

SMALL CAP AMERICAS EQUITIES

HECONOMIE

Global Research



Mainstreet

Buy Recommendation

February 2026



ON THE AGENDA



- I EXECUTIVE SUMMARY
- II MACROECONOMIC ANALYSIS
- III INDUSTRY OVERVIEW
- IV COMPANY OVERVIEW
- V INVESTMENT THESIS
- VI VALUATION

I. Executive Summary



Mainstreet

Small Cap Americas Equities Team

SCA Team – Fresh, Innovative & Ready for the Future.



Maxime Bolduc
Fund Manager

2Y

Previous experiences: **HECONOMIE**



Pier-Olivier Brisson
Fund Manager

3Y

Previous experiences: **HECONOMIE**



Gabin Cornillault
Investment Associate

2Y

Previous experiences: **HECONOMIE**



Antoine Forbes
Investment Analyst

NEW

Previous experiences: **HECONOMIE**



Karine Wang
Investment Analyst

NEW

Previous experiences: **HECONOMIE**



Félix Lapierre
Investment Analyst

NEW

Previous experiences: **HECONOMIE**



William Adham
Investment Intern

NEW

Previous experiences: **HECONOMIE**



Michelle Hu
Investment Intern

NEW

Previous experiences: **HECONOMIE**



Our Raison D'être



Boosting Performance Through Strategic Short-Term Allocation Adjustments



Proactively Protecting the Portfolio by Forecasting and Managing Emerging Risks

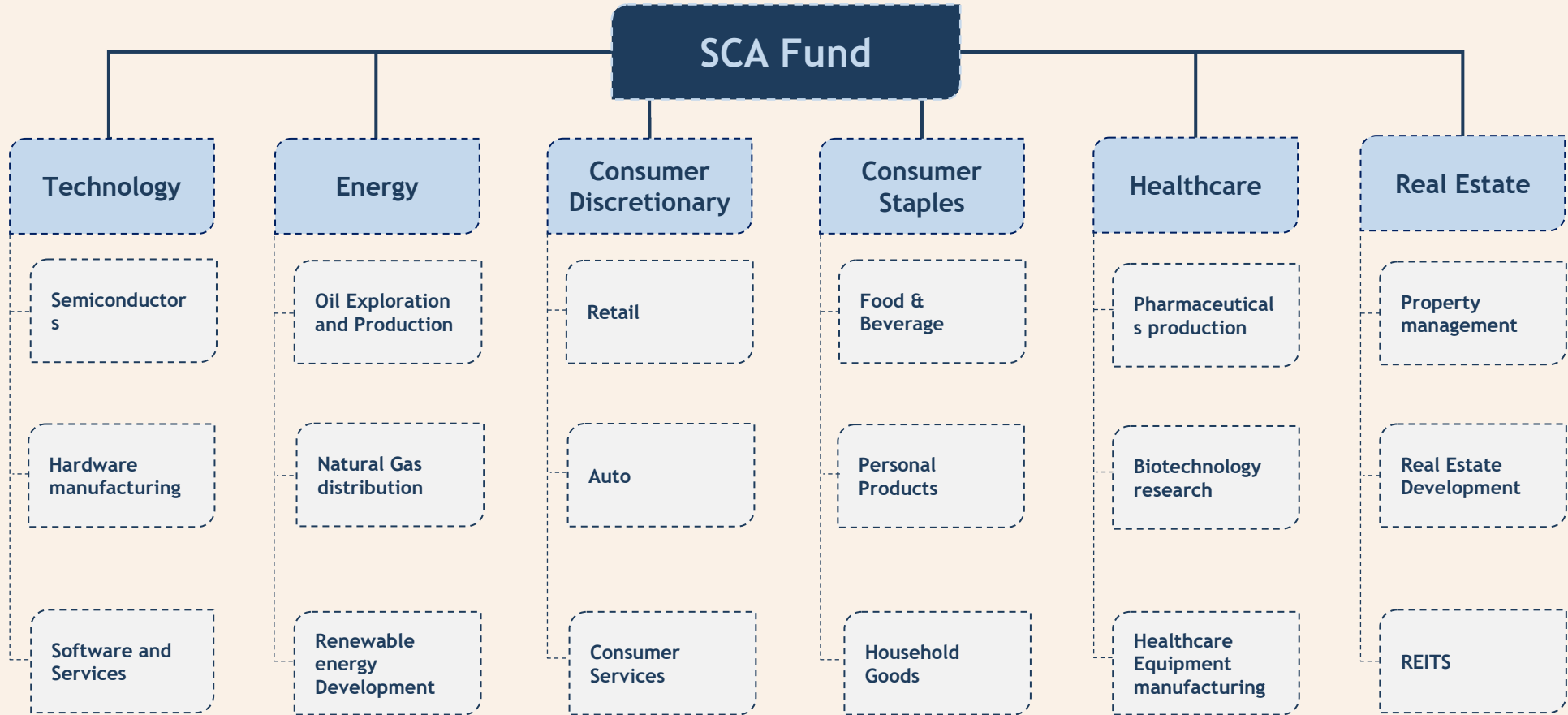


Enhancing Portfolio Flexibility Through Real-Time Asset Allocation Adjustments

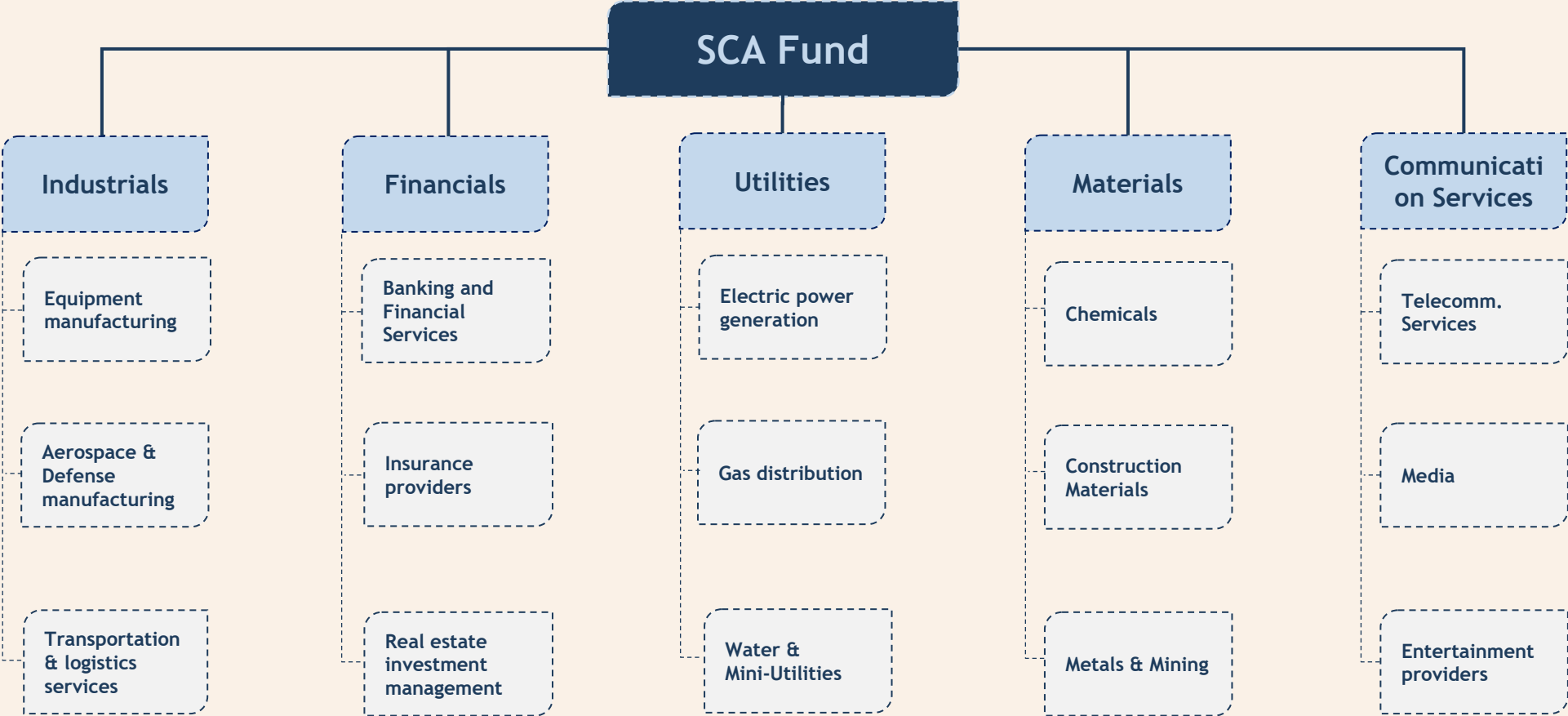


Optimizing Risk-Adjusted Returns Through a Strategic Balance of Growth and Stability

Overview of SCA's Sectors and Industries



Overview of SCA's Sectors and Industries

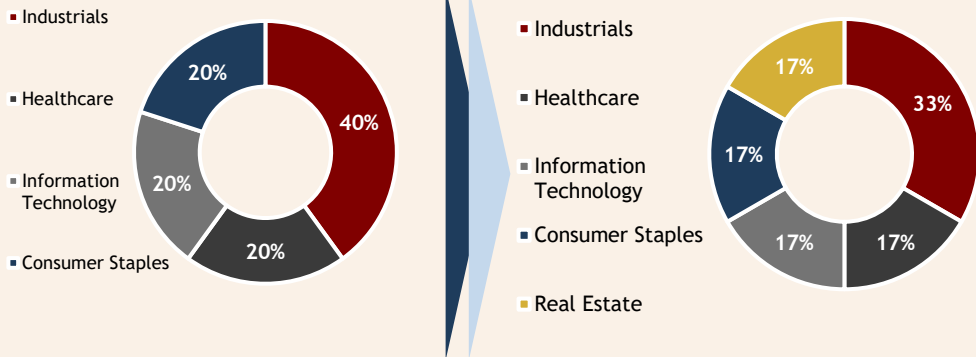


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Investment Review
Appendices

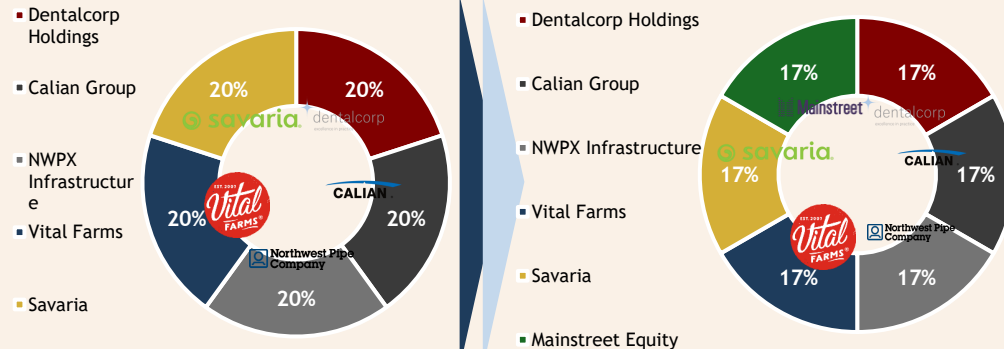
Rebalancing the Playbook

Sector Exposure & Allocation Realignment

Current vs. Proposed Sectorial Exposure



Current vs. Proposed Allocation



LTM Transactions Timeline (HGR's SCA)

