

# 25

YEARS of

## Organic Growth Discipline Focus



	IFRS value (\$ million)	Year-over-year % change	Revenue (\$ million)	Year-over-year % change	Stock price (\$)	Year-over-year % change
2000	90	n/a	7.7	n/a	4.9	n/a
2001	105	17%	11.1	44%	5.4	10%
2002	145	38%	15.2	37%	3.1	(43%)
2003	170	17%	17.0	12%	3.9	25%
2004	178	5%	19.7	16%	6.1	57%
2005	309	74%	23.5	19%	5.2	(14%)
2006	520	68%	30.9	31%	9.9	89%
2007	710	37%	40.4	31%	16.1	62%
2008	625	(12%)	46.3	15%	12.1	(25%)
2009	679	9%	50.8	10%	7.9	(34%)
2010	752	11%	53.1	5%	11.4	44%
2011	911	21%	56.9	7%	17.2	50%
2012	1,052	15%	66.9	18%	31.5	83%
2013	1,149	9%	78.2	17%	30.2	(4%)
2014	1,259	10%	90.6	16%	40.7	35%
2015	1,386	10%	100.4	11%	31.4	(23%)
2016	1,460	5%	100.3	0%	31.1	(1%)
2017	1,632	12%	104.7	4%	37.0	19%
2018	1,866	14%	115.7	11%	48.0	30%
2019	2,040	9%	137.6	19%	63.6	33%
2020	2,183	7%	149.8	9%	71.9	13%
2021	2,616	20%	159.9	7%	104.25	45%
2022	2,818	8%	180.6	13%	106	2%
2023	3,052	8%	210	16%	133	25%
2024	3,407	12%	249.8	19%	191.1	44%
		<b>16%</b>		<b>16%</b>		<b>16%</b>

	NOI (\$ million)	Year-over-year % change	FFO (\$ million)	Year-over-year % change	FFO per share (\$)	Year-over-year % change
2000	5.7	n/a	1.5	n/a	0.18	n/a
2001	7.9	39%	2.1	40%	0.22	22%
2002	11.1	41%	3.0	43%	0.24	9%
2003	10.9	(2%)	2.3	(23%)	0.33	38%
2004	11.6	6%	2.2	(4%)	0.26	(21%)
2005	13.8	19%	1.0	(55%)	0.11	(58%)
2006	18.3	33%	1.3	30%	0.14	27%
2007	24.7	35%	5.0	285%	0.46	229%
2008	26.6	8%	3.8	(24%)	0.20	(57%)
2009	31.3	18%	5.5	45%	0.46	130%
2010	33.2	6%	7.7	40%	0.75	63%
2011	37.3	12%	11.4	48%	1.08	44%
2012	44.9	20%	15.2	33%	1.45	34%
2013	52.0	16%	19.1	26%	1.83	26%
2014	60.0	15%	25.6	34%	2.45	34%
2015	67.3	12%	30.0	17%	3.06	25%
2016	64.0	(5%)	26.2	(13%)	2.74	(11%)
2017	64.4	1%	25.6	(2%)	2.91	6%
2018	72.2	12%	29.6	16%	3.35	15%
2019	86.3	20%	39.3	33%	4.27	27%
2020	93.0	8%	43.7	11%	4.66	9%
2021	97.8	5%	47.5	9%	5.08	9%
2022	109.7	12%	52.8	11%	5.65	11%
2023	131.3	20%	68.7	30%	7.37	30%
2024	160.4	22%	84.7	23%	9.09	23%
		<b>15%</b>		<b>18%</b>		<b>18%</b>

**DOUBLE-DIGIT**  
year-over-year growth  
FY 2024 vs. FY 2023

▲  
**19%**  
**RENTAL  
REVENUE**

▲  
**22%**  
**NOI**

▲  
**23%**  
**FFO**

**AR 2024**

For the years ended  
Sept. 30, 2024 and 2023

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## Forward-Looking Information

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

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

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

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

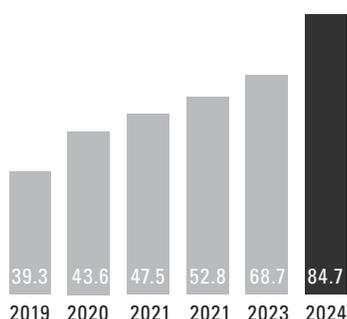
Forward-looking statements are based on management's beliefs, estimates and opinions on the date the statements are made, and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions should change except as required by applicable securities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

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

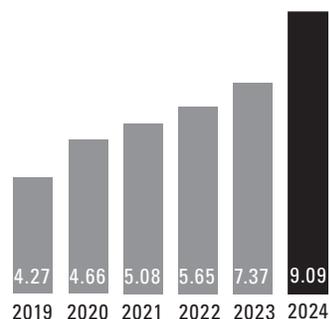
This MD&A includes forward-looking information about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical balance sheet, income statement or cash flow statement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

## 2024 KEY PERFORMANCE INDICATORS

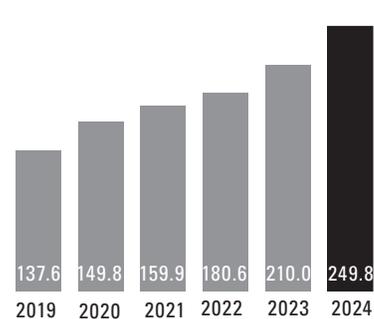
Funds from Operations (FFO)  
(Before one-time items)  
(\$ millions)



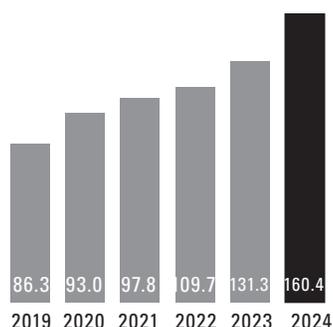
Funds from Operations (FFO)  
per share  
(Before gain on disposal)



Rental Revenue  
(\$ millions)



Net Operating Income (NOI)  
(\$ millions)



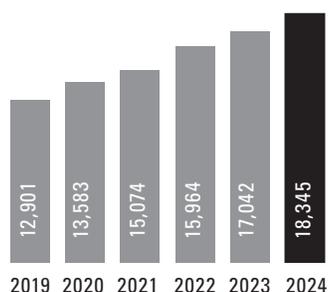
Rental Revenue – Same Assets  
(\$ millions)



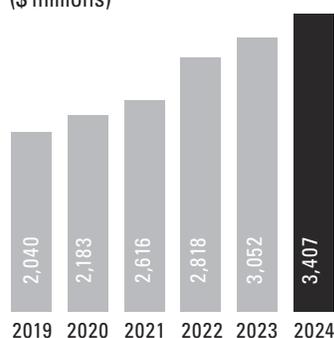
Net Operating Income (NOI)  
– Same Assets (\$ millions)



Total number of suites  
(Including assets held for sale)



