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 three and six months ended March 31, 2019 and 2018. 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 unaudited interim condensed consolidated financial statements and accompanying notes for the three and six months ended March 31, 2019 and 2018, and the MD&A and audited consolidated financial statements and accompanying notes for the years ended September 30, 2018 and 2017. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has been reviewed and approved by the Audit Committee and Board of Directors of the Corporation and is effective as of May 9, 2019. All amounts are expressed in Canadian dollars. Additional information regarding the Corporation including the Corporation's annual information form is available under the Corporation's profile at SEDAR (www.sedar.com).

Unless indicated otherwise, reference herein to 2019 and 2018 refers to the three and six months ended March 31, 2019 and 2018, respectively.

NON-IFRS MEASURES

Mainstreet Equity Corp. prepares and releases unaudited interim condensed consolidated financial statements and audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). In this MD&A and in 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 ("REALPAC"), a leading national industry association of investment real estate. These include funds from operations ("FFO") and FFO per share. FFO is widely accepted as a supplemental measures 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 fair value gain, deferred income taxes and depreciation of property and equipment excluding depreciation of items, such as computer and vehicle, which are not uniquely significant to the real estate industry.

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. Reconciliations 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".

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 five major Canadian markets: Vancouver/ Lower Mainland, Calgary (including the City of Lethbridge and the Town of Cochrane), Edmonton (including the City of Fort Saskatchewan), Saskatoon and Regina.

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.

- **Acquisitions:** Identify and purchase underperforming rental units at prices well below replacement costs.
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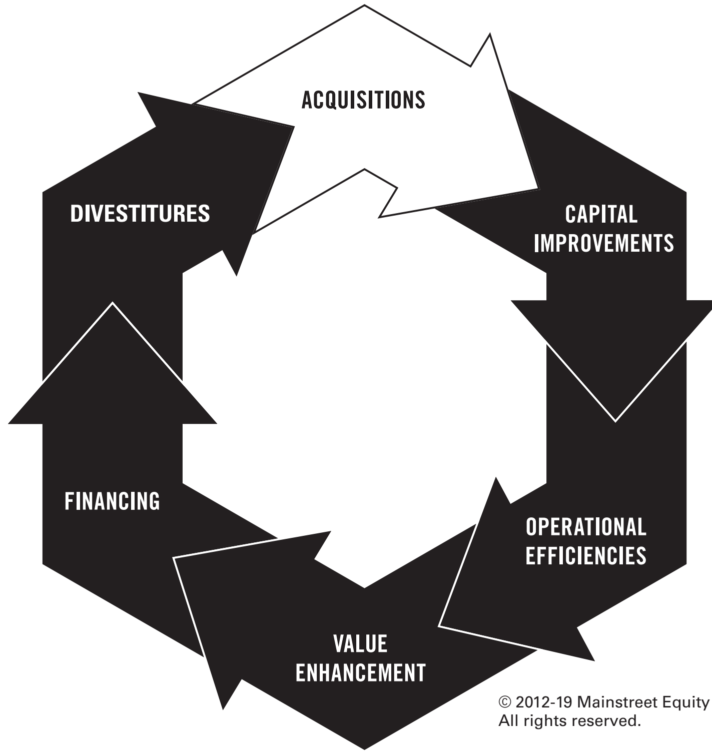
The Mainstreet

VALUE CHAIN



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 as issued by the International Accounting Standard Board ("IASB").

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 annual and interim financial reporting, external valuations were 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 relevant locations. In addition, the Corporation has established an internal valuation model, which is based on the same assumptions and valuation techniques used by the external valuation professionals. The Corporation grouped its investment properties in each city by their types and geographic locations. Samples were selected in each group for independent appraisal. The appraised values of the samples selected were compared with their appraised values of the previous corresponding 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 March 31, 2019 and September 30, 2018. Properties selected as samples are rotated annually 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 $1,943 million as of March 31, 2019 ($1,866 million as of September 30, 2018). The following is the breakdown of market value by city and average capitalization rates used in determining the fair value of investment properties at March 31, 2019 and September 30, 2018, respectively.