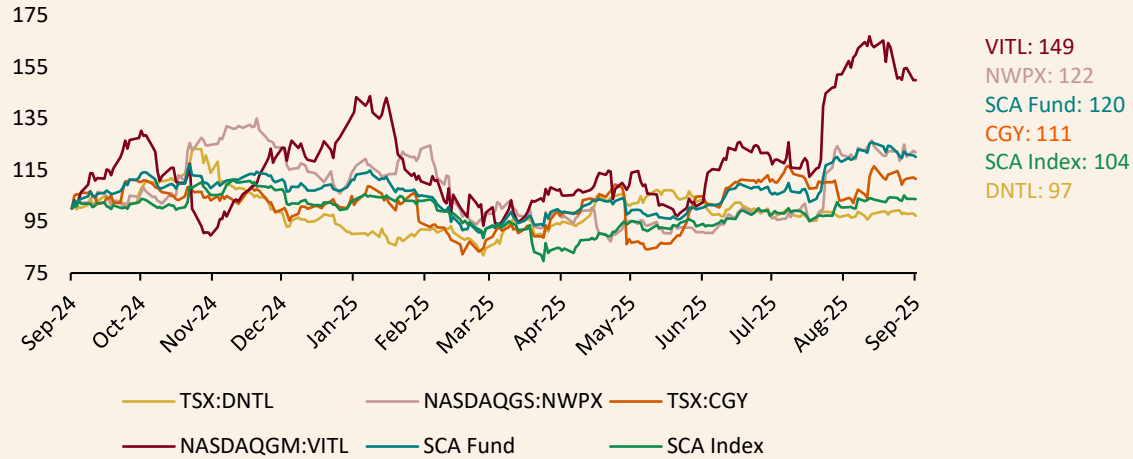


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SCA Fund Overview

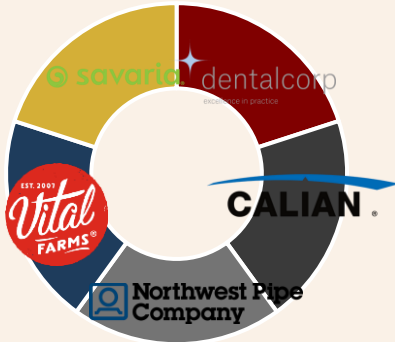
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LTM SCA Fund Relative Performance



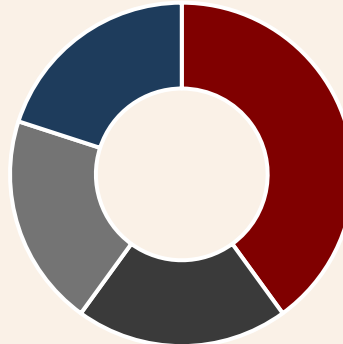
Sectorial Allocation

- Dentalcorp Holdings
- Calian Group
- NWPX Infrastructure
- Vital Farms
- Savaria



Sectorial Exposure

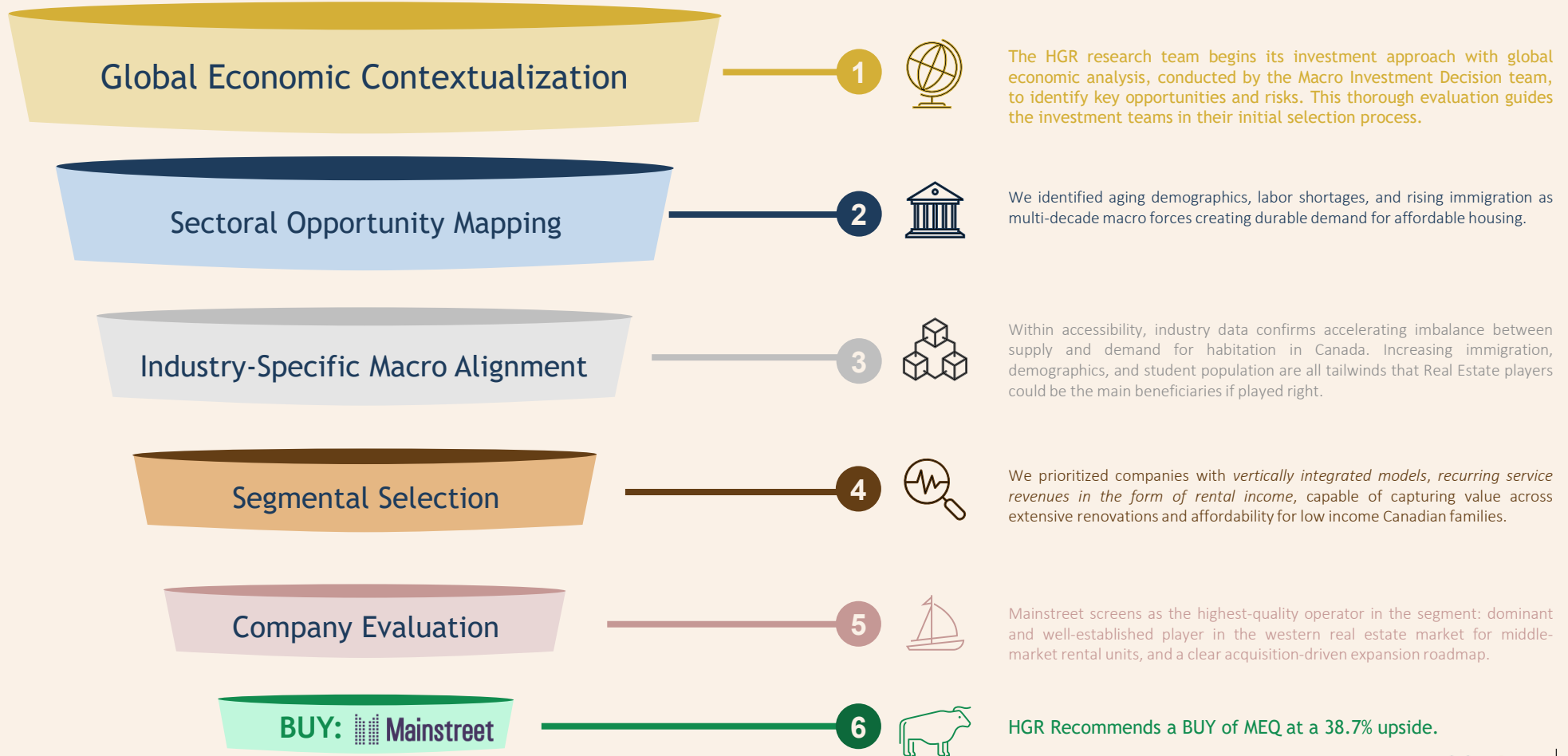
- Industrials
- Healthcare
- Information Technology
- Consumer Staples



Commentary

- 1 The SCA Fund Overperformed compared to its benchmark, the SCA Index, over the last twelve months.
- 2 Top performers include VITL, NWPX, CGY while DNTL, SIS has underperformed relative to the index.
- 3 The portfolio consists of 5 equally weighted stocks.
- 4 HGR's SCA current sector allocations are in Healthcare, IT, Industrials, Industrials, and Consumer Staples

HGR Macro Selection Process



Investment Recommendation

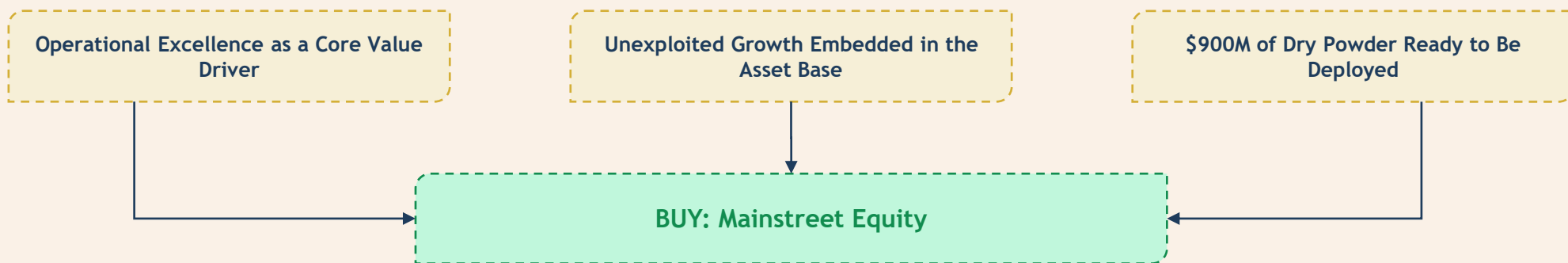
We Issue a **BUY** Recommendation of Mainstreet Equity Implying a 42.9% Upside

Target Price



Target Price	
\$245.15	
Current Price	Implied upside
\$ 171.53	42.9%

Investment Thesis



II. Macro Analysis

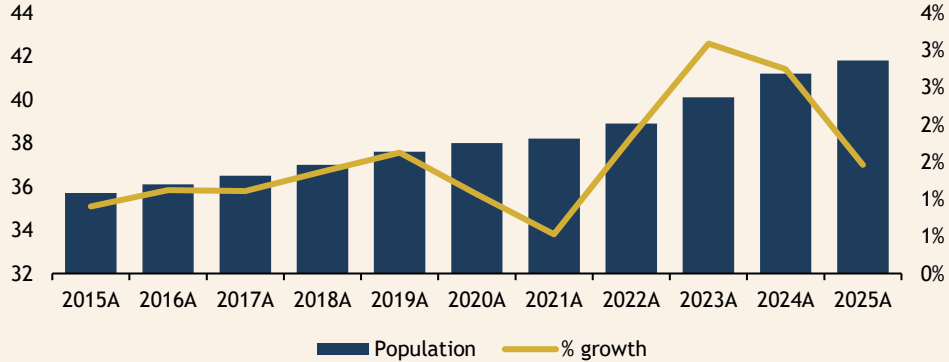


Mainstreet

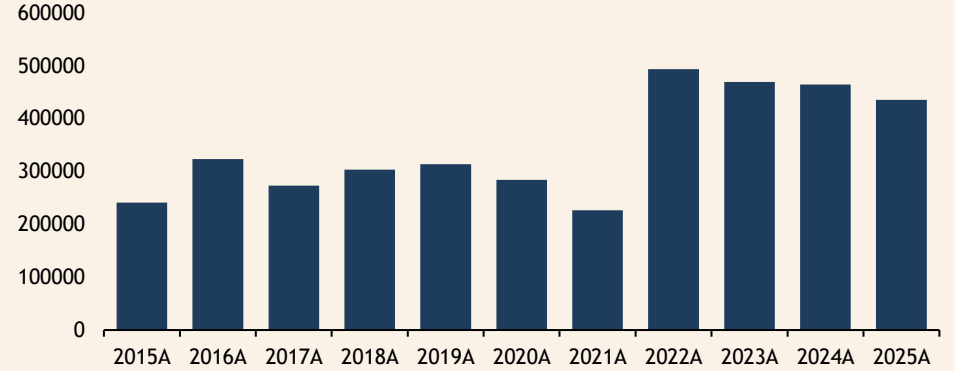
Macro Analysis

Canada's main drivers are shifting towards managed immigration, consumer spending supported by lower interest rates

