

## MANAGEMENT'S REPORT

To the Shareholders of Mainstreet Equity Corp.

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

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

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



Bob Dhillon  
Director

August 7, 2025



Joe Amantea  
Director

# **MAINSTREET EQUITY CORP.** **INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

## **UNAUDITED**

(000s of Canadian dollars)

	June 30, 2025	September 30, 2024
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties [Note 3]	\$ 3,619,044	\$ 3,407,493
Property and equipment	6,696	6,836
Intangible assets	522	527
	<b>3,626,262</b>	<b>3,414,856</b>
<b>Current assets</b>		
Property held for sale [Note 4]	9,660	10,004
Prepaid assets	5,625	3,968
Trade and other receivables	6,338	5,754
Restricted cash	6,787	5,970
Inventory	2,320	2,055
Cash and cash equivalents	215,981	48,826
	<b>246,711</b>	<b>76,577</b>
<b>Total Assets</b>	<b>\$ 3,872,973</b>	<b>\$ 3,491,433</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Mortgages payable (Note 5)	\$ 1,681,641	\$ 1,494,131
Deferred tax liabilities	322,531	292,995
	<b>2,004,172</b>	<b>1,787,126</b>
<b>Current liabilities</b>		
Mortgages payable [Note 5]	134,617	155,534
Trade and other payables	13,156	15,229
Income tax payable	268	6,834
Refundable security deposits	9,147	8,357
	<b>157,188</b>	<b>185,954</b>
<b>Total Liabilities</b>	<b>2,161,360</b>	<b>1,973,080</b>
<b>Equity</b>		
Share capital [Note 7]	26,419	26,419
Retained earnings	1,685,194	1,491,934
<b>Total Equity</b>	<b>1,711,613</b>	<b>1,518,353</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,872,973</b>	<b>\$ 3,491,433</b>

See accompanying notes to these interim condensed consolidated financial statements.



Bob Dhillon, Director



Joe Amantea, Director

August 7, 2025

# MAINSTREET EQUITY CORP.

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

### UNAUDITED

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

	Three months ended June 30, 2025	Three months ended June 30, 2024 Revised	Nine months ended June 30, 2025	Nine months ended June 30, 2024 Revised
Rental revenue [Note 8]	\$ 68,431	\$ 62,689	\$ 202,292	\$ 180,110
Ancillary revenue	1,235	633	3,548	2,803
Total rental and ancillary revenue	69,666	63,322	205,840	182,913
Property operating expenses [Note 9]	22,637	22,869	72,372	68,128
Net operating income	47,029	40,453	133,468	114,785
Financing costs [Note 10]	16,820	14,690	47,966	42,596
General and administrative expenses [Note 9]	4,591	4,193	13,778	13,135
Depreciation	158	173	460	739
Interest income	(1,963)	(1,960)	(4,929)	(5,937)
Profit before change in fair value, gain from disposal, and income tax	27,423	23,357	76,193	64,252
Change in fair value [Note 3]	29,608	19,540	154,274	96,333
Gain from disposal of assets	130	723	515	1,865
Profit before income tax	57,161	43,620	230,982	162,450
Current income tax expense	3,200	1,351	7,183	4,362
Deferred income tax expense [Note 19]	7,400	6,991	29,537	20,653
Net profit and total comprehensive income [Note 19]	\$ 46,561	\$ 35,278	\$ 194,262	\$ 137,435
Profit per share				
– basic and fully diluted [Note 11]	\$ 5.00	\$ 3.79	\$ 20.85	\$ 14.75

See accompanying notes to these interim condensed consolidated financial statements.