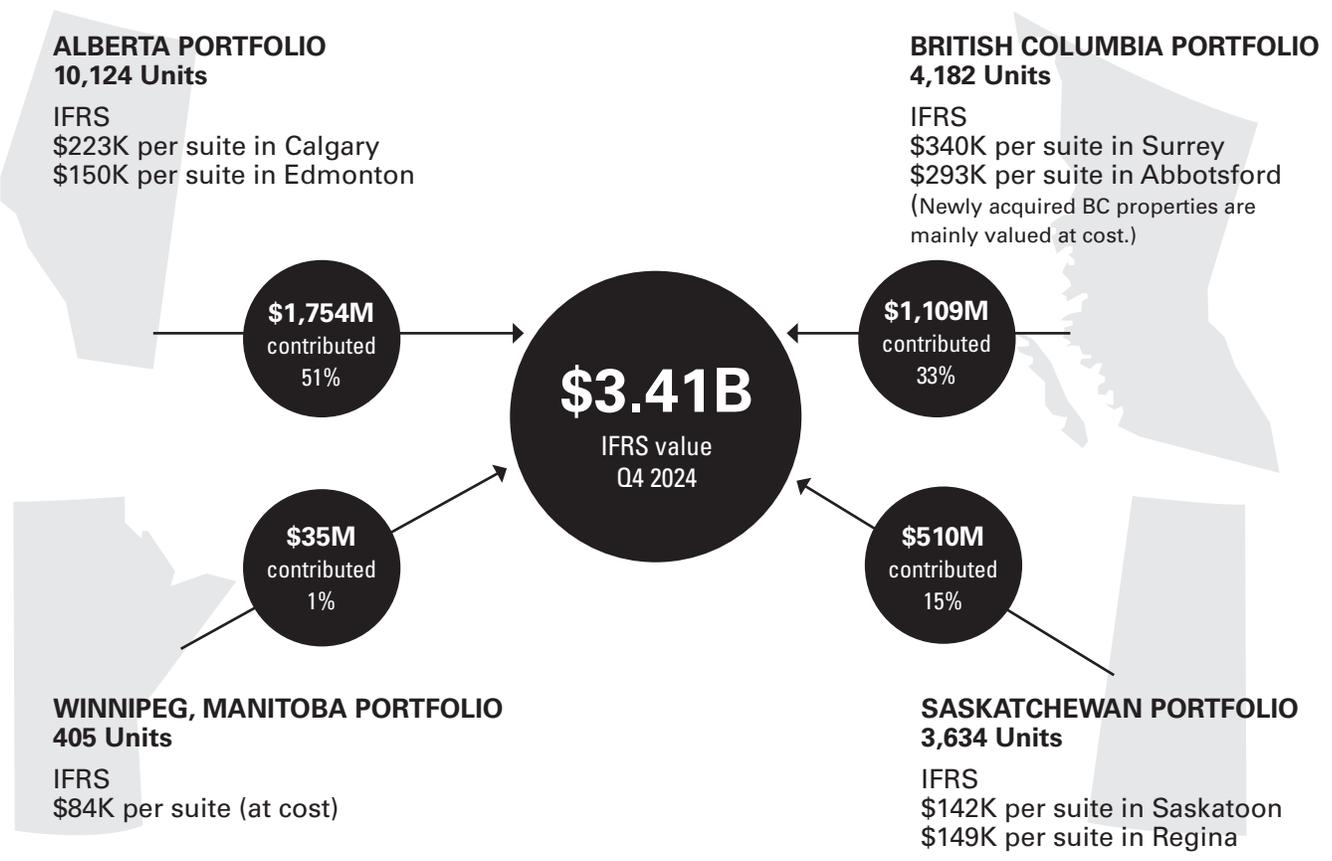
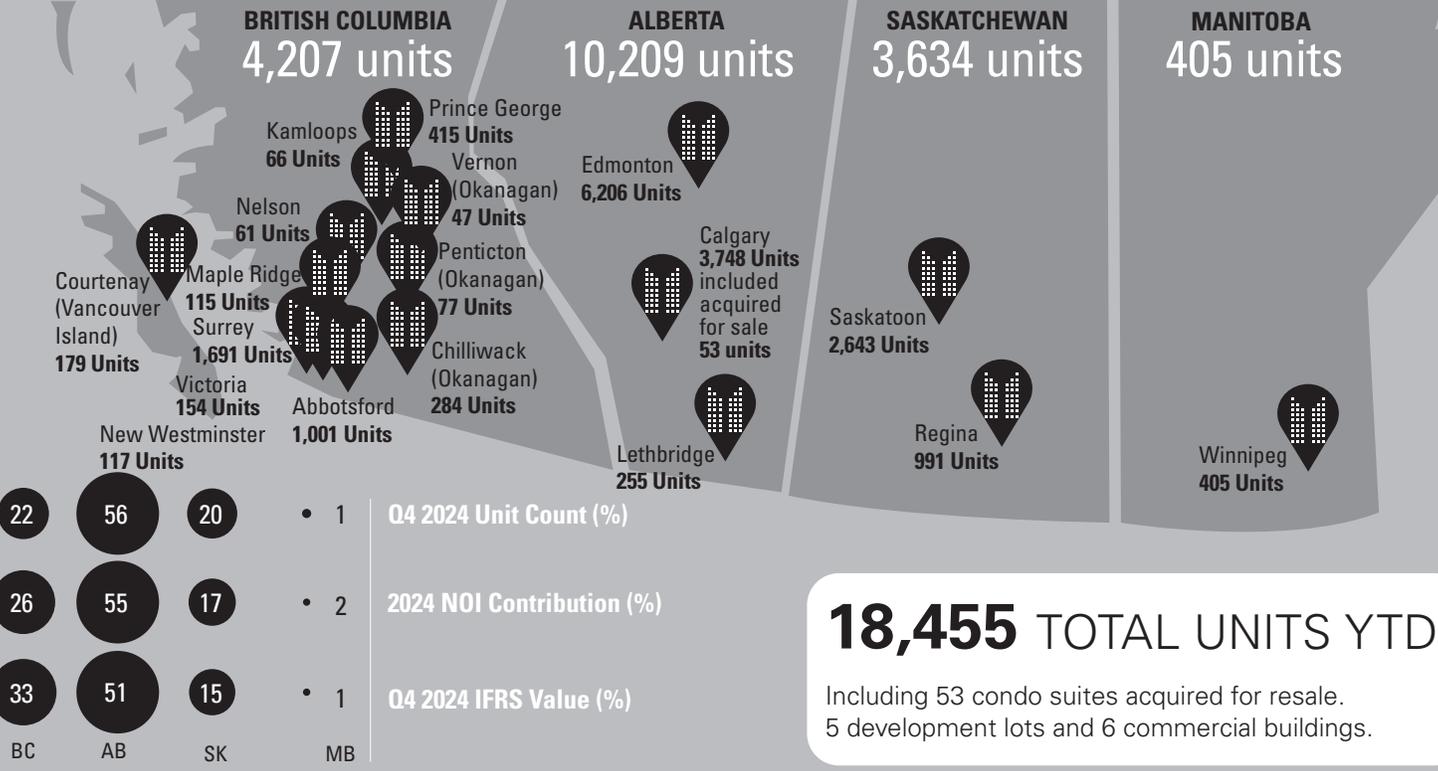
Market value of  
Investment Properties  
(\$ millions)



Mainstreet Equity Corp. (“Mainstreet” or the “Corporation”) is a Canadian real estate company focused on acquiring and managing mid-market rental apartment buildings primarily in Western Canada. Listed on the TSX since 2000, Mainstreet creates value by purchasing under-performing properties, renovating them to a branded standard, improving operating efficiencies and repositioning them in the market for greater returns. And, improving the lives of Canadians through affordable housing.

For additional information about Mainstreet Equity Corp., see the Corporation’s profile at SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

