circumstances of each property.

Property and equipment are amortized at rates designed to amortize the cost of the properties over their estimated useful lives as follows:

Administrative building	over the estimated useful life, not exceeding 40 years	-straight line
Building improvements	20% to 40%	-declining balance
Equipment	4% to 30%	-declining balance
Furniture	20%	-declining balance
Vehicle	40%	-declining balance
Computer	30%	-declining balance

The method of depreciation and estimated useful lives of property and equipment are evaluated annually by management and any changes are accounted for as a change in accounting estimates in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”).

#### **h) Impairment of assets**

All assets, except for those identified as not within the scope of IAS 36 -Impairment of Assets (“IAS 36”) are assessed for indications of impairment at the end of each financial reporting period. Should an indication of impairment exist, the recoverable amount of the asset is estimated. The recoverable amount is defined in IAS 36 as the higher of an asset’s fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the statement of comprehensive income and the remaining useful life of the assets will be re-assessed. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in profit or loss. However, in accordance with IAS 36, the reversal of an impairment loss will not increase the carrying value of the assets to a value greater than its original carrying value (net of amortization).

#### **i) Income taxes**

Income taxes include current and deferred income taxes.

Current tax is the expected tax payable or receivable in the taxable profit or loss for the current reporting period and any changes in estimates in respect of previous periods. Taxable profit differs from profit as reported in the statement of net profit and total comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates used in calculating current income tax have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax assets will be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates and laws that have been enacted or substantively enacted at the reporting date. In addition, deferred income tax assets and liabilities are measured using the rate that is consistent with the expected manner of recovery (i.e. using the asset versus selling the asset). Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income respectively.

#### **j) Provisions**

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation. Provisions are re-measured at each reporting date using a current and relevant discount rate. The increase in the provision due to the passage of time is recognized as an interest expense.

#### **k) Financial instruments**

Financial instruments are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, which are recognized immediately in profit and loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Subsequent measurement is dependent on the financial instrument’s classification.

#### **Financial assets other than equity instruments**

Under IFRS 9, Financial assets other than equity instruments are classified and measured at three categories: (i) amortized cost, (ii) fair value through other comprehensive income (FVTOCI), or (iii) fair value through profit and loss (FVTPL).

Financial assets are classified into the following specified categories, which are defined and measured as follows:

Classification IFRS 9	Definition	Measurement – IFRS 9
Amortized cost	Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.	Measured at amortized cost using the effective interest rate method less any expected credit loss. (See footnote 1 and 2).
FVTPL	Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.	Measured at fair value with gains or losses recognized in profit or loss.
FVTOCI	Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest.	Measured at fair value with gains or losses recognized in other comprehensive income.

Note (1) – The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Note (2) - Financial assets, other than those at FVTPL, are assessed using an expected credit loss impairment model, which requires the use of the lifetime expected loss provisions for expected credit losses. Generally, the carrying amount of the financial asset is reduced through the use of an allowance account.

The Corporation's financial assets are as follows:

Financial assets	Classification – IFRS 9
Trade and other receivables	Amortized cost
Restricted cash	Amortized cost
Cash and cash equivalents	Amortized cost

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the assets to another entity or when the carrying value is reduced by expected credit loss.

### Financial liabilities

Under IFRS 9, Financial liabilities are classified and measured as either amortized cost or FVTPL. Currently, Mainstreet carries all non-derivative financial liabilities at amortized cost. Derivative financial liabilities, if any, are measured at FVTPL:

Classification IFRS 9	Definition	Measurement – IFRS 9
Amortized cost	If a financial liability is not held-for-trading, a derivative, or designated as FVTPL on initial recognition then it is measured at amortized cost. The classification of a financial liability is irrevocable.	Measured at amortized cost using the effective interest rate method (See footnote 1).

Note (1) - The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Corporation's financial liabilities are as follows:

<b>Financial liabilities</b>	<b>Classification – IFRS 9</b>
Mortgages payable	Amortized cost
Bank indebtedness	Amortized cost
Trade and other payables	Amortized cost
Refundable security deposits	Amortized cost

The Corporation derecognizes a financial liability when the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

#### **l) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and short-term interest bearing deposits. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, short-term interest bearing deposits qualify as a cash equivalent as they have a maturity of 90 days or less from the date of acquisition.

Certain cash balances have restricted use and have been classified as restricted cash on the statement of financial position. 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.