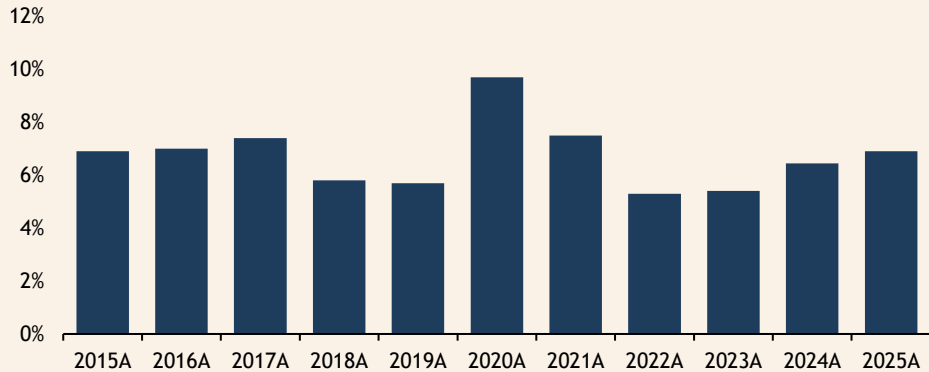
Canada's Population (millions)



Immigration



Unemployment



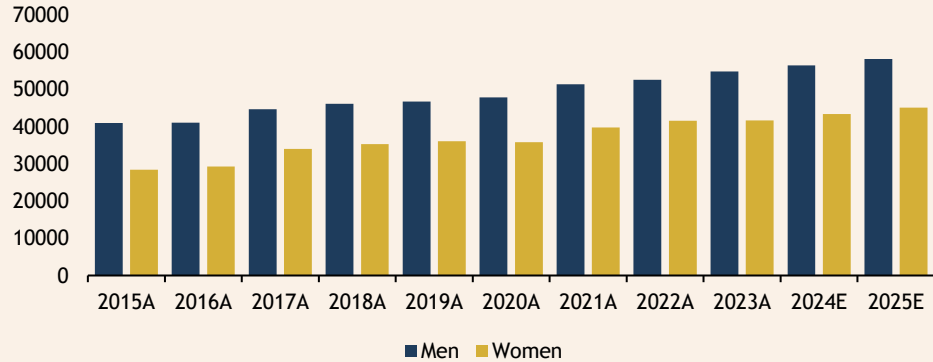
Annual Consumer Price Index (CPI)



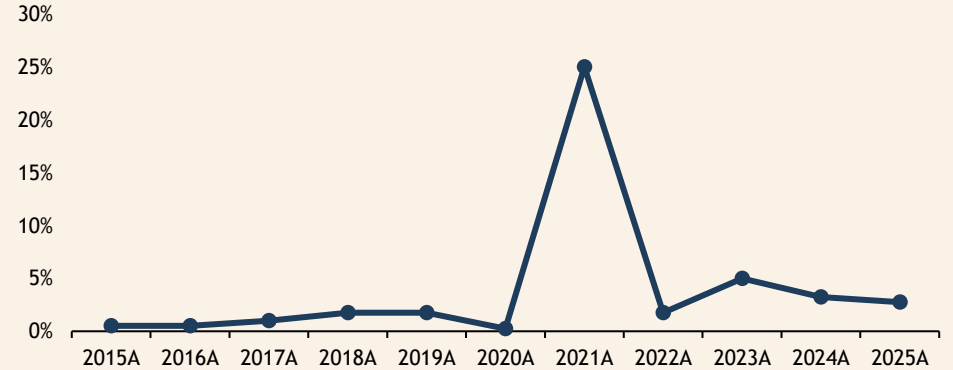
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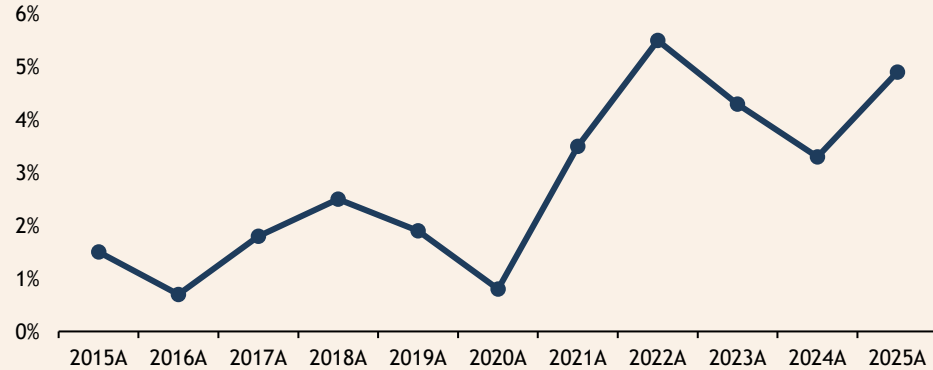
Median Wage (\$CAD)



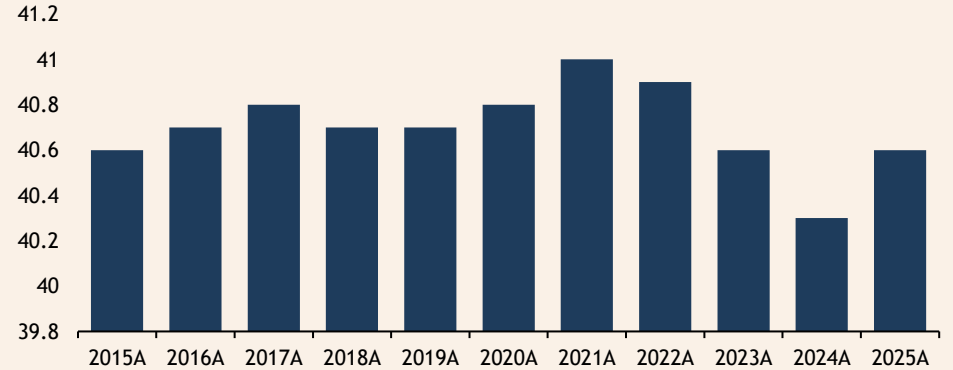
Bank of Canada Average Annual Interest Rates



Annual Producer Price Index (PPI)



Median Age



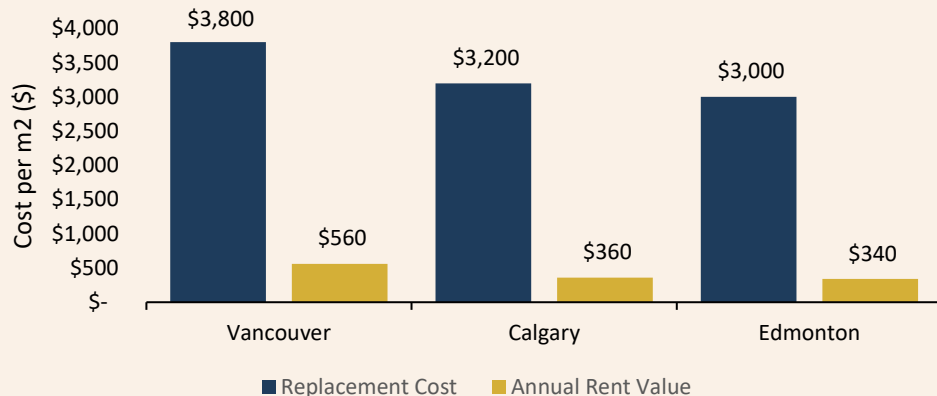
II. Industry Analysis



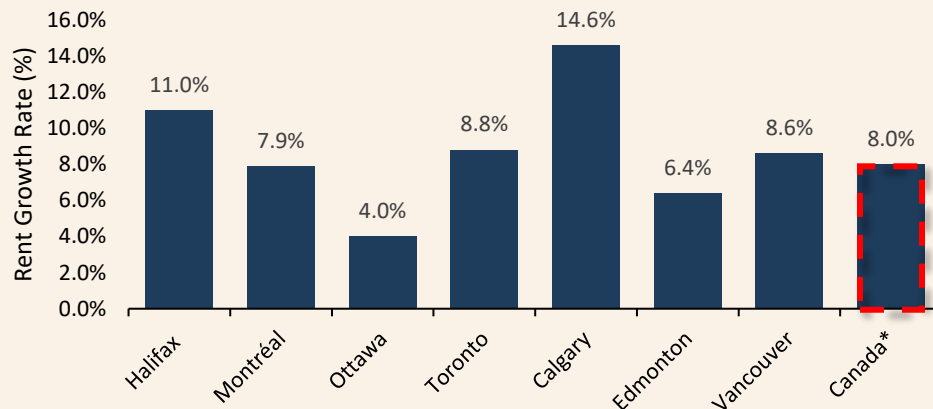
Industry Overview

Structural Rental Demand Supported by Tight Market Fundamentals

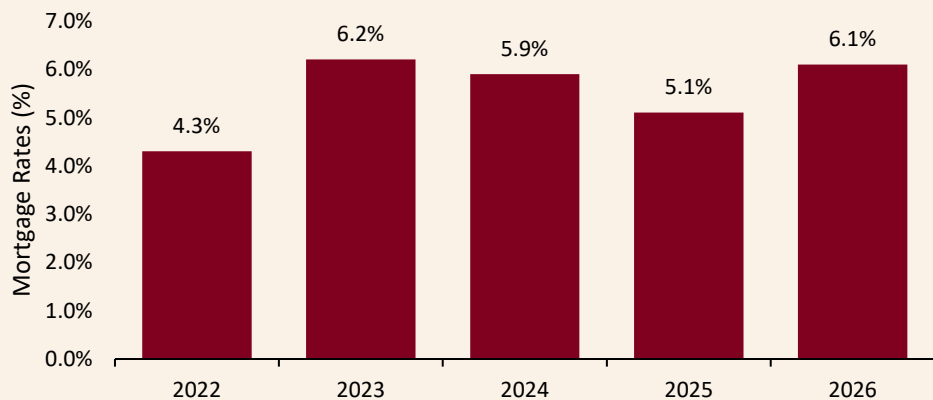
Replacement Cost vs Annual Rent Value in Western Canada



Rent Growth in Most of Canada's Largest Rental Markets



5-Year Fixed Mortgage Rate in Canada



Key Takeaways

Replacement cost in Western Canada substantially exceeds implied annual rent values, indicating that new rental supply is not economically justified. This dynamic supports pricing power and long-term value capture for existing landlords.

Strong rent growth across major Canadian cities highlights landlords' pricing power, driven by sustained demand and limited new rental supply.

