

24

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%	106.0	2%
2023	3,052	8%	210.0	16%	133	26%
		16%		15%		15%

	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%
		14%		17%		17%

DOUBLE-DIGIT

year-over-year growth
Q3 2024 vs. Q3 2023



18%

RENTAL REVENUE



19%

NOI



24%

FFO

SAME STORE RESULTS



15%

SAME STORE NOI



12%

SAME STORE
RENTAL REVENUE

Q3 2024

For the three and nine months ended
June 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 including Russia's invasion of Ukraine and other geopolitical conflicts), 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 fiscal year, 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 2024 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 2024, improved rental conditions and decreased 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 21, 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 November 30, 2023 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, public health measures (including travel and post-secondary restrictions), 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, 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, cyber-incidents Corporation (including the effect of the cybersecurity incident which occurred on May 21, 2024), climate change, 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 July 18, 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.

KEY METRICS | Q3 2024 PERFORMANCE HIGHLIGHTS

Rental Revenue

From operations	Up 17% to \$63.3 million (vs. \$53.9 million in Q3 2023)
From same asset properties	Up 12% to \$56.6 million (vs. \$50.5 million in Q3 2023)

Net Operating Income (NOI)

From operations	Up 19% to \$40.5 million (vs. \$34.0 million in Q3 2023)
From same asset properties	Up 15% to \$37.1 million (vs. \$32.2 million in Q3 2023)

Funds from operations (FFO)¹

FFO-before current income tax	Up 32% to \$23.5 million (vs. \$17.8 million in Q3 2023)
FFO per basic share-before current income tax	Up 32% to \$2.52 (vs. \$1.91 in Q3 2023)
FFO-after current income tax	Up 24% to \$22.1 million (vs. \$17.8 million in Q3 2023)
FFO per basic share-after current income tax	Up 24% to \$2.37 (vs. \$1.91 in Q3 2023)

Operating Margin

From operations	64% (vs. 63% in Q3 2023)
From same asset properties	66% (vs. 64% in Q3 2023)

Net (Loss) Profit

Net profit per basic share	Net loss of \$15.8 million (vs. net profit of \$34.2 million in Q3 2023) including changes in fair value of \$19.5 million in Q3 2024 vs. \$23.8 million in Q2 2023 and deferred income tax expense of 58.1 million in Q3 2024 vs \$7.5 million in Q3 2023.
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Total Capital Expenditures	\$6.2 million (vs. \$6.2 million in Q3 2023)
Total Capital Expenditures (unstabilized assets)	\$1.0 million (vs. \$0.9 million in Q3 2023)
Total Capital Expenditures (stabilized assets)	\$5.2 million (vs. \$5.3 million in Q3 2023)
Stabilized Unit	416 properties (15,632 units) out of 477 properties (18,297 units)

Vacancy rate

From operations	2.8% (vs. 4.7% in Q3 2023)
From same asset properties	2.7% (vs. 4.3% Q3 2023)
Vacancy rate as of 18th July 2024	2.8% excluding unrentable units

Total Acquisitions

During Q3 2024	\$91.6 million for 632 units (vs. \$17.7 million for 130 units in Q3 2023)
Total YTD Acquisition 2024	1,242 units (\$168.8 million)

Total Units

As of June 30, 2024	18,351 units ²
As of July 18, 2024	18,351 units ²
Fair Market Value	Up 9% to \$3.33 billion (vs. \$3.05 billion in 2023)
Liquidity Position	\$301 million ³

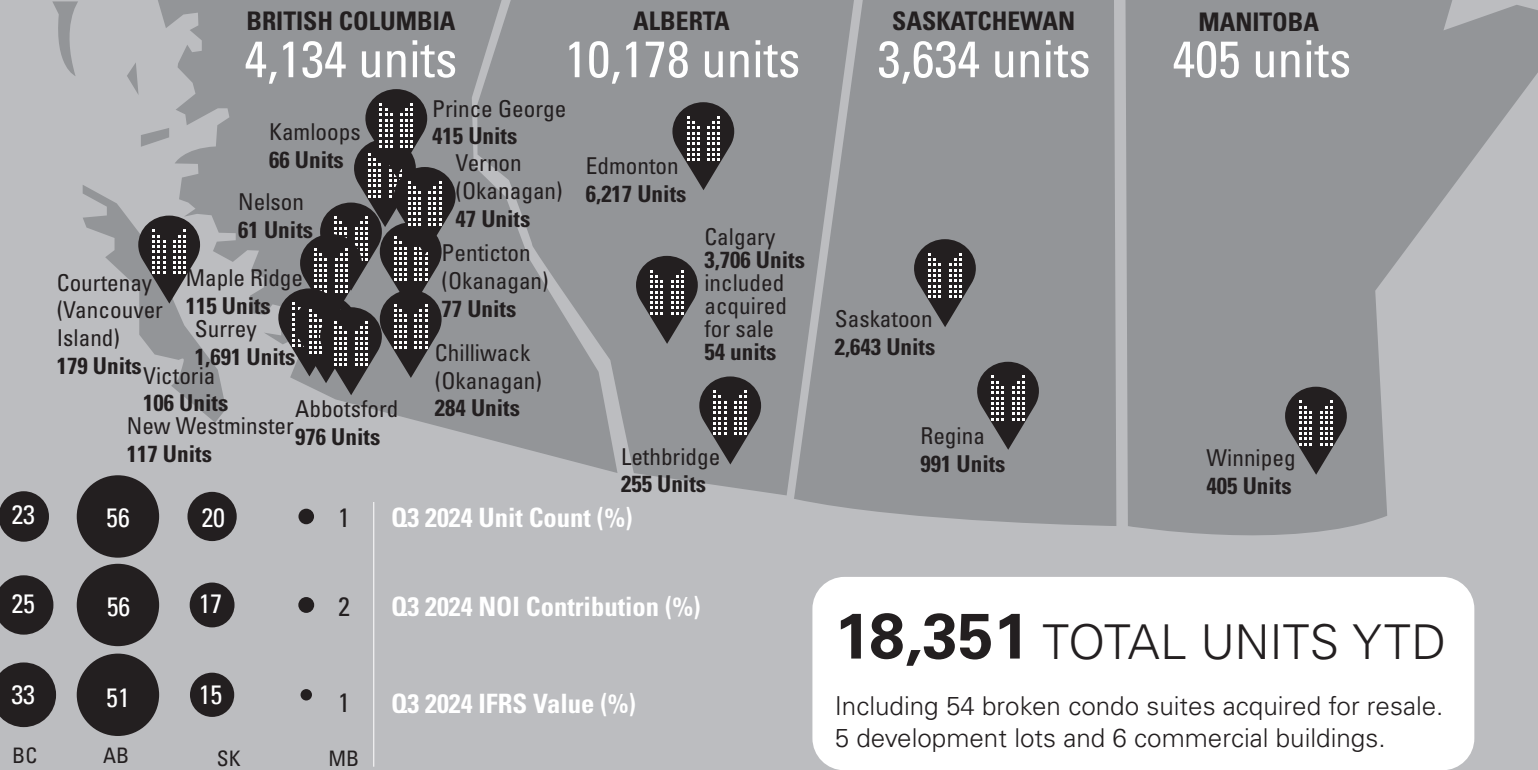
1. See "Non-IFRS Measures" and Note (1) in MANAGEMENT'S DISCUSSION AND ANALYSIS to the table titled "Summary of Financial Results" for additional information regarding FFO and a reconciliation of FFO to net profit, the most directly comparable IFRS measurement.

2. Including 54 condo units acquired and held for resale

3. Including: (i) \$46 million cash-on-hand, (ii) estimated \$125 million expected funds to be raised through up-financing of maturing mortgages and financing of clear titled assets after stabilization and, (iii) a \$130 million line of credit.

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.