#### **m) Profit (Loss) per share**

Basic profit (loss) per share is calculated based on the weighted average number of shares outstanding. Diluted earnings per share reflect the possible dilutive effect of the exercise of the options outstanding as at the balance sheet date. The dilutive effect of outstanding share purchase options is computed using the "treasury stock" method whereby the proceeds that would be received from the exercise of options are assumed to be used to repurchase outstanding shares of the Corporation.

#### **n) Critical judgment in applying accounting policies**

The following are the critical judgments, apart from those involving estimations (see Note 2(p) below) that have been made in applying the Corporation's accounting policies that have the most significant effect on the reported amounts in the financial statements:

- i) Determining the extent and frequency of obtaining independent, third party appraisals to measure fair value of investment properties;
- ii) Determining the useful lives for the property and equipment based on their estimated useful lives;
- iii) Assessing potential impairments based on management's judgment of whether there are sufficient internal and external factors that indicate that the Corporation's administrative assets are impaired;
- iv) Determining the nature of expenses to be capitalized as capital improvement; and
- v) Determining the tax rate applicable to the Corporation's current and deferred income taxes and identifying the temporary differences in respect of which deferred income taxes are recognized.

#### **o) Key accounting estimates and assumptions**

The following are the key accounting estimates and assumptions 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 for 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;
- 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.

### p) Government Grants

The Corporation receives government supplements to assist in providing affordable rental suites to low income-earning individuals. Government supplements are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance (“IAS 20”), the supplements are being recognized in rental revenue on a straight-line basis and over the term of the supplements that are offered to the affordable suites.

### 3. Investment properties

(000s of dollars)

Year ended September 30,	2024	2023
Balance, beginning of year	\$ 3,051,665	\$ 2,817,905
Additions related to acquisitions	179,926	138,931
Building improvements	31,073	25,465
Property held for resale	(31)	(148)
Change in fair value	144,860	69,512
Balance, end of year	\$ 3,407,493	\$ 3,051,665

The Corporation prepares internal valuations of its investment properties 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 fair value of the sampled investment properties held by the Corporation as of September 30, 2024 and September 30, 2023, were determined through external valuations 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.

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 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. For the year ended September 30, 2024, a fair value gain of \$144.9 million was recorded on the financial statement as a result of changes in the fair value of investment properties based on the most recent market conditions in the reporting periods.

The average capitalization rates used in determining the fair value of investment properties are set out below:

	Sep. 30, 2024	Sep. 30, 2023
Lower Mainland, BC	3.87%	3.77%
BC excluding Lower Mainland	5.42%	4.87%
Calgary, Alberta	6.11%	5.94%
Edmonton, Alberta	5.85%	5.71%
Saskatoon, Saskatchewan	5.49%	5.82%
Regina, Saskatchewan	5.88%	6.01%
Winnipeg, Manitoba	5.79%	5.81%
Investment properties-weighted average capitalization rate	5.28%	5.20%

The Corporation uses the direct capitalization method to determine a fair value, which requires that an estimated forecasted net operating income ("NOI") be divided by a capitalization rate ("Cap Rate"). As such, changes in both NOI and Cap Rate would significantly alter the fair value of investment properties. The tables below set out the impact of changes in both NOI and Cap Rate on the Corporation's fair values.

**As at Sep 30, 2024**

Net operating income		-3%		-1%		As estimated		+1%		+3%
	\$	174,480	\$	178,077	\$	179,876	\$	181,675	\$	185,272
Capitalization rate										
-0.25%	5.03%	\$ 61,289	\$	132,810	\$	168,571	\$	204,331	\$	275,853
Cap rate used	5.28%	\$ (102,953)	\$	(34,818)	\$	3,407,493	\$	33,317	\$	101,452
+0.25%	5.53%	\$ (252,344)	\$	(187,290)	\$	(154,762)	\$	(122,235)	\$	(57,181)

**As at September 30, 2023**

Net operating income		-3%		-1%		As estimated		+1%		+3%
	\$	153,738	\$	156,908	\$	158,493	\$	160,078	\$	163,248
Capitalization rate										
-0.25%	4.95%	\$ 54,157	\$	118,195	\$	150,214	\$	182,233	\$	246,270
Cap rate used	5.20%	\$ (95,161)	\$	(34,202)	\$	3,051,665	\$	26,757	\$	87,716
+0.25%	5.45%	\$ (230,780)	\$	(172,618)	\$	(143,537)	\$	(114,455)	\$	(56,293)

Investment properties with a fair value of \$2,761 million (September 30, 2023 - \$2,584 million) are pledged as security against the Corporation's mortgages payable.