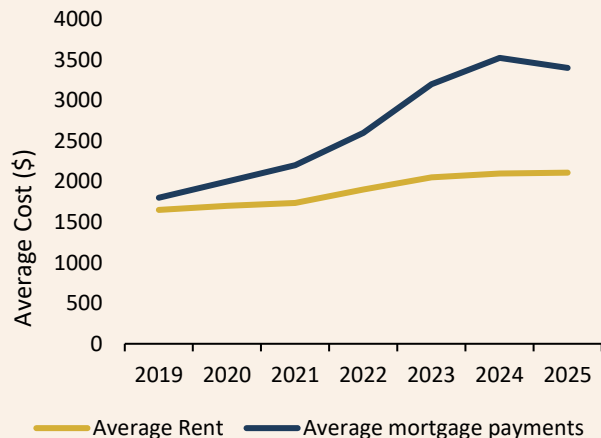
Since 2022, 5-year fixed mortgage rates in Canada have risen sharply and remained elevated around ~6%, reducing homeownership affordability and structurally boosting rental demand

Industry Overview

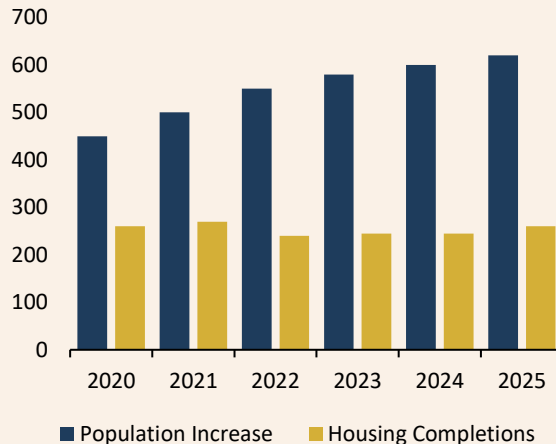
Structural Rental Demand Supported by Tight Market Fundamentals

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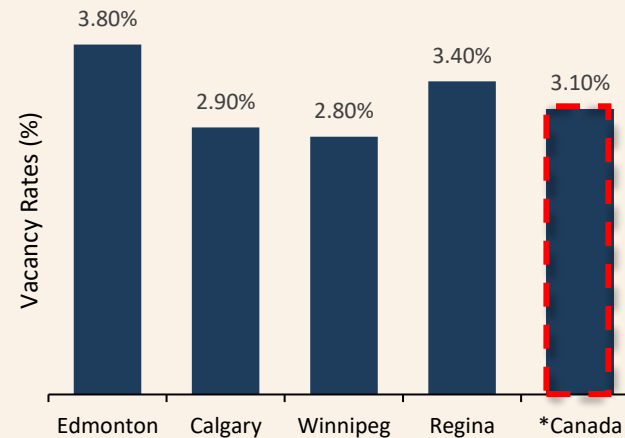
Affordability and Household Budget Pressure



Structural Housing Supply Shortage



Vacancy Rates in Western Canada for 2025



Affordability Gap Drives Rental Demand

Since 2022, average mortgage payments have increased materially faster than rents, significantly eroding homeownership affordability. This widening affordability gap structurally shifts households toward renting, supporting sustained demand for affordable rental housing

Persistent Housing Supply Shortage

Canada's housing supply has chronically lagged population growth, with population additions (~550 k/year) far outpacing housing completions (~200 k/year over 2018-22). Projections indicate that annual completions would need to reach ~436-478 k to close the current housing gap, highlighting a persistent and structural undersupply in the housing market

Vacancy Rates Near Equilibrium Support Stable Occupancy

Vacancy rates across Western Canadian markets have increased modestly but remain near long-term equilibrium levels. These conditions reflect healthy market normalization rather than oversupply, supporting stable occupancy for value-oriented rental operators like Mainstreet.

HGR's Industry Take: Canadian Real Estate Fundamentals

Industry characteristics supporting durable cash flow generation

1

Asset-backed, income-generating business model

Canadian real estate companies are supported by tangible, long-duration assets that generate recurring rental income. Cash flows are primarily driven by asset quality, location, occupancy, and active management rather than short-term macro volatility.

2

Operating leverage and scale drive performance dispersion

Industry performance is largely determined by operational execution. Operators with scale benefit from cost efficiencies, centralized property management, and data-driven capital allocation, creating meaningful performance dispersion across the sector.

3

Capital recycling and balance sheet discipline support returns

Successful real estate operators actively recycle capital by selling mature assets and reinvesting into higher-return opportunities. Disciplined balance sheet management and access to capital are key differentiators in driving sustainable NOI and cash flow growth.

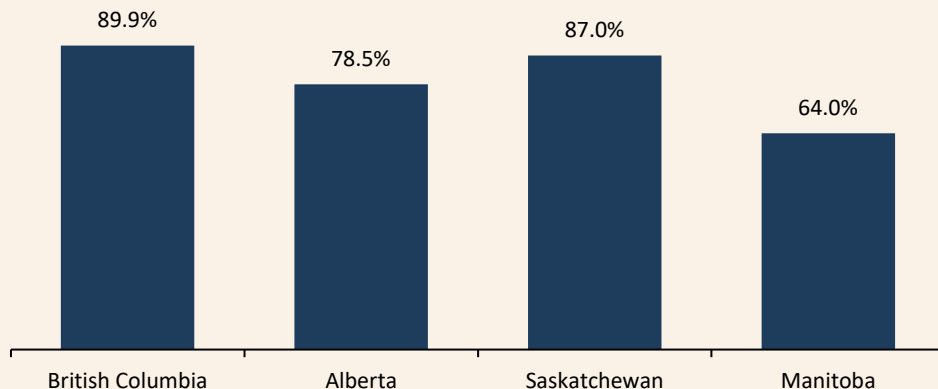


The Small Cap Equity Team is Overweight on Canadian Real Estate

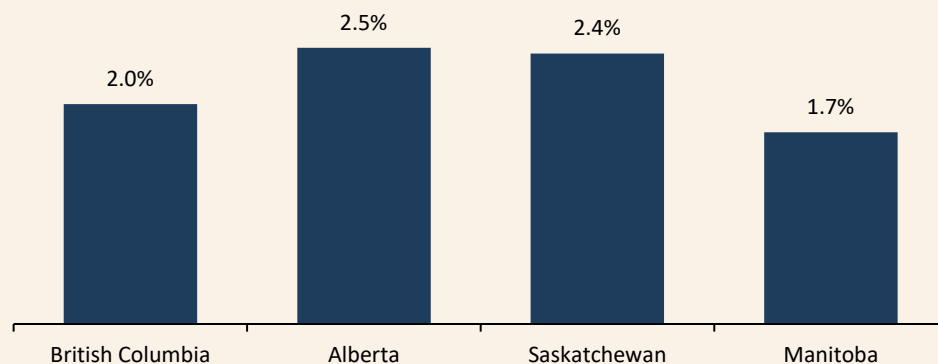
Sectorial Breakdown: Multi-Family Residential Market

Structural Rental Demand Supported by Tight Market Fundamentals

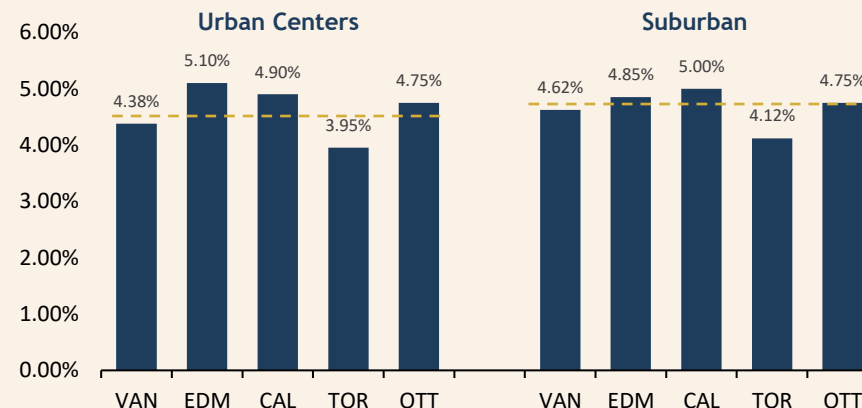
MFR Mid-Market Rate in Western Provinces



MFR Vacancy Rate in Western Provinces



Average Multi-Family Residential Sector Cap Rates



Alberta boasts the highest cap rates in both suburban and urban areas as its market share composed of MFR properties remains relatively low while holding tight vacancy rates.

A balance between high mid-market rate and moderate vacancy rate in BC pushes for asset appreciation and long-term valuation from investors, reflected in the cap rates lower than national average.

There is significant gap in the MFR market in Manitoba as low market rates and vacancy rates illustrate a growing demand that is underserved.

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Sectorial Breakdown: Multi-Family Residential Market

Structural Rental Demand Supported by Tight Market Fundamentals

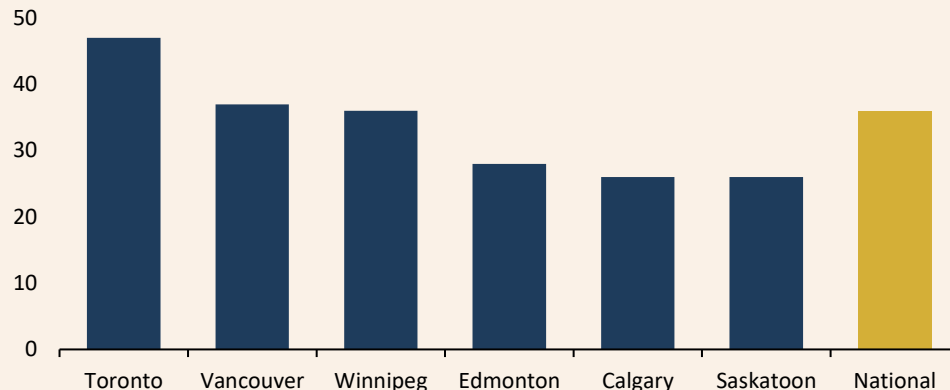
Commentary

A small cooling in turnover rents signals a healthy and balanced rental market. Mainstreet's renovated units remain in high demand with high exposure to Alberta which is still showing rent growth.

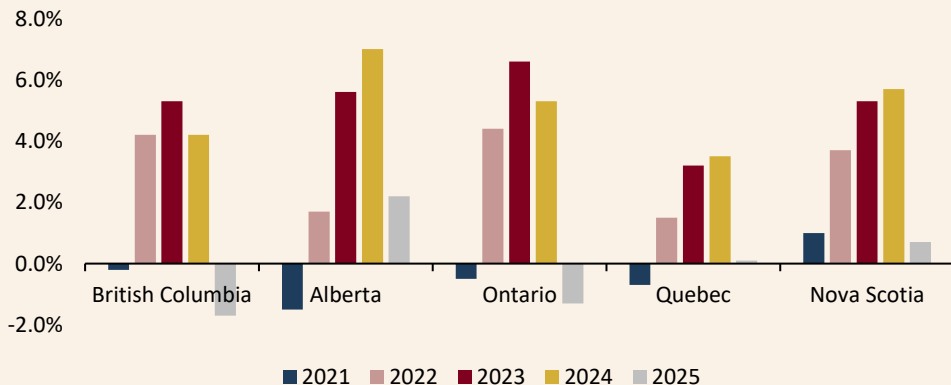
A lower increase in young adult populations across Canada ease the rental demand for MFR due to high student demand, but a strong growth in Alberta benefits Mainstreet.

Shorter tenant stays in BC and AB than the national average create more frequent turnover which allow Mainstreet to reset rents closer to current market levels.

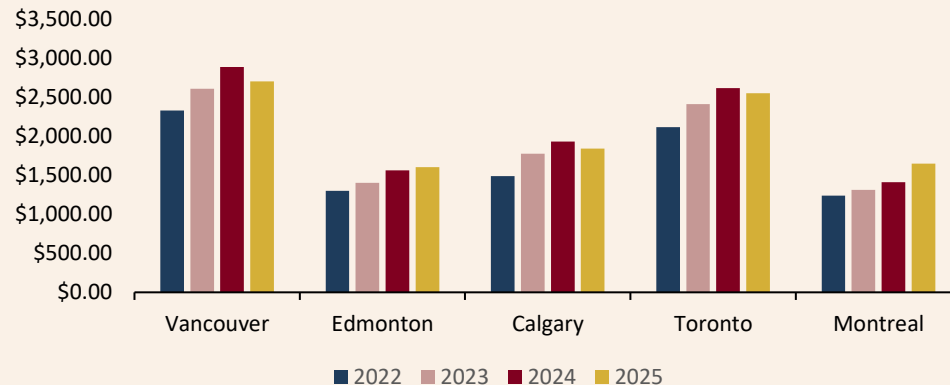
Average Resident Length of Stay for MFR (Months)



Percentage Change in Young Adult (15-34) Populations



Average Monthly Rents for New Tenants for MFR



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1

Structural Undersupply Despite Cooling Headlines

Vacancy rates for Multi-Family residences are 1%-2% lower than the Real Estate market in Canada as a whole. The Canadian Mortgage and Housing Corporation expects the construction of Multi-Family residences to slow down in 2026 even though population keeps growing which ensures that demand remains high over the medium term.