# DIVERSIFIED PORTFOLIO YTD



## KEY METRICS | FY2024 PERFORMANCE HIGHLIGHTS

<b>Rental Revenue</b>		
From Operations		Up 19% to \$249.8M (vs. \$210.0M in FY 2023)
From same asset properties		Up 12% to \$224.2M (vs. \$199.8M in FY 2023)
<b>Net Operating Income (NOI)</b>		
From Operations		Up 22% to \$160.4M (vs. \$131.3M in FY 2023)
From same Asset Properties		Up 18% to \$147.8M (vs. \$125.7M in FY 2023)
<b>Funds from Operations (FFO)<sup>1</sup></b>		
FFO - before current income tax		Up 33% to \$91.6M (vs. \$68.7M in FY 2023)
FFO - per basic share-before current income tax		Up 33% to \$9.83 (vs. \$7.37 in FY 2023)
FFO - after current income tax		Up 23% to \$84.7M (vs. \$68.7M in FY 2023)
FFO - per basic share-after current income tax		Up 23% to \$9.09 (vs. \$7.37 in FY 2023)
<b>Operating Margin</b>		
From Operations		64% (vs. 63% in FY 2023)
From same asset properties		66% (vs. 63% in FY 2023)
<b>Net Profit</b>		
Net Profit Per Basic Income		\$199.9M (vs. \$109.4M in FY 2023) including changes in fair value of \$144.9M in FY 2024 vs \$69.5M in FY 2023 and future income tax expense of \$31.0M in FY 2024 vs \$28.5M in FY 2023
<b>Total Capital Expenditure</b>		
Total Capital Expenditure		\$31.1M (vs. \$25.5M in FY 2023)
Total Capital Expenditure (unstabilized assets)		\$3.7M (vs. \$3.3M in FY 2023)
Total Capital Expenditure (stabilized assets)		\$27.4M (vs. \$22.2M in FY 2023)
Stabilized units		420 Properties (15,760 units) out of 478 properties (18,345 units)
<b>Vacancy rate</b>		
From operations		3.2% (vs. 4.5% in FY 2023)
From same asset properties		3.1% (vs. 4.2% in FY 2023)
Vacancy rate as of December 2, 2024		3.9% excluding unrentable units
<b>Total Acquisition</b>		
During FY 2024		\$178M 1,296 units (vs. \$136M 1,145 units in FY 2023)
Subsequent to FY 2024		68 units (\$12M) in Alberta and British Columbia
Total YTD Acquisition 2024		1,364 units (\$190M)
<b>Total Units</b>		
As of September 30, 2024		18,398 units <sup>2</sup>
As of December 2, 2024		18,455 units <sup>2</sup>
Fair Market Value		Up 12% to \$3.41B (vs. \$3.05B in 2023)
Liquidity Position		\$400M <sup>3</sup>

## KEY METRICS | Q4 2024 PERFORMANCE HIGHLIGHTS

<b>Rental Revenue</b>		
From Operations		Up 20% to \$66.9M (vs. \$55.7M in Q4 2023)
From same asset properties		Up 12% to \$58.4M (vs. \$52.0M in Q4 2023)
<b>Net Operating Income (NOI)</b>		
From Operations		Up 24% to \$45.7M (vs. \$36.8M in Q4 2023)
From same Asset Properties		Up 16% to \$40.6M (vs. \$34.9M in Q4 2023)
<b>Funds from Operations (FFO)<sup>1</sup></b>		
FFO - before current income tax		Up 27% to \$26.8M (vs. \$21.1M in Q4 2023)
FFO - per basic share-before current income tax		Up 27% to \$2.88 (vs. \$2.26 in Q4 2023)
FFO - after current income tax		Up 15% to \$24.2M (vs. \$21.1M in Q4 2023)
FFO - per basic share-after current income tax		Up 15% to \$2.60 (vs. \$2.26 in Q4 2023)
<b>Operating Margin</b>		
FFrom Operations		68% (vs. 66% in Q4 2023)
From same asset properties		70% (vs. 67% in Q4 2023)
<b>Vacancy rate</b>		
From operations		3.4% (vs. 4.3% in Q4 2023)

\*1 See "Non-IFRS Measures" and Note (1) in MANAGEMENT'S DISCUSSION AND ANALYSIS to the table titled "Summary of Financial Results" for additional information regarding FFO and a reconciliation of FFO to net profit, the most directly comparable IFRS measurement.

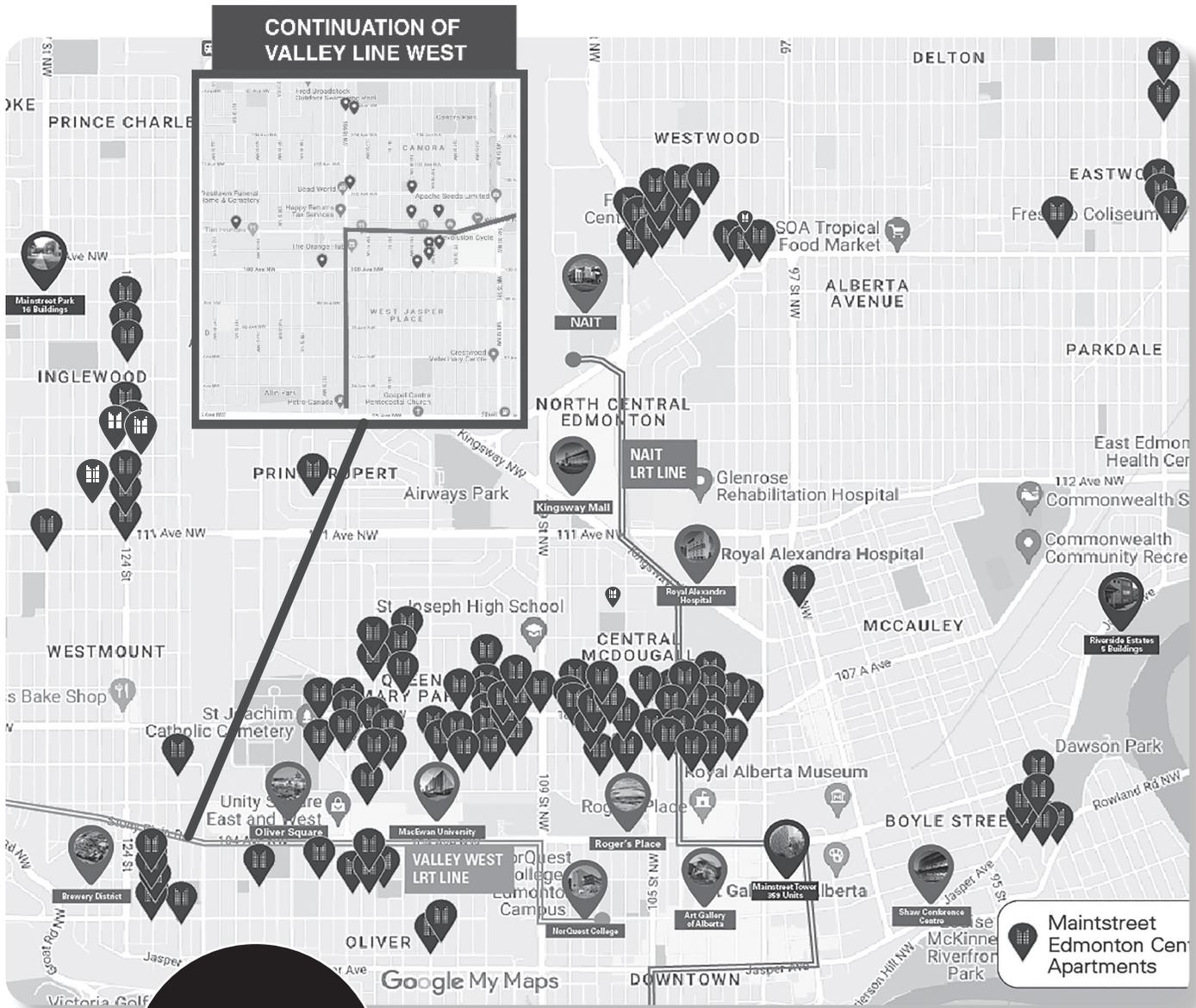
\*2 Including 53 condo units acquired and held for resale.

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

# CLUSTER STRATEGY

## Edmonton // ICE DISTRICT

This map displays Mainstreet's Edmonton holdings, the largest in Mainstreet's portfolio. Strategically concentrated in the most popular areas of inner-city Edmonton, our clusters include properties in the city's famous ICE District and the Arts District, high-density student housing by the University of Alberta and student housing near NAIT, MacEwan University, and NorQuest College, and every other part of the inner city where millennials want to be. Property clusters are also on major transit routes and along the LRT lines.



**6,206**  
YTD TOTAL UNITS  
EDMONTON\*

\* Includes Fort Saskatchewan

# CLUSTER STRATEGY

## Calgary // INNER-CITY

Looking at this map of Mainstreet's Calgary properties, the strategic value of clustering is clear. Our holdings are concentrated in the areas of the city that our customers care most about: the city core where all of the nightlife and dining is; close to schools where students need to be; and throughout central communities where our customer's lives are taking place, from work to school. Properties are on major transit routes, LRT lines, and on Calgary's extensive bike paths.