For the year ended September 30, 2024, investment properties earned rental income (excluding ancillary revenue) of \$245.5 million (2023 - \$206.8 million).

For the year ended September 30, 2024, operating expenses relating to investment properties were \$89.4 million (2023 - \$78.7 million).

#### 4. PROPERTY AND EQUIPMENT

The carrying amounts of property and equipment were as follows:

(000s of dollars)	September 30, 2024			September 30, 2023		
	Cost	Accumulated Depreciation	Net book Value	Cost	Accumulated Depreciation	Net book Value
Land	\$ 2,454	\$ -	\$ 2,454	\$ 2,454	\$ -	\$ 2,454
Building	5,451	2,104	3,347	5,443	1,934	3,509
Equipment	594	372	222	563	323	240
Furniture	1,025	715	310	961	649	312
Vehicles	555	444	111	462	392	70
Computers	2,990	2,598	392	2,886	2,451	435
	\$ 13,069	\$ 6,233	\$ 6,836	\$ 12,769	\$ 5,749	\$ 7,020

The changes of the carrying amount of the property and equipment for the year ended September 30, 2024 were as follows:

(000s of dollars)	Opening net book value	Additions	Dispositions	Depreciation	Closing Net book Value
Land	\$ 2,454	\$ -	\$ -	\$ -	\$ 2,454
Building	3,509	8	-	(170)	3,347
Equipment	240	32	-	(50)	222
Furniture	312	63	-	(65)	310
Vehicles	70	93	-	(52)	111
Computers	435	104	-	(147)	392
	\$ 7,020	\$ 300	\$ -	\$ (484)	\$ 6,836

The changes of the carrying amount of the property and equipment for the year ended September 30, 2023 were as follows:

(000s of dollars)	Opening Net book Value	Additions	Dispositions	Depreciation	Closing Net book Value
Land	\$ 2,454	\$ -	\$ -	\$ -	\$ 2,454
Building	3,663	35	-	(189)	3,509
Equipment	282	17	-	(59)	240
Furniture	381	7	-	(76)	312
Vehicles	80	23	-	(33)	70
Computers	486	106	-	(157)	435
	\$ 7,346	\$ 188	\$ -	\$ (514)	\$ 7,020

## 5. INTANGIBLE ASSETS

The carrying amount of the intangible asset was as follows:

(000s of dollars) Year ended September 30,	2024	2023
Balance, beginning of year	\$ 949	\$ 1,031
Additions related to software development	11	399
Depreciation	(433)	(481)
Balance, end of year	\$ 527	\$ 949

## 6. PROPERTY HELD FOR SALE

During the year ended September 30, 2021, the Corporation acquired a property with 136 units for resale purposes in Calgary, Alberta. The Corporation has sold 83 units as of September 30, 2024. The Corporation is actively selling the remaining units and expects to dispose of within the next 12 months, and consequently, the asset is presented within the current assets section.

## 7. PREPAID ASSETS

Prepaid assets comprise prepaid property tax, license expenses and utility deposits:

(000s of dollars) Year ended September 30,	2024	2023
Prepaid expenses	\$ 3,964	\$ 3,052
Utility Deposits	4	4
	\$ 3,968	\$ 3,056

## 8. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from tenants and other receivables mainly comprise refundable mortgage commitment fees and income tax receivables from previous years:

(000s of dollars) Year ended September 30,	2024	2023
Trade Receivables	\$ 303	\$ 406
Other Receivables	5,451	1,234
	\$ 5,754	\$ 1,640

## 9. RESTRICTED CASH

Certain cash balances have restricted use are classified as restricted cash on the statement of financial position. 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:

(000s of dollars) Year ended September 30,	2024	2023
Restricted refundable security deposits	\$ 5,919	\$ 4,931
Restricted Cash	51	51
	\$ 5,970	\$ 4,982

## 10. INVENTORY

Inventories consists of renovation materials such as carpet, flooring and appliances which the Corporation uses to upgrade its investment properties. Inventories are measured at the lower of cost and net realizable value. No amount of write-down of inventory was recognized for the years ended September 30, 2024 and 2023:

(000s of dollars) Year ended September 30,	2024	2023
Inventory	\$ 2,055	\$ 1,814

## 11. MORTGAGES PAYABLE

Mortgages payable bear interest at a weighted average interest rate of 2.97% (September 30, 2023 – 2.79%) per annum and, as at September 30, 2024, are payable in monthly principal and interest installments totaling \$6.4 million (September 30, 2023 - \$6.0 million), maturing from 2024 to 2032 and are secured by specific charges against specific investment properties, having a fair value of \$2,761 million (September 30, 2023 - \$2,584 million).

