

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

(\$000s of Canadian dollars)

		June 30, 2024	Sep. 30, 2023
Assets	Note		
Non-current assets			
Investment properties	3	\$ 3,338,963	\$ 3,051,665
Property and equipment		6,840	7,020
Intangible assets		577	949
		3,346,380	3,059,634
Current assets			
Property held for sale	4	10,133	11,994
Prepaid assets		4,162	3,056
Income tax receivable		-	110
Trade and other receivables		4,836	1,640
Restricted cash		5,726	4,982
Inventory		1,651	1,814
Cash and cash equivalents		46,420	81,762
		72,928	105,358
Total Assets		\$ 3,419,308	\$ 3,164,992
Liabilities			
Non-current liabilities			
Mortgages payable	5	\$ 1,498,679	\$ 1,418,783
Deferred tax liabilities		333,754	262,016
		1,832,433	1,680,799
Current liabilities			
Mortgages payable	5	155,916	147,030
Trade and other payables		13,561	10,873
Income tax payable		4,251	-
Refundable security deposits		8,063	7,046
		181,791	164,949
Total Liabilities		2,014,224	1,845,748
Equity			
Share capital	7	26,419	26,419
Retained earnings		1,378,665	1,292,825
Total Equity		1,405,084	1,319,244
Total Liabilities and Equity		\$ 3,419,308	\$ 3,164,992

See accompanying notes to these interim condensed consolidated financial statements.



Bob Dhillon, Director
July 18, 2024



Joe Amantea, Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET (LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME

Unaudited

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

	Three months ended June 30, 2024	Three months ended June 30, 2023	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Rental revenue [Note 8]	\$ 62,689	\$ 52,991	\$ 180,110	\$ 151,989
Ancillary revenue	633	907	2,803	2,324
Total rental and ancillary revenue	63,322	53,898	182,913	154,313
Property operating expenses [Note 9]	22,869	19,899	68,128	59,854
Net operating income	40,453	33,999	114,785	94,459
Financing costs [Note 10]	14,690	12,293	42,596	35,023
General and administrative expenses [Note 9]	4,193	4,690	13,135	13,167
Depreciation	173	198	739	587
Interest income	(1,960)	(876)	(5,937)	(1,528)
	17,096	16,305	50,533	47,249
Profit before change in fair value and income tax	23,357	17,694	64,252	47,210
Change in fair value [Note 3]	19,540	23,821	96,333	38,730
Gain from disposal of assets	723	190	1,865	190
Profit before income tax	43,620	41,705	162,450	86,130
Current income tax expense	1,351	-	4,362	-
Deferred income tax expense	58,075	7,509	71,737	16,212
Net(loss)/profit and total comprehensive income	\$ (15,806)	\$ 34,196	\$ 86,351	\$ 69,918
Profit per share				
– basic and fully diluted [Note 11]	\$ (1.70)	\$ 3.67	\$ 9.27	\$ 7.50

See accompanying notes to these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

(\$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 period	-	69,918	69,918
Balance, June 30, 2023	\$ 26,419	\$ 1,253,330	\$ 1,279,749
Balance, October 1, 2023	\$ 26,419	\$ 1,292,825	\$ 1,319,244
Dividend paid	-	(511)	(511)
Profit for the period	-	86,351	86,351
Balance, June 30, 2024	\$ 26,419	\$ 1,378,665	\$ 1,405,084

See accompanying notes to these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

Unaudited

(\$000s of Canadian dollars)

Nine months ended June 30,	2024	2023
Cash obtained from (used in) operating activities		
Net profit	\$ 86,351	\$ 69,918
Adjustments for:		
Depreciation	739	587
Change in fair value	(96,333)	(38,730)
Deferred income tax expense	71,737	16,212
Gain from disposal of assets	(1,865)	(190)
Financing costs [Note 10]	42,596	35,023
Deferred financing costs incurred	(6,010)	(3,011)
Interest paid on mortgages [Note 10]	(37,045)	(30,042)
Cash from operating activities before changes in non-cash working capital	60,170	49,767
Change in working capital		
Prepaid assets	(1,106)	(5,553)
Trade and other receivables	(3,196)	(461)
Inventory	163	(311)
Restricted cash	(744)	(698)
Trade and other payables	2,907	1,307
Current income tax payable	4,361	-
Refundable security deposits	1,017	941
Cash from operating activities	63,572	44,992
Financing activities		
Bank indebtedness	-	255
Financing of investment properties	203,780	122,908
Mortgage principal repayments	(21,816)	(21,332)
Mortgage payments upon refinancing	(126,645)	(4,478)
Divident payout	(511)	-
Repurchase of shares	-	(919)
Cash from financing activities	54,808	96,434
Investing activities		
Additions to investment properties [Note 3]	(157,261)	(136,912)
Additions to property and equipment	(176)	(73)
Additions to intangible assets	(11)	(291)
Proceeds from disposal	3,750	520
Additions to property held for sale	(24)	(124)
Cash used in investing activities	(153,722)	(136,880)
Net (decrease)/increase in cash and cash equivalents	(35,342)	4,546
Cash and cash equivalents, beginning of period	81,762	44,560
Cash and cash equivalents, end of period	\$ 46,420	\$ 49,106
Cash and cash equivalents are comprised of:		
Cash	\$ 5,036	\$ -
Short-term deposits	41,384	49,106
	\$ 46,420	\$ 49,106