# MAINSTREET EQUITY CORP.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(000s of Canadian dollars)

Revised	Share Capital	Contributed Surplus	Retained Earnings	Total Shareholders' Equity
Balance, October 1, 2023	\$ 26,419		\$ 1,292,825	\$ 1,319,244
Dividend paid [Note 7]	–	–	(511)	(511)
Profit for the period [Note 19]	–	–	137,435	137,435
Balance, June 30, 2024	\$ 26,419	–	\$ 1,429,749	\$ 1,456,168
Balance, October 1, 2024	\$ 26,419	–	\$ 1,491,934	\$ 1,518,353
Dividend paid [Note 7]	–	–	(1,002)	(1,002)
Profit for the period	–	–	194,262	194,262
Balance, June 30, 2025	\$ 26,419	–	\$ 1,685,194	\$ 1,711,613

See accompanying notes to these interim condensed consolidated financial statements.

**MAINSTREET EQUITY CORP.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS**  
**UNAUDITED**

(000s of Canadian dollars)

Nine months ended June 30,	2025	2024
<b>Cash obtained from (used in) operating activities</b>		Revised
Net profit	\$ 194,262	\$ 137,435
Adjustments for:		
Depreciation	460	739
Change in fair value	(154,274)	(96,333)
Deferred income tax expense	29,537	20,653
(Gain) from disposal of assets	(515)	(1,865)
Financing costs [Note 10]	47,966	42,596
Deferred financing costs incurred	(10,294)	(6,010)
Interest paid on mortgages [Note 10]	(41,226)	(37,045)
Cash from operating activities before changes in non-cash working capital	65,916	60,170
Change in working capital		
Prepaid assets	(1,657)	(1,106)
Trade and other receivables	(584)	(3,196)
Inventory	(265)	163
Restricted cash	(817)	(744)
Trade and other payables	(1,029)	2,907
Current income tax payable	(6,566)	4,361
Refundable security deposits	790	1,017
Cash from operating activities	55,788	63,572
<b>Financing activities</b>		
Financing of investment properties	248,381	203,780
Mortgage principal repayments	(20,340)	(21,816)
Mortgage payments upon refinancing	(61,905)	(126,645)
Mortgage payments upon disposal of investment properties	(521)	-
Divident paid	(1,002)	(511)
Cash from financing activities	164,613	54,808
<b>Investing activities</b>		
Additions to investment properties	(54,919)	(157,261)
Additions to property and equipment	(200)	(176)
Additions to intangible assets	(115)	(11)
Proceeds from disposal	2,069	3,750
Additions to property held for sale	(81)	(24)
Cash used in investing activities	(53,246)	(153,722)
<b>Net increase in cash and cash equivalents</b>	167,155	(35,342)
<b>Cash and cash equivalents, beginning of period</b>	48,826	81,762
<b>Cash and cash equivalents, end of period</b>	\$ 215,981	\$ 46,420
<b>Cash and cash equivalents are comprised of:</b>		
Cash	\$ 7,467	\$ 5,036
Short-term deposits	208,514	41,384
	\$ 215,981	\$ 46,420

See accompanying notes to these interim condensed consolidated financial statements.

## **MAINSTREET EQUITY CORP.**

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

For the three and nine months ended June 30, 2025 and 2024

(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 International Financial Reporting Standards ("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, 2024.

##### **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 in the fiscal year ended September 30, 2024 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, 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 Jun. 30, 2025	Year ended Sep. 30, 2024
Balance, beginning of year	\$ 3,407,493	\$ 3,051,665
Additions related to acquisitions	34,701	179,926
Building improvements	23,712	31,073
Disposal of investment properties	(1,136)	-
Property held for sale	-	(31)
Change in fair value	154,274	144,860
Balance, end of year	\$ 3,619,044	\$ 3,407,493

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, 2025 and September 30, 2024, 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, 2025 and September 30, 2024. Properties are selected on a rotational basis and approximately 40% of the Corporation's portfolio is externally valued annually. For the nine months ended June 30, 2025, a fair value gain of \$154.3 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, 2025	Sep. 30, 2024
Lower Mainland, BC	3.92%	3.87%
BC excluding Lower Mainland	5.40%	5.42%
Calgary, Alberta	5.68%	6.11%
Edmonton, Alberta	5.81%	5.85%
Saskatoon, Saskatchewan	5.51%	5.49%
Regina, Saskatchewan	6.02%	5.88%
Winnipeg, Manitoba	5.79%	5.79%
Investment properties-weighted average capitalization rate	5.21%	5.28%

