

Mainstreet Equity Corp. Delivers Strong Q1 2026 Performance

CALGARY, Alberta - February 10, 2026 – Mainstreet Equity Corp. (TSX:MEQ) delivered strong Q1 performance following a strategic pause in acquisitions in 2025 amid market uncertainty. MEQ reported an 8.2% increase in Net Operating Income (NOI) and a 7.0% increase in Funds From Operations (FFO) for the quarter, and operating margins improved to 66.7% overall and 67.1% on same-asset properties; this reflects the company’s continued operational strength despite seasonal leasing softness and a portion of unstabilized assets. With approximately \$818¹ million of available liquidity and improving market conditions, Mainstreet is well positioned to accelerate growth through acquisitions throughout fiscal 2026.

Bob Dhillon, Founder and Chief Executive Office of Mainstreet, said, ““After putting the brakes on acquisitions in 2025 to allow markets to strengthen, Mainstreet is now hitting the gas pedal, putting more than \$800 million in liquidity to work to grow our already impressive portfolio. After robust acquisitions in Q1, we are moving forward into a new cycle of countercyclical expansion for the rest of the year.”

The Mainstreet Mission remains clear: 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 \$1,250.

Key Metrics | Q1 2026 Performance Highlights

Rental Revenue

From operations		Up 4.8% to \$70.9 million (vs. \$67.6 million in Q1 2025)
From same asset properties		Up 2.5% to \$68.9 million (vs. \$67.3 million in Q1 2025)

Net Operating Income (NOI)

From operations		Up 8.2% to \$47.3 million (vs. \$43.7 million in Q1 2025)
From same asset properties		Up 6.3% to \$46.3 million (vs. \$43.5 million in Q1 2025)

Funds from operations (FFO)²

FFO		Up 7.0% to \$24.6 million (vs. \$23.0 million in Q1 2025)
FFO per basic share		Up 7.3% to \$2.65 (vs. \$2.47 in Q1 2025)

Operating Margin

From operations		66.7% (vs. 64.7% in Q1 2025)
From same asset properties		67.1% (vs. 64.7% in Q1 2025)

Unstabilization rate

Stabilized Units		445 properties (16,768 units, 14%) out of 498 properties (19,097 units)
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Net (Loss) Profit

Net profit (Loss) per basic share		Net profit of \$48.3 million (vs. profit of \$56.2 million in Q1 2025, including change in fair value of \$30.3 million in Q1 2026 vs. \$40.2 million in Q1 2025)
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Total Capital Expenditures

Total Capital Expenditure (unstabilized assets)		\$9.8 million (vs. \$7.3 million in Q1 2025)
Total Capital Expenditure (stabilized assets)		\$1.0M (vs. \$0.9M in Q1 2025)
Total Capital Expenditure (stabilized assets)		\$8.8M (vs. \$6.4M in Q1 2025)

Vacancy rate

From operations		5.4% (vs. 4.2% in Q1 2025)
From same asset properties		5.4% (vs. 4.2% in Q1 2025)

Vacancy rate as of February 10, 2026

		5.6% excluding unrentable units
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Total Acquisition

During Q1 2026		\$68.2 million 348 units (vs. \$17.8 million 116 units in Q1 2025)
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Total Units

As of December 31, 2025		19,147 units ³ (vs. 18,455 units in 2025)
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¹ Including \$148 million cash-on-hand, \$535 million estimated funds that may be available through financing of maturing mortgages in 2026 and clear-titled assets after stabilization, and a \$135 million line of credit.

²See “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.

³ Include 50 units held for sale

Our Growth Mindset

While some companies respond to economic slowdowns by reducing investment, Mainstreet has always seen them as meaningful opportunities for growth; we are known to make catalyst moves in historically pivotal moments. Our proven countercyclical, value-add strategy focuses on investing decisively during periods of market dislocation, including opportunistic asset sell-offs.

Canada simultaneously experienced the introduction of new rental supply and clawed back immigration numbers last year. Despite new supply necessitating significantly higher rents compared to Mainstreet, these factors had a ripple effect on the market. Achieving strong financial results amid multiple headwinds as we did in Q1 underscores the strength, resilience and durability of our platform. As these headwinds begin to subside, we believe that FY 2026 is a time to resume our growth through acquisition. We are leveraging unprecedented liquidity, favourable interest rates, and economic conditions and increasing stability in the rental market—factors that collectively position us for our next phase of accelerated acquisition. We believe our strong foundation will support continued and enhanced growth, even within a challenging market environment.