(000s of dollars) Year ended September 30,	2024	2023
Non-current	\$ 1,494,131	\$ 1,418,783
Current	155,534	147,030
	\$ 1,649,665	\$ 1,565,813

The following table reconciles the changes in cash flows from financing activities for long-term debt:

(000s of dollars) Year ended September 30,	2024	2023
Opening balance	\$ 1,565,813	\$ 1,433,453
Financing of investment properties	203,780	244,894
Mortgage assumed to purchase investment properties	33,924	6,067
Mortgage principal repayments	(28,570)	(28,415)
Mortgage payments upon refinancing	(126,645)	(90,529)
Deferred financing cost	1,363	343
Closing balance	\$ 1,649,665	\$ 1,565,813

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

(000s of dollars) Years 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

## 12. INCOME TAX

Income tax expense comprises:

(000s of dollars) Year ended September 30,	2024	2023
Current income tax	\$ 6,943	\$ -
Deferred income tax	30,979	28,457
	\$ 37,922	\$ 28,457

No current or deferred income taxes were recognized in equity for the years ended September 30, 2024 and 2023. The income tax expense differs from the results that would be obtained by applying the combined federal and provincial income tax rate to income before income taxes. Non-taxable income includes the non-taxable portion of capital gains. This difference results from the following:

(000s of dollars) Year ended September 30,	2024	2023
Profit from operations before income tax	\$ 237,799	\$ 137,870
Statutory tax rate	24.49%	24.47%
Computed expected tax	58,237	33,737
Decrease in deferred tax liabilities for non-taxable portion of capital gain	(18,968)	(5,337)
Increase/(decrease) in deferred tax liabilities for changes in future tax rate	(699)	1,048
Other	(648)	(991)
	\$ 37,922	\$ 28,457

As of September 30, 2024, and September 30, 2023, the Corporation does not have any unrecognized deductible temporary differences.

The deferred tax liabilities components and their changes were as follows:

(000s of dollars) Deferred tax liabilities	Sep. 30, 2023	Recognized in profit	Sep. 30, 2024
Differences in tax and book carrying amounts of investment properties and property, plant and equipment	\$ 256,920	\$ 30,462	\$ 287,382
Differences in tax and book carrying amounts of deferred financing cost	5,096	517	5,613
Deferred tax liabilities	\$ 262,016	\$ 30,979	\$ 292,995

(000s of dollars) Deferred tax liabilities	Sep. 30, 2022	Recognized in profit	Sep. 30, 2023
Differences in tax and book carrying amounts of Investment properties and property, plant and equipment	\$ 229,002	\$ 27,918	\$ 256,920
Differences in tax and book carrying amounts of deferred financing cost	4,557	539	5,096
Deferred tax liabilities	\$ 233,559	\$ 28,457	\$ 262,016

## 13. TRADE AND OTHER PAYABLES

Trade and other payables comprise trade payables, accrued liabilities and deferred revenue:

(000s of dollars) Year ended September 30,	2024	2023
Trade payables and accrued liabilities	\$ 13,493	\$ 9,394
Deferred revenue	1,736	1,479
	\$ 15,229	\$ 10,873

## 14. REFUNDABLE SECURITY DEPOSITS

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:

(000s of dollars)			
Year ended September 30,		2024	2023
Refundable security deposits		\$ 8,357	\$ 7,046

## 15. BANK INDEBTEDNESS

Effective January 2014, the Corporation entered into 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, in 2022, the Corporation entered 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.

## 16. 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:

	Year ended Sep. 30, 2024		Year ended 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 have 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 (2023 – \$116.33) respectively, per common share under its NCIB.