DIVERSIFIED PORTFOLIO YTD

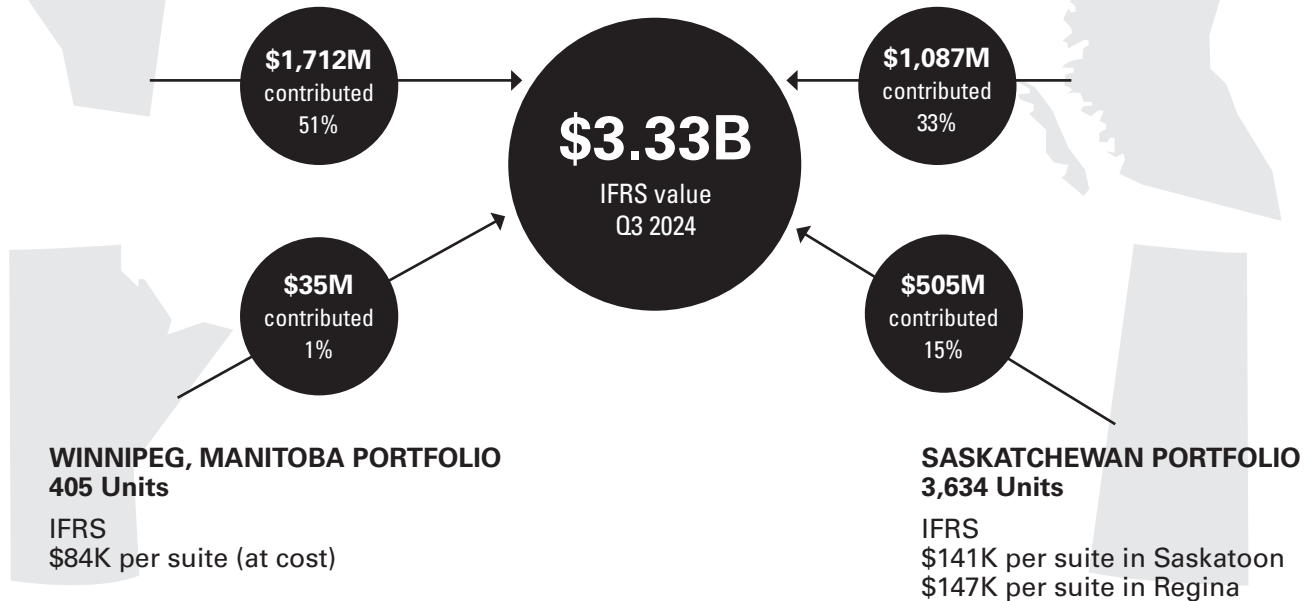


ALBERTA PORTFOLIO 10,124 Units

IFRS
\$218K per suite in Calgary
\$148K per suite in Edmonton

BRITISH COLUMBIA PORTFOLIO 4,134 Units

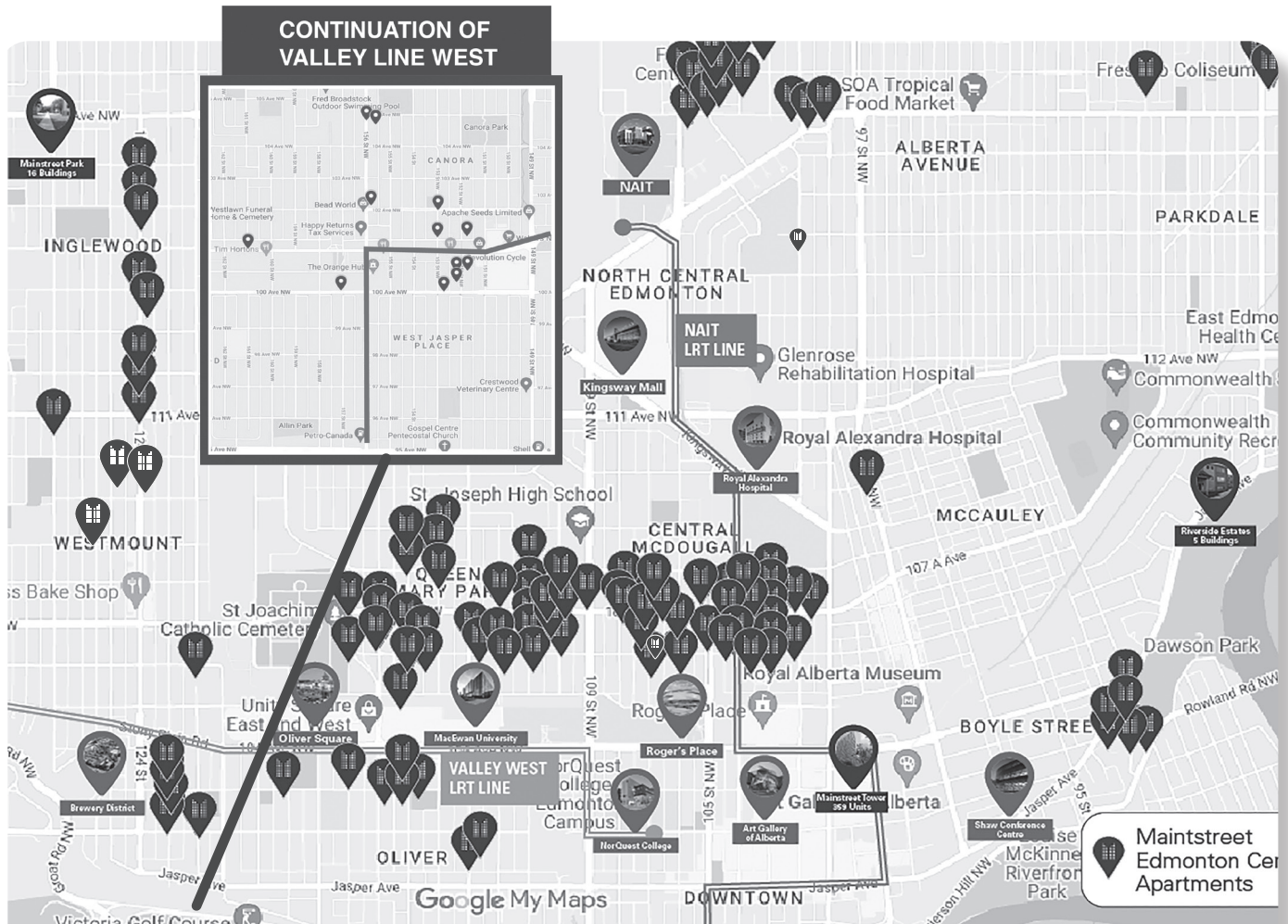
IFRS
\$336K per suite in Surrey
\$292K per suite in Abbotsford
(Newly acquired BC properties are mainly valued at cost.)



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.



6,217

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.



3,706
YTD TOTAL UNITS
CALGARY*

*Includes 54 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.



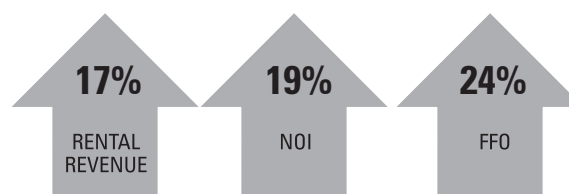
MESSAGE TO SHAREHOLDERS

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 \$1,180.

In Q3 2024, Mainstreet posted our 11th consecutive quarter of double-digit, year-over-year growth across all key operating metrics. Funds from operations (“FFO”) before current income taxes grew 32%, net operating income (“NOI”) increased 19%, same-asset NOI rose 15% and rental revenues increased 17%. Overall operating margins improved to 64% in Q3 2024, up from 63% last year. Same-asset operating margins over the same period also increased to 66%, up from 64%.

Tenth Consecutive Quarterly Double-Digit Growth

Year-Over-Year
Q3 2024 vs. Q3 2023



Q3 2024 FINANCIAL HIGHLIGHTS

- Acquisitions set new record:** Mainstreet acquired 632 units (1,242 units year-to-date) for \$91.6 million, our biggest quarter ever. The aggressive buying strategy was partly the result of an opportunity Mainstreet identified ahead of the increased capital gains inclusion rate (effective June 25, 2024) that, together with high interest rates and economic uncertainty, led real estate owners to shed assets, creating highly accretive buying opportunities.
- Vacancy rates continue to improve:** Vacancies dropped to 2.8%, down from 4.7% a year earlier (despite 15% of units being unstabilized). That is Mainstreet’s lowest such rate in more than 10 years, and comes as a result of the continued strength of the rental market as well as our long-term efforts to allocate capital toward unit renovations that effectively drive down vacancies and boost NOI.
- Liquidity remains strong:** Despite high levels of recent acquisitions, particularly in Q3, Mainstreet continues to sit atop \$301 million in readily-deployable liquidity, even after \$170 million in acquisitions YTD. Mainstreet’s liquidity reserves underscore the strength of our balance sheet, and continue to provide opportunity for further non-dilutive, organic growth.

We believe Mainstreet’s consistently strong performance illustrates the flexibility and effectiveness of our management team’s value-add business strategy. By remaining nimble in our business approach, Mainstreet has continued to capitalize on opportunities in the market no matter where we are in the economic cycle. This adaptiveness forms the foundation for our countercyclical growth strategy, which has allowed Mainstreet to generate decades of shareholder value without equity dilution. Mainstreet derives its value from tangible, real-world assets, and our portfolio now comprises more than 18,300 rental units, clustered around inner-city neighbourhoods across several major Western cities. That leading position in the rental market provides a solid bedrock for organic, non-dilutive growth, and reinforces Mainstreet as a mid-market, value-add investment proposition and an outlier in the financial market.

Also in Q3, solid market fundamentals continued to define the rental housing space. The chronic supply-demand imbalance that has fueled a housing shortage is set to persist for years: Canada will have to build at least 3.5 million new homes by 2030 to ease the current lack of new homes, according to CMHC data. Several key trends, detailed below, explain the systemic housing gap:

2000 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	Q3 2024	\$46 million in cash 18,297 units (excluding 54 Condo units for resale) Fair market value of \$3.33 billion Share price: \$165.72 as at Jun. 30, 2024

- **Supplies lagging:** Canada added just 131,003 purpose-built rental apartments in the three years ended 2023, a fraction of the 2.3 million units that comprise the country's entire rental universe. Adding to the shortage, high interest rates, growing construction costs and regulatory red tape have suppressed new additions to the purpose-built market.
- **Populations exploding:** While supplies are slow, populations are growing at the fastest pace on record. Canada's population grew by 2.4 million people in the last three years—more than its entire rental universe—as high rates of immigrants, international students and temporary foreign workers enter the country and inflate housing demand. While the federal government plans to stabilize immigration rates beginning 2026, Canada will likely maintain above-average targets of around 500,000 newcomers per year going forward, according to government estimates.
- **Economies growing:** Despite some uncertainties, a generally robust macroeconomic picture has fed high rates of interprovincial migration to some provinces, particularly Alberta, Mainstreet's largest market (see Outlook section).
- **Vacancies strengthening:** Combined, these trends have pushed vacancies to their lowest levels in years. Canada's national rental market vacancy was 1.5% in 2023 (CMHC). Similarly low vacancies persist across several of Mainstreet's main hubs: Surrey (1.5%), Calgary (1.4%), Edmonton (2.4%), Regina (1.4%), Saskatoon (2.0%) and Winnipeg (1.8%), according to CMHC data.

Mainstreet believes these fundamentals speak to the inherent stability of the rental market space in Canada, offering a solid foundation for growth as we enter the second half of fiscal 2024.

CHALLENGES:

Inflation and cost pressures

Despite an overall favorable operating environment, rising costs continue to pose a challenge to Mainstreet. 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 5.8 years, to proactively protect us against any eventual rate increases—see Outlook section below). Inflation also increases major operating expenses like labour, property taxes, utilities and materials. Carbon taxes increased from \$65 per tonne to \$80 in April.

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 a material impact on Mainstreet's overall 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 13% 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.

Cybersecurity

During Q3 2024, Mainstreet was the target of a cybersecurity incident that affected our internal systems. Mainstreet immediately implemented the procedures we had in place in the event of such an event—including the retention of breach counsel and hiring of an experienced third-party cybersecurity firm—to provide response services. Fortunately, our main operating system was not impacted by the event. As a result, Mainstreet did not suffer any material downtime or loss of productivity in our daily operations.

In the upcoming weeks, Mainstreet will be notifying individuals whose personal information was deemed to have been impacted as a result of the incident and reporting to appropriate privacy regulators.

The third-party firm has completed an investigation and is in the process of preparing a final report. In addition, Mainstreet is evaluating, in coordination with our experts, ways to further strengthen our cybersecurity processes, policies, and controls. Cybersecurity threats have become increasingly common in our society and Mainstreet will continue to take steps to mitigate these risks, as the security of Mainstreet’s tenants, employees and other stakeholders are a top priority.

OUTLOOK

Putting the S in ESG

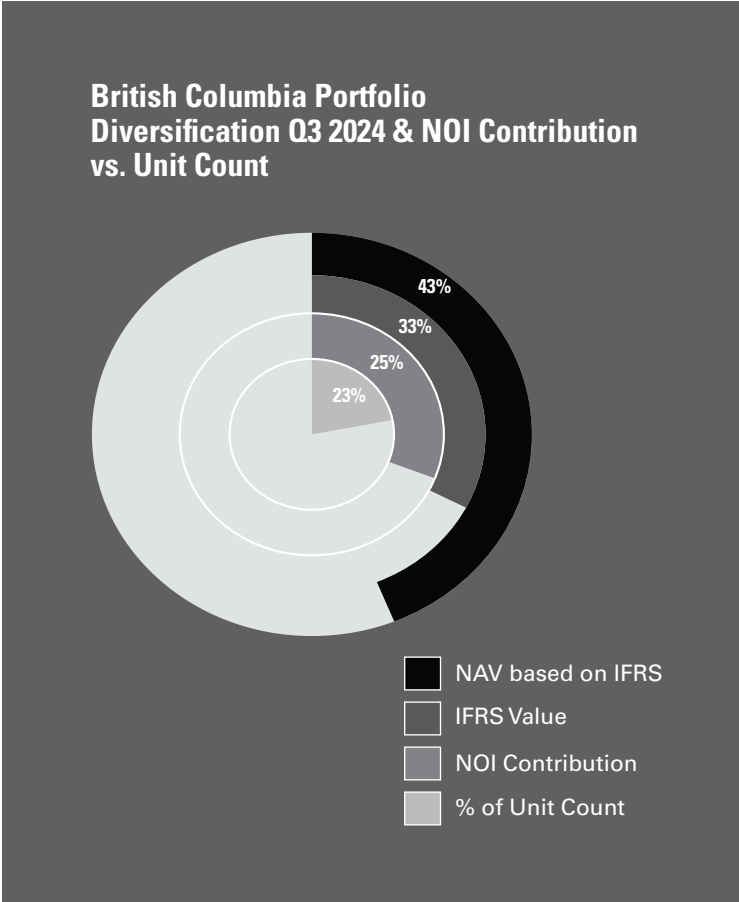
We believe that the tight housing market emphasizes Mainstreet’s position as an important provider of affordable, quality housing in Canada. Mainstreet offers renovated, quality apartments and customer services at a mid-market rental rate that has averaged around \$1,180. As a corporation dedicated to social responsibility, Mainstreet believes our highly affordable rental options are a crucial service at a time when many middle-class and lower-income Canadians feel they are priced 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. This flexible refinancing strategy has served Mainstreet well, and we continue to monitor and update our debt strategy as monetary policy changes occur.

Strong performance across core market

Mainstreet continues to benefit from an increasingly diversified portfolio, where each of our core markets have contributed solid results. British Columbia, which accounts for 43% of our estimated net asset value (“NAV”) based on appraised value, continues to outperform, and remains one of our primary candidates for NOI future growth (see Runway section below). Alberta, accounting for 41% of our estimated NAV in terms of appraised value, is expected to lead the country in terms of economic growth this year (2.3%, according to ATB Financial). Alberta’s net migration has hit historic highs in recent quarters, while migration into Saskatchewan and Manitoba remains solid, which we expect will keep vacancy rates low while nudging rental rates higher. Calgary and Edmonton saw especially swift population growth in 2023, at 6% and 4.2%, respectively.