See accompanying notes to these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 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 interim condensed consolidated financial statements of the Corporation have been prepared in compliance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed and, therefore, these financial statements should be read in conjunction with the annual audited consolidated financial statements for the fiscal year ended September 30, 2023.

b) Basis of presentation

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value. The interim condensed 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 are same as those used at the fiscal year ended September 30, 2023 and have been applied consistently in all material respects.

c) Basis of consolidation

The interim condensed 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) 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 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 12;
- 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.

3. Investment properties

(000s of dollars)

	Nine months ended June 30, 2024	Year ended Sep. 30, 2023
Balance, beginning of period	\$ 3,051,665	\$ 2,817,905
Additions related to acquisitions	170,156	138,931
Building improvements	22,694	25,465
Reclass to property and equipment	-	-
Property held for resale	(1,885)	(148)
Change in fair value	96,333	69,512
Balance, end of period	\$ 3,338,963	\$ 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 June 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 June 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 nine month period ended June 30, 2024, a fair value gain of \$96.3 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:

	Jun. 30, 2024	Sep. 30, 2023
Lower Mainland, BC	3.83%	3.77%
BC excluding Lower Mainland	4.87%	4.87%
Calgary, Alberta	5.88%	5.94%
Edmonton, Alberta	5.73%	5.71%
Saskatoon, Saskatchewan	6.09%	5.82%
Regina, Saskatchewan	5.91%	6.01%
Winnipeg, Manitoba	5.79%	5.81%
Investment properties-weighted average capitalization rate	5.20%	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 June 30, 2024

	-3%	-1%	As estimated	+1%	+3%
Net operating income	\$ 168,491	\$ 171,965	\$ 173,702	\$ 175,439	\$ 178,913
Capitalization rate					
-0.25%	4.95%	\$ 64,894	\$ 135,077	\$ 170,168	\$ 205,260
Cap rate used	5.20%	\$ (98,753)	\$ (31,944)	\$3,338,963	\$ 34,864
+0.25%	5.45%	\$ (247,386)	\$ (183,642)	\$ (151,770)	\$ (119,898)
		\$ (56,155)			

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 \$2,713 million (September 30, 2023 - \$2,584 million) are pledged as security against the Corporation's mortgages payable.

4. 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 82 units as of June 30, 2024. The Corporation is actively selling the remaining units and expects to dispose of the remaining units within the next 12 months, and consequently, the asset is presented within the current assets section.

5. MORTGAGES PAYABLE

Mortgages payable bear interest at a weighted average interest rate of 2.97% (September 30, 2023 – 2.79%) per annum and 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 \$2,713 million (September 30, 2023 - \$2,584 million).

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
Non-current	\$ 1,498,679	\$ 1,418,783
Current	155,916	147,030
	\$ 1,654,595	\$ 1,565,813

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

(000s of dollars)	Jun. 30, 2024	Sep. 30, 2023
Opening balance	\$ 1,565,813	\$ 1,433,453
Financing of investment properties	203,780	244,894
Mortgage assumed to purchase investment properties	33,923	6,067
Mortgage principal repayments	(21,816)	(28,415)
Mortgage payments upon refinancing	(126,645)	(90,529)
Deferred financing cost	(460)	343
Closing balance	\$ 1,654,595	\$ 1,565,813

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

(000s of dollars)

Year ending September 30,	Amount
2024	\$ 6,694
2025	163,709
2026	274,687
2027	90,376
2028	133,865
Subsequent	1,024,290
	1,693,621
Deferred financing cost	(39,026)
	\$ 1,654,595

6. 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 June 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 June 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 June 30, 2024, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 48% and 1.70, respectively.

7. 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:

	Nine months ended ended June 30, 2024		Year ended September 30, 2023	
	Number of common shares	Amount	Number of common shares	Amount
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 the three and nine months ended June 30, 2024 and 2023, the Corporation purchased and cancelled Nil (2023 – Nil) and Nil (2023 – 7,900) common shares at an average price of Nil (2023 – \$Nil) and Nil (2023 – \$116.33) respectively, per common share under its NCIB.

8. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties are as follows:

(000s of dollars)

	Three months ended June 30		Nine months ended June 30	
	2024	2023	2024	2023
Rental revenue	\$ 62,189	\$ 52,597	\$ 178,668	\$ 150,847
Other rental revenue (1) (2)	500	394	1,442	1,142
	\$ 62,689	\$ 52,991	\$ 180,110	\$ 151,989

(1) Consists of revenues from parking and recovery of certain operating costs.

(2) The Corporation recognized a government grant of \$150,000 for rental supplement purposes from The Manitoba Housing and Renewal Corporation during Q3 2024. The rental supplement is recognized as other rental revenue on a straight-line basis and recognized evenly over the periods.

9. EXPENSES BY NATURE

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

(000s of dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Salaries, wages and employee benefits	\$ 8,732	\$ 8,363	\$ 26,189	\$ 23,768
Utility	7,537	6,897	23,862	21,322
Property tax	5,481	4,456	15,112	13,346
Repair and maintenance	2,279	1,551	6,960	5,045
Insurance	1,096	1,345	3,603	3,687
Other	681	987	2,388	3,234
Legal and other professional expenses	978	696	2,265	1,724
Advertising and Marketing	278	294	884	895
Total Operating and G&A expenses	\$ 27,062	\$ 24,589	\$ 81,263	\$ 73,021

10. FINANCING COSTS

The components of financing costs are as follows:

(000s of dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Mortgage interest	\$ 12,760	\$ 10,634	\$ 37,045	\$ 30,042
Amortization of deferred financing cost	1,930	1,659	5,551	4,981
Financing costs	\$ 14,690	\$ 12,293	\$ 42,596	\$ 35,023

11. LOSS/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)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Numerator				
Net (loss)/profit	\$ (15,806)	\$ 34,196	\$ 86,351	\$ 69,918
Denominator				
For basic (loss)/profit per share				
Weighted average shares	9,318,818	9,318,818	9,318,818	9,320,996
Dilutive effect of stock options	–	–	–	–
For diluted profit per share	9,318,818	9,318,818	9,318,818	9,320,996
(Loss)/Profit per share				
– basic	\$ (1.70)	\$ 3.67	\$ 9.27	\$ 7.50
– diluted	\$ (1.70)	\$ 3.67	\$ 9.27	\$ 7.50

12. 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)

		June 30, 2024		September 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Restricted cash	Level 2	\$ 5,726	\$ 5,726	\$ 4,982	\$ 4,982
Cash and cash equivalents	Level 2	46,420	46,420	81,762	81,762
Trade and other receivables	Level 2	4,836	4,836	1,640	1,640
Financial liabilities:					
Mortgages payable	Level 2	1,654,595	1,597,351	1,565,813	1,457,667
Trade and other payables	Level 2	13,561	13,561	10,873	10,873
Refundable security deposits	Level 1	\$ 8,063	\$ 8,063	\$ 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)

		June 30, 2024		September 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-financial assets:					
Investment properties	Level 3	\$3,338,963	\$3,338,963	\$3,051,665	\$3,051,665

13. 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 the first half of 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, including as a result of Russia's ongoing invasion of Ukraine, further disrupting global recovery as economies emerge from the impact of the pandemic. 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 2022 and 2023, 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 June 30, 2024, rents due from current tenants amounted to \$702,000 (September 30, 2023 - \$665,000). The possibility of not receiving payment of rent due from current tenants was covered by security deposits of \$8.1 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 June 30, 2024 and September 30, 2023 are outlined in the table below:

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
0-30 days	\$ 481	\$ 468
31-60 days	80	105
61-90 days	52	21
Over 90 days	89	71
Total rents due from current tenants	\$ 702	\$ 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 June 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	\$ 6,694	163,709	274,687	90,376	1,158,155	\$1,693,621
Mortgage interest payable	12,571	50,112	44,430	37,927	90,389	235,429
Trade and other payables	13,561	-	-	-	-	13,561
Refundable security deposits	\$ 8,063	-	-	-	-	\$ 8,063

The timing of cash outflows relating to financial liabilities as at September 30, 2023 are outlined in the table below:

(000s of dollars)

Beyond

	1 year	2 years	3 years	4 years	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

14. 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 June 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.

15. 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 three and nine months ended June 30, 2024, amounted to \$134,747 (2023 – \$87,755) and \$671,812 (2023 - \$347,114).

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 three and nine months ended June 30, 2024, amounting to \$147,927 (2023 – \$82,512) and \$375,859 (2023 - \$298,302) to a law firm of which a director and officer of the Corporation is a Senior Associate. As at June 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.