## 17. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties are as follows:

(000s of dollars)

Year ended September 30,	2024	2023
Rental revenue	\$ 243,488	\$ 204,925
Other rental revenue (1) (2)	1,982	1,878
	\$ 245,470	\$ 206,803

- (1) Consists of revenues from parking and recovery of certain operating costs.
- (2) The Corporation recognized a government grant of \$600,000 for rental supplement purposes from The Manitoba Housing and Renewal Corporation during 2024. The rental supplement is recognized as other rental revenue on a consistent basis and recognized evenly over the periods.

## 18. EXPENSES BY NATURE

The components of property operating expenses and general and administrative expenses are as follows:

(000s of dollars)

Year ended September 30,	2024	2023
Salaries, wages and employee benefits	\$ 35,301	\$ 32,301
Utility	30,143	26,539
Property tax	19,985	17,675
Repair and maintenance	9,421	6,666
Insurance	4,816	4,953
Other	3,350	3,941
Legal and other professional expenses	3,236	2,655
Advertising and Marketing	1,282	1,221
Total Operating and G&A expenses	\$ 107,534	\$ 95,951

## 19. FINANCING COSTS

The components of financing costs are as follows:

(000s of dollars)

Year ended September 30,	2024	2023
Mortgage interest	\$ 49,694	\$ 40,954
Amortization of deferred of financing cost	7,447	6,646
Financing costs	\$ 57,141	\$ 47,600

## 20. PROFIT PER SHARE

Basic profit per share is calculated using the weighted average number of common shares outstanding during the period.

The treasury stock method of calculating the diluted profit per share is used.

The following table sets forth the computation of basic and diluted profit per share:

(000s of dollars, except share and per share amounts)

Year ended September 30,	2024	2023
<b>Numerator</b>		
Net profit	\$ 199,877	\$ 109,413
<b>Denominator</b>		

For basic profit per share			
Weighted average shares		9,318,818	9,320,447
For diluted profit per share		9,318,818	9,320,447
Profit per share			
– basic	\$	21.45	\$ 11.74
– diluted	\$	21.45	\$ 11.74

## 21. FINANCIAL INSTRUMENT AND 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 mortgage 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 the 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
<b>Financial assets:</b>					
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
<b>Financial liabilities:</b>					
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

The Corporation's non-financial assets comprise investment properties. The fair values of non-financial assets were as follows:

(000s of dollars)

		Sep. 30, 2024		Sep. 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-financial assets:</b>					
Investment properties	Level 3	\$ 3,407,493	\$ 3,407,493	\$ 3,051,665	\$ 3,051,665

## 22. RISK ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

The Corporation is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risk relating to interest rates, credit risk and liquidity risk.

### *Market risk*

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices.

### *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 2023 with the effects of inflation continuing to be felt in 2024, against the backdrop of sustained higher housing prices, substantial supply constraints and geopolitical conflicts, all of which have increased prices for energy and agricultural markets. There has also been significant disruption to the global supply chain in the past 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, 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.

### *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. 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). 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 only places its cash, cash equivalents, and restricted cash with reputable Canadian chartered financial institutions.

### *Liquidity Risk*

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

The timing of cash outflows relating to financial liabilities as at September 30, 2024 are outlined in the table below:

(000s of dollars)

	1 year	2 years	3 years	4 years	Beyond 4 years	Total
Mortgages payable	\$ 163,212	274,424	90,064	133,675	1,025,493	\$1,686,868
Mortgage interest payable	50,110	44,442	37,948	35,212	55,290	223,002
Trade and other payables	15,229	–	–	–	–	15,229
Refundable security deposits	\$ 8,357	–	–	–	–	\$ 8,357

The timing of cash outflows relating to financial liabilities as at September 30, 2024 are outlined in the table below:

(000s of dollars)

	1 year	2 years	3 years	4 years	Beyond 4 years	Total
Mortgages payable	\$ 154,097	161,320	266,548	88,329	934,086	\$1,604,380
Mortgage interest payable	44,841	39,875	34,281	27,951	71,100	218,048
Trade and other payables	10,873	–	–	–	–	10,873
Refundable security deposits	\$ 7,046	–	–	–	–	\$ 7,046

### 23. GUARANTEES, CONTINGENCIES AND COMMITMENTS

In the normal course of business, the Corporation may enter into various agreements that may contain features that meet the definition of guarantees, contingencies or commitments in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") that contingently require the Corporation to make payments to the guaranteed party based on: (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty; (ii) failure of another party to perform under an obligating agreement; or (iii) failure of a third party to pay its indebtedness when due.