Turning intangibles to tangibles

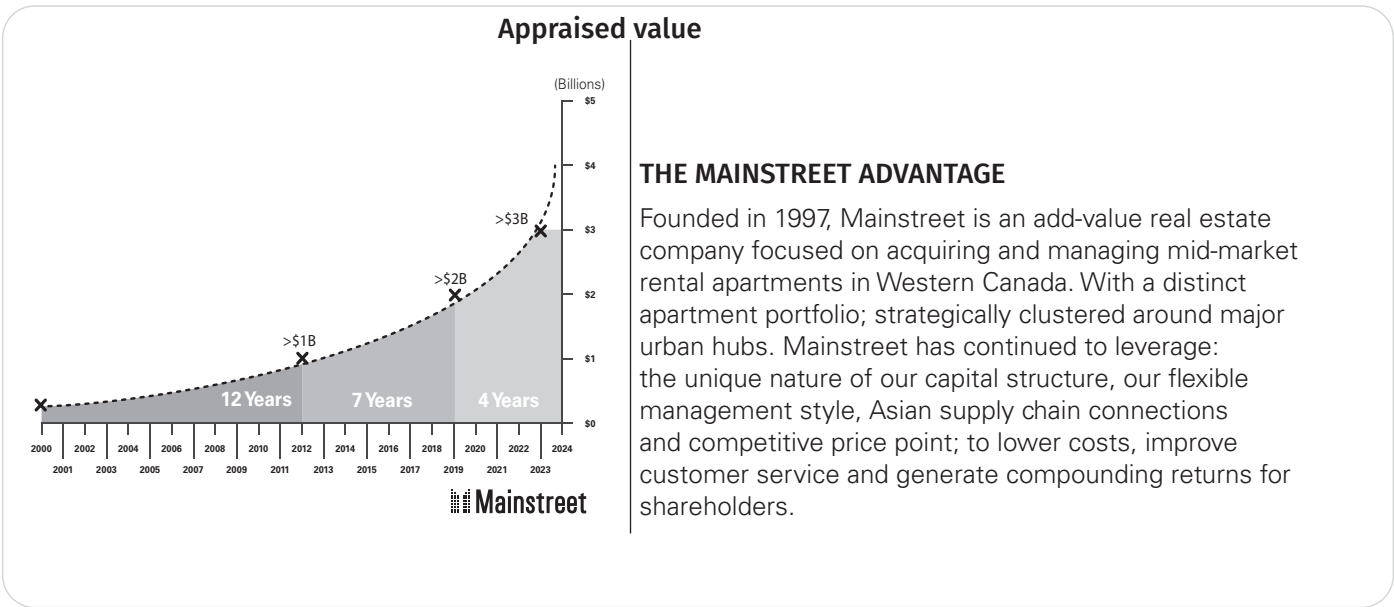
Mainstreet’s portfolio of more than 800 low-density buildings, including buildings with subdividable residual lands, creates substantial opportunity to extract added value out of existing assets and additional lands at little cost. We view this opportunity in the context of the ongoing housing shortage, 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. While our efforts remain in the very early stages, Mainstreet has already created 55 units through this plan using existing assets and at minimal cost.

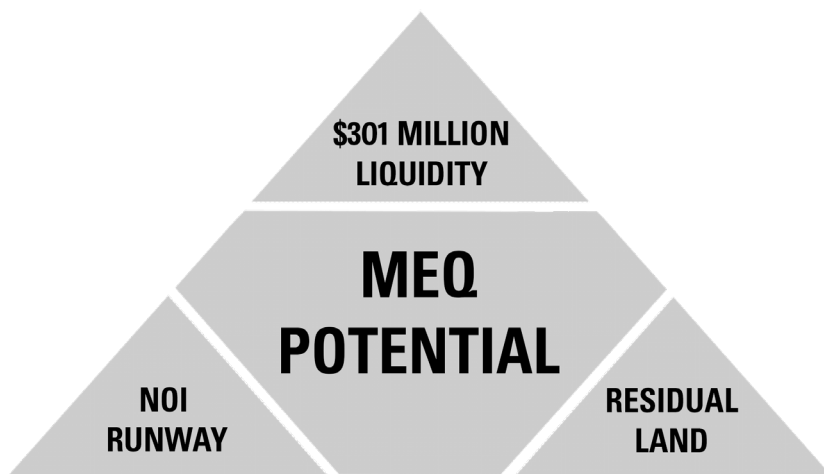
Mainstreet’s nominal dividend

Mainstreet started offering a nominal dividend (\$0.11 per share annually) beginning Q1 2024. Given Mainstreet’s strong free cash flow, our management team 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 we continue to monitor the effectiveness of our dividend policy, we are encouraged by early indications that it has performed as Management originally intended. 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.



RUNWAY ON EXISTING PORTFOLIO

1. **Expanding our portfolio:** Using our strong potential liquidity position, estimated at \$301 million, we believe there is significant opportunity to continue acquiring underperforming assets at attractive valuations.
2. **Closing the NOI gap:** As of Q3 2024, 15% 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 \$29 million, based on an estimated average monthly mark-to-market gap of \$582 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.



Bob Dhillon
President & CEO
Calgary, Alberta
July 18, 2024



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 5.8 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.

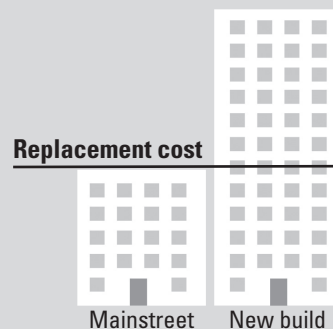
Average interest rate 2.97%
Average term to maturity 5.8 years

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.



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 24 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 SHANGHAINES AMHARICA TIGRINYA TELUGU BANGALA ITALIAN



ENGLISH PUNJABI HINDI URDU GERMAN SPANISH KOREAN JAPANESE PORTUGUESE NEPALESE
 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 three and nine months ended June 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. 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 interim condensed consolidated financial statements and accompanying notes for the three and nine months ended June 30, 2024 and 2023, and the Corporation's audited consolidated financial statements and the accompanying notes for the fiscal years ended September 30, 2023 and 2022. The interim condensed consolidated financial statements of the Corporation have been prepared in compliance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. This MD&A has been reviewed and approved by the Audit Committee and Board of Directors of the Corporation and is effective as of July 18, 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.sedar.com).

Unless indicated otherwise, reference herein to 2024 and 2023 refers to the three and nine months periods ended June 30, 2024 and 2023, respectively.

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 recommended by 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 taxes, 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 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 Q3 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 and are generally in line with the average rent collected by the same day of the previous month. As of July 18, 2024, Mainstreet has collected 98% of total rents for July 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 utilize virtual showing capabilities and ensures 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 Q3 2024, Mainstreet acquired new assets equal to \$57.5 million (369 units) in British Columbia, \$24.5 million (176 units) in Alberta and \$9.6 million (87 units) in Saskatchewan.

Refinancing: Mainstreet continues to reposition its unstabilized properties and continues to have access to mortgage debt. In Q3 2024, the Corporation financed 6 clear title properties and 8 maturing mortgages for an additional net funding of \$50.3 million at an average interest rate of 4.3%.

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 with continued access to the Corporation's available line of credit being granted. Mainstreet estimates it will have access to approximately \$301¹ million in available liquidity in FY2024, 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.

EFFECT OF MARKET FORCES ON MAINSTREET

The Corporation has seen substantial improvement in its overall occupancy rates since 2023, 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 2022 and 2023, effects of which have continued to be felt in 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, including as a result of Russia's ongoing invasion of Ukraine. 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

ESG has 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;

¹ Including: (i) \$46 million cash-on-hand, (ii) estimated \$125 million expected funds to be raised through up-financing of maturing mortgages and financing of clear titled assets after stabilization and, (iii) a \$130 million line of credit.

- 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 July 2023, Mainstreet joined *Telus'* initiative of giving back to the community of Edmonton.



In July 2023, Mainstreet volunteers joined Love with Humanity Association to distribute fresh produce to over 300 people living in our buildings and community. Mainstreet continues to be a partner with Love with Humanity Association by placing food resources on our properties. (Trevella, Falcon, Elbow)





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

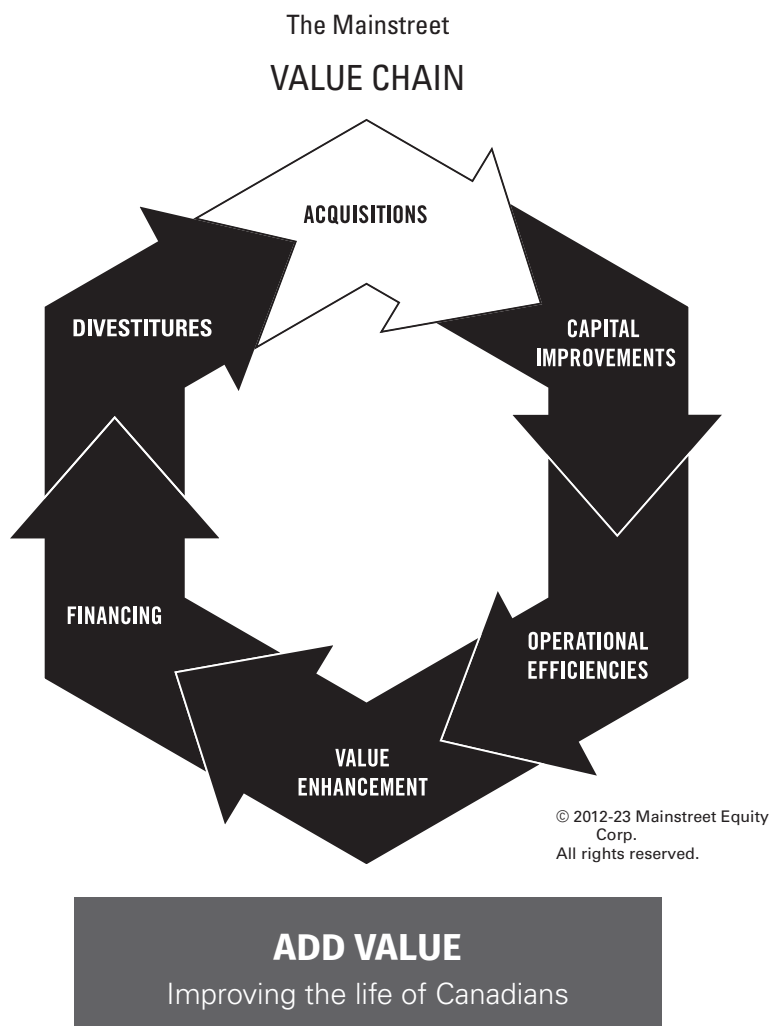
Based in Calgary, Alberta, Mainstreet is a Canadian real estate corporation focused on the acquisition, redevelopment, repositioning and management of mid-market rental apartment buildings in six major Canadian markets: British Columbia (including Vancouver Lower Mainland, Vancouver Island, Okanagan, 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 IAS 34 Interim Financial Reporting applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting.

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 prepares internal valuation model, which is based on the same assumptions and valuation techniques used by the external valuations of its investment properties. 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 June 30, 2024 and September 30, 2023. Properties are selected on a rotational basis and approximately 40% of the Corporation's portfolio is externally valued annually.

The fair values are most sensitive to changes in net operating income and capitalization rates. Mainstreet's total portfolio is valued at \$3.3 billion as of June 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 June 30, 2024 and September 30, 2023, respectively.