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, 2025

Net operating income	-3%	-1%	As estimated	+1%	+3%
	\$ 183,212	\$ 186,989	\$ 188,878	\$ 190,767	\$ 194,544
Capitalization rate					
-0.25%	4.96%	\$ 74,739	\$ 150,900	\$ 188,980	\$ 227,060
Cap rate used	5.21%	\$ (102,505)	\$ (29,999)	\$ 3,619,044	\$ 42,506
+0.25%	5.46%	\$ (263,519)	\$ (194,333)	\$ (159,740)	\$ (125,147)
		\$ (55,961)			

**As at September 30, 2024**

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

Investment properties with a fair value of \$3,090 million (September 30, 2024 - \$2,761 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 86 units as of June 30, 2025. The Corporation is actively selling the remaining units, 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 3.04% (September 30, 2024 – 2.79%) per annum and are payable in monthly principal and interest installments totaling \$7.1 million (September 30, 2024 - \$6.4 million), maturing from 2025 to 2032 and are secured by specific charges against specific investment properties, having a fair value of \$3,090 million (September 30, 2024 - \$2,761 million).

(000s of dollars)

	Jun.30, 2025	Sep. 30, 2024
Non-current	\$ 1,681,641	\$ 1,494,131
Current	134,617	155,534
	\$ 1,816,258	\$ 1,649,665

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

(000s of dollars)

	Jun. 30, 2025	Sep. 30, 2024
Opening balance	\$ 1,649,665	\$ 1,565,813
Financing of investment properties	248,381	203,780
Mortgage assumed to purchase investment properties	4,531	33,924
Mortgage principal repayments	(20,340)	(28,570)
Mortgage payments upon refinancing	(61,905)	(126,645)
Mortgage payment upon disposal	(521)	-
Deferred financing cost	(3,553)	1,363
Closing balance	\$ 1,816,258	\$ 1,649,665

The contractual principal payments required to retire the mortgage obligations as of June 30, 2025 are as follows:

(000s of dollars)	
Years ending September 30,	Amount
2025	\$ -
2026	256,957
2027	73,325
2028	124,147
2029	476,296
Subsequent	926,291
	1,857,016
Deferred financing cost	(40,758)
	<u>\$ 1,816,258</u>

## 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, 2025, the Corporation has drawn \$Nil (September 30, 2024 - \$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, 2025, the Corporation has drawn \$Nil (September 30, 2024 - \$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, 2025, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 44% and 2.00, 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 June 30, 2025		Year ended September 30, 2024	
	Number of common shares	Amount	Number of common shares	Amount
Issued and outstanding – beginning of the period	9,318,818	\$ 26,419	9,318,818	\$ 26,419
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, 2025, Mainstreet announced that it had obtained approval from the Toronto Stock Exchange ("TSX") to repurchase up to 475,359 common shares of the Corporation under a Normal Course Issuer Bid ("NCIB") commencing June 3, 2025. The current NCIB expires on June 2, 2026. The Corporation's previous NCIB expired on June 2, 2025.