In the ordinary course of business, the Corporation provides indemnification commitments to counterparties in transactions such as credit facilities, leasing transactions, service arrangements, director and officer indemnification agreements and sales of assets. These indemnification agreements require the Corporation to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by counterparty as a consequence of the transaction. The terms of these indemnification agreements will vary based on the contract and do not provide any limit on the maximum potential liability. Historically, the Corporation has not made any significant payments under such indemnifications and no amount has been accrued in these consolidated financial statements with respect to these indemnification commitments.

In the normal course of operations, the Corporation will become subject to a variety of legal and other claims against the Corporation. Management and the Corporation's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the estimated costs to satisfy such claims. Management believes that the outcome of legal and other claims filed against the Corporation will not be material.

As of September 30, 2024, and September 30, 2023, no amounts have been recorded and none are required to be disclosed in the consolidated financial statements with respect to guarantees, contingencies and commitments.

### 24. RELATED PARTY TRANSACTIONS

- 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.

## 25. KEY MANAGEMENT PERSONNEL

Key management personnel of the Corporation during the year ended September 30, 2024, were:

Navjeet (Bob) Dhillon, President and Chief Executive Officer

Trina Cui, Chief Financial Officer

Sheena Keslick, Vice President Operations

Anthony Lam, Operating Officer

The remuneration of the Corporation’s key management personnel was as follows:

(000s of dollars)

Year ended September 30,	2024	2023
Short-term benefits	\$ 4,825	\$ 4,249

The remuneration paid by the Corporation to the Corporation’s key management personnel includes base salaries, performance bonus which for the President and Chief Executive Officer is the net amount after deducting the commissions received by him during the year ended September 30, 2024 which amounted to \$864,086 (2023 – \$356,027) and retirement allowance.

Unless Mr. Dhillon’s employment is terminated for cause, as defined under the employment agreement, the Corporation shall, upon termination, or within two (2) years if he voluntarily resigns after a change of control or if he becomes permanently disabled:

- a. pay, in lieu of reasonable notice an amount equal to his monthly salary at the highest rate in effect during the twelve (12) months immediately preceding the date of termination multiplied by 36 months;
- b. cause all outstanding options to purchase shares of the Corporation granted to Mr. Dhillon pursuant to any stock option plan of the Corporation to vest and become exercisable;
- c. maintain all life insurance, medical, dental, health and accident, and disability plans, programs or arrangements in which he was enrolled in immediately prior to the termination (or arrange for substantially similar coverage if such maintenance is not permitted) for a period of the earlier of 5 years after the date of termination or the date upon which Mr. Dhillon obtains full time employment with a new employer; provided that if such new employment is obtained within the first 3 years from the date of termination, the Corporation is required to pay the difference, if any, between the level of benefits provided by the new employer and the Corporation; and
- d. pay reasonable cost of financial, estate and career counseling and related professional expenses in connection with such termination.

## 26. SEGMENTED INFORMATION

The Corporation specializes in multi-family residential housing and operates primarily within one business segment in three provinces located in Canada. The following summary presents segmented financial information for the Corporation’s continuing operations by geographic location:

## RENTAL OPERATIONS

(000s of dollars)

Year ended September 30

	2024	2023
<b>BRITISH COLUMBIA</b>		
Rental revenue	\$ 56,349	\$ 49,333
Other rental revenue	664	585
Ancillary revenue	1,209	915
Property operating expenses	15,903	13,436
Net operating income	42,319	37,397
Financing Cost	11,043	9,932
Change in fair value	36,105	22,235
<b>ALBERTA</b>		
Rental revenue	\$ 138,730	\$ 116,838
Other rental revenue	1,191	944
Ancillary revenue	1,839	1,529
Property operating expenses	53,529	47,635
Net operating income	88,231	71,676
Financing Cost	36,016	28,611
Change in fair value	88,955	43,280
<b>SASKATCHEWAN</b>		
Rental revenue	\$ 44,334	\$ 36,420
Other rental revenue	100	43
Ancillary revenue	626	445
Property operating expenses	18,017	16,263
Net operating income	27,043	20,645
Financing Costs	10,082	9,058
Change in fair value	20,696	4,586
<b>MANITOBA</b>		
Rental revenue	\$ 4,075	\$ 2,334
Other rental revenue	27	306
Ancillary revenue	652	336
Property operating expenses	1,908	1,387
Net operating income	2,846	1,589
Change in fair value	(896)	(709)
<b>TOTAL</b>		
Rental revenue	\$ 243,488	\$ 204,925
Other rental revenue	1,982	1,878
Ancillary revenue	4,326	3,225
Property operating expenses	89,357	78,721
Net operating income	160,439	131,307
Financing Costs	57,141	47,601
Change in fair value	144,860	69,512
Gain from disposal of assets	2,011	443
Unallocated revenue*	6,724	2,433
Unallocated expenses**	57,016	46,681
<b>Profit for the period</b>	<b>\$ 199,877</b>	<b>\$ 109,413</b>