16. 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:

(000s of dollars)

RENTAL OPERATIONS

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
BRITISH COLUMBIA				
Rental revenue	\$ 14,238	\$ 12,615	\$ 41,192	\$ 36,453
Other rental revenue	167	147	489	432
Ancillary revenue	122	238	730	690
Property operating expenses	4,294	3,430	12,376	10,381
Net operating income	10,233	9,570	30,035	27,194
Financing Costs	3,006	2,489	8,102	7,485
Change in fair value	2,567	1,403	25,225	11,018
ALBERTA				
Rental revenue	\$ 35,721	\$ 29,860	\$ 101,889	\$ 85,960
Other rental revenue	300	236	866	672
Ancillary revenue	268	379	1,187	1,118
Property operating expenses	13,604	12,076	40,343	36,217
Net operating income	22,685	18,399	63,599	51,533
Financing Cost	9,139	7,532	26,808	20,773
Change in fair value	10,759	18,855	54,997	32,075
SASKATCHEWAN				
Rental revenue	\$ 11,195	\$ 9,225	\$ 32,539	\$ 26,741
Other rental revenue	28	11	66	32
Ancillary revenue	84	127	395	340
Property operating expenses	4,571	3,979	13,861	12,375
Net operating income	6,736	5,384	19,139	14,738
Financing costs	2,545	2,272	7,686	6,765
Change in fair value	6,365	3,678	5,831	(3,773)
MANITOBA				
Rental revenue	\$ 1,006	\$ 897	\$ 2,982	\$ 1,693
Other rental revenue	34	-	87	6
Ancillary revenue	159	163	491	176
Property operating expenses	400	414	1,548	881
Net operating income	799	646	2,012	994
Change in fair value	(151)	(115)	10,280	(590)
TOTAL				
Rental revenue	\$ 62,160	\$ 52,597	\$ 178,602	\$ 150,847
Other rental revenue	529	394	1,508	1,142
Ancillary revenue	633	907	2,803	2,324
Property operating expenses	22,869	19,899	68,128	59,854
Net operating income	40,453	33,999	114,785	94,459
Financing costs	14,690	12,293	42,596	35,023
Change in fair value	19,540	23,821	96,333	38,730
Gain from disposal of assets	723	190	1,865	190
Unallocated revenue*	1,960	876	5,937	1,528
Unallocated expenses**	63,792	12,397	89,973	29,966
Profit for the period	\$ (15,806)	\$ 34,196	\$ 86,351	\$ 69,918

* Unallocated revenue represents interest income and other income

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

(000s of dollars)

IDENTIFIABLE ASSETS AND LIABILITIES

	June 30, 2024	Sept. 30, 2023
BRITISH COLUMBIA		
Investment properties	\$ 1,086,362	\$ 980,731
Property and equipment	27	20
Mortgages payable	362,014	314,110
Refundable security deposits	2,387	2,115
ALBERTA		
Investment properties	\$ 1,713,051	\$ 1,582,910
Property and equipment	5,949	6,111
Mortgages payable	1,016,923	970,773
Refundable security deposits	4,239	3,809
SASKATCHEWAN		
Investment properties	\$ 504,921	\$ 453,395
Property and equipment	862	886
Mortgages payable	275,658	280,930
Refundable security deposits	1,275	969
MANITOBA		
Investment properties	\$ 34,629	\$ 34,629
Property and equipment	2	3
Mortgages payable	–	–
Refundable security deposits	162	153
TOTAL		
Investment properties	\$ 3,338,963	\$ 3,051,665
Property and equipment	6,840	7,020
Mortgages payable	1,654,595	1,565,813
Refundable security deposits	8,063	7,046

IDENTIFIABLE ACQUISITION AND CAPITAL EXPENDITURES

	Nine months ended June 30, 2024	Year ended September 30, 2023
BRITISH COLUMBIA	\$ 80,418	\$ 32,511
ALBERTA	75,322	102,819
SASKATCHEWAN	34,741	4,514
MANITOBA	685	25,369
TOTAL	\$ 191,166	\$ 165,213

17. 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 June 30, 2024 amounted to \$3,060 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 makes adjustments to 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)

	June 30, 2024	Sep. 30, 2023
Mortgages payable	\$ 1,654,595	\$ 1,565,813
Total equity	1,405,084	1,319,244
Total capital	\$ 3,059,679	\$ 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 June 30, 2024 is approximately 48% (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)

	June 30, 2024	Sep. 30, 2023
Mortgages payable	\$ 1,654,595	\$ 1,565,813
Cash and cash equivalents	(46,420)	(81,762)
Total net debts	\$ 1,608,175	\$ 1,484,051
Investment properties	\$ 3,338,963	\$ 3,051,665
Debt to fair value ratio	48%	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.

18. SUBSEQUENT EVENTS

Subsequent to the quarter-ended June 30, 2024, the Corporation disposed 1 condo unit of held for sale in Calgary for a total consideration of \$0.3 million.

On July 11, Mainstreet declared a quarterly dividend amount of \$0.0275 per share for the quarter ended June 30, 2024 on its common shares, with the dividend being paid at the end of July 2024.

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on July 18, 2024.