As of March 31, 2019	Number of properties	Number of units	Market value ($ million)	Average value per unit ($000)	Average capitalization rate as at Mar. 31, 2019
Surrey, British Columbia	10	1,775	$ 389	$ 219	4.16%
Abbotsford, British Columbia	15	976	161	165	4.64%
Calgary, Alberta (Note 1)	59	2,459	488	198	4.89%
Edmonton, Alberta (Note 2)	129	4,285	574	134	5.66%
Saskatoon, Saskatchewan	54	1,972	228	116	6.65%
Regina, Saskatchewan	59	866	103	119	5.81%
Total investment properties	326	12,333	$ 1,943	$ 158	5.21%

Note (1) – includes the City of Lethbridge and the Town of Cochrane

Note (2) – includes the City of Fort Saskatchewan

As of September 30, 2018	Number of properties	Number of units	Market value ($ million)	Average value per unit ($000)	Average capitalization rate as at Sept. 30, 2018
Surrey, British Columbia	10	1,775	$ 367	$ 207	4.13%
Abbotsford, British Columbia	15	975	158	162	4.65%
Calgary, Alberta (Note 1)	49	2,261	466	206	4.84%
Edmonton, Alberta (Note 2)	128	4,260	577	135	5.69%
Saskatoon, Saskatchewan	51	1,818	215	118	6.63%
Regina, Saskatchewan	49	687	83	121	5.81%
Total investment properties	302	11,776	$ 1,866	$ 158	5.19%

Note (1) – includes the City of Lethbridge and the Town of Cochrane

Note (2) – includes the City of Fort Saskatchewan

Acquisitions & Growth

(000s of dollars)

	Three months ended March 31		Six months ended March 31	
	2019	2018	2019	2018
	Calgary and Saskatoon	–	Calgary, Edmonton, Saskatoon and Regina	Edmonton, Saskatoon and Regina
Number of rental units (Note 1)	130	–	551	733
Total costs	$ 13,389	–	$ 63,189	$ 80,372
Average price per apartment unit (Note 1)	$ 103	–	$ 115	$ 110

Note (1) – Excludes 1 warehouse in Edmonton, AB acquired for $1.04 million in Q1 2019

Employing a strict set of criteria, Mainstreet identifies and acquires underperforming rental properties in Western Canada that offer the potential to enhance the Corporation's asset value and its long-term revenues through increased rental rates. In Q2 2019, Mainstreet acquired 130 units in the Provinces of Alberta and Saskatchewan for a total consideration of $13.4 million. Subsequent to Q2 2019, Mainstreet acquired 288 residential units and one freestanding commercial house in the Provinces of Alberta and Saskatchewan for a total consideration of $41.5 million. Since Mainstreet's previous financial year-end (September 30, 2018), the Corporation has grown its portfolio of properties by 7%.

As of March 31, 2019, Mainstreet's portfolio included 12,331 residential units and 2 freestanding commercial houses, including townhouses, garden-style apartments, concrete mid-rise and high-rise apartments. A total of 94% of these residential units were rented, while 4% were being renovated and the remaining 2% left vacant, primarily in the Provinces of Alberta and Saskatchewan.

Since 1997, the Corporation's portfolio has increased from 10 to 326 buildings, while the fair value of the investment properties within this portfolio has grown from approximately $17 million to $1,943 million as of March 31, 2019.

The following table demonstrates the growth of the Corporation by region since the end of the previous financial year ended September 30, 2018.

	Number of units as at Oct. 1, 2018	Acquisitions/ disposition 6 months ended Mar. 31, 2019	Additional units created 6 months ended Mar. 31, 2019	Number of units as at Mar. 31, 2019	% Growth
Surrey, British Columbia	1,775	–	–	**1,775**	0%
Abbotsford, British Columbia	975	–	1	**976**	0%
Calgary, Alberta (Note 1)	2,261	**196**	2	**2,459**	9%
Edmonton, Alberta (Note 2)	4,260	**24**	1	**4,285**	1%
Saskatoon, Saskatchewan	1,818	**154**	–	**1,972**	8%
Regina, Saskatchewan	687	**177**	2	**866**	26%
Investment properties	11,776	**551**	6	**12,333**	5%

Note (1) – including the City of Lethbridge and the Town of Cochrane.

Note (2) – including 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 branded 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 Q2 2019, the Corporation spent $4.0 million (Q2 2018 – $4.8 million) on capital improvements, of which $3.5 million (Q2 2018 – $3.7 million) was for upgrading stabilized properties and improving other holdings – specifically for exterior upgrades such as new roofs, windows, siding and insulation. These expenditures also covered mechanical 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 plans to spend an estimated $11.1 million on renovations in the remaining six months of fiscal year 2019. 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, availability of renovation workers and building materials, as well as increases in labour and material costs. All of these uncertainties could have a material impact on the timing and cost of completing these renovations.