As of June 30, 2024	Number of properties	Number of units	Market value (\$ million)	Average value per unit (\$000)	Average capitalization rate as at June 30, 2024
Lower Mainland, British Columbia (Note 1)	37	3,183	\$ 955	\$ 300	3.83%
British Columbia excluding Lower Mainland (Note 2)	21	951	132	139	4.87%
Calgary, Alberta (Note 3)	117	3,907	815	209	5.88%
Edmonton, Alberta (Note 4)	173	6,217	897	144	5.73%
Saskatoon, Saskatchewan	63	2,643	359	136	6.09%
Regina, Saskatchewan	62	991	146	147	5.91%
Winnipeg, Manitoba	4	405	35	86	5.79%
Total investment properties	477	18,297	\$ 3,339	\$ 182	5.20%

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 Kamloops, the City of Penticton, the City of Prince George, the City of Vernon, the City of Victoria 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

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

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of Maple Ridge, 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 three months ended June 30,		For nine months ended June 30,	
	2024	2023	2024	2023
	Airdie, Calgary, Courtenay, Chilliwack, Edmonton, Maple Ridge, Prince George, Saskatoon, Victoria	Calgary, Edmonton Penticton, Prince George and Saskatoon	Ardie, Calgary Courtenay, Chilliwack, Edmonton, Maple Ridge, Prince George, Saskatoon, Victoria	Calgary, Edmonton, Nelson Penticton, Prince George and Saskatoon, Winnipeg
Number of rental units	632	130	1,248	1,039
Total costs	\$ 91,624	\$ 17,711	\$ 168,830	\$ 121,868
Average price per apartment unit	\$ 145	\$ 136	\$ 135	\$ 117

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 Q3 2024, Mainstreet acquired 632 investment property units in the Provinces of British Columbia, Alberta and Saskatchewan for a total consideration of \$91.6 million. Since Mainstreet's previous financial year-end (September 30, 2023), the Corporation has grown its portfolio of investment properties by 7%.

As of June 30, 2024, Mainstreet's portfolio included 18,288 units in its investment properties, 9 units in freestanding commercial properties and 54 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 June 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 477 buildings, while the fair value of the investment properties within this portfolio has grown from approximately \$17 million to \$3.3 billion as of June 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 nine months ended Jun 30, 2024	Additional units created nine months ended Jun 30, 2024	Number of units as at Jun 30, 2024	%Growth
Lower Mainland, British Columbia (Note 1)	2,944	239	–	3,183	8%
British Columbia excluding Lower Mainland (Note 2)	732	219	–	951	30%
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	0%
Winnipeg, Manitoba	405	–	–	405	0%
Investment properties	17,042	1,248	7	18,297	7%
Property held for sale – Calgary, Alberta	65	(11)	–	54	-17%

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 Kamloops, the City of Nelson, the City of Penticton, the City of Prince George, the City of Victoria and the City of Vernon

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 Q3 2024, the Corporation spent \$6.2 million (2023 - \$6.2 million) on capital improvements, of which \$5.2 million (2023 - \$5.3 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 \$30 million on capital improvement during the 2024 fiscal year, however these plans may be revised depending upon economic conditions during fiscal year 2024. 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)

	Three months ended June 30			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Gross revenue	\$ 65,282	\$ 54,774	19%	\$ 188,850	\$ 155,841	21%
Net (loss)/profit and total comprehensive income	(15,806)	34,196	-146%	86,351	69,918	24%
Change in fair value	(19,540)	(23,821)	-18%	(96,333)	(38,730)	149%
Gain from disposal of assets	(723)	(190)	281%	(1,865)	(190)	882%
Depreciation (exclude computer and vehicle)	122	151	-19%	595	449	33%
Current income tax expense	1,351	-	100%	4,362	-	100%
Deferred income tax expense	58,075	7,509	673%	71,737	16,212	342%
Funds from operations before current income tax - Non IFRS Measurement (Note 1)	\$ 23,479	\$ 17,845	32%	\$ 64,847	\$ 47,659	36%
Current income tax expense	\$ 1,351	-	100%	4,362	-	100%
Funds from operations Non IFRS Measurement (Note1)	\$ 22,128	\$ 17,845	24%	\$ 60,485	\$ 47,659	27%
Interest Income	(1,960)	(876)	124%	(5,937)	(1,528)	289%
General and administrative expenses	4,193	4,690	-11%	13,135	13,167	0%
Financing costs	14,690	12,293	19%	42,596	35,023	22%
Depreciation (computer and vehicle)	51	47	9%	144	138	4%
Net operating income	\$ 40,453	\$ 33,999	19%	\$ 114,785	\$ 94,459	22%
Operating margin from operations	64%	63%		63%	61%	
(Loss)/Profit per share						
Basic and fully diluted	\$ (1.70)	\$ 3.67	-146%	\$ 9.27	\$ 7.50	24%

Funds from operations before current income tax per share										
Basic and fully diluted	\$	2.52	\$	1.91	32%	\$	6.96	\$	5.11	36%
Funds from operations per share										
Basic and fully diluted	\$	2.37	\$	1.91	24%	\$	6.49	\$	5.11	27%
Weighted average number of shares										
Basic and fully diluted		9,318,818		9,318,818			9,318,818		9,320,996	
Total Assets	\$	3,419,308	\$	3,084,859						
Total long term liabilities	\$	1,832,433	\$	1,554,464						

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.

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 Q3 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 Q3 2024, revenue primarily consisted of rental and ancillary revenue totalling \$63.3 million (2023 - \$53.9 million) and interest income. Overall, rental revenue increased 17% as compared to Q3 2023, which is discussed and analysed in the session entitled "Rental Operations" below.

NET (LOSS) / PROFIT

For the three and nine months ended June 30, 2024, Mainstreet reported a net loss of \$15.8 million (\$1.70 per basic share) and a net profit of \$86.4 million (\$9.27 per basic share) as compared to a net profit of \$34.2 million (\$3.67 per basic share) and \$69.9 million (\$7.50 per basic share) in 2023. The net loss in Q3 2024's is mainly due to a one-time adjustment in deferred income tax caused by the capital gain tax inclusion rate changes from one-half to two-thirds for capital gains effective June 25, 2024. As a net result, based on the new inclusion rate, Mainstreet incurred a one-time deferred income tax expense of \$58.1 million to reflect such change in Q3 2024 compared to \$7.5 million in Q3 2023.

Additionally, the net (loss)/profit results also included a change in fair value gain of \$19.5 million in Q3 2024 compared to a fair value gain of \$23.8 million in Q3 2023, which will be further discussed and analysed below.

Net (loss) / profit is further analysed as follows:

(000s of dollars)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Funds from operations before current income tax						
- Non IFRS measurement (see Note 1 previous table)	\$ 23,479	\$ 17,845	32%	\$ 64,847	\$ 47,659	36%
Change in fair value	19,540	23,821	-18%	96,333	38,730	149%
Gain from disposal of assets	723	190	281%	1,865	190	882%
Depreciation (exclude computer and vehicle) (122)	(151)	(151)	-19%	(595)	(449)	33%
Current income tax expense	(1,351)	-	100%	(4,362)	-	100%
Deferred income tax expense	(58,075)	(7,509)	673%	(71,737)	(16,212)	342%
Net profit and total comprehensive income – IFRS measurement	\$ (15,806)	\$ 34,196	-146%	\$ 86,351	\$ 69,918	24%

Funds from operations in Q3 2024 are further discussed and analysed below.

In Q3 2024, Mainstreet realized a fair value gain of \$19.5 million, compared with a fair value gain of \$23.8 million in Q3 2023. This was mainly due to changes as identified below:

Change in Fair value

(000s of dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Lower Mainland, BC (Note 1)	\$ 3,424	\$ 3,110	\$ 28,324	\$ 14,360
BC excluding Lower Mainland (Note 2)	(81)	(308)	(81)	(349)
Calgary (Note 3)	12,412	13,245	43,969	16,255
Edmonton (Note 4)	2,599	9,275	24,689	26,672
Saskatoon	3,531	(1,842)	13,239	(8,582)
Regina	3,880	6,540	7,030	7,680
Winnipeg	–	(16)	–	(341)
	25,765	30,004	117,170	55,695
Capital expenditure	(6,225)	(6,183)	(20,837)	(16,965)
Change in fair value	\$ 19,540	\$ 23,821	\$ 96,333	\$ 38,730

Note (1) – includes the City of Abbotsford, the City of Chilliwack, the City of Maple Bridge, 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, the City of Victoria 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

The fair value gain represented the change in the market value of the Corporation's investment properties over the three and nine month periods ended June 30, 2024 and 2023. The amount of change was determined by the market value of Mainstreet's investment properties at the quarter-end dates of June 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 24% to \$22.1 million in Q3 2024, compared with \$17.8 million in Q3 2023. Excluding current income tax expense, FFO before current income tax expense increased by 32% to \$23.5 million in Q3 2024, compared with \$17.8 million in Q3 2023. The increase in FFO for Q3 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 decreased by 11% to \$4.2 million in Q3 2024 as compared to \$4.7 million in Q3 2023, mainly due to decreased professional and manpower expenses.

FINANCING COSTS

(000s of dollars)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Mortgage interest	\$ 12,760	\$ 10,634	20%	\$ 37,045	\$ 30,042	23%
Amortization of deferred financing cost	1,930	1,659	16%	5,551	4,981	11%
Financing costs	\$ 14,690	\$ 12,293	19%	\$ 42,596	\$ 35,023	22%

Mortgage interest expenses increased by 20% to \$12.8 million in Q3 2024 from \$10.6 million in Q3 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 Q3 2024, the Corporation financed 6 clear title properties and 8 maturing mortgages for an additional net funding of \$50.3 million at an average interest rate of 4.30%.

RENTAL OPERATIONS

(000s of dollars except per unit data)

	Total Portfolio			Same Asset			Acquisition		
	2024	2023	% change	2024	2023	% change	2024	2023	% change
For three months ended June 30,									
Rental and ancillary revenue	\$ 63,322	\$ 53,898	17%	\$ 56,570	\$ 50,455	12%	\$ 6,752	\$ 3,443	96%
Operating expenses	22,869	19,899	15%	19,440	18,240	7%	3,429	1,659	107%
Net operating income	\$ 40,453	\$ 33,999	19%	\$ 37,130	\$ 32,215	15%	\$ 3,323	\$ 1,784	86%
Operating margin	64%	63%		66%	64%		49%	52%	
Average vacancy rate	2.8%	4.7%	-40%	2.7%	4.3%	-37%	3.4%	7.6%	-55%
Weighted average number of units	17,852	16,890	6%	15,898	15,898	–	1,954	992	97%
Average rental rate per unit per month									
	\$ 1,182	\$ 1,064	11%	\$ 1,186	\$ 1,058	12%	\$ 1,152	\$ 1,157	0%
Average operating expense per unit per month									
	\$ 427	\$ 393	9%	\$ 408	\$ 382	7%	\$ 585	\$ 557	5%

(000s of dollars except per unit data)

	Total Portfolio			Same Asset			Acquisition		
	2024	2023	% change	2024	2023	% change	2024	2023	% change
For nine months ended June 30,									
Rental and ancillary revenue	\$182,913	\$ 154,313	19%	\$165,762	\$ 147,930	12%	\$ 17,151	\$ 6,383	169%
Operating expenses	68,128	59,854	14%	58,523	55,441	6%	9,605	4,413	118%
Net operating income	\$114,785	\$ 94,459	22%	\$107,239	\$ 92,489	16%	\$ 7,546	\$ 1,970	283%
Operating margin	63%	61%		65%	63%		44%	31%	
Average vacancy rate	3.1%	4.5%	-31%	3.2%	4.3%	-26%	3.9%	7.8%	-50%
Weighted average number of units	17,560	16,459	7%	15,900	15,898	0.00	1,660	561	196%
Average rental rate per unit per month									
	\$ 1,157	\$ 1,042	11%	\$ 1,158	\$ 1,034	12%	\$ 1,148	\$ 1,264	-9%
Average operating expense per unit per month									
	\$ 431	\$ 404	7%	\$ 409	\$ 387	6%	\$ 643	\$ 874	-26%

The vacancy rate decreased to 2.8% in Q3 2024, from 4.7% in Q3 2023, mainly due to strong rental demand in the Corporation's operating markets. Since 2023, 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 June 30, 2024, overall vacancy in Mainstreet's portfolio was at 2.8%, which was composed of 1.6% in British Columbia, 2.4% in Calgary, 3.5% in Edmonton, 3.8% in Saskatoon, 1.0% in Regina and 4.6% in Winnipeg.