During the three and nine months ended June 30, 2025 and 2024, the Corporation purchased and cancelled Nil common shares 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,	
	2025	2024	2025	2024
Rental revenue	\$ 67,797	\$ 62,189	\$ 200,471	\$ 178,668
Other rental revenue (1) (2)	634	500	1,821	1,442
	\$ 68,431	\$ 62,689	\$ 202,292	\$ 180,110

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

(2) The Corporation recognized a government grant for the three months and nine months ended June 30, 2025 of \$165,096 (2024 - \$150,000) and \$465,096 (2024 - \$450,000) for rental supplement purposes from The Manitoba Housing and Renewal Corporation. 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,	
	2025	2024	2025	2024
Salaries, wages and employee benefits	\$ 9,468	\$ 8,732	\$ 27,922	\$ 26,189
Utility	7,253	7,537	26,095	23,862
Property tax	5,567	5,481	16,628	15,112
Repair and maintenance	2,394	2,279	7,132	6,960
Insurance	565	1,096	2,430	3,603
Other	885	681	2,779	2,388
Legal and other professional expenses	690	978	2,124	2,265
Advertising and Marketing	406	278	1,040	884
Total Operating and G&A expenses	\$ 27,228	\$ 27,062	\$ 86,150	\$ 81,263

## 10. FINANCING COSTS

The components of financing costs are as follows:

(000s of dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
Mortgage interest	\$ 14,150	\$ 12,760	\$ 41,226	\$ 37,045
Amortization of deferred financing cost	2,670	1,930	6,740	5,551
Financing costs	\$ 16,820	\$ 14,690	\$ 47,966	\$ 42,596

## 11. 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,	
	2025	2024	2025	2024
<b>Numerator</b>		Revised		Revised
Net profit	\$ 46,561	\$ 35,278	\$ 194,262	\$ 137,435
<b>Denominator</b>				
For basic profit per share				
Weighted average shares	9,318,818	9,318,818	9,318,818	9,318,818
For diluted profit per share	9,318,818	9,318,818	9,318,818	9,318,818
Profit per share				
– basic	\$ 5.00	\$ 3.79	\$ 20.85	\$ 14.75
– diluted	\$ 5.00	\$ 3.79	\$ 20.85	\$ 14.75

There are no stock options or other dilutive instruments.

## 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, 2025		September 30, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Restricted cash	Level 2	\$ 6,787	\$ 6,787	\$ 5,970	\$ 5,970
Cash and cash equivalents	Level 2	215,981	215,981	48,826	48,826
Trade and other receivables	Level 2	6,338	6,338	5,754	5,754
Financial liabilities:					
Mortgages payable	Level 2	1,816,258	1,784,689	1,649,665	1,623,623
Trade and other payables	Level 2	13,156	13,156	15,229	15,229
Refundable security deposits	Level 1	\$ 9,147	\$ 9,147	\$ 8,357	\$ 8,357

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

(000s of dollars)

		June 30, 2025		September 30, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-financial assets:</b>					
Investment properties	Level 3	\$ 3,619,044	\$3,619,044	\$3,407,493	\$3,407,493

### 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 2022 and 2023, against the backdrop of sustained higher housing prices, substantial supply constraints and geopolitical conflicts, all of which have increased prices for energy and agricultural markets. There has also been significant disruption to the global supply chain in the past years. Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Corporation.

#### *Interest rate risk*

The Corporation is exposed to interest rate risk to the extent of any upward or downward revision in prime lending rates. Increases in the interest rate, such as those seen throughout 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, 2025, rents due from current tenants amounted to \$543,000 (September 30, 2024 - \$537,000). The possibility of not receiving payment of rent due from current tenants was covered by security deposits of \$9.1million (September 30, 2024 - \$8.4 million) and provisions for bad debts of \$160,000 (September 30, 2024 - \$160,000).