2

Affordability Advantage in a Softer Economy

With immigration slowing down and the labour market weakening, tenants are increasingly price-sensitive. National rents are still on the rise and luxury real estate markets are struggling with vacancies. The mid-market position of multi-family residences aligns with the market shift while households seek value.

3

Policy and Financing Tailwinds Support Growth

The multi-family sector is supported by a unique policy and financing environment that ensures resilience in periods of economic uncertainty. The Canadian Mortgage and Housing Corporation ensures lending continues to provide developers and operators with access to long-term and low-cost capital. Federal and provincial housing initiatives are also sustaining rental completions particularly in Alberta.



The Small Cap Americas Team is Overweight on the Multi-Family Residential segment

III. Company Overview



Mainstreet

Mainstreet Equity Company Overview

A leading Canadian multifamily real estate owner and operator



Company Description

Founded in 1997 and becoming a publicly traded company in 1999 on the TSX, Mainstreet Equity has consistently executed a value-add strategy through disciplined acquisitions and property upgrades.

Mainstreet Equity focuses on mid-market, multi-family apartment buildings in Western Canada, generating stable funds from operations through rent optimization and high occupancy rates.

Not a REIT, which largely limits competition from REITs and Pension Funds in the mid-market sector allowing Mainstreet Equity to source off-market and less bid-up acquisition opportunities.

Management Team

 **Bob Dhillon**
Founder & CEO
Founded in 1997

Previous experiences: **29**
Years of experience

 **Trina Cui**
CFO
Joined in 2008

Previous experiences: **18**
Years of experience

Key Facts & Figures

\$1.625B
Market Capitalization

\$276.3M
Rental Revenues FY25

\$107M
FFO FY25

\$183.4M
NOI: Current Y25

19,147
Rental Units

~ 1 250\$
Average Monthly Rent

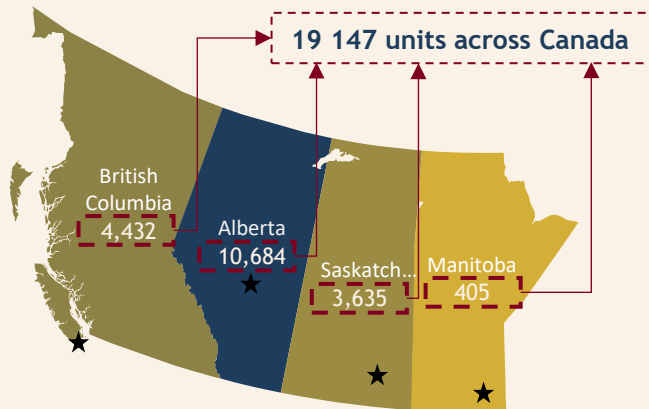
49%
Held by insiders

95.3%
Occupancy Rate

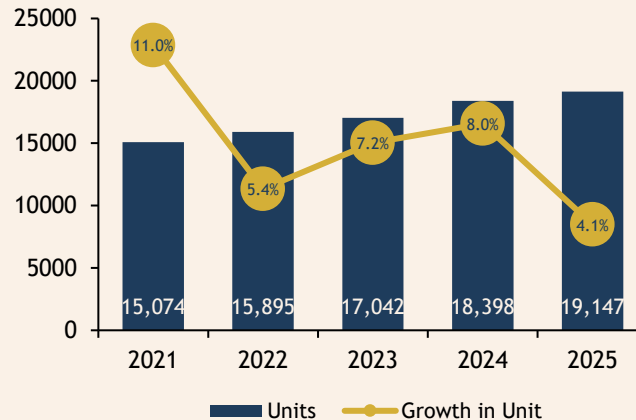
4.38x
Debt/EBITDA FY25

\$164M
EBITDA FY25

Geographic Presence Overview



Unit Count Expansion

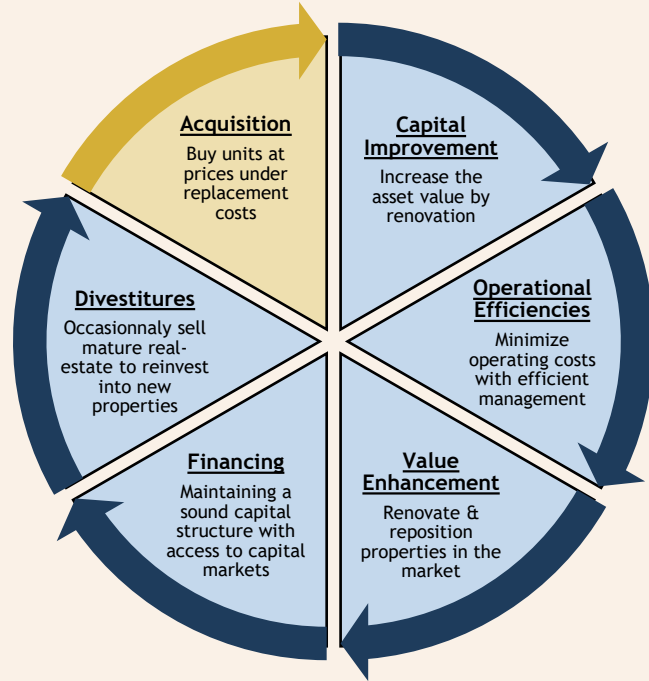


Source: Bloomberg, CapIQ, Company Filings

Mainstreet Equity Business Model

A leading Canadian multifamily real estate owner and operator

Business Model Overview



Internalized construction capabilities



Internalized operations platform



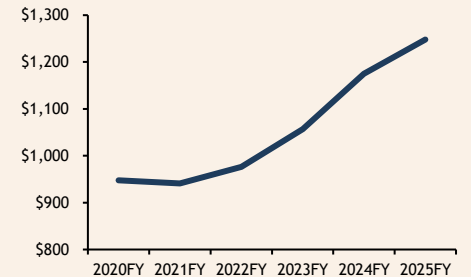
Internalized marketing & effective branding

Margins

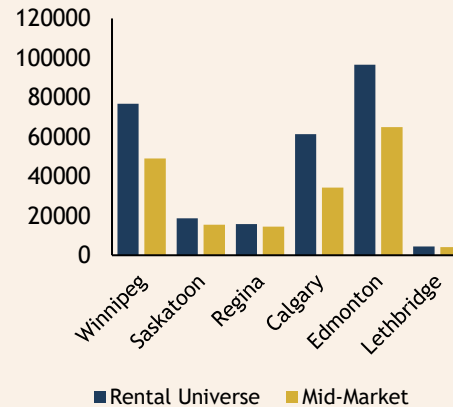
Clear Differentiator for Mainstreet

New Buildings	
Cost/Door of 400 000\$	3000\$/Month Rent
↓	
MEQ Buildings	
Cost/Door of 125 000\$	1 250\$/Month Rent

MEQs segmentation makes it that they have less competition and thus letting them increase rent with no consequences



Mid-Market Housing Supply in Canada's Biggest Towns



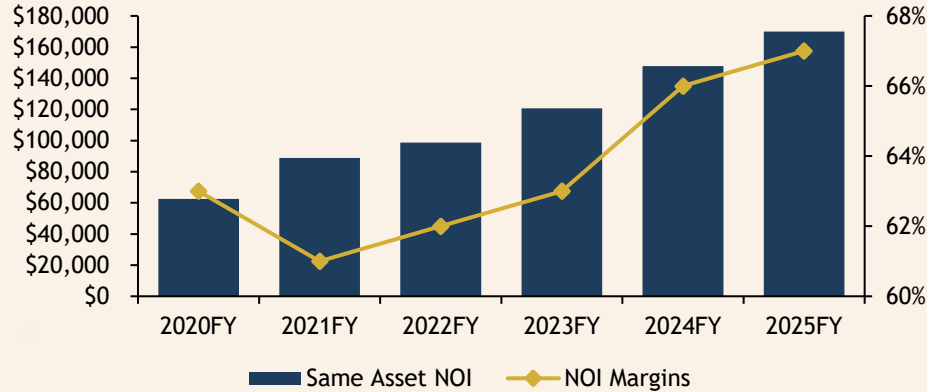
Concentrates multiple apartment buildings in the same area to create a network of services, brand presence and a community sentiment

Clustering Strategy

Mainstreet Equity Key Financial Metrics

A leading Canadian multifamily real estate owner and operator

Same Asset NOI & NOI Margins

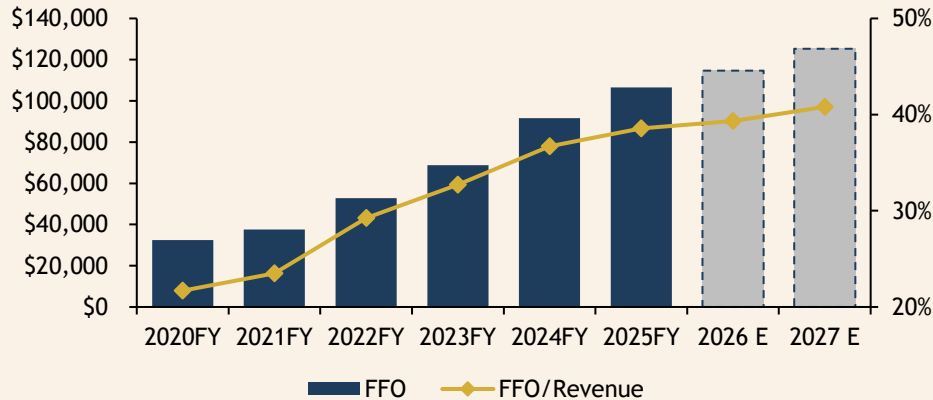


Impeccable management of operating expenses combined with **stable revenue growth** led MEQ to increase its NOI margins by **6%** between 2021 and 2026.

Stable and growing margins points to **strong and non-cyclical demand** & suggests **pricing power** in rents without sacrificing overall occupancy.

Same asset NOI growth supports **organic growth** from the add-value model, **improving existing assets** rather than relying on continuous acquisitions.

FFO & FFO/Revenue



Improve in FFO/Revenue metric shows that Mainstreet Equity converts revenue into cash efficiently, **growing cash flows more quickly than revenue**.

Indicates the company can **self-fund renovations and acquisitions** without excessive equity dilution or financing, **suggesting balance-sheet resilience, even in higher-rate environments**.

All the funds generated permits MEQ to pursue **expanding into new areas of Canada** while having no problems funding the acquisitions of new units.