As an overall result, the average monthly rental rate increased 11% to \$1,182 per unit in Q3 2024, compared with \$1,064 per unit in Q3 2023. Overall rental and ancillary revenue increased 17% to \$63.3 million in Q3 2024 as compared to \$53.9 million in Q3 2023. This was mainly due to rental rate increases, reduced tenant concessions, the decrease in vacancy rate and the continued growth of the Corporation's portfolio as the average number of units owned by the Corporation increased 6% over the year.

For same asset properties, which refer to properties owned by the Corporation for the entire nine-month periods ended June 30, 2024 and 2023, rental and ancillary revenue increased 12% to \$56.6 million in Q3 2024 from \$50.5 million in Q3 2023. The average monthly rental rate increased by 12% to \$1,186 per unit in Q3 2024, from \$1,058 per unit in Q3 2023. The vacancy rate decreased to 2.7% in Q3 2024, from 4.3% in Q3 2023, mainly due to strong demand in the provinces of Alberta and Saskatchewan.

Mainstreet's overall operating expenses increased 15% to \$22.9 million in Q3 2024, from \$19.9 million in Q3 2023, due mainly to the increased number of apartment units.

Overall operating expenses on a per unit basis increased by 9%, mainly as a result of higher property tax, utility and repair costs in Q3 2024 and higher maintenance expenses of newly acquired unstabilized properties. For same asset properties, operating expenses on a per unit basis increased by 7% to \$408 per unit in Q3 2024.

As a result, overall net operating income increased 19% to \$40.5 million in Q3 2024, from \$34.0 million in Q3 2023, and net operating margins increased to 64% in Q3 2024, from 63% in Q3 2023.

For same asset properties, net operating income increased 15% to \$37.1 million in Q3 2024, from \$32.2 million in Q3 2023. The net operating margins increased to 66% in Q3 2024, from 64% in Q3 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 12% increase in rental revenue in its British Columbia portfolio in Q3 2024 primarily due to the Corporation's diversification strategy and an increase in monthly rents on turnovers of units. The Corporation has accelerated its expansion into British Columbia's market in 2024, and achieved 6% growth of average unit count in its BC portfolio in Q3 2024. In Q3 2024, the Corporation acquired 369 units in British Columbia, including a new geographic location in Victoria, BC with 106 units. The average vacancy rate decreased to 1.6% in Q3 2024 from 1.8% in Q3 2023. This is 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 higher rental rates, rental revenue per unit increased to \$1,252 per month in Q3 2024 from \$1,186 per month in Q3 2023.

Operating expenses per unit increased 18% to \$370 per month in Q3 2024 compared with \$313 per month in Q3 2023, due mainly to increased repair and maintenance expenses of newly acquired unstabilized properties and higher property tax expense. Overall, around 23% of the Corporation's BC portfolio is under stabilization. As a result, net operating margins decreased to 70% in Q3 2024 from 74% in Q3 2023.

(000s of dollars except per unit data)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Rental and ancillary revenue	\$ 14,527	\$ 13,000	12%	\$ 42,411	\$ 37,575	13%
Operating expenses	4,294	3,430	25%	12,376	10,381	19%
Net operating income	\$ 10,233	\$ 9,570	7%	\$ 30,035	\$ 27,194	10%
Weighted average number of units	3,868	3,655	6%	3,799	3,523	8%
Average rent per unit per month	\$ 1,252	\$ 1,186	6%	\$ 1,240	\$ 1,185	5%
Operating cost per unit per month	\$ 370	\$ 313	18%	\$ 362	\$ 327	11%
Average vacancy rate	1.6%	1.8%		1.7%	1.3%	
Operating margin	70%	74%		71%	72%	

Alberta

Mainstreet achieved 5% growth in its Alberta portfolio in Q3 2024, with the weighted average number of rental units growing to 10,024 units, compared with 9,505 units in Q3 2023. The rental income increased by 19% to \$36.3 million in Q3 2024 from \$30.5 million in Q3 2023. The average vacancy rate decreased to 3.1% in Q3 2024 from 4.6% in Q3 2023, mainly due to strong demand for apartment rentals in the Province. Rental revenue per unit increased 13% to \$1,207 per month in Q3 2024 from \$1,069 per month in Q3 2023 mainly due to increased rental rates and occupancy rates in Q3 2024.

Operating expenses per unit increased 7% to \$452 per month in Q3 2024 compared to \$423 per month in Q3 2023 due mainly to increased repair and maintenance, utility, and property tax expenses in 2024. As a result, net operating income increased by 23% to \$22.7 million in Q3 2024 from \$18.4 million in Q3 2023, and net operating margin increased to 63% in Q3 2024 from 60% in Q3 2023.

(000s of dollars except per unit data)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Rental and ancillary revenue	\$ 36,289	\$ 30,475	19%	\$ 103,942	\$ 87,750	18%
Operating expenses	13,604	12,076	13%	40,343	36,217	11%
Net operating income	\$ 22,685	\$ 18,399	23%	\$ 63,599	\$ 51,533	23%
Weighted average number of units	10,024	9,505	5%	9,831	9,352	5%
Average rent per unit per month	\$ 1,207	\$ 1,069	13%	\$ 1,175	\$ 1,043	13%
Operating cost per unit per month	\$ 452	\$ 423	7%	\$ 456	\$ 430	6%
Average vacancy rate	3.1%	4.6%		3.4%	4.5%	
Operating margin	63%	60%		61%	59%	

Saskatchewan

Mainstreet achieved a 21% increase in its rental revenues in its Saskatchewan portfolio in Q3 2024, with the weighted average number of rental units grow by 7% over Q3 2023. The average vacancy rate was 3.0% in Q3 2024 compared to 6.3% in Q3 2023. As a result, rental revenue per unit increased 13% to \$1,060 per month in Q3 2024 from \$939 per month in Q3 2023.

Operating expenses per unit increased 8% to \$429 per month in Q3 2024, from \$399 per month in Q3 2023 due mainly to increased utility expenses in Q3 2024. As a result, net operating income increased 25% and net operating margins increased to 60% in Q3 2024 from 58% in Q3 2023.

(000s of dollars except per unit data)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Rental and ancillary revenue	\$ 11,307	\$ 9,363	21%	\$ 33,000	\$ 27,113	22%
Operating expenses	4,571	3,979	15%	13,861	12,375	12%
Net operating income	\$ 6,736	\$ 5,384	25%	\$ 19,139	\$ 14,738	30%
Weighted average number of units	3,555	3,325	7%	3,525	3,324	6%
Average rent per unit per month	\$ 1,060	\$ 939	13%	\$ 1,040	\$ 906	15%
Operating cost per unit per month	\$ 429	\$ 399	8%	\$ 437	\$ 414	6%
Average vacancy rate	3.0%	6.3%		3.5%	7.1%	
Operating margin	60%	58%		58%	54%	

Manitoba

Mainstreet successfully entered the Manitoba market in 2021 and has subsequently undergone further expansion in this market in 2022 and 2023. The overall average vacancy rate in Manitoba decreased to 4.6% in Q3 2024 from 17.3% in Q3 2023. The rental revenue per unit was \$987 per month in Q3 2024 compared to \$872 per month in Q3 2023.

Operating expenses per unit decreased to \$329 per month in Q3 2024 compared to \$341 in Q3 2023 due to stabilization of unstabilized properties, and as a result net operating income increased by 24% to \$0.8 million in Q3 2024 from \$0.6 million in Q3 2023 and net operating margin increased to 67% in Q3 2024 from 61% in Q3 2023.

(000s of dollars except per unit data)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
Rental and ancillary revenue	\$ 1,199	\$ 1,060	13%	\$ 3,560	\$ 1,875	90%
Operating expenses	400	414	-3%	1,548	881	76%
Net operating income	\$ 799	\$ 646	24%	\$ 2,012	\$ 994	102%
Weighted average number of units	405	405	0%	405	260	56%
Average rent per unit per month	\$ 987	\$ 872	13%	\$ 977	\$ 801	22%
Operating cost per unit per month	\$ 329	\$ 341	-4%	\$ 425	\$ 376	13%
Average vacancy rate	4.6%	17.3%		5.8%	14.1%	
Operating margin	67%	61%		57%	53%	

SUMMARY OF QUARTERLY RESULTS

(000s of dollars except per share amounts)

	Jun. 30 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Rental revenue								
British Columbia	\$ 14,405	\$ 13,485	\$ 13,430	\$ 13,033	\$ 12,762	\$ 12,258	\$ 11,865	\$ 11,666
Alberta	36,021	34,225	32,509	31,150	30,096	29,064	27,472	26,357
Saskatchewan	11,223	10,857	10,525	9,690	9,236	8,857	8,680	8,380
Manitoba	1,040	1,038	992	941	897	549	253	254
Total rental Revenue	\$ 62,689	\$ 59,965	\$ 57,456	\$ 54,814	\$ 52,991	\$ 50,728	\$ 48,270	\$ 46,657
Ancillary revenue	633	1,283	886	901	907	825	592	746
Interest income	1,960	2,198	1,778	905	876	117	535	425
Total revenue from operations	\$ 65,282	\$ 63,446	\$ 60,120	\$ 56,620	\$ 54,774	\$ 51,670	\$ 49,397	\$ 47,828
Change in fair value	\$ 19,540	\$ 20,370	\$ 56,423	\$ 30,782	\$ 23,821	\$ 11,986	\$ 2,923	\$ 50,710
(Loss)/Profit from operations	\$ (15,806)	\$ 33,610	\$ 68,548	\$ 39,495	\$ 34,196	\$ 20,720	\$ 15,002	\$ 56,315
Net (loss)/profit per share								
– Basic & Diluted	\$ (1.70)	\$ 3.61	\$ 7.36	\$ 4.24	\$ 3.67	\$ 2.22	\$ 1.61	\$ 6.03
Same assets rental and ancillary revenue								
British Columbia	\$ 13,201	\$ 13,254	\$ 12,837	\$ 12,662	\$ 12,493	\$ 12,381	\$ 12,070	\$ 11,503
Alberta	32,470	31,802	30,477	29,370	28,495	27,876	27,272	25,182
Saskatchewan	10,640	10,413	10,240	9,793	9,341	8,955	8,747	8,469
Manitoba	259	255	225	204	246	262	259	198
Total same assets rental and ancillary revenue	\$ 56,570	\$ 55,724	\$ 53,779	\$ 52,029	\$ 50,575	\$ 49,474	\$ 48,348	\$ 45,352
Same assets vacancy rate	2.7%	3.2%	3.2%	4.2%	4.3%	4.2%	4.4%	4.9%
Same assets net operating income								
British Columbia	\$ 9,461	\$ 9,519	\$ 9,222	\$ 9,869	\$ 9,276	\$ 8,673	\$ 8,885	\$ 8,720
Alberta	21,137	18,805	19,168	18,838	17,234	15,890	15,988	15,097
Saskatchewan	6,392	5,804	6,014	5,915	5,374	4,565	4,753	5,095
Manitoba	140	57	112	117	106	68	127	141
Total same assets net operating income	\$ 37,130	\$ 34,185	\$ 34,516	\$ 34,739	\$ 31,990	\$ 29,196	\$ 29,753	\$ 29,053
Net operating income	\$ 40,453	\$ 37,287	\$ 37,045	\$ 36,848	\$ 33,999	\$ 30,357	\$ 30,103	\$ 30,109
Funds from operations of stabilized properties – Non-IFRS measurement (Note 1)	\$ 19,121	\$ 15,993	\$ 15,908	\$ 18,045	\$ 15,382	\$ 11,838	\$ 12,868	\$ 13,085
Funds from operations – before current income tax expense – Non-IFRS measurement	\$ 23,479	\$ 20,624	\$ 20,711	\$ 21,062	\$ 17,845	\$ 14,144	\$ 15,670	\$ 15,538
Funds from operations - Non-IFRS measurement	\$ 22,128	\$ 19,025	\$ 19,333	\$ 21,062	\$ 17,845	\$ 14,144	\$ 15,670	\$ 15,538
Funds from operations of stabilized properties per share – Non-IFRS measurement								
– Basic & Diluted	\$ 2.05	\$ 1.72	\$ 1.71	\$ 1.94	\$ 1.65	\$ 1.27	\$ 1.38	\$ 1.40
Funds from operations before current income tax expense per share - Non-IFRS measurement (Note 1)								
– Basic & Diluted	\$ 2.52	\$ 2.21	\$ 2.22	\$ 2.26	\$ 1.91	\$ 1.52	\$ 1.68	\$ 1.66
Funds from operations per share - Non-IFRS measurement (Note 1)								
– Basic & Diluted	\$ 2.37	\$ 2.04	\$ 2.07	\$ 2.26	\$ 1.91	\$ 1.52	\$ 1.68	\$ 1.66
Average vacancy rate								
British Columbia	1.6%	1.8%	1.5%	1.7%	1.8%	1.3%	0.8%	1.1%
Alberta	3.1%	3.3%	3.7%	4.8%	4.6%	4.4%	4.4%	5.6%
Saskatchewan	3.0%	4.3%	3.3%	4.5%	6.3%	7.3%	7.8%	9.6%
Manitoba	4.6%	4.3%	8.4%	12.0%	17.3%	14.8%	10.2%	10.2%
Total average vacancy rate	2.8%	3.2%	3.3%	4.3%	4.7%	4.5%	4.4%	5.5%