**3,748**  
YTD TOTAL UNITS  
CALGARY\*

\*Includes 53 condo units acquired for resale.

# CLUSTER STRATEGY

## Regina // GOLDEN MILE

Map of Mainstreet's Regina portfolio. Mainstreet's Regina holdings are concentrated in the city center, specifically in the popular Golden Mile area near great shopping and amenities, and within a short trip to post-secondary institutions. These are very walkable and cyclable areas where customers can park their cars and forget about them.



**991**  
YTD TOTAL UNITS  
REGINA

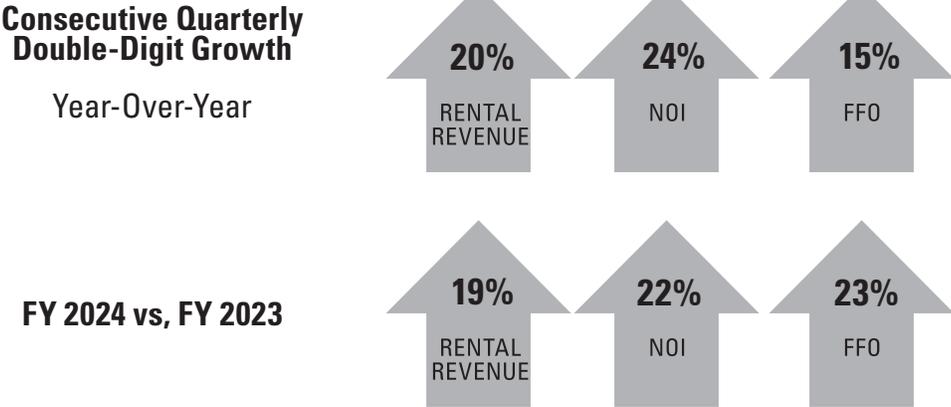
**MESSAGE TO SHAREHOLDERS** | For the years ended Sept 30, 2024 and 2023

**The Mainstreet Mission: We are passionately committed to our role as a crucial provider of quality, affordable homes for Canadians, offering renovated apartments and customer services at a mid-market rental rate averaging around \$1,200.**

In FY 2024, Mainstreet posted double-digit, year-over-year growth across all key operating metrics, with funds from operations (“FFO”) before current income tax increasing 33%, net operating income (“NOI”) rising 22% and rental revenues increasing 19%. We also achieved our 12th consecutive quarter of double-digit growth in Q4, with major gains in FFO (27%), NOI (24%) and rental revenues (20%). Annual margins increased from 63% to 64%, and from 63% to 66% on a same-asset basis.

**The Mainstreet Advantage**

Mainstreet’s financial achievements in FY 2024 illustrate the long-term success of our value-add business model and nimble management style, which has allowed us to generate compounding shareholder returns no matter where we are in the economic cycle. As part of our operating strategy, Mainstreet has continued to aggressively acquire apartment buildings at opportunistic cost while also leveraging low-cost, CMHC-insured mortgages to create liquidity for future organic growth. Once properties are acquired, we derive additional value by improving the life of middle-class Canadians through renovating apartment buildings to a consistent standard and then putting them back on the rental market at competitive yet highly affordable rental rates.



This emphasis on tangible assets gives Mainstreet a unique position in the real estate market, where we enjoy a geographically diverse portfolio of more than 18,000 apartment units clustered around key urban hubs in Western Canada. Since Mainstreet started trading on the TSX in 2000, we have built up an asset base of \$3.4 billion without creating any significant dilution. Today, Mainstreet shares trade at more than \$200, while our total number of shares outstanding total approximately 9.3 million, hardly more than the 8.9 million shares that were in circulation when we made our stock market debut.

<b>2000</b> Listed on TSX	\$0.9 million in cash 529 units Fair market value of \$90 million Share price: \$4.9 as at Sep. 30, 2000	No equity dilution except exercised options	<b>2024</b>	\$49 million in cash 18,345 units Fair market value of \$3.41 billion Share price: \$191 as at Sep. 30, 2024
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## **A structurally undersupplied rental market**

Adding to Mainstreet's internal advantages, a structural supply-demand imbalance continues to persist across Canada's rental market. In the last 10 years, Canada's population has grown by 5.85 million, according to Statistique Canada. Over that same period, new supply of purpose-built rental apartment units totalled just 390,917, illustrating the magnitude of the rental market's supply shortage. The vast majority of recent population growth came from permanent residents, foreign students and temporary workers, most of whom tend to be renters. As of the end of 2023, there were 2.55 million foreign students and temporary workers living in Canada, according to Government of Canada data. (By comparison, Canada's entire rental universe is currently 2.3 million apartment units, according to CMHC data). That rapid population growth, combined with compounding lack of supply, has thus pushed rental market vacancy rates to a near-record low of 1.5%, according to CMHC data.

The federal government has recently announced plans to curb immigration, reducing the number of new permanent residents by 21% and foreign students by 10%. However, even after the federal government's planned immigration curbs, Canada's total number of foreign students and temporary workers is projected to remain relatively stable at 2.09 million in 2027 according to Statistique Canada, suggesting the supply gap underlying the rental space will persist for years to come. In 2025 alone, for example, the country expects to accept 395,000 new permanent residents and 437,000 foreign students after accounting for the reductions—well higher than previous averages.

## **Tailwinds continue in 2025**

As we enter the next fiscal year, Mainstreet's management team expects that today's positive macroeconomic trends will carry over into 2025, amplifying Mainstreet's inherent strategic advantages. Interest rates are expected to fall, which should provide Mainstreet with additional refinancing opportunities.

Our estimated \$400 million<sup>1</sup> liquidity position will offer ample room for further acquisitions following a record year in fiscal 2024. Rental rates in Mainstreet's core markets of Calgary, Edmonton, Vancouver/Lower Mainland, Regina and Saskatoon are projected to climb higher in 2025. Crucially, Mainstreet maintains an average rental rate of just \$1,200, which puts us at a competitive advantage in Western Canada's undersupplied rental market, and offers plenty of opportunity to further boost NOI while reinforcing Mainstreet's position as a provider of affordable, quality housing for middle-class Canadians.

## **Another milestone year for Mainstreet**

Overall, FY 2024 was a highly successful period for Mainstreet, as evidenced by the following achievements:

- Improved rental revenues (19%) NOI (22%) and same-store NOI (18%) and FFO before income tax (33%) and FFO (23%)
- Drove Mainstreet's share price exceeded \$200 for the first time
- Acquired a record 1,296 units for \$178 million, of which around 50% were in B.C.
- Diversified into a new market: Victoria, British Columbia
- Maintained a sizable runway of \$52 million for future non-dilutive growth, creating potential for substantial same-store NOI catchup
- Implemented a prudent dividend policy for expanding our potential investor basis without affecting growth

Mainstreet believes these achievements and financial performance speak to the inherent stability of the rental market space in Canada. Aided by favourable macroeconomic tailwinds, Mainstreet will continue leveraging the unique nature of our capital structure, Asian supply chain connections and competitive price point to lower costs, improve customer service and create shareholder value into 2025 and beyond.