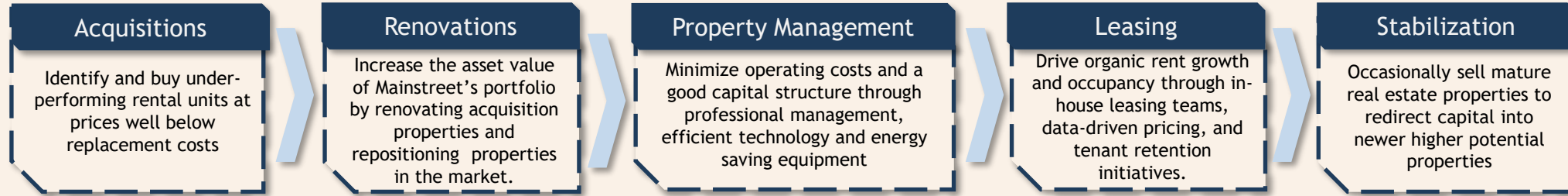
IV. Investment Theses



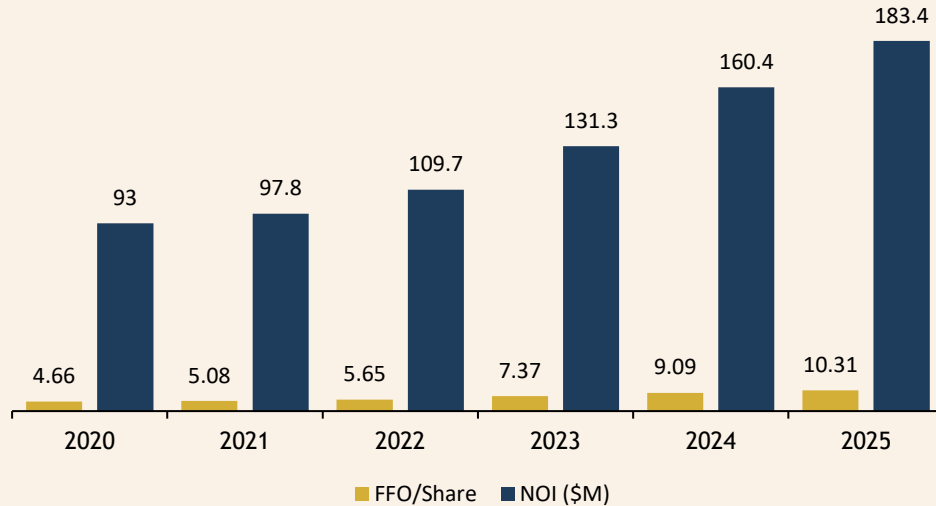
Thesis I: Operational Excellence as a Core Value Driver

Proven Track Record, Vertically Integrated Business Model, and Attractive Operating Economics

Vertically Integrated Value Chain



NOI and FFO Growth Over Time



Key Takeaways

End-to-end control of the value chain allows Mainstreet to consistently expand NOI margins and convert operating gains into FFO growth

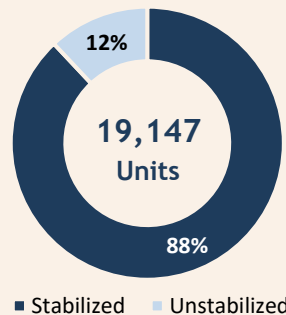
Operational discipline has consistently translated into sustainable NOI expansion, recurring FFO growth and a primary driver of Mainstreet's cash flow growth.

Consistent NOI growth reflects strong execution at the property level, while the even faster growth in FFO per share demonstrates efficient conversion of operating gains into shareholder cash flow.

Thesis II: Unexploited Growth Embedded in the Asset Base

\$38.3M Embedded NOI catch-up from stabilization and mark-to-market rents

Unstabilized Assets: Where They Come From



Acquired as under-performing mid-market assets with higher vacancy and below-market rents, creating embedded upside at purchase.

Includes assets in renovation and under-utilized space, where NOI is temporarily depressed as rents are reset to market.

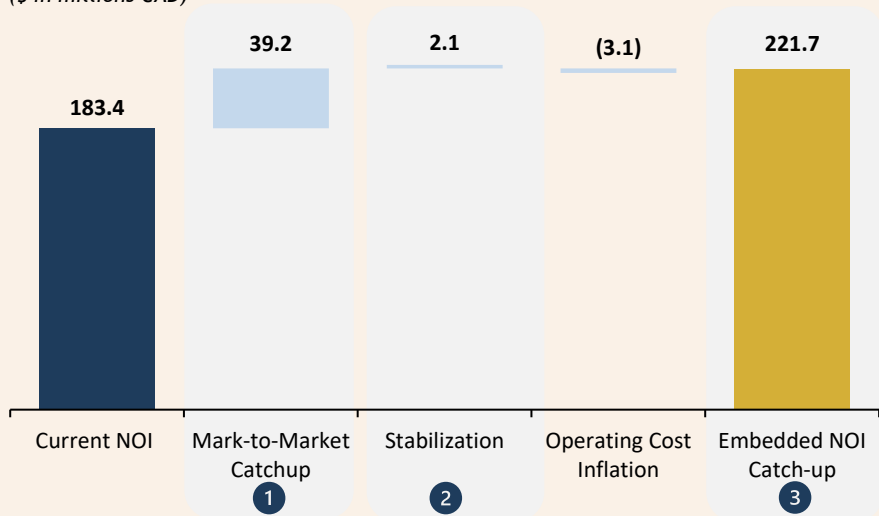
Reported NOI understates earnings while units are offline or repriced during renovation and lease-up.

Why This NOI Catch-Up Is Executable

- Standardized sourcing and dense asset clustering reduce capex and operating costs, enabling continuous execution across the 12% rotation.
- 26-year track record acquiring under-managed mid-market assets and delivering multi-fold NOI expansion through renovation and operations.
- Tight Western Canada mid-market vacancy (1-5%), limited rent controls in AB/SK, and market-rate renewals in BC.

Bridge from Current NOI to Embedded NOI Upside of +20.8%

(\$ in millions CAD)

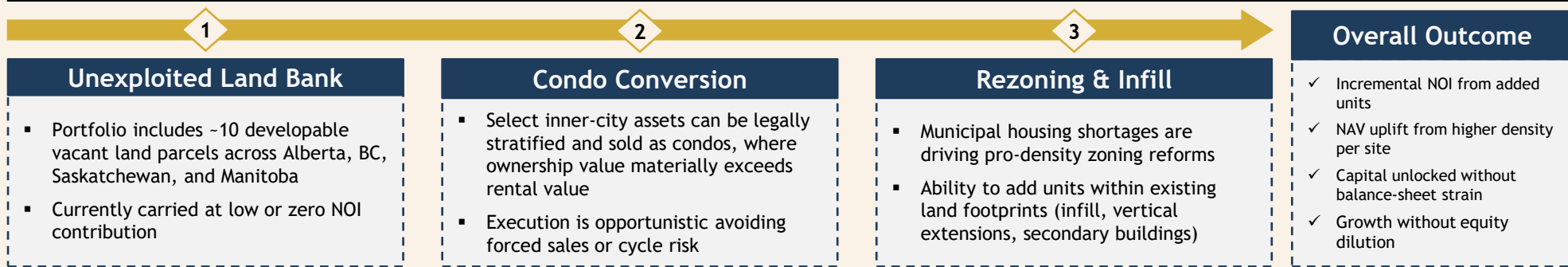


- Repricing existing leases to current market rents as units turn, based on city-level gaps disclosed by management (avg ~\$200-300/suite/month)
 - Lease-up driven by renovations, improved tenant appeal, and normalized operating conditions for the unstabilized portion of the portfolio.
 - Management's 5% inflationary adjustment to operating costs, partially offset by scale and renovation efficiencies.
- Captured gradually as units are renovated, leased up, and reset to market rents over a multi-year execution cycle.

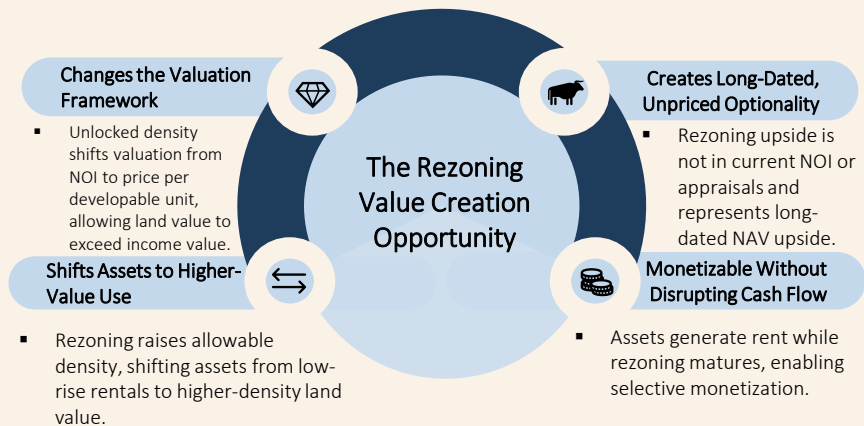
Thesis II: Unexploited Growth Embedded in the Asset Base

Unlocking density and capital recycling from underutilized land

Land Bank & Condo Conversion Density Potential

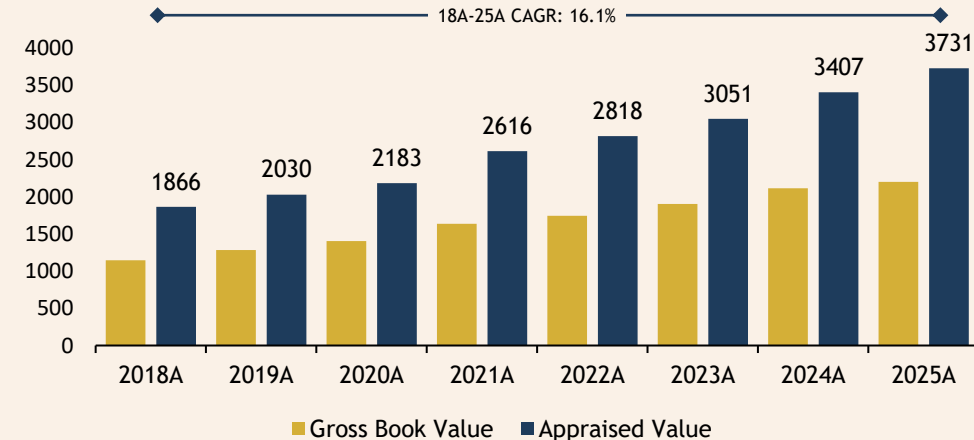


Why Density Unlocks Asymmetric Upside



Historical Evidence of Embedded Value Realization

(In Millions of CAD dollars)

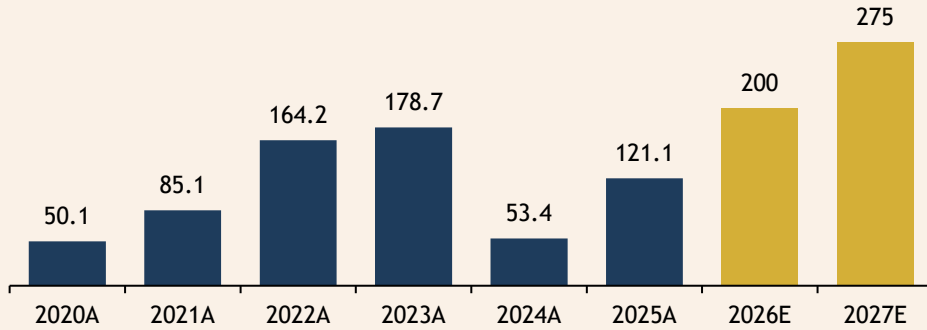


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Thesis III: \$900M of Dry Powder Ready to Be Deployed

Non-dilutive firepower to accelerate NAV and FFO per share growth

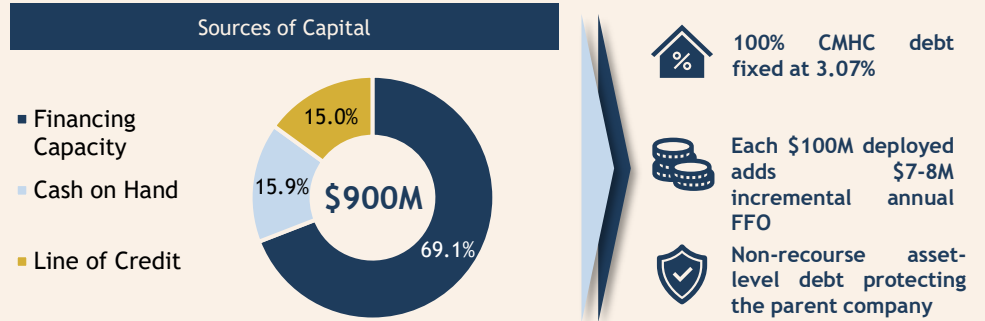
Strategic re-acceleration of investment at attractive spreads



Structurally large market with favorable acquisition dynamics

Western Canada: Significant Remaining White Space	<ul style="list-style-type: none"> Current footprint of ~19k units represents ~8% penetration of the identified mid-market opportunity. Large remaining addressable supply supports continued consolidation without geographic expansion.
Scalable Platform Beyond Core Markets	<ul style="list-style-type: none"> Acquisition, renovation, and integration playbook is highly repeatable across similar mid-market ecosystems Those dynamics extend to Eastern Canada and select U.S. markets, creating long-term expansion optionality.
Highly Fragmented, Inefficient Supply	<ul style="list-style-type: none"> Target markets dominated by small, privately owned assets, with ~349k sub-100-unit rentals and limited institutional ownership. Refinancing pressure, and weak operators create consistent off-market acquisition opportunities at attractive pricing.