\* Unallocated revenue represents interest income and other income.

\*\* Unallocated expenses include general and administrative expenses, mortgage interest, financing cost, depreciation, current income tax and deferred income taxes.

## IDENTIFIABLE ASSETS AND LIABILITIES

(000s of dollars)

Year ended September 30,	2024	2023
<b>BRITISH COLUMBIA</b>		
Investment properties	\$ 1,109,180	\$ 980,731
Property and equipment	24	20
Mortgages payable	360,793	314,110
Refundable security deposits	2,438	2,115
<b>ALBERTA</b>		
Investment properties	\$ 1,753,673	\$ 1,582,910
Property and equipment	5,954	6,111
Mortgages payable	1,014,037	970,773
Refundable security deposits	4,454	3,809
<b>SASKATCHEWAN</b>		
Investment properties	\$ 510,011	\$ 453,395
Property and equipment	856	886
Mortgages payable	274,835	280,930
Refundable security deposits	1,298	969
<b>MANITOBA</b>		
Investment properties	\$ 34,629	\$ 34,629
Property and equipment	2	3
Mortgages payable	–	–
Refundable security deposits	167	153
<b>TOTAL</b>		
Investment properties	\$ 3,407,493	\$ 3,051,665
Property and equipment	6,836	7,020
Mortgages payable	1,649,665	1,565,813
Refundable security deposits	8,357	7,046

## IDENTIFIABLE ACQUISITION AND CAPITAL EXPENDITURES

(000s of dollars)

Year ended September 30,	2024	2023
BRITISH COLUMBIA	\$ 92,356	\$ 32,511
ALBERTA	82,109	102,819
SASKATCHEWAN	897	4,514
MANITOBA	35,938	25,369
<b>TOTAL</b>	<b>\$ 211,300</b>	<b>\$ 165,213</b>

## 27. CAPITAL MANAGEMENT

The Corporation defines capital that it manages as the aggregate of its shareholders' equity and mortgages payable and, on occasion, bank loans or lines of credit when drawn on. The Corporation's total capital resources as at September 30, 2024 amounted to \$3,168 million (September 30, 2023 - \$2,885 million).

The Corporation aims to manage its capital resources to maintain financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and mortgages.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Corporation is summarized below:

(000s of dollars)

Year ended September 30,	2024	2023
Mortgages payable	\$ 1,649,665	\$ 1,565,813
Total equity	1,518,353	1,319,244
Total capital	\$ 3,168,018	\$ 2,885,057

The Corporation's policy for capital risk management is to maintain a debt to fair value of investment properties ratio, as defined below, of no greater than 70%. The ratio as at September 30, 2024 is approximately 47% (September 30, 2023 – 49%) which leaves a sufficient additional capacity for the Corporation to raise additional funds from refinancing before it reaches its internal target ratio of 70%

The debt to fair value ratios were as follows:

(000s of dollars)

Year ended September 30,	2024	2023
Mortgages payable	\$ 1,649,665	\$ 1,565,813
Cash and cash equivalents	48,826	81,762
Total debts	\$ 1,600,839	\$ 1,484,051
Investment properties	\$ 3,407,493	\$ 3,051,665
Debt to fair value ratio	47%	49%

In managing the capital requirements of the Corporation, management makes assessments of the capital and liquid resources required to ensure the going concern status of the Corporation. Management believes that the existing liquid resources, funds to be generated from operations, and funds to be raised through the financing and refinancing of debt will be sufficient to support the Corporation's operations on a going concern basis.

## 28. SUBSEQUENT EVENTS

Subsequent to year-end September 30, 2024, the Corporation acquired additional 68 residential units in the Provinces of 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%.

## 29. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on December 5, 2024.