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

## CHALLENGES

### Inflation and cost pressures

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

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

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

### Defending against higher expenses

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

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

## OUTLOOK

### Putting the S in ESG

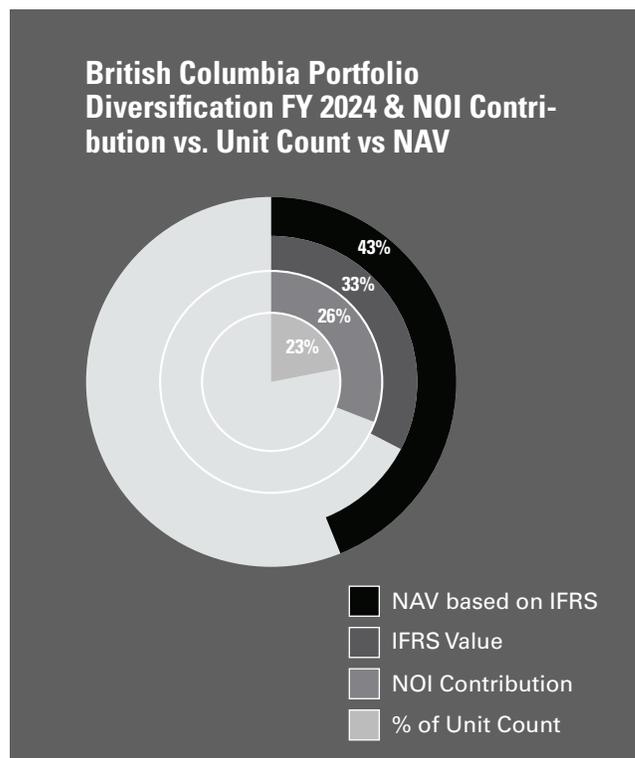
We believe that the tight housing market emphasizes Mainstreet’s position as an important provider of affordable housing in Canada. As a corporation dedicated to social responsibility, Mainstreet believes our highly competitive rental options are a crucial service at a time when an inflation-driven affordability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

### Hedging our debts

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

### Strong performance across core markets

Mainstreet continues to benefit from an increasingly diversified portfolio, where each of our core markets have contributed solid results. Nearly half (48%) of Mainstreet’s acquisitions in fiscal 2024 were in British Columbia. The region, which accounts for 43% of our estimated net asset



value (“NAV”) based on appraised value, is one of our primary candidates for future NOI growth. Due to government-imposed rental rate caps in the province, we have identified a large mark-to-market gap in the BC market (see Runway section below), built on vacancy rates that remain among the lowest in the province.

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

### Turning intangibles to tangibles

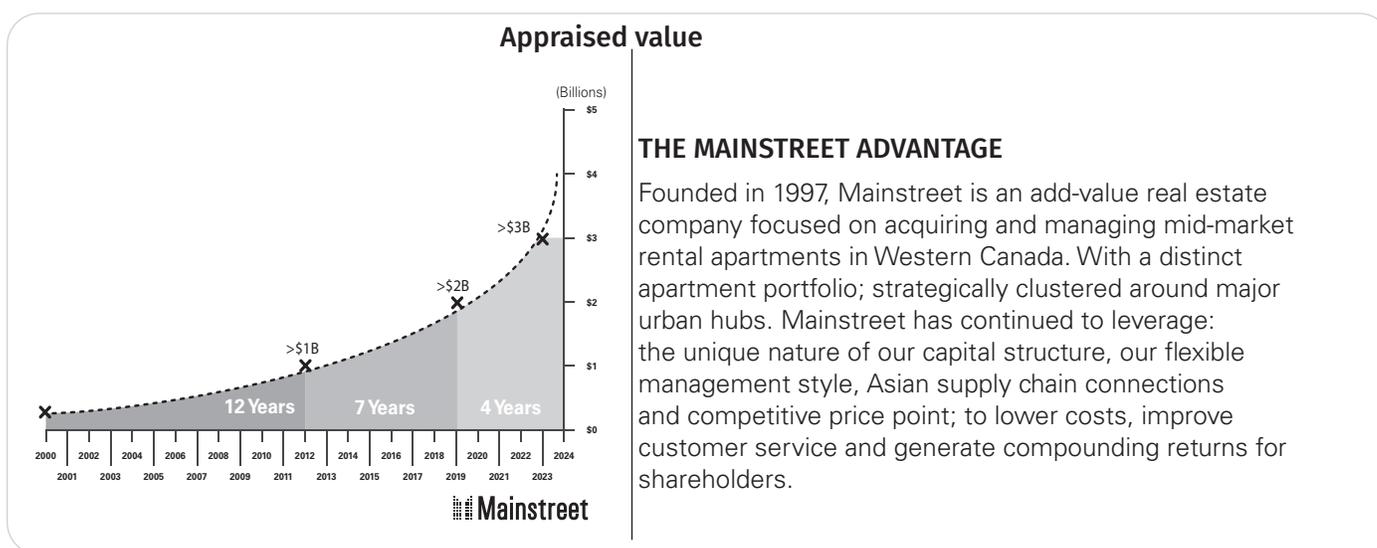
Mainstreet’s portfolio of more than 800 low-density buildings, including buildings with subdividable residual lands, creates substantial opportunity to extract added value out of existing assets and additional lands at little cost. We view this opportunity in the context of the ongoing housing shortage,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

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

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

### Raising Mainstreet’s nominal dividend<sup>1</sup>

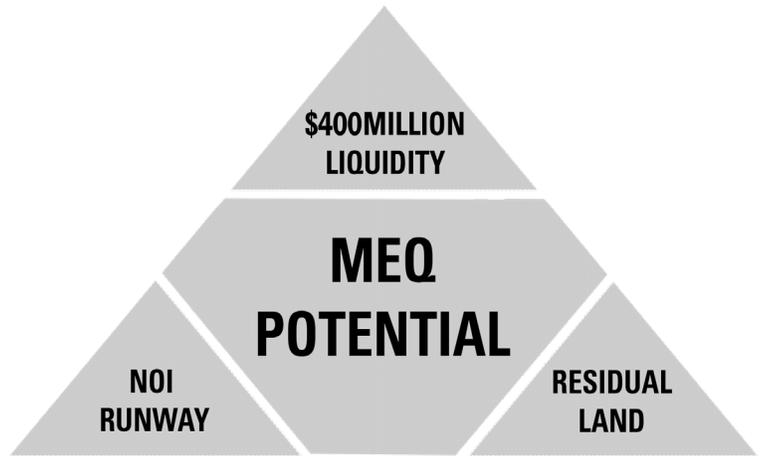
Mainstreet started offering a nominal dividend (\$0.11 per share annually) beginning Q1 2024. Given the apparent success of the nominal dividend based on early-stage performance, our management team now plans to raise the dividend by 45% (to \$0.16 per common share annually or \$0.04 per common share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



1. We note that any decision to pay dividends, and the amount of any such dividends on the shares, will be made by the Board of Directors at the relevant time, on the basis of Mainstreet’s earnings, financial requirements and other conditions existing at such future time. The dividend policy of Mainstreet is established by the Directors and is subject to change at the discretion of the Directors.

## RUNWAY ON EXISTING PORTFOLIO

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



Bob Dhillon  
President & CEO  
Calgary, Alberta  
December 5, 2024

## 5 YEAR TRENDS

(\$ millions except number of units, percentages and per share amount)

	% change 2024 vs. 2023	2024	2023	2022	2021	2020
Total number of units	8%	18,345	17,042	15,964	15,074	13,583
Market value of the portfolio	12%	3,407	3,052	2,818	2,616	2,183
Rental revenue	19%	249.8	210	180.6	159.9	149.8
Same assets rental revenue	12%	224.2	199.9	175.2	153.8	146.2
Net operating income	22%	160.4	131.3	109.7	97.8	93.0
Same assets net operating income	18%	147.8	125.7	107.3	94.4	91.0
Funds from operations	23%	84.7	68.7	52.8	47.5	43.7
FFO from operations per share	23%	9.09	7.37	5.65	5.08	4.66
Operating margins	170bps	64%	63%	61%	61%	62%

Total number of  
outstanding shares

**9,318,818**

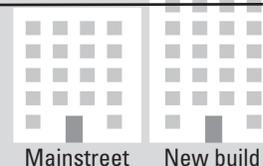
Management,  
Directors,  
& Officers  
shareholder  
ownership

**49%**

### Leveraging the supply-demand imbalance

Inflation, like everything else, drives up the cost of building new rental properties. We believe this only deepens Mainstreet's leading position in the rental market, given that we have built our portfolio through the acquisition of existing properties at prices well below replacement cost. That market dynamic is central to the value-add proposition that Mainstreet offers.