The aging bands of rents due from current tenants as at June 30, 2025 and September 30, 2024 are outlined in the table below:

(000s of dollars)

	June 30, 2025		2024	
0-30 days	\$	415	\$	397
31-60 days		62		85
61-90 days		32		9
Over 90 days		34		46
Total rents due from current tenants	\$	543	\$	537

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, 2025 are outlined in the table below:

(000s of dollars)

	1 year	2 years	3 years	4 years	Beyond 4 years	Total
Mortgages payable	\$ 143,850	229,505	139,618	408,975	935,068	\$1,857,016
Mortgage interest payable	\$ 56,439	52,846	46,914	42,032	39,022	\$ 237,253
Trade and other payables	\$ 15,229	–	–	–	–	\$ 15,229
Refundable security deposits	\$ 9,147	–	–	–	–	\$ 9,147

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

(000s of dollars)

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

## 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 condensed 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, 2025, and September 30, 2024, no amounts have been recorded and none are required to be disclosed in the condensed 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 months and nine months ended June, 2025, amounted to Nil (2024 – \$134,747) and \$11,188 (2024 - \$671,812) .

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 months and nine months ended June 30, 2025, amounting to \$132,612 (2024 - \$147,927) and \$431,534 (2024 - \$375,859) to a law firm of which a director and officer of the Corporation is a Senior Associate. As at June 30, 2025, the amounts payable to the law firm were \$Nil (September 30, 2024 – \$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:

## RENTAL OPERATIONS

(000s of dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
<b>BRITISH COLUMBIA</b>				
Rental revenue	\$ 15,822	\$ 14,238	\$ 46,851	\$ 41,192
Other rental revenue	178	167	534	489
Ancillary revenue	338	122	911	730
Property operating expenses	4,417	4,294	13,772	12,376
Net operating income	11,921	10,233	34,524	30,035
Financing Cost	3,206	3,006	9,578	8,102
Change in fair value	(1,539)	2,567	13,737	25,225
<b>ALBERTA</b>				
Rental revenue	\$ 38,505	\$ 35,722	\$ 113,812	\$ 101,889
Other rental revenue	394	299	1,121	866
Ancillary revenue	532	268	1,609	1,187
Property operating expenses	13,420	13,604	42,318	40,343
Net operating income	26,011	22,685	74,224	63,599
Financing Cost	10,863	9,139	30,114	26,808
Change in fair value	39,362	10,759	139,879	54,997
<b>SASKATCHEWAN</b>				
Rental revenue	\$ 12,377	\$ 11,195	\$ 36,633	\$ 32,539
Other rental revenue	56	28	148	66
Ancillary revenue	188	84	533	395
Property operating expenses	4,298	4,571	14,488	13,861
Net operating income	8,323	6,736	22,825	19,139
Financing Costs	2,751	2,545	8,273	7,686
Change in fair value	(8,059)	6,365	1,126	5,831
<b>MANITOBA</b>				
Rental revenue	\$ 1,093	\$ 1,034	\$ 3,176	\$ 3,048
Other rental revenue	6	6	18	21
Ancillary revenue	177	159	495	491
Property operating expenses	502	400	1,794	1,548
Net operating income	774	799	1,895	2,012
Change in fair value	(156)	(151)	(468)	10,280
<b>TOTAL</b>				
Rental revenue	\$ 67,797	\$ 62,189	\$ 200,471	\$ 178,668
Other rental revenue	634	500	1,821	1,442
Ancillary revenue	1,235	633	3,548	2,803
Property operating expenses	22,637	22,869	72,372	68,128
Net operating income	47,029	40,453	133,468	114,785
Financing Costs	16,820	14,690	47,965	42,596
Change in fair value	29,608	19,540	154,274	96,333
Gain from disposal of assets	130	723	515	1,865
Unallocated revenue*	1,963	1,960	4,929	5,937
Unallocated expenses**	15,349	12,708	50,959	38,889
Profit for the period	\$ 46,561	\$ 35,278	\$ 194,262	\$ 137,435

\* Unallocated revenue represents interest income and other income.