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 third quarter ended June 30, 2024:

- Rental and ancillary revenue increased to \$63.3 million, compared to \$61.2 million in Q2 2024 and \$53.9 million in Q3 2023.
- Average vacancy rate for the quarter decreased to 2.8% compared with 3.2% in Q2 2024 and improved from 4.7% in Q3 2023.
- Change in fair value for the quarter was a gain of \$19.5 million, compared with a gain of \$20.4 million in Q2 2024 and a gain of \$23.8 million in Q3 2023.
- Funds from operations for the quarter was \$22.1 million, a 16% increase from \$19.0 million in Q2 2024 and a 24% increase from \$17.8 million in Q3 2023. See "Non-IFRS Measures".
- Net operating income for the quarter was \$40.5 million, a 8% increase from \$37.3 million in Q2 2024 and a 19% increase from \$34.0 million in Q3 2023.
- Mainstreet's same asset vacancy rate for the quarter decreased to 2.7% in Q3 2024 from 3.2% in Q2 2024 and improved from 4.3% in Q3 2023. Same asset rental revenues were \$56.6 million in Q3 2024, an increase from \$55.7 million in Q2 2024 and \$50.6 million in Q3 2023.
- Net operating income on a same asset basis for the quarter was \$37.1 million, an 8% increase from \$34.2 million in Q2 2024 and a 16% increase from \$32.0 million in Q3 2023.
- Funds from operations related to stabilized properties was \$19.1 million in Q3 2024, a 19% increase from \$16.0 million in Q2 2024 and a 24% increase from \$15.4 million in Q3 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 June 30, 2024, 416 properties (15,632 units) out of 477 properties (18,297 units) were stabilized. The following table summarizes the change of the Corporation's stabilized and unstabilized units since the beginning of Q3 2024.

	Apr. 1, 2024	%	Acquisition/ Creation	Number of units stabilized	June 30, 2024	%
Stabilized Units	15,246	86%	–	386	15,632	85%
Unstabilized Units	2,413	14%	638	(386)	2,665	15%
Total Investment Properties Units	17,659	100%	638	–	18,297	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	June 30, 2024
Numbers of unstabilized units held for renovation	2,162	(752)	1,255	2,665
Number of months				
Average time spent on stabilization	15	33	4	11
Estimated remaining time for stabilization	16	–	25	18

During the three months ended June 30, 2024, the Corporation acquired 632 unstabilized units in Edmonton, Alberta. Some acquired assets require substantial renovation and had rental rates that are considered well below the market for stabilized units. The Corporation has stabilized 386 units in Q3 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 Q3 2024, FFO of Mainstreet's stabilized property portfolio amounted to \$19.1 million (\$2.05 per basic share and per fully diluted share). See "Non-IFRS Measures".

(000s of dollars except per share amounts)

	Three months ended June 30, 2024			Nine months ended June 30, 2024		
	Stabilized properties	Non-stabilized properties	Total	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	\$ 55,826	\$ 7,496	\$ 63,322	\$ 163,820	\$ 19,093	\$ 182,913
Property operating expenses	19,709	3,160	22,869	59,474	8,654	68,128
Net operating income	\$ 36,117	\$ 4,336	\$ 40,453	\$ 104,346	\$ 10,439	\$ 114,785
Operating margin	65%	58%	64%	64%	55%	63%
Vacancy rate	2.7%	3.6%	2.8%	3.0%	3.7%	3.1%
Interest income	\$ (1,716)	\$ (244)	\$ (1,960)	\$ (5,179)	\$ (758)	\$ (5,937)
General & administrative expenses	3,632	561	4,193	11,461	1,674	13,135
Financing cost	13,852	838	14,690	40,294	2,302	42,596
Depreciation (computer and vehicle)	45	6	51	126	18	144
Current income tax expense	1,183	168	1,351	3,805	557	4,362
Funds from operations – Non-IFRS measurement	\$ 19,121	\$ 3,007	\$ 22,128	\$ 53,839	\$ 6,646	\$ 60,485
Depreciation (exclude computer and vehicle)			\$ 122			\$ 595
Change in Fair Value			19,540			96,333
Gain on disposal			723			1,865
Deferred income tax expense			58,075			71,737
Net (loss)/profit and total comprehensive income			\$ (15,806)			\$ 86,351
Funds from operations per share – Non-IFRS measurement						
– basic & diluted	\$ 2.05	\$ 0.32	\$ 2.37	\$ 5.78	\$ 0.71	\$ 6.49
Weighted average number of shares						
– basic & diluted			9,318,818			9,318,818

(000s of dollars except per share amounts)	Three months ended June 30, 2023			Nine months ended June 30, 2023		
	Stabilized properties	Non-stabilized properties	Total	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	\$ 46,621	\$ 7,277	\$ 53,898	\$ 136,804	\$ 17,509	\$ 154,313
Property operating expenses	16,974	2,925	19,899	51,944	7,910	59,854
Net operating income	\$ 29,647	\$ 4,352	\$ 33,999	\$ 84,860	\$ 9,599	\$ 94,459
Operating margin	64%	60%	63%	62%	55%	61%
Vacancy rate	4.3%	6.7%	4.7%	4.3%	5.8%	4.5%
Interest income	\$ (751)	\$ (125)	\$ (876)	\$ (1,311)	\$ (217)	\$ (1,528)
General & administrative expenses	3,173	1,517	4,690	9,162	4,005	13,167
Financing cost	11,803	490	12,293	33,281	1,742	35,023
Depreciation (computer and vehicle)	40	7	47	117	21	138
Funds from operations – Non-IFRS measurement	\$ 15,382	\$ 2,463	\$ 17,845	\$ 43,611	\$ 4,048	\$ 47,659
Depreciation			\$ 151			\$ 449
Change in fair value			23,821			38,730
Gain on disposal			190			190
Deferred income tax expense			7,509			16,212
Net profit and total comprehensive income			\$ 34,196			\$ 69,918
Funds from operations per share – Non-IFRS measurement						
– basic & diluted	\$ 1.65	\$ 0.26	\$ 1.91	\$ 4.68	\$ 0.43	\$ 5.11
Weighted average number of shares						
– basic & diluted			9,318,818			9,320,996

In Q3 2024, FFO of the stabilized property portfolio increased 24% to \$19.1 million as compared to \$15.4 million in Q3 2023, while the number of stabilized units increased 8% to 15,632 units as of June 30, 2024 compared to 14,481 units as of June 30, 2023. The increase in FFO for stabilized properties was due to the improved rental and vacancy rates during the quarter.

(000s of dollars)

	Three months ended June 30,			Nine months ended June 30,		
	2024	2023	% change	2024	2023	% change
FFO of stabilized properties (Note 2)	\$ 19,121	\$ 15,382	24%	\$ 53,839	\$ 43,611	23%
Number of stabilized units	15,632	14,481	8%	15,319	14,123	8%

3. 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 and access to the Corporation's available line of credit is granted. Mainstreet estimates it will have access to approximately \$301⁴ million in available liquidity in FY2024. 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 decreased by almost 50 basis points since the end of the prior financial year. The Corporation will continue to monitor interest rates and will need to consider the same in making decisions when its mortgages mature and need to be renewed.

Working Capital Requirement

Mainstreet requires sufficient working capital to cover day-to-day operating and mortgage expenses as well as income tax payments. In Q3 2024, after payments of all required expenses, the Corporation generated funds from operations of \$22.1 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 June 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 Q3 2024, the Corporation spent approximately \$99.7 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 Q3 2024, the Corporation financed 6 clear title properties and 8 maturing mortgages for an additional net funding of \$50.3 million at an average interest rate of 4.30%.

The mortgage rate for a 5-year fixed CMHC mortgage has decreased by almost 50 basis points since the end of the prior financial year. The Corporation will continue to monitor interest rates and will need to consider the same in making decisions when its mortgages mature and need to be renewed.

As of June 30, 2024, the Corporation owned title to 108 clear title properties and five development lots having an aggregate fair value of approximately \$625 million.

High commodity prices and global supply chain constraints have pushed inflation up, with the consumer price index (CPI) recording a 12-month increase of 2.9% in May 2024. In response the Bank of Canada significantly increased interest rates during the prior financial years. It remains unclear as to how long higher interest rates will continue for. Mainstreet has attempted to deal with inflation and the correlated increase in interest rates by locking its debt into 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.

4. Including: (i) \$46 million cash-on-hand, (ii) estimated \$125 million expected funds to be raised through up-financing of maturing mortgages and financing of clear titled assets after stabilization and, (iii) a \$130 million line of credit.

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 48%, which Management believes will leave 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 June 30, 2024, the Corporation has drawn \$Nil (September 30, 2023 - \$Nil) against this credit facility.

Additionally, in 2022, the Corporation entered a \$45 million revolving credit facility with a third-party financial institution, which carries an interest rate equal to the prime rate. As at June 30, 2024, the Corporation has drawn \$Nil (September 30, 2023 - \$Nil) against this credit facility.

Both facilities contain financial covenants to maintain an overall funded debt to gross book value ratio of not more than 65% and debt service ratio of not less than 1.2. As of June 30, 2024, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 48% and 1.70, respectively.

CONTRACTUAL OBLIGATIONS

As of June 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

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

(000s of dollars)

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

LONG-TERM DEBT

(000s of dollars)

	Amount	% of debt	Average interest rate (%)
Fixed rate debt			
– CMHC-insured	\$ 1,687,681	99%	2.97%
– non-CMHC-insured	5,940	1%	3.23%
Total debt	1,693,621	100%	2.97%
Deferred financing costs	(39,026)		

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 June 30, 2024, total mortgages payable were \$1,655 million compared to \$1,566 million on September 30, 2023, an increase resulting from financing and acquisition activity during the quarter ended June 30, 2024.

As of June 30, 2024, Management believes the Corporation's financial position to be stable, with overall mortgage levels reported at 48% 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 (%)
2024	-	-	-
2025	138,373	8%	3.64%
2026	263,362	16%	2.34%
2027	74,634	4%	3.13%
2028	121,032	7%	3.63%
Subsequent	1,096,220	65%	2.95%
	\$ 1,693,621	100%	2.97%

The average maturing term of mortgage loans is 5.77 years as of June 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 June 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 quarter ended June 30, 2024.

As at June 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. 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 quarter ended June 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)

		June 30, 2024		September 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Restricted cash	Level 2	\$ 5,726	\$ 5,726	\$ 4,982	\$ 4,982
Cash and cash equivalents	Level 2	46,420	46,420	81,762	81,762
Trade and other receivables	Level 2	4,836	4,836	1,640	1,640
Financial liabilities:					
Mortgages payable	Level 2	1,654,595	1,597,351	1,565,813	1,457,667
Trade and other payables	Level 2	13,561	13,561	10,873	10,873
Refundable security deposits	Level 1	\$ 8,063	\$ 8,063	\$ 7,046	\$ 7,046

* Refundable security deposits for Alberta, Manitoba and Saskatchewan are considered as restricted cash as they are held in trust bank

See also the Notes to the Corporation's audited consolidated financial statements for the fiscal years ended September 30, 2023 and 2022 (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".