**Replacement cost**



Mainstreet

New build



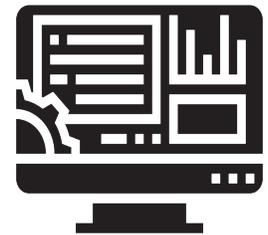
### Mainstreet: a model of security in times of inflation

Our management team has taken decisive steps to protect against rising interest rates, to the extent that 99% of Mainstreet debt is locked in at low rates (average 2.97% and over long-term maturities (average 4.8 years). Mainstreet has attempted to deal with the risk of inflation and the correlated increase in interest rates by locking its debt into short-term interim financing and will revert back to the corporations baseline longer-term debt strategy once interest rates reduce.

**Average interest rate 2.97%**  
**Average term to maturity 4.8 years**

### Embracing Technology

Mainstreet has continued to create efficiencies through investments in digital platforms and other software-enabled technology that improves our operations.



### A key provider of Millennial living

Mainstreet’s apartment portfolio is built around centralized, inner-city clusters that are highly appealing to students and young people given their close proximity to transit, entertainment, essential services and other amenities. These areas include Edmonton’s ICE district and university hubs, Calgary’s inner city and Mission districts, Regina’s Parliament neighbourhood and key neighbourhoods in Surrey and Abbotsford, BC.



### A responsible corporate citizen

Mainstreet is deeply committed to maintaining the highest standards of social responsibility. Throughout the ongoing war in Ukraine, we have taken in displaced refugees. During the Covid-19 pandemic, we waived rental payments for struggling tenants; delayed rent increases; halted evictions; and allocated additional financial resources toward safety provisions to support our customers. This follows Mainstreet’s long history of helping vulnerable citizens in need, where we have supported families impacted by the Slave Lake and Fort McMurray wildfires, or victims of conflict in Syria and Afghanistan. We believe the social benefits of such actions far outweighed any short-term financial losses.

### A dedication to equality and inclusiveness

Ever since Mainstreet’s inception, diversity and inclusion has been a key pillar of our identity, helping the Corporation build a highly dynamic and unified workforce. This includes maintaining gender balance among our staff, and supporting historically marginalized groups like the LGBTQ2S community.

# Decade of Dedication

We deeply appreciate our people, and want thank some of our most dedicated for a decade of team work.

OVER 25 YEARS >

"At Mainstreet, we don't have staff or employees; we have a team. Not just people working in the same building, but people working together for the same purpose: providing quality affordable homes. Our team's dedication is reflected in the optimistic faces of refugee families starting over, in those of young students just starting out who have found an affordable place to call home with Mainstreet. Our team makes home happen. We are proud to have built one of the world's most inclusive companies, a place with an open-door policy that ensures transparency and open communication across our team because we know you win the game by passing the ball over, not up or down.

We are proud of our team."



**Bob Dhillon**  
Founder, President  
& CEO



CREE ENGLISH MANDARIN CANTONESE ARABIC FRENCH RUSSIAN POLISH CROATIAN GRE  
TAGALOG SOMALI SHANGHAINESE AMHARICA TIGRINYA TELUGU BANGALA ITALIA



HEK PUNJABI HINDI URDU GERMAN SPANISH KOREAN JAPANESE PORTUGUESE NEPALESE  
N THAI GUJARATI CZECH ROMANIAN PATOIS HAKKA ARMENIAN UKRAINIAN KAZAKH

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

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

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

## NON-IFRS MEASURES

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

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

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

## OPERATIONS OVERVIEW

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

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

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

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

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

**Liquidity:** Liquidity is an important measure of the availability of sufficient cash to fund ongoing business activities, and capital and liability commitments. Liquidity is defined to include cash and cash equivalents on hand plus estimated new financings of clear title assets and up-financings of maturing mortgages. Assuming current lending criteria remains mainly unchanged, plus the available credit Mainstreet has access to under its approved line of credit, Mainstreet estimates it will have access to approximately \$400<sup>1</sup> million in available liquidity in 2025, which management believes is sufficient for its operations, including to address any remaining inherent uncertainty surrounding disruption from supply chain disruptions, inflation, interest rate increases and rent control measures, all while continuing to support its stakeholders.

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

## EFFECT OF MARKET FORCES ON MAINSTREET

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITY

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

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

### ENVIRONMENTAL

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

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



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

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



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

## SOCIAL COMMUNITY INVESTMENT

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

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



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



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



## EMPLOYEE ENGAGEMENT

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

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

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

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

## GOVERNANCE

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

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

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

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

## BUSINESS OVERVIEW

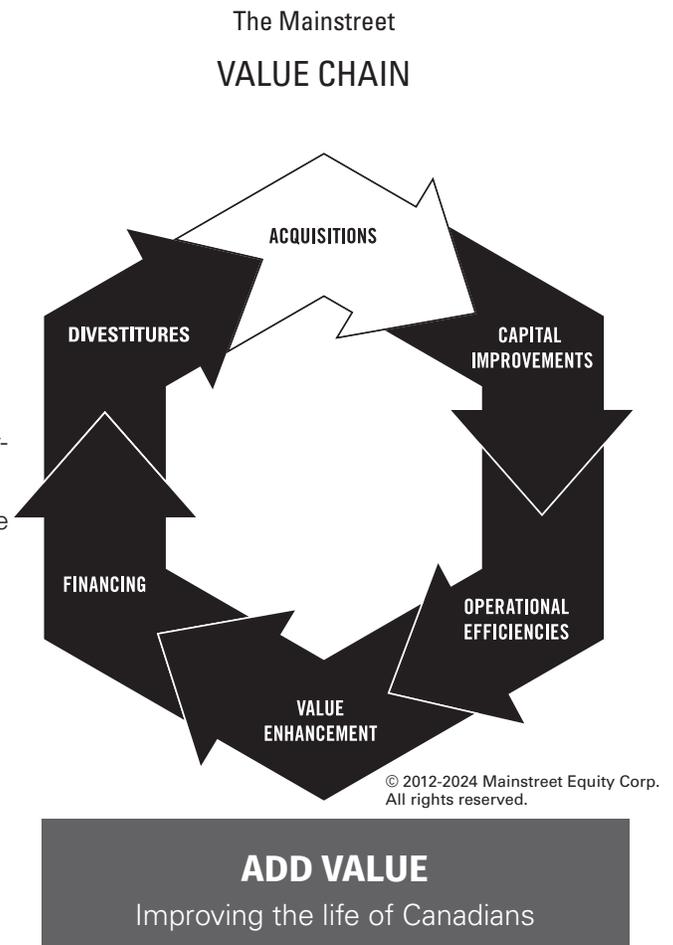
Based in Calgary, Alberta, Mainstreet is a Canadian real estate corporation focused on the acquisition, redevelopment, repositioning and management of mid-market rental apartment buildings in six major Canadian markets: British Columbia (including Vancouver Lower Mainland, Vancouver Island, Okanagan,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

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

## BUSINESS STRATEGY

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

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



## INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

### Investment properties

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

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

### Method used in determining the Fair Value of investment properties

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

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

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

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

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

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

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

Note (4) – includes the City of Fort Saskatchewan

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

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

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

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

Note (4) – includes the City of Fort Saskatchewan

## Acquisitions & Growth

(000s of dollars)

For the year ended September 30,

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

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

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

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

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

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

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

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

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

Note (4) – includes the City of Fort Saskatchewan

## CAPITAL IMPROVEMENTS

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

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

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

## REVIEW OF FINANCIAL & OPERATING RESULTS

### Summary of financial results

(000s of dollars except per share amounts)

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

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

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

## REVENUE

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

## NET PROFIT

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

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

Net profit is further analysed as follows:

(000s of dollars)

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

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

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

This was mainly due to changes as identified below:

(000s of dollars)

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

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

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

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

Note (4) – includes the City of Fort Saskatchewan

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

## FUNDS FROM OPERATIONS – NON IFRS MEASUREMENT

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

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

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

## GENERAL & ADMINISTRATIVE ("G&A") EXPENSES

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

## FINANCING COSTS

(000s of dollars)