We are reporting acquisitions totalling \$68 million (348 residential apartment units and townhouses) for Q1 compared to \$53 million for all of 2025. Our liquidity remains strong, with an estimated \$818 million available in the remaining FY 2026.

The Mainstreet Advantage

Mainstreet's value-add strategy in the mid-market segment has demonstrated consistent success across Western Canada and delivered meaningful returns to the shareholders. Coupled with disciplined, non-dilutive growth, this approach has generated the liquidity required to support our next phase. The core strengths of our platform include:

- **Affordable rents:** With average monthly rents of approximately \$1,250, Mainstreet provides high-quality rental options with renovated suites and customer services that remain accessible to middle-income Canadians. As revenue growth across the sector begins to moderate, the rental growth rate is also showing signs of easing in some markets. While certain markets, particularly new purpose-built rental supply, are experiencing noticeable rate adjustments as a result, we expect the impact on our affordable rental apartment portfolio to be limited and more gradual.
- **Diverse portfolio:** With more than 19,100 units concentrated in numerous major inner-city urban centres in Western Canada, our geographic diversification reduces exposure to volatility in any single market. For example, while we are headquartered in Calgary, 43% of our net asset value (based on IFRS value) is in BC.

Market Fundamentals

Despite periods of economic and policy uncertainty over the past several quarters, underlying favourable macroeconomic trends are expected to contribute to Mainstreet's continued growth. These trends include:

- **Supply vs Demand:** Canada's long-standing housing shortage continues to support strong rental fundamentals despite the increase of purpose-built rental starts. While provincial and federal governments are encouraging housing construction, building starts peaked in spring and summer 2025 and steadily declined for the second half of the year. We believe that this suggests we are at the tail-end of new supply entering some markets. Building starts are expected to be flat in 2026, but even those projects that will be completed experience high construction costs which pushes required rent up in order to achieve acceptable returns. This does not increase supply of affordable rental units and does little to address the immediate need for housing which benefits Mainstreet's position in the market.

Canada				
Year	Total Purpose Built Supply (Source CMHC)	Year-Over-Year Growth	Total Population (Source Statistics Canada)	Year-Over-Year Growth
2021	2,215,712	41,339	38,460,257	432,851
2022	2,269,937	54,225	39,284,491	824,234
2023	2,307,577	37,640	40,467,722	1,183,231
2024	2,404,284	96,707	41,494,132	1,026,410
2025	2,474,297	70,013	41,575,585	81,453

Total Growth	299,924	3,548,179
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Favourable interest rates: With mortgage interest being our largest expense line, lower borrowing costs improve cash flow plus FFO and increase our capacity to pursue acquisitions. Interest rates peaked at approximately 4.5% at the end of 2023, began declining in early 2024, and currently sits around 3.5% for a five-year term, with sluggish economic growth in Canada expected to keep rates at this rate or possibly lower.

Tariff Opportunity: Rising tariff-related costs may further constrain new rental supply which exacerbates the existing supply-demand imbalance. Importantly, MEQ's business model is built on acquiring assets below market replacement cost. As tariffs push replacement costs even higher, the economic advantage of purchasing existing assets rather than building new ones grows stronger. These dynamics reinforce the competitiveness of our strategy and support continued growth in our core markets.

Draw to Western Canada: The federal government's policy to recalibrate immigration volumes includes limiting international students, temporary workers and other temporary residents to under 5% of the total population by the end of 2027. For 2026, the target for temporary workers and international students is 385,000, while the permanent resident target is 380,000. This number still far outpaces rental supply available to house them.

Despite a cooling trend over the past year, Alberta continues to lead the country with a net population gain of 0.2% in Q3 2025, and investment in energy projects is expected to create an influx to Alberta, as well as Saskatchewan and British Columbia. Overall, Western Canada remains an attractive destination for Canadians and newcomers, with affordability, employment opportunity and quality of life driving population growth.

CHALLENGES

Uncertain Economy

Many economists are cautiously optimistic that Canada will avoid a recession and instead see modest growth in 2026. We are seeing the same, with Q1 NOI from same asset properties up 6.3% to \$46.3 million versus \$43.5 million in Q1 2025. However, issues like inflation and tariffs remain wildcards in the economic landscape.