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

## IDENTIFIABLE ASSETS AND LIABILITIES

(000s of dollars)

	June 30, 2025	September 30, 2024
<b>BRITISH COLUMBIA</b>		
Investment properties	\$ 1,137,102	\$ 1,109,180
Property and equipment	62	24
Mortgages payable	387,153	360,793
Refundable security deposits	2,411	2,438
<b>ALBERTA</b>		
Investment properties	\$ 1,932,608	\$ 1,753,673
Property and equipment	5,809	5,954
Mortgages payable	1,122,672	1,014,037
Refundable security deposits	5,238	4,454
<b>SASKATCHEWAN</b>		
Investment properties	\$ 514,705	\$ 510,011
Property and equipment	824	856
Mortgages payable	306,433	274,835
Refundable security deposits	1,327	1,298
<b>MANITOBA</b>		
Investment properties	\$ 34,629	\$ 34,629
Property and equipment	1	2
Mortgages payable	—	—
Refundable security deposits	171	167
<b>TOTAL</b>		
Investment properties	\$ 3,619,044	\$ 3,407,493
Property and equipment	6,696	6,836
Mortgages payable	1,816,258	1,649,665
Refundable security deposits	9,147	8,357

## IDENTIFIABLE ACQUISITION AND CAPITAL EXPENDITURES

(000s of dollars)

	Nine months ended June 30, 2025	Year ended September 30, 2024
<b>BRITISH COLUMBIA</b>	\$ 14,218	\$ 92,356
<b>ALBERTA</b>	40,401	82,109
<b>SASKATCHEWAN</b>	3,568	897
<b>MANITOBA</b>	469	35,938
<b>TOTAL</b>	\$ 58,656	\$ 211,300

## 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, 2025 amounted to \$3,528 million (September 30, 2024 - \$3,168 million).

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

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

The total managed capital for the Corporation is summarized below:

(000s of dollars)

	Jun. 30, 2025	Sep. 30, 2024
Mortgages payable	\$ 1,816,258	\$ 1,649,665
Total equity	1,711,613	1,518,353
Total capital	\$ 3,527,871	\$ 3,168,018

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, 2025 is approximately 44% (September 30, 2024 – 47%) 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)

	Jun. 30, 2025	Sep. 30, 2024
Mortgages payable	\$ 1,816,258	\$ 1,649,665
Cash and cash equivalents	215,981	48,826
Total debts	\$ 1,600,277	\$ 1,600,839
Investment properties	\$ 3,619,044	\$ 3,407,493
Debt to fair value ratio	44%	47%

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 quarter-end June 30, 2025, the Corporation acquired 2 residential complexes comprised of a total of 65 units for \$11.0 million in Duncan, British Columbia and a residential complex of 22 units in Cochrane, Alberta for \$3.7 million. The Corporation has also financed 14 clear-title properties for additional funding of \$47.4 million at an average interest rate of 3.68%.

## 19. DEFERRED INCOME TAX REVISION

In Q3 2024, the Corporation recorded a deferred income tax adjustment of \$51.1 million due to the capital gain tax change announced by the federal government in Federal Budget 2024. As of September 30, 2024, the legislation had not been passed therefore it was not substantively enacted for the purpose of IFRS Accounting Standards. As a result, in Q4 2024, the capital gain inclusion rate was adjusted back to one half to reflect the relevant amount of deferred income expense for fiscal FY2024. The revised net profit for three and nine months ended June 30, 2024 have reflected the adjustment of \$51.1 million in both periods.



The following table reconciles the changes in net profit:

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

	Three months ended June 30, 2024 before	Revised Amount	Three months ended June 30, 2024 after revision
Deferred income tax expense	\$ (58,075)	\$ 51,084	\$ (6,991)
Net profit	(15,806)	51,084	35,278
Profit per share	\$ (1.70)	\$ 5.48	\$ 3.79
	Nine months ended June 30, 2024 before	Revised Amount	Nine months ended June 30, 2024 after revision
Deferred income tax expense	\$ (71,737)	\$ 51,084	\$ (20,653)
Net profit	\$ 86,351	\$ 51,084	\$ 137,435
Profit per share	\$ 9.27	\$ 5.48	\$ 14.75

## 20. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on August 7, 2025.