SHARE CAPITAL

Authorized:

Unlimited number of common voting shares with no par value

Unlimited number of preferred shares with no par value

Issued, outstanding and fully paid:

	Nine months ended June 30, 2024		Year ended September 30, 2023	
	Number of common shares	Amount	Number of common shares	Amount
Issued and outstanding				
– beginning of the period	9,318,818	\$ 26,419	9,326,718	\$ 26,441
Shares purchased for cancellation	-	-	(7,900)	(22)
Issued and outstanding				
– end of the period	9,318,818	\$ 26,419	9,318,818	\$ 26,419

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

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 interim condensed consolidated 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 12 of the interim condensed consolidated 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 three and nine months ended June 30, 2024, amounted to \$134,747 (2023 – \$87,755) and \$671,812 (2023 - \$347,114).

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

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

- b) The Corporation paid legal and professional fees and reimbursements for the three and nine months ended June 30, 2024, amounting to \$147,927 (2023 – \$82,512) and \$375,859 (2023 - \$298,302) to a law firm of which a director and officer of the Corporation is a Senior Associate. As at June 30, 2024, the amounts payable to the law firm were \$ Nil (September 30, 2023 – \$ Nil). These fees were incurred at amounts which in management's opinion approximate fair market value that would be incurred by a third party law firm.

Off Balance Sheet Arrangements

The Corporation does not have any off balance sheet arrangement at June 30, 2024 and no off balance sheet arrangement were made during Q3 2024.

Subsequent Events

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

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

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, 2023 ("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, including as a result of Russia's ongoing invasion of Ukraine. 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 in prior fiscal years, 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 2.88%. 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 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.

On May 21, 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 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 and is in the process of preparing a report in respect of the same for the Corporation. The Corporation anticipates that the 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 and additional legal costs related thereto. These costs are currently not anticipated to have a material impact of the Corporation's financial condition. In addition, the Corporation is in the process of identifying and notifying 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.

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 maintain 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 disputing global recovery and increasing inflation.

While it appears that Canada's economic growth rate is starting to recover, it is uncertain how strong this recovery will be in the short 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 and the implementation of new climate change plans at both the provincial and federal government levels. However, the prairie provinces have seen some economic growth in recent months, 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;

- 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, with the consumer price index (CPI) being 3.4% in December 2023, and it is unclear how long this upward pressure will continue. This may result 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. However, the Corporation attempts to minimize possible risks by conducting in-depth credit assessments of all tenants and collecting security deposits from tenants. The Corporation's tenants are numerous which also reduces the concentration of credit risk. As tenants' rent is due at the beginning of the month, all amounts in accounts receivable are considered overdue by the Corporation. As of June 30, 2024, rents due from current tenants amounted to \$702,000 (September 30, 2023 - \$665,000). The possibility of not receiving payment of rent due from current tenants was covered by security deposits of \$8.1 million (September 30, 2023 - \$7.0 million) and provisions for bad debts of \$160,000 (September 30, 2023 - \$160,000).

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

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
0-30 days	\$ 481	\$ 468
31-60 days	80	105
61-90 days	52	21
Over 90 days	89	71
Total rents due from current tenants	\$ 702	\$ 665

In relation to cash, cash equivalents and restricted cash, the Corporation believes that its exposure to credit risk is low. The Corporation only places its cash, cash equivalents, and restricted cash with reputable Canadian chartered financial institutions.

Liquidity Risk

Liquidity risk is the risk 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 financial 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 Risk

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 is 3.5%. 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. Effective January 1, 2024 the guideline limit increased to 3%.

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.

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, or introductions of new taxes such as previously or to be enacted carbon taxes, 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 favorable operating environment, rising costs continue to pose a challenge to Mainstreet. Higher interest rates increase the cost of Mainstreet's debt, its 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 5.8 years, to proactively protect the Corporation against any eventual rate increases—see Outlook section below). Inflation also increases major operating expenses like labour, property taxes, utilities and materials. Carbon taxes increased from \$65 per tonne to \$80 in April.

Additionally, Mainstreet is now liable for corporate taxes for one of the first times in its history due to the sustained growth and solid financial performance in recent years. Management views Mainstreet's performance as an unmitigated success, and do not expect a material impact on Mainstreet's overall 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, Mainstreet substantially reduced energy costs across a large portion of Mainstreet buildings. Mainstreet also managed to reduce its insurance costs—a sizable Mainstreet expense—by more than 13% for fiscal 2024 by obtaining improved premium rates and coverage.

Despite Mainstreet'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.

Cybersecurity

During Q3 2024, Mainstreet was the target of a cybersecurity incident that affected its internal systems. Mainstreet immediately implemented the procedures it had in place in the event of such an event—including the retention of breach counsel and hiring of an experienced third-party cybersecurity firm—to provide response services. Fortunately, Mainstreet's main operating system was not impacted by the event. As a result, Mainstreet did not suffer any material downtime or loss of productivity in its daily operations.

In the upcoming weeks, Mainstreet will be notifying individuals whose personal information was deemed to have been impacted as a result of the incident and reporting to appropriate privacy regulators.

The third-party firm has completed an investigation and is in the process of preparing a final report. In addition, Mainstreet is evaluating, in coordination with its experts, ways to further strengthen its cybersecurity processes, policies, and controls. Cybersecurity threats have become increasingly common in the society and Mainstreet will continue to take steps to mitigate these risks, as the security of Mainstreet's tenants, employees and other stakeholders are a top priority.

OUTLOOK

Putting the S in ESG

Mainstreet believes that the tight housing market emphasizes Mainstreet's position as an important provider of affordable, quality housing in Canada. Mainstreet offers renovated, quality apartments and customer services at a mid-market rental rate that has averaged around \$1,180. As a corporation dedicated to social responsibility, Mainstreet believes its highly affordable rental options are a crucial service at a time when many middle-class and lower-income Canadians feel they are priced out of the market.

Hedging our 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, Mainstreet shifted toward shorter-term debts. This flexible refinancing strategy has served Mainstreet well, and management continues to monitor and update Mainstreet's debt strategy as monetary policy changes occur.

Strong performance across core markets

Mainstreet continues to benefit from an increasingly diversified portfolio, where each of its core markets have contributed solid results. British Columbia, which accounts for 43% of Mainstreet's estimated net asset value ("NAV") based on appraised value, continues to outperform, and remains one of its primary candidates for NOI future growth (see Runway section below). Alberta, accounting for 41% of the Corporation's estimated NAV in terms of appraised value, is expected to lead the country in terms of economic growth this year (2.3%, according to ATB Financial). Alberta's net migration has hit historic highs in recent quarters, while migration into Saskatchewan and Manitoba remains solid, which management expects will keep vacancy rates low while nudging rental rates higher. Calgary and Edmonton saw especially swift population growth in 2023, at 6% and 4.2%, respectively.

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. While the Corporation's efforts remain in the very early stages, Mainstreet has already created 55 units through this plan using existing assets and at minimal cost.

Mainstreet's nominal dividend

Mainstreet started offering a nominal dividend (\$0.11 per share annually) beginning Q1 2024. Given Mainstreet's strong free cash flow, management team determined the Corporation was well placed to establish a nominal dividend to help widen its shareholder base, increase trading volume and elevate its market capitalization without negatively impacting liquidity for future non-dilutive growth. As Mainstreet continues to monitor the effectiveness of its dividend policy, Mainstreet is encouraged by early indications that it has performed as management originally intended. 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.

RUNWAY ON EXISTING PORTFOLIO

1. **Expanding portfolio:** Using Mainstreet's strong potential liquidity position, estimated at \$301 million, management believes there is a significant opportunity to continue acquiring underperforming assets at attractive valuations.
2. **Closing the NOI gap:** As of Q3 2024, 15% of Mainstreet's portfolio was going through the stabilization process due largely to high levels of add-value acquisitions. The management team believes vacancy rates, NOI and FFO will be meaningfully improved as Mainstreet 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 \$29 million, based on an estimated average monthly mark-to-market gap of \$582 per suite per month. Alberta and Saskatchewan markets also have substantial room for mark-to-market catch up.
3. **Buying back shares:** Mainstreet believes its 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.

ADDITIONAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

(\$000s of Canadian dollars)

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

See accompanying notes to these interim condensed consolidated financial statements.



Bob Dhillon, Director
July 18, 2024



Joe Amantea, Director

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

Unaudited

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

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

See accompanying notes to these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

(\$000s of Canadian dollars)

	Share Capital	Retained Earnings	Total Shareholders' Equity
Balance, October 1, 2022	\$ 26,441	\$ 1,184,309	\$ 1,210,750
Shares purchased for cancellation	(22)	(897)	(919)
Profit for the period	–	69,918	69,918
Balance, June 30, 2023	\$ 26,419	\$ 1,253,330	\$ 1,279,749
Balance, October 1, 2023	\$ 26,419	\$ 1,292,825	\$ 1,319,244
Dividend paid	–	(511)	(511)
Profit for the period	–	86,351	86,351
Balance, June 30, 2024	\$ 26,419	\$ 1,378,665	\$ 1,405,084

See accompanying notes to these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

Unaudited

(\$000s of Canadian dollars)

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

See accompanying notes to these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2024 and 2023

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

1. GENERAL

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of compliance

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

b) Basis of presentation

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value. The interim condensed consolidated financial statements are prepared on a going concern basis and have been prepared in Canadian dollars which is the functional currency rounded to the nearest thousand. The accounting policies set out below are same as those used at the fiscal year ended September 30, 2023 and have been applied consistently in all material respects.

c) Basis of consolidation

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

d) Key accounting estimates and assumptions

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

- i) Significant estimates used in determining the fair value of investment properties include capitalization rates, market rent, vacancy rate, net operating income and operating expenses. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to Note 3 for sensitivity analysis;
- ii) Significant estimates used in determining the fair value of financial instruments include the discount rate used to discount the future cash flows of mortgages for similar loans with similar credit ratings and the same maturities. Please refer to Note 12;
- iii) Allocation of purchase cost in the acquisition of investment properties is based on information from industry practice and entity specific history;
- iv) Allocation of purchase cost in the acquisition of property and equipment into different components, estimation of useful life and impairment, are based on information from industry practice and entity specific history; and
- v) The future income tax rate used to arrive at future income tax balances.

Actual results could differ from estimates.

3. Investment properties

(000s of dollars)

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

The Corporation prepares internal valuations of its investment properties based on the same assumptions and valuation techniques used by the external valuation professionals. The Corporation groups its investment properties in each city by their types and geographic locations. Samples are selected in each group for independent appraisal. The fair value of the sampled investment properties held by the Corporation as of June 30, 2024 and September 30, 2023, were determined through external valuations obtained from independent qualified real estate appraisers who are members of the Appraisal Institute of Canada and have appropriate qualifications and experience in the valuation of the Corporation's investment properties in the relevant locations. The appraised values of the samples selected are compared with their appraised values of the previous corresponding financial quarters. The percentage changes in values of those samples selected were applied to the whole population of each group in determination of the fair value of investment properties of the Corporation as of June 30, 2024 and September 30, 2023. Properties are selected on a rotational basis and approximately 40% of the Corporation's portfolio is externally valued annually. For the nine month period ended June 30, 2024, a fair value gain of \$96.3 million was recorded on the financial statement as a result of changes in the fair value of investment properties based on the most recent market conditions in the reporting periods.

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

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

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

As at June 30, 2024

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

As at September 30, 2023

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

Investment properties with a fair value of \$2,713 million (September 30, 2023 - \$2,584 million) are pledged as security against the Corporation's mortgages payable.

4. PROPERTY HELD FOR SALE

During the year ended September 30, 2021, the Corporation acquired a property with 136 units for resale purposes in Calgary, Alberta. The Corporation has sold 82 units as of June 30, 2024. The Corporation is actively selling the remaining units and expects to dispose of the remaining units within the next 12 months, and consequently, the asset is presented within the current assets section.