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

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

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

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

## RENTAL OPERATIONS

(000s of dollars except per unit data)

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

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

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

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

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

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

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

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

## RENTAL OPERATIONS BY PROVINCE

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

### BRITISH COLUMBIA

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

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

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

(000s of dollars except per unit data)

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

## ALBERTA

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

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

(000s of dollars except per unit data)

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

## SASKATCHEWAN

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

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

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

(000s of dollars except per unit data)

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

### MANITOBA

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

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

(000s of dollars except per unit data)

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

## SUMMARY OF QUARTERLY RESULTS<sup>2</sup>

(000s of dollars except per share amounts)

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

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

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

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

### STABILIZED PROPERTIES

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

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

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

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

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

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

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

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

## FUNDS FROM OPERATIONS OF STABILIZED PROPERTIES

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

(000s of dollars except per share amounts)

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

(000s of dollars except per share amounts)

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

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

(000s of dollars)

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

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

## LIQUIDITY & CAPITAL RESOURCES

Access to liquidity is important as it allows the Corporation to implement its overall strategy. Liquidity is an important measure of the availability of sufficient cash to fund ongoing business activities and capital and liability commitments. Liquidity is defined to include cash and cash equivalents on hand plus estimated new financings of clear title assets and up-financings of maturing mortgages, assuming current lending criteria remains mainly unchanged, plus the available credit Mainstreet has access to under its approved lined of credit. Mainstreet estimates it will have access to approximately \$400 million<sup>3</sup> in available liquidity in 2025, which management believes is sufficient for its operations. With the current inflation and the increase in interest rates, the importance of liquidity has been magnified even more.

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

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

### ***Working Capital Requirement***

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

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

### ***Other Capital Requirements***

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

### **Financing**

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

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

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

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

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

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

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

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

### **Banking Facility**

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

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

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

## CONTRACTUAL OBLIGATIONS

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

## PAYMENTS DUE BY PERIOD

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

(000s of dollars)

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

## LONG-TERM DEBT

(000s of dollars)

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

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

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

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

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

## MORTGAGE MATURITY SCHEDULE

(000s of dollars)

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

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

## INTERNAL CONTROLS

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

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

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

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

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

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

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

## Financial Instruments & Risk Management

### *Fair value of financial assets and liabilities*

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

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

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

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

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

(000s of dollars)

			Sep. 30, 2024		Sep. 30, 2023	
			Carrying amount	Fair value	Carrying amount	Fair value
<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

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

### **Risk Associated with Financial Assets & Liabilities**

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

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

## SHARE CAPITAL

### Authorized:

Unlimited number of common voting shares with no par value

Unlimited number of preferred shares with no par value

Issued, outstanding and fully paid:

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

All common shares share an equal right to dividends.

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

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

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

## STOCK OPTIONS

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

## Shareholder Rights Plan

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

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

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

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

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

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

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

### **Key accounting estimates and assumptions**

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

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

Actual results could differ from estimates.

### **Transactions with Related Parties**

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

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

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

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

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

### **Off Balance Sheet Arrangements**

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

### **Subsequent Events**

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

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

### **Risk Assessment and Management**

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

### **Inflation, Labour Shortages and Supply Chain Risk**

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

### **Interest Rate Risk**

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

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

### **Cyber Security Risk**

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

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

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

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

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

## **Vacancy Risk**

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

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

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

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

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

### **Economic Uncertainty**

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

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

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

### **Utilities and Tax Risk**

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

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

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

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

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

## **Risks of Real Estate Property Ownership**

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

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

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

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

## **Renovation Risks**

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

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

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

### Reliance on Key Employees

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

### Credit Risk

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

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

(000s of dollars)

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

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

### Liquidity Risk

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

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

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

## **Financing Risk**

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

## **Market Risks**

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

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

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

## **Acquisitions Risks**

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

## **Appraisals of Properties**

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

## Rent Control

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

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

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

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

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

## Environmental, Health and Safety Risks

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

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

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

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

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

## Climate Change Risk

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

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

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

### **Aging Portfolio Risk**

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

### **Development Risk**

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

### **Property Redevelopment, Re-positioning and Renovations**

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

### **Disclosure Controls & Procedures on Internal Control over Financial Reporting Risk**

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

### **Income Tax Risk**

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

### **No History of Significant Dividends**

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

### **Workforce Availability**

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

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

### **Uninsured Losses**

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

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

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

### **Substitutions for Residential Rental Units**

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

### **Litigation Risks**

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

### **Regulatory Risks and Adverse Changes in Law**

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

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

### **Operational Risks**

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

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

### **Public Market Risk**

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

### **Potential Conflicts of Interest**

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

## **CHALLENGES**

### **Inflation and cost pressures**

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

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

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

### **Defending against higher expenses**

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

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

## OUTLOOK

### Putting the S in ESG

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

### Hedging debts

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

### Strong performance across core markets

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

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

### Turning intangibles to tangibles

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

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

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

### Raising Mainstreet's nominal dividend

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

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

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

## **RUNWAY ON EXISTING PORTFOLIO**

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

## **ADDITIONAL INFORMATION**

Additional information about Mainstreet, including its AIF, is available on the Corporation's website at [www.mainst.biz](http://www.mainst.biz) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## MANAGEMENT'S REPORT

To the Shareholders of Mainstreet Equity Corp.

The management of Mainstreet Equity Corp. is responsible for the preparation and content of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards.

Management has implemented a system of internal controls that are designed to provide reasonable assurance that transactions are properly authorized, financial reporting responsibilities are met and assets of the corporation are safeguarded against theft.

The financial statements have been audited by PwC, the independent auditors, in accordance with International Financial Reporting Standards. The Audit Committee recommended their approval of the statements to the Board of Directors. The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.



Bob Dhillon  
Director

December 5, 2024



Joe Amantea  
Director



## Independent auditor's report

To the Shareholders of Mainstreet Equity Corp.

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mainstreet Equity Corp. and its subsidiaries (together, the Company) as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at September 30, 2024 and 2023;
- the consolidated statements of net profit and total comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP  
Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T.: +1 403 509 7500, F.: +1 403 781 1825, Fax to mail: ca\_calgary\_main\_fax@pwc.com

\*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b></p> <p><i>Refer to note 2 – Material accounting policy information and note 3 – Investment properties to the consolidated financial statements.</i></p> <p>The Company’s total investment properties as at September 30, 2024 were valued at \$3.4 billion. Investment properties are initially measured at cost and subsequently recorded at fair value. The fair value is determined through internal and external valuation processes. External valuations are obtained from independent qualified real estate appraisers (management’s experts). Internal valuations are based on the same assumptions and valuation techniques used by management’s experts. The Company groups its investment properties in each city by their types and geographic locations and selects samples in each group for independent appraisal. The fair values of the samples selected are compared with their carrying values. The fair value of investment properties is determined using the direct capitalization method, which requires that an estimated forecasted net operating income (“NOI”) be divided by a capitalization rate (“cap rate”). The model requires certain key assumptions and estimates, which include cap rates and NOI for the property. Critical judgments were made by management in respect of these key assumptions and estimates.</p> <p>We considered this a key audit matter due to the critical judgments required by management, including the use of management’s experts, in determining the fair values of the investment</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Used the work of management’s experts in performing the procedures to evaluate the reasonableness of the fair value of investment properties. As a basis for using this work, the management experts’ competence, capability and objectivity were evaluated, their work performed was understood, and the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions and methods and findings.</li><li>• For a sample of investment properties, tested how management determined the fair value, which included the following:<ul style="list-style-type: none"><li>– Evaluated the appropriateness of the method used.</li><li>– Tested the underlying data used in the model.</li><li>– Evaluated the reasonableness of key assumptions used in determining the grouping of investment properties and inspected management’s appraisal schedule to assess the coverage of appraisals across each grouping throughout the year.</li><li>– Evaluated the reasonableness of cap rates by comparing them to external market and industry data.</li><li>– Compared the NOI used in the model to accounting records and evaluated as</li></ul></li></ul>

**Key audit matter**

properties and the high degree of complexity in assessing audit evidence related to the key assumptions made by management. In addition, the audit effort required the use of professionals with specialized skill and knowledge in the field of real estate valuations.