Inflation raises costs for materials, labour/wages, utilities, supply chain and renovation/repairs which can tighten margins or trigger rental rate adjustments. However, during a slower economy, more households delay homeownership in favour of affordable rental options, reinforcing demand for Mainstreet's properties. Also, tariffs and protectionist policies from the United States are creating trade uncertainty and ballooning construction costs in a number of industries across Canada.

Immigration and Migration Slowdown

Across the country, all provinces other than Alberta are experiencing negative growth due to immigration policy changes and a decline in interprovincial migration, with British Columbia marking a population drop of 0.3% in Q3 2025. We were already seeing the effects of immigration policy in late-2025 as Canada experienced the largest and only second-ever decline in population since 1946; with population growth expected to be neutral throughout 2026. This reduction in immigration can have a negative effect on labour, as the rental housing market relies in part on international workers, immigrants, and international students to fill lower-skilled positions.

Vacancy Rates

According to CMHC, Canada's national vacancy rate for rental apartments rose to 3.1% in late 2025, up from 2.2% in 2024, stemming from new supply built to help address the housing shortage. CMHC expects that new supply starts will be absorbed in 2026, especially in stronger markets like Calgary, Edmonton, Regina and Saskatoon. While the vacancy rates eased for the most affordable rental units, these units remain in high demand.

OUTLOOK

Opening the Energy Corridor

With Canada seeking new trade partners in the face of tensions with the United States, the federal government has committed to major energy infrastructure and nation-building mega projects, most notably relating to LNG. We believe that if completed, this will once again open up the West and elevate Canada into a global energy superpower. Growth in the energy corridor will stimulate job creation, increase population inflows and energize economic activity across Western Canada, directly increasing demand for rental housing. With a well-established presence across the region, Mainstreet is strategically positioned to capture the growth as this economic sector develops.

Putting the S in ESG

Canada's persistent housing supply shortage highlights the need for affordable rental options. Mainstreet remains dedicated to providing high-quality, affordable housing for middle-income Canadians, contributing to social well-being while offering an attainable rental alternative as homeownership becomes less accessible for many households.

Nominal Dividends

With strong free cash flow, Mainstreet introduced a nominal dividend in 2024 to broaden our shareholder base, enhance trading liquidity and support market capitalization while preserving capital for future non-dilutive growth. In 2026, we raised the dividend by 100% to \$0.32 per share annually, or \$0.08 per quarter. As a Corporation, this underscores our commitment to delivering shareholder value while maintaining financial flexibility to support strategic organic expansion and non-dilutive growth of our asset base.

Runway on Existing Portfolio/Non-Dilutive Growth

- Trading at a Discount:** We believe MEQ shares continue to trade below their net asset value (NAV), a trend that may be amplified by ongoing macroeconomic volatility. As we see a significant drop in our market cap due to these macroeconomic headwinds, Mainstreet has ability to repurchase its own shares for cancellation pursuant to its Normal Course Issuer Bid (NCIB). In Q1, we repurchased 5,400 shares under this program and management intends to continue to do so, boosting ownership value for continuing shareholders.
- Expanding the portfolio:** With approximately \$818 million in available liquidity in the remaining FY 2026, after already expending \$68 million cash for the acquisition of unstabilized assets in Q1 2026, Mainstreet has substantial capacity to acquire underperforming assets at attractive valuations without issuing new equity, thus supporting long-term asset growth on a non-dilutive basis. It is currently anticipated that the next three quarters will be focussed around aggressive growth through acquisition.
- Closing the NOI gap:** At any given time, roughly 12% of the portfolio is undergoing active repositioning. Upon stabilization, these units are expected to generate approximately \$45 million in incremental annualized NOI, highlighting significant embedded value and the earnings potential based on mark-to-market gaps within the existing portfolio.
- Rezoning for growth:** Persistent housing shortages are prompting municipalities to support increased density through rezoning initiatives. Our dedicated in-house land planning team is advancing land optimization strategies, including subdividing underutilized parcels, converting unused space into additional rental units, and pursuing density relaxations. These initiatives enhance long-term portfolio value with minimal incremental capital.

For further information:

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