5. MORTGAGES PAYABLE

Mortgages payable bear interest at a weighted average interest rate of 2.97% (September 30, 2023 – 2.79%) per annum and are payable in monthly principal and interest installments totaling \$6.4 million (September 30, 2023 - \$6.0 million), maturing from 2024 to 2032 and are secured by specific charges against specific investment properties, having a fair value of \$2,713 million (September 30, 2023 - \$2,584 million).

(000s of dollars)

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

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

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

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

(000s of dollars)

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

6. BANK INDEBTEDNESS

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

Additionally, in 2022, the Corporation entered a \$45 million revolving credit facility with a third-party financial institution, which carries an interest rate equal to the prime rate. As at June 30, 2024, the Corporation has drawn \$Nil (September 30, 2023 - \$Nil) against this credit facility.

Both facilities contain financial covenants to maintain an overall funded debt to gross book value ratio of not more than 65% and debt service ratio of not less than 1.2. As of June 30, 2024, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 48% and 1.70, respectively.

7. SHARE CAPITAL

Authorized:

Unlimited number of common voting shares with no par value

Unlimited number of preferred shares with no par value

Issued, outstanding and fully paid:

	Nine months ended ended June 30, 2024		Year ended September 30, 2023	
	Number of common shares	Amount	Number of common shares	Amount
Issued and outstanding				
– beginning of the period	9,318,818	\$ 26,419	9,326,718	\$ 26,441
Shares purchased for cancellation	-	-	(7,900)	(22)
Issued and outstanding				
– end of the period	9,318,818	\$ 26,419	9,318,818	\$ 26,419

All common shares have an equal right to dividends.

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

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

8. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties are as follows:

(000s of dollars)

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

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

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

9. EXPENSES BY NATURE

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

(000s of dollars)

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

10. FINANCING COSTS

The components of financing costs are as follows:

(000s of dollars)

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

11. LOSS/PROFIT PER SHARE

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

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

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

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

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

12. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value of financial assets and liabilities

The Corporation's financial assets and liabilities comprise restricted cash, cash and cash equivalents, trade and other receivables,

mortgages payable, trade and other payables, and refundable security deposits. Fair values of financial assets and liabilities, summarized information related to risk management positions, and discussion of risks associated with financial assets and liabilities are presented as follows.

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

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

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3: Values based on valuation techniques for which any significant input is not based on observable market data.

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

(000s of dollars)

		June 30, 2024		September 30, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Restricted cash	Level 2	\$ 5,726	\$ 5,726	\$ 4,982	\$ 4,982
Cash and cash equivalents	Level 2	46,420	46,420	81,762	81,762
Trade and other receivables	Level 2	4,836	4,836	1,640	1,640
Financial liabilities:					
Mortgages payable	Level 2	1,654,595	1,597,351	1,565,813	1,457,667
Trade and other payables	Level 2	13,561	13,561	10,873	10,873
Refundable security deposits	Level 1	\$ 8,063	\$ 8,063	\$ 7,046	\$ 7,046

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

(000s of dollars)

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

13. RISK ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

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

Market risk

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

Inflation, Labour Shortages and Supply Chain Risk

There is a risk that the Corporation could be adversely affected due to market changes particularly in supply, inflation, interest rates and regional rent controls. Canada saw significant inflation in 2023 with the effects of inflation continuing to be felt in the first half of 2024, against the backdrop of sustained higher housing prices, substantial supply constraints and geopolitical conflicts,

all of which have increased prices for energy and agricultural markets. There has also been significant disruption to the global supply chain in the past years, including as a result of Russia's ongoing invasion of Ukraine, further disrupting global recovery as economies emerge from the impact of the pandemic. Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Corporation.

Interest rate risk

The Corporation is exposed to interest rate risk to the extent of any upward or downward revision in prime lending rates. Increases in the interest rate, such as those seen throughout 2022 and 2023, have the potential to adversely affect the profitability of the Corporation. The Corporation attempts to mitigate this risk by staggering the maturity dates for its mortgages. The majority of Mainstreet's mortgages and fixed-rate mortgage financings are insured by Canada Mortgage and Housing Corporation ("CMHC") under the National Housing Association ("NHA") mortgage program. This added level of insurance offered to lenders allows the Corporation to receive the best possible financing and interest rates, and significantly reduces the potential for a lender to call a loan prematurely.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in a financial loss for the Corporation. The Corporation is exposed to credit risk as some tenants may experience financial difficulty and may default in payment of rent. However, the Corporation attempts to minimize possible risks by conducting in-depth credit assessments of all tenants and collecting security deposits from tenants. The Corporation's tenants are numerous which also reduces the concentration of credit risk. As tenants' rent is due at the beginning of the month, all amounts in accounts receivable are considered overdue by the Corporation. As of June 30, 2024, rents due from current tenants amounted to \$702,000 (September 30, 2023 - \$665,000). The possibility of not receiving payment of rent due from current tenants was covered by security deposits of \$8.1 million (September 30, 2023 - \$7.0 million) and provisions for bad debts of \$160,000 (September 30, 2023 - \$160,000).

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

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
0-30 days	\$ 481	\$ 468
31-60 days	80	105
61-90 days	52	21
Over 90 days	89	71
Total rents due from current tenants	\$ 702	\$ 665

In relation to cash, cash equivalents and restricted cash, the Corporation believes that its exposure to credit risk is low. The Corporation only places its cash, cash equivalents, and restricted cash with reputable Canadian chartered financial institutions.

Liquidity Risk

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

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

(000s of dollars)

	1 year	2 years	3 years	4 years	Beyond 4 years	Total
Mortgages payable	\$ 6,694	163,709	274,687	90,376	1,158,155	\$1,693,621
Mortgage interest payable	12,571	50,112	44,430	37,927	90,389	235,429
Trade and other payables	13,561	—	—	—	—	13,561
Refundable security deposits	\$ 8,063	—	—	—	—	\$ 8,063

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

(000s of dollars)

	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

14. GUARANTEES, CONTINGENCIES AND COMMITMENTS

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

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

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

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

15. RELATED PARTY TRANSACTIONS

- a) The President and Chief Executive Officer is paid a commission at commercial rates in his capacity as a licensed broker for certain property transactions conducted by the Corporation in its normal course of business. Commissions are determined on an exchange value basis. Except in very limited circumstances, these commissions are paid by the selling third party or third parties to the transaction. The commissions received by the President and Chief Executive Officer during the three and nine months ended June 30, 2024, amounted to \$134,747 (2023 – \$87,755) and \$671,812 (2023 – \$347,114).

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

- b) The Corporation paid legal and professional fees and reimbursements for the three and nine months ended June 30, 2024, amounting to \$147,927 (2023 – \$82,512) and \$375,859 (2023 – \$298,302) to a law firm of which a director and officer of the Corporation is a Senior Associate. As at June 30, 2024, the amounts payable to the law firm were \$ Nil (September 30, 2023 – \$ Nil). These fees were incurred at amounts which in management's opinion approximate fair market value that would be incurred by a third party law firm.

16. SEGMENTED INFORMATION

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

(000s of dollars)

RENTAL OPERATIONS

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

* Unallocated revenue represents interest income and other income

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

(000s of dollars)

IDENTIFIABLE ASSETS AND LIABILITIES

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

IDENTIFIABLE ACQUISITION AND CAPITAL EXPENDITURES

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

17. CAPITAL MANAGEMENT

The Corporation defines capital that it manages as the aggregate of its shareholders' equity and mortgages payable and, on occasion, bank loans or lines of credit when drawn on. The Corporation's total capital resources as at June 30, 2024 amounted to \$3,060 million (September 30, 2023 - \$2,885 million).

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

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

The total managed capital for the Corporation is summarized below:

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
Mortgages payable	\$ 1,654,595	\$ 1,565,813
Total equity	1,405,084	1,319,244
Total capital	\$ 3,059,679	\$ 2,885,057

The Corporation's policy for capital risk management is to maintain a debt to fair value of investment properties ratio, as defined below, of no greater than 70%. The ratio as at June 30, 2024 is approximately 48% (September 30, 2023 – 49%) which leaves a sufficient additional capacity for the Corporation to raise additional funds from refinancing before it reaches its internal target ratio of 70%.

The debt to fair value ratios were as follows:

(000s of dollars)

	June 30, 2024	Sep. 30, 2023
Mortgages payable	\$ 1,654,595	\$ 1,565,813
Cash and cash equivalents	(46,420)	(81,762)
Total net debts	\$ 1,608,175	\$ 1,484,051
Investment properties	\$ 3,338,963	\$ 3,051,665
Debt to fair value ratio	48%	49%

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

18. SUBSEQUENT EVENTS

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

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

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Suite 3100, East Tower
Calgary, AB

SOLICITORS

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Calgary, AB

Borden, Ladner & Gervais LLP
Centennial Place, East Tower
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Calgary, AB

BANKERS

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ATB
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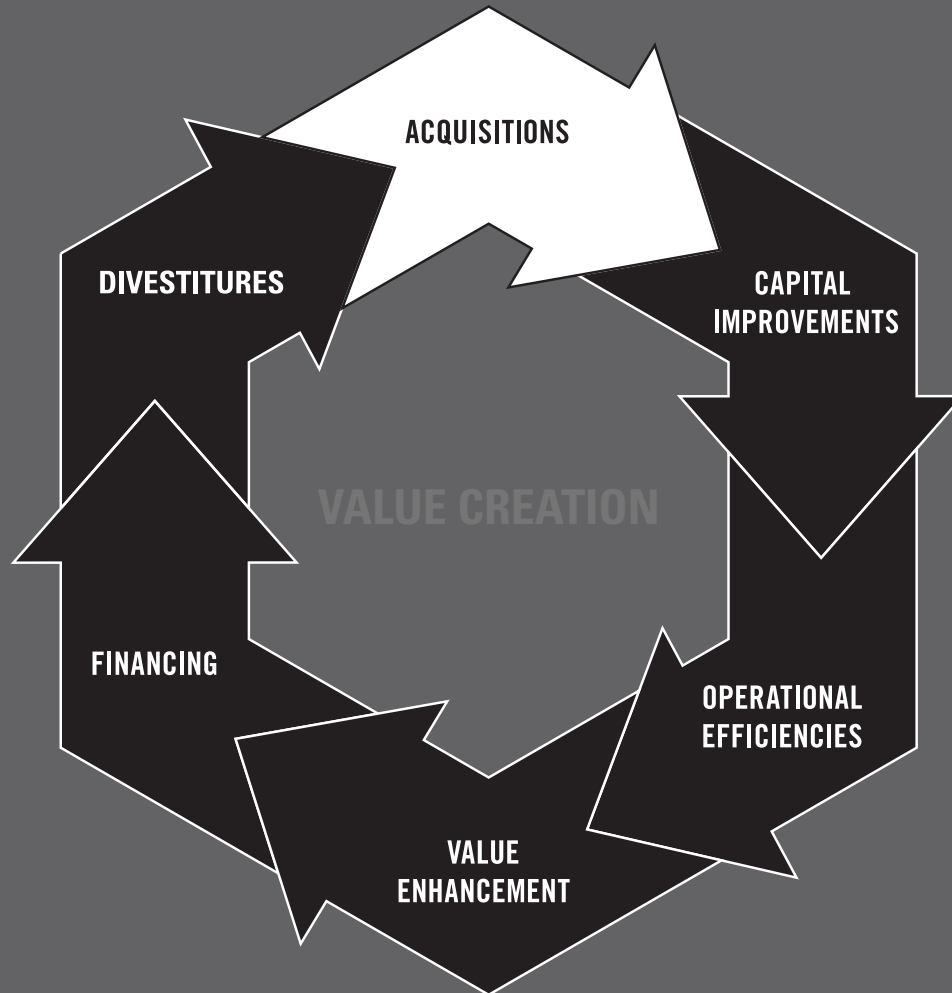
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Web site: www.mainst.biz

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 18,351 units (YTD) with appraised values of approximately \$3.3 billion with minimal equity dilution.**