**How our audit addressed the key audit matter**

applicable whether the forecasted NOI is reasonable considering (i) the current and past leasing activity of the investment properties, (ii) the comparability with external market and industry data and (iii) whether this assumption was aligned with evidence obtained in other areas of the audit.

- Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in assessing the cap rates by (i) comparing them to externally available market data and (ii) evaluating whether the allocation of cap rates to investment properties is reasonable based on location, current leases in place and the type of investment property.

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**Other information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management



determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Harris.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
December 5, 2024

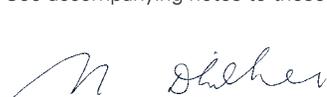
**MAINSTREET EQUITY CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**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	\$ -	\$ -	\$ -
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	\$ -	\$ -	\$ -
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
	<u>\$ 37,922</u>	<u>\$ 28,457</u>

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)
	<u>\$ 37,922</u>	<u>\$ 28,457</u>

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	<u>\$ 262,016</u>	<u>\$ 30,979</u>	<u>\$ 292,995</u>

(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	<u>\$ 233,559</u>	<u>\$ 28,457</u>	<u>\$ 262,016</u>

## 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
	<u>\$ 15,229</u>	<u>\$ 10,873</u>

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

## 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.

## CORPORATE INFORMATION

### OFFICERS

#### *President & CEO*

Bob Dhillon  
Calgary, AB

#### *Chief Financial Officer*

Trina Cui  
Calgary, AB

#### *Secretary*

Joe Amantea  
Calgary, AB

### BOARD OF DIRECTORS

Joe Amantea  
Calgary, AB

Ron B. Anderson  
Vancouver, BC

Bob Dhillon  
Calgary, AB

Karanveer Dhillon  
San Francisco, CA

Rich Grimaldi  
Westport, CT

John Irwin  
London, ON

### DIRECTORS' COMMITTEES

#### **Executive Committee**

Joe Amantea  
Calgary, AB

Ron B. Anderson  
Vancouver, BC

Bob Dhillon  
Calgary, AB

#### **Audit Committee**

##### *Chair*

John Irwin  
London, ON

Rich Grimaldi  
Westport, CT

Ron B. Anderson  
Vancouver, BC

#### **Executive Compensation Committee**

##### *Chair*

Ron B. Anderson  
Vancouver, BC

Joe Amantea  
Calgary, AB

#### **Risk Management Committee**

##### *Chair*

Ron B. Anderson  
Vancouver, BC

Rich Grimaldi  
Westport, CT

#### **Safety Committee**

##### *Chair*

John Irwin  
London, ON

Joe Amantea  
Calgary, AB

#### **Cyber Security Committee**

##### *Chair*

Karanveer Dhillon  
San Francisco, CA

Rich Grimaldi  
Westport, CT

### REGISTRAR & TRANSFER AGENT

Computershare  
800, 324 – 8 Avenue SW  
Calgary, AB

### AUDITORS

PwC  
Suncor Energy Centre  
111 – 5 Ave. SW,  
Suite 3100, East Tower  
Calgary, AB

### SOLICITORS

Borden, Ladner & Gervais LLP  
Centennial Place, East Tower  
1900, 520 – 3 Avenue SW  
Calgary, AB

### BANKERS

Royal Bank of Canada  
339 8th Avenue SW  
Calgary, AB

ATB  
Suite 600, 444 – 7 Ave SW  
Calgary, AB

TD Canada Trust  
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Calgary, AB

### INVESTOR RELATIONS

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Fax: 403 264-8870  
bdhillon@mainst.biz

### Financial Inquiries

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Fax: 403 266-8867  
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Mainstreet Equity Corp.

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Calgary, AB T2G 0W2

Tel: 403 215-6060  
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E-mail:

mainstreet@mainst.biz

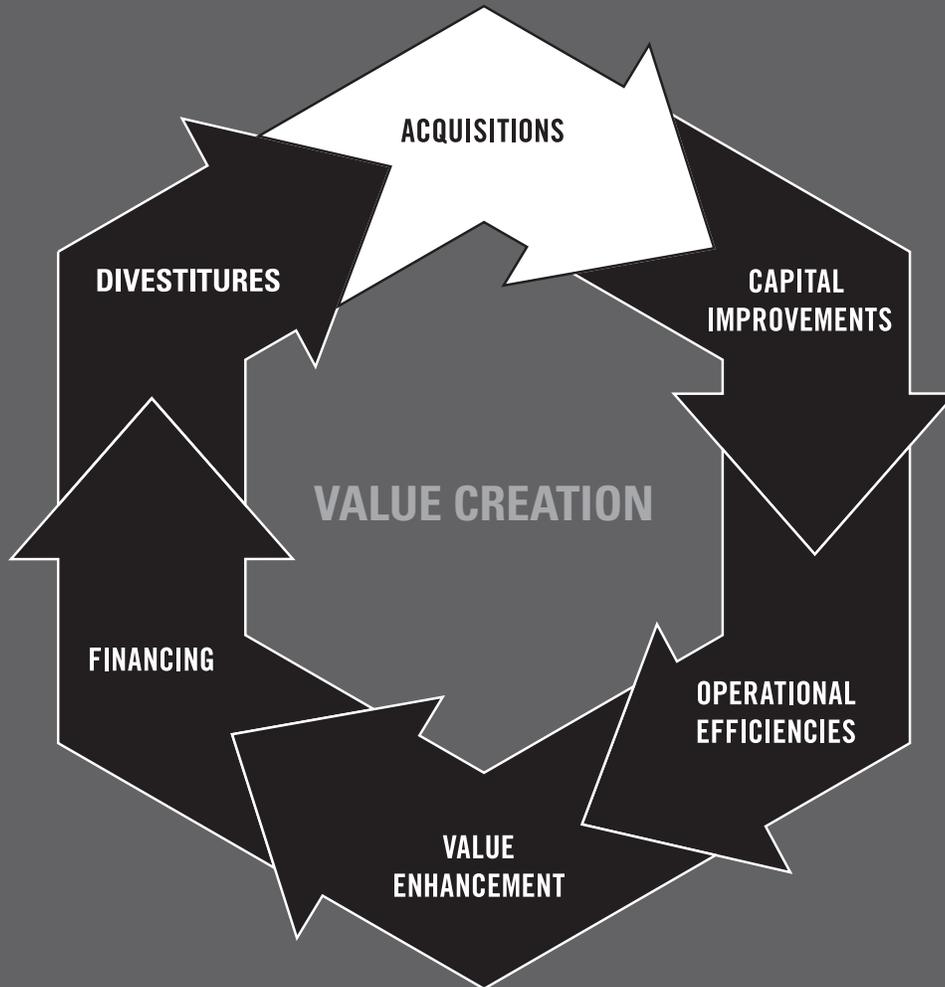
Web site: www.mainst.biz

### STOCK EXCHANGE

Toronto Stock Exchange  
Trading symbol: MEQ



## THE MAINSTREET VALUE CHAIN



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How do we create value? By relying on the business model that Mainstreet pioneered in the mid-market rental apartment space, the “Mainstreet Value Chain.” It focuses on value creation by acquiring underperforming assets, renovating them to our higher standard and repositioning them in the market at a higher rent. As a result, the value of the property increases substantially due to the improved conditions of buildings and the higher rents that they can attract. This enables Mainstreet to unlock the value created by financing the stabilized property using long-term, low-interest CMHC insured mortgages. The capital that is unlocked by that process can then be used to fund additional growth. **Since the day of incorporation in May 1997, we have grown our portfolio from 272 units with appraised values of \$17 million to 18,455 units (YTD) with appraised values of approximately \$3.4 billion with minimal equity dilution.**

**MAINST.BIZ**

**TSX: MEQ**