Capital deployed at attractive risk-adjusted returns



Strategic Rationale

<p>Counter Cyclical Timing:</p> <p>Economic uncertainty and easing interest rates allow quality mid-market assets to be bought below replacement cost, with improved financing economics.</p>
<p>Non-dilutive funding:</p> <p>Growth financed through internal cash flow and credit capacity, preserving NAV per share and shareholder ownership.</p>
<p>Regional dominance:</p> <p>With ~19,000 units across 23 urban markets, Mainstreet benefits from operating leverage, local expertise, and faster integration.</p>

Mainstreet can re-accelerate growth immediately, without dilution, at a point in the cycle where competitors remain constrained.

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V. Valuation



Mainstreet

Equity Corp.



Valuation Summary

MEQ is Highly Undervalued, with an Implied Upside of 38.70%

Model Outputs

DCF	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	159,925.0	180,573.0	210,028.0	249,796.0	276,294.0	314,263.8	354,751.6	400,466.3	454,631.3	508,875.6
% growth		12.9%	16.3%	18.9%	10.6%	13.7%	12.9%	12.9%	13.5%	11.9%
Conservative Case						12.7%	11.9%	11.9%	12.5%	10.9%
Street Case						13.7%	12.9%	12.9%	13.5%	11.9%
Optimistic Case						14.7%	13.9%	13.9%	14.5%	12.9%
EBIT	84,703.0	93,809.0	113,082.0	141,035.0	163,895.0	187,989.6	213,982.8	243,559.8	278,775.6	314,582.1
% of sales		53.0%	52.0%	53.8%	56.5%	59.3%	59.8%	60.3%	61.3%	61.8%
Conservative Case						58.8%	59.3%	59.8%	60.3%	60.8%
Street Case						59.8%	60.3%	60.8%	61.3%	61.8%
Optimistic Case						60.8%	61.3%	61.8%	62.3%	62.8%
Taxes	33,368.0	22,630.0	28,457.0	37,922.0	54,060.0	62,007.5	70,581.2	80,337.1	91,952.8	103,763.4
% of EBIT		39.4%	24.1%	25.2%	26.9%	33.0%	33.0%	33.0%	33.0%	33.0%
EBIAT						125,982.1	143,401.6	163,222.8	186,822.8	210,818.7
D&A	518.0	555.0	514.0	484.0	457.0	772.1	892.2	1,007.2	1,143.4	1,279.9
CapEx	(24,400.0)	(23,900.0)	(25,500.0)	(31,100.0)	(36,200.0)	(41,599.8)	(46,959.3)	(53,010.7)	(60,180.6)	(67,361.1)
Change in NWC	(22,318.0)	10,159.0	1,243.0	8,346.0	3,645.0	6,285.3	7,095.0	8,009.3	9,092.6	10,177.5
Unlevered FCF						91,439.6	104,429.5	119,228.6	136,878.2	154,915.0
Discount Period						0.33	1.16	2.16	3.16	4.16
Present Value of FCF						88,520.7	93,182.1	96,442.0	100,368.2	102,975.0

Discounted Cash Flow Summary - FFO approach

Exit Multiple Price/FFO	15.0x
Exit FFO	180473.3
Implied Annualized Growth	14.05%
PV of Terminal Value	1799460.5
Sum of PV of FCF	481488
Implied Equity Value	2280948.5
FDSO	9304.3
Implied Share Price	245.15 \$
Premium / (Discount)	42.92%

Sensitivity Analysis

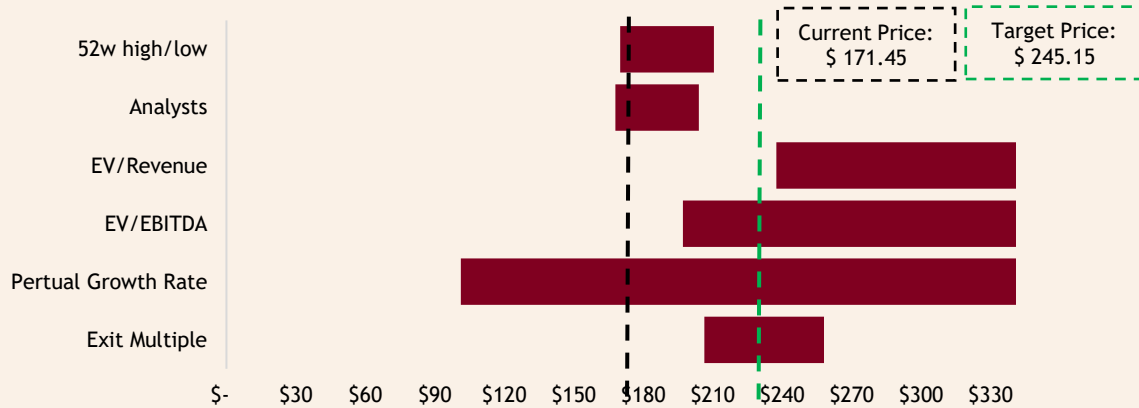
	13.0x	14.0x	15.0x	16.0x	17.0x
0.5%	\$ 219.36	\$ 232.26	\$ 245.15	\$ 258.04	\$ 270.94
1.0%	\$ 219.36	\$ 232.26	\$ 245.15	\$ 258.04	\$ 270.94
1.5%	\$ 219.36	\$ 232.26	\$ 245.15	\$ 258.04	\$ 270.94
2.0%	\$ 219.36	\$ 232.26	\$ 245.15	\$ 258.04	\$ 270.94
2.5%	\$ 219.36	\$ 232.26	\$ 245.15	\$ 258.04	\$ 270.94

	13.00	14.00	15.00	16.00	17.00
11.31%	\$ 218.32	\$ 231.21	\$ 244.11	\$ 257.00	\$ 269.89
10.81%	\$ 218.84	\$ 231.73	\$ 244.62	\$ 257.52	\$ 270.41
10.31%	\$ 219.37	\$ 232.26	\$ 245.15	\$ 258.05	\$ 270.94
9.81%	\$ 219.90	\$ 232.80	\$ 245.69	\$ 258.58	\$ 271.48
9.31%	\$ 220.45	\$ 233.34	\$ 246.24	\$ 259.13	\$ 272.02

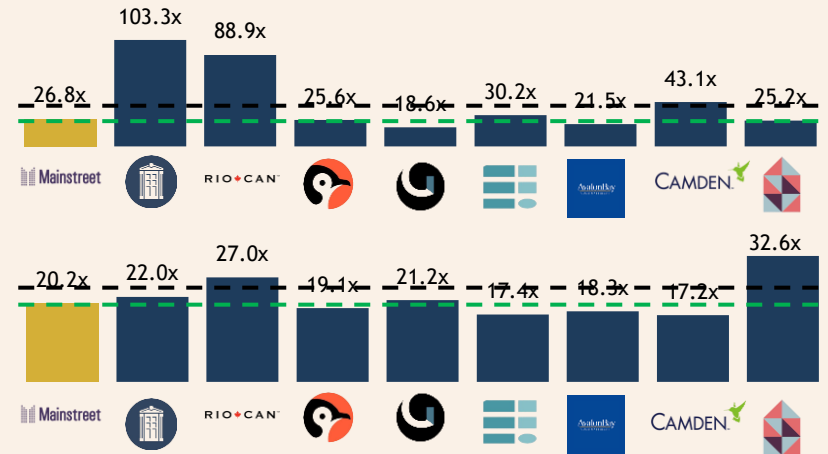
Valuation Summary

MEQ trades broadly in line with its peers but appears undervalued based on intrinsic valuation methods.

Football Field



Comps graph



Comparable Companies

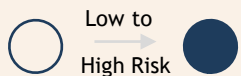
Company Info				LTM Multiples				FY+1				FY+2			
Name	Ticker	Price	Market Cap. (€M)	EV/Revenue	EV/EBITDA	EV/EBIT	P/E	EV/Revenue	EV/EBITDA	EV/EBIT	P/E	EV/Revenue	EV/EBITDA	EV/EBIT	P/E
Mainstreet Equity Corp.	TSX:MEQ	\$128.74	\$1,197.81	11.7x	20.2x	20.3x	26.8x	11.1x	18.3x	NA	18.6x	10.5x	17.4x	NA	17.4x
Canadian Apartment Properties Real Estate Investment Trust	TSX:CAR.UN	\$28.43	\$4,419.97	11.4x	22.0x	19.4x	103.3x	11.4x	19.1x	NA	19.4x	11.5x	18.9x	NA	17.9x
RioCan Real Estate Investment Trust	TSX:REI.UN	\$14.38	\$4,243.43	10.5x	27.0x	27.1x	88.9x	10.8x	16.5x	NA	15.3x	10.5x	17.2x	NA	12.0x
SmartCentres Real Estate Investment Trust	TSX:SRU.UN	\$19.68	\$2,847.43	11.3x	19.1x	19.3x	25.6x	10.9x	18.1x	NA	14.4x	10.6x	17.5x	NA	13.5x
Granite Real Estate Investment Trust	TSX:GRT.UN	\$64.77	\$3,924.27	14.5x	21.2x	19.2x	18.6x	13.9x	18.4x	NA	14.7x	13.3x	17.3x	NA	13.9x
Equity Residential	NYSE:EQR	\$62.32	\$23,711.18	10.6x	17.4x	38.1x	30.2x	10.6x	17.2x	36.6x	43.3x	10.2x	16.7x	34.6x	43.7x
AvalonBay Communities, Inc.	NYSE:AVB	\$177.67	\$25,126.81	11.0x	18.3x	35.1x	21.5x	11.2x	18.2x	31.8x	34.0x	10.9x	17.5x	33.4x	34.4x
Camden Property Trust	NYSE:CPT	\$109.05	\$11,602.41	9.7x	17.2x	53.7x	43.1x	9.8x	17.1x	55.6x	96.9x	9.6x	16.9x	58.4x	103.3x
Sveafastigheter AB (publ)	OM:SVEAF	\$4.43	\$873.93	15.3x	32.6x	32.6x	25.2x	13.2x	26.3x	25.5x	12.6x	12.3x	22.9x	21.5x	10.8x
Overall Median				11.3x	20.2x	27.1x	26.8x	11.1x	18.2x	34.2x	18.6x	10.6x	17.4x	34.0x	17.4x
Overall Mean				11.8x	21.7x	29.4x	42.6x	11.4x	18.8x	37.4x	29.9x	11.0x	18.0x	37.0x	29.7x
Mainstreet Equity Corp.	TSX:MEQ	\$128.74	\$1,197.81	11.7x	20.2x	20.3x	5.8x	11.1x	18.3x	NA	18.6x	10.5x	17.4x	NA	17.4x

VI. Risk Analysis



Mainstreet

Risk Analysis



	Description	Industry and Company Impact	Mitigation Strategies	Likelihood
Rising interest rates & refinancing risk	<ul style="list-style-type: none"> Higher interest rates increases debt servicing costs Refinancing older mortgages can occur at less favorable rates, thus impacting cash flow 	<ul style="list-style-type: none"> Industry Impact: Higher rates compress real estate valuations and reduce acquisition capacity Impact on Mainstreet: Higher interest expense could reduce FFO and slow portfolio growth 	<ul style="list-style-type: none"> Long-term fixed-debt strategy Staggered debt maturities to reduce refinancing cash flow pressure 	
Operating costs inflation	<ul style="list-style-type: none"> Rising costs for utilities, property taxes, maintenance and insurance. Renovation costs can increase faster than rent growth 	<ul style="list-style-type: none"> Industry Impact: Margin pressure across residential rental operators Impact on Mainstreet: Cost inflation may partially offset NOI growth from renovations. 	<ul style="list-style-type: none"> Energy efficient upgrades Cluster management to reduce overhead Rent increases following upgrades 	
Rent control and regulatory risk	<ul style="list-style-type: none"> Provinces may impose rent caps or stricter tenant protection laws Limits full ability to pass on inflation to through rent 	<ul style="list-style-type: none"> Industry Impact: Reduces pricing power for landlords and could make real estate industry more difficult Impact on Mainstreet: Slower rent growth and longer payback period on renovations 	<ul style="list-style-type: none"> Target high-turnover tenant demographic Focus on value-add renovations where allowed rent increases apply 	
Geographic concentration	<ul style="list-style-type: none"> The portfolio is heavily concentrated in AB, SK, MB and BC. Very sensible to immigration trends and regional economic slowdowns which could increase vacancies 	<ul style="list-style-type: none"> Industry Impact: Regional housing cycle can differ materially across Canada Impact on Mainstreet: Higher exposure to Western Canadian employment and migration trends 	<ul style="list-style-type: none"> Diversification across more cities in Canada Focus on rentals with resilient demand 	

Appendix



Mainstreet



Appendix #1: Valuation

Revenue Build

Income Statement (09/30 CYE)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
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Metrics	2026	2027	2028	2029	2030
Rental Unit Growth	4.9%	5.4%	5.6%	5.3%	5.1%
Avg Rent Growth	7.3%	7.1%	6.9%	6.7%	6.5%
Occupancy Rate	96%	96%	96%	97%	97%

Rental Units Count		15551	15895	17033	18336	19147	20085	21170	22355	23540	24741
% growth			2.2%	7.2%	7.6%	4.4%	4.9%	5.4%	5.6%	5.3%	5.1%
Avg Annual Rent		11,288.6	12,241.8	12,871.2	14,073.6	15,189.6	16,298.5	17,455.7	18,660.1	19,910.3	21,204.5
Avg Monthly Rent		940.7	1,020.1	1,072.6	1,172.8	1,265.8	1,358.2	1,454.6	1,555.0	1,659.2	1,767.0
% growth			8.4%	5.1%	9.3%	7.9%	7.3%	7.1%	6.9%	6.7%	6.5%
Occupancy Rate		91.1%	92.8%	95.8%	96.8%	95.0%	96.0%	96.0%	96.0%	97.0%	97.0%

5A

Total Revenues		159,925.0	180,573.0	210,028.0	249,796.0	276,294.0	314,263.8	354,751.6	400,466.3	454,631.3	508,875.6
% growth			12.91%	16.31%	18.93%	10.61%	13.74%	12.88%	12.89%	13.53%	11.93%

Appendix #2: WACC Calculation & FFO Schedules

We applied a 4.0% Small Cap Risk Premium

Executive Summary
Industry Analysis
Company Overview
Investment Theses
Valuation
Risk Analysis

Cost of Debt Calculation

Interest Expense	\$ 65,328.00	
Short Term Debt	\$ 269,282.00	
Long Term Debt	\$ 1,347,577.00	\$1,616,859.00
Cost of Debt		4.04%
Tax Expense	\$ 54,060.00	
Pretax Income	\$ 341,065.00	
Effective Tax Rate		15.85%
Cost of Debt * (1-T)		3.40%

Cost of Equity Calculation

Treasury Yield 10 Years	3.42%
Beta	0.88
Market Return	10.00%
Cost of Equity	9.2%

Weight of Debt and Equity Calculation

Total Debt	\$ 1,616,859.00	50%
Market Cap	\$ 1,624,700.00	50%
Total Debt	\$ 3,241,559.00	

WACC Calculator

WACC	6.31%
Small Cap Risk premium	4.0%
WACC (Risk adjusted)	10.31%

	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
FFO/Revenue	0.2962	0.2931	0.3235	0.3302	0.3385					
FFO	47369.8	52925.9	67944.1	82482.6	93525.5	106525.6	121658.6	138899.3	159460.8	180473.3
% growth		11.7%	28.4%	21.4%	13.4%	13.9%	14.2%	14.2%	14.8%	13.2%

Appendix #3: IRR Calculation

Target Price Implies an IRR 11.4%

Executive Summary

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RANGE OF EXIT MULTIPLES ANALYSIS					
Exit EV/EBITDA		Weighting	PV Equity Value	Exit Value	IRR from Entry Price
	9	0.025	\$ 167.8	\$ 174.6	-0.3%
	10	0.05	\$ 180.7	\$ 194.0	1.9%
	11	0.075	\$ 193.6	\$ 213.4	3.8%
	12	0.1	\$ 206.5	\$ 232.8	5.7%
	13	0.125	\$ 219.4	\$ 252.2	7.4%
	15	0.2	\$ 245.1	\$ 291.0	10.5%
	16	0.15	\$ 258.0	\$ 310.3	11.9%
	17	0.125	\$ 270.9	\$ 329.7	13.3%
	18	0.075	\$ 283.8	\$ 349.1	14.6%
	19	0.05	\$ 296.7	\$ 368.5	15.8%
	20	0.025	\$ 309.6	\$ 387.9	17.0%

IRR Per Entry Price									
	Start	2025E	2026E	2027E	2028E	2029E	Entry Price	Implied IRR	
-\$	160.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 160.00		12.8%
-\$	165.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 165.00		12.1%
-\$	170.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 170.00		11.4%
-\$	175.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 175.00		10.8%
-\$	180.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 180.00		10.1%
-\$	185.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 185.00		9.5%
-\$	190.00	\$ -	\$ -	\$ -	\$ -	\$ 291.73	\$ 190.00		9.0%

Appendix #4: Target Market Total Size Detailed

Target Markets Rental Apartment Universe			
City	<100 Units/Buildings	Total Rental Universe	% Mid-Market
Winnipeg	49,071	76,818	64%
Saskatoon	15,427	18,762	82%
Regina	14,496	15,795	92%
Calgary	34,429	61,359	56%
Edmonton	64,926	96,560	67%
Lethbridge	4,145	4,412	94%
Red Deer	6,930	7,160	97%
Surrey	5,432	7,624	71%
Abbotsford	4,814	5,289	91%
Chilliwack	4,265	4,265	100%
Kamloops	4,568	4,678	98%
Penticton	2,690	2,690	100%
Vernon	1,920	1,920	100%
Prince George	3,411	3,759	91%
Victoria	25,691	33,470	77%
Courtenay	2,181	2,530	86%
Duncan	1,465	1,732	85%
Total MEQ Targets Markets	245,861	348,823	70%

Appendix #4: Math Behind the 38.3M NOI Catch-up

Executive Summary

Industry Analysis

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Inputs		
Stabilized suites	16,496	units
Un-stabilized suites	2,253	units
Stabilized vacancy rate	5.50%	as decimal (5.2%)
Target occupancy for un-stabilized units	94.00%	as decimal (95%)
Avg stabilized rent gap (\$/suite/month)	\$195	\$/suite/month
Avg un-stabilized rent gap (\$/suite/month)	\$298	\$/suite/month
Operating cost inflation adjustment (Given Management)	-\$3,118,000	\$(negative)
Stabilization NOI add-back @ 95% occupancy (Given Management)	\$2,129,000	\$
Adjustments for the capture of MTM Stabilized	90%	% Captured
Adjustments for the capture of MTM Unstabilized	85%	% Captured

Calculations		
Stabilized rent catch-up (gross)	\$32,829,844	Stabilized suites × rent gap × 12 × (1 – vacancy)
Un-stabilized rent catch-up (gross)	\$6,437,326	Un-stabilized suites × rent gap × 12 × target occupancy
Total mark-to-market rent catch-up (gross)	\$39,267,170	

Reconciliation to Embedded NOI Catch-Up				
Total mark-to-market rent catch-up (Total)	\$39,267,170		Run Rate Realized %	Run-Rate NOI
Stabilization NOI add-back @ 95% occupancy (given)	\$2,129,000		2026	30% 11.5M
Operating cost inflation adjustment	-\$3,118,000		2027	65% 24.9M
Embedded NOI Catch-Up	\$38,278,170		2028	100% 38.3M

Management Table Cross-Check		
Annualized Additional NOI @ 95% Occupancy (Total)	\$2,129,000	Given in slide table (Total from operation)
Current Mark-to-Market Gap (Total)	\$43,755,000	Given in slide table (Total from operation)
5% Inflationary Adjustment on Operating Costs (Total)	-\$3,118,000	Given in slide table (Total from operation)
Annualized Optimum Potential (Total)	\$42,766,000	Should reconcile to slide table 'Annualized Optimum Potential'
Rounded headline (\$43M)	\$43,000,000	Rounded to nearest \$1M for headline

	Annualized Additional NOI at 95% Occupancy Rate	Current Mark-to-Market Gap	5% Inflationary Rate Adjustment on Operating Costs	Annualized Optimum Potential
Calgary	\$ 938	\$ 7,273	\$ (740)	\$ 7,472
Edmonton	\$ 873	\$ 7,009	\$ (1,102)	\$ 6,780
Surrey	\$ 170	\$ 19,270	\$ (366)	\$ 19,074
Abbotsford	\$ 145	\$ 5,482	\$ (163)	\$ 5,464
Prince George	\$ -	\$ 3,142	\$ (78)	\$ 3,064
Regina	\$ -	\$ 272	\$ (173)	\$ 99
Winnipeg	\$ 3	\$ 11	\$ (67)	\$ (53)
Saskatoon	\$ -	\$ 1,296	\$ (430)	\$ 866
Total from operation	\$ 2,129	\$ 43,755	\$ (3,118)	\$ 42,766

City	Stabilized Assets - Mark to Market Potential			Un-stabilized Assets - Mark to Market Potential		
	Number of Stabilized Suites	Vacancy Rate Stabilized Portfolio	Stabilized suites Mark to Market (including incentive reduction opportunity) Per suite per month	Number of Un-Stabilized Suites	Vacancy Rate Un-Stabilized Portfolio	Un-Stabilized suites Mark to Market (including incentive reduction opportunity) Per suite per month
Calgary	3,844	6.2%	161	128	3.9%	241
Edmonton	5,788	5.9%	98	601	5.7%	130
Surrey	1,538	3.7%	711	362	6.8%	863
Abbotsford	1,136	3.4%	361	177	9.6%	420
Prince George	349	3.7%	407	365	2.5%	365
Regina	991	3.7%	24	0	N/A	N/A
Winnipeg	114	5.3%	40	291	0.7%	19
Saskatoon	2,335	4.7%	31	309	1.6%	81
Total	16,496	5.2%	195	2,253	4.4%	298