REVIEW OF FINANCIAL & OPERATING RESULTS

Summary of financial results

(000s of dollars except per share amounts)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	2019	2018	% change
Gross revenue	$ 33,780	$ 28,463	19%	$ 66,431	$ 55,661	19%
Net profit and total comprehensive income – IFRS measurement	**12,288**	10,827	13%	18,131	14,265	27%
Fair value gain	**7,305**	7,100	(3%)	5,997	5,925	(1%)
Depreciation	**62**	57	9%	119	113	5%
Deferred income tax expense	**3,227**	2,700	20%	5,551	4,335	28%
Funds from operations – Non-IFRS Measurement (Note 1)	**$ 8,272**	$ 6,484	28%	$ 17,804	$ 12,788	39%
Interest income	**(43)**	(134)	(68%)	(86)	(273)	(68%)
Other income	**(25)**	–	100%	(235)	–	100%
General and administrative expenses	**3,334**	2,652	26%	6,415	5,423	18%
Financing costs	**8,555**	7,867	9%	16,932	15,308	11%
Depreciation (computer and vehicle)	**63**	52	21%	119	97	–
Net operating income – IFRS Measurement	**$ 20,156**	$ 16,921	19%	$ 40,949	$ 33,343	23%
Operating margin from operations	**60%**	60%		62%	60%	
Profit per share						
Basic	**$ 1.36**	$ 1.23	11%	$ 2.03	$ 1.62	25%
Fully diluted	**$ 1.36**	$ 1.13	20%	$ 2.03	$ 1.49	36%
Funds from operations per share						
Basic	**$ 0.92**	$ 0.73	26%	$ 1.99	$ 1.45	37%
Fully diluted	**$ 0.92**	$ 0.68	35%	$ 1.99	$ 1.34	49%
Weighted average number of shares						
Basic	**9,021,551**	8,832,305		8,925,888	8,832,639	
Fully diluted	–	9,544,656		–	9,543,552	

	March 31, 2019
Total Assets	**$1,960,493**
Total Long term liabilities	**$1,095,030**

1. FFO is calculated as profit before fair value gain, deferred income taxes and depreciation of property and equipment excluding depreciation of items, such as computer and vehicle, which are not uniquely significant to the real estate industry. 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.

REVENUE

In Q2 2019, revenue primarily comprised of rental and ancillary rental income totalling $33.7 million (Q2 2018 – $28.3 million), and interest income. Overall, rental revenue increased 19% as compared to Q2 2018, which is discussed and analysed in the session entitled "Rental Operations" below.

PROFIT

For the three and six months ended March 31, 2019, Mainstreet reported a net profit of $12.3 million ($1.36 per basic share) and $18.1 million ($2.03 per basic share), as compared to a net profit of $10.8 million ($1.23 per basic share) and $14.3 million ($1.62 per basic share) in Q2 2018.

Net profit is further analysed as follows:

(000s of dollars)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	2019	2018	% change
Funds from operations – Non-IFRS measurement	$ 8,272	$ 6,484	28%	$ 17,804	$ 12,788	39%
Fair value gain	7,305	7,100	3%	5,997	5,925	1%
Depreciation	(62)	(57)	9%	(119)	(113)	5%
Deferred income tax expense	(3,227)	(2,700)	(20%)	(5,551)	(4,335)	(28%)
Net profit and total comprehensive income – IFRS measurement	$ 12,288	$ 10,827	13%	$ 18,131	$ 14,265	27%

The increase in funds from operations in Q2 2019 is further discussed and analysed below.

In Q2 2019, a fair value gain of $7.3 million was incurred as compared to a fair value gain of $7.1 million in Q2 2018. This was mainly due to changes as identified below:

(000s of dollars)

Fair value gain

	Three months ended March 31		Six months ended March 31	
	2019	2018	2019	2018
Surrey	$ 19,620	$ 7,200	$ 21,680	$ 8,170
Abbotsford	1,596	–	3,088	–
Calgary	(3,618)	1,420	(6,470)	2,330
Edmonton	(7,810)	5,328	(5,319)	6,437
Saskatoon	365	(2,090)	8	(420)
Regina	1,127	–	1,320	–
	11,280	11,858	14,307	16,517
Gain on disposal	–	–	575	–
Capital expenditure	(3,975)	(4,758)	(8,885)	(10,592)
Fair value gain	$ 7,305	$ 7,100	$ 5,997	$ 5,925

The fair value gain represented the change in the market value of the Corporation's investment properties over the three and six months ended March 31, 2019 and 2018. The amount of change was determined by the market value of the investment properties at the quarter-end date March 31, 2019 and 2018, which was regarded as a non-operating expense.

FUNDS FROM OPERATIONS (FFO) – NON IFRS MEASUREMENT

Management believes that FFO is also a meaningful performance measurement for a real estate company's operating performance. FFO excludes fair value gain, deferred income taxes and depreciation of property and equipment excluding depreciation of items, such as computer and vehicle, which are not uniquely significant to the real estate industry. Mainstreet generates FFO from three sources: rental revenue and ancillary rental income 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. See "Non-IFRS Measures" for additional information regarding FFO.

Mainstreet's FFO increased by 28% to $8.3 million in Q2 2019, compared with $6.5 million in Q2 2018. The increase in FFO in Q2 2019 was mainly attributable to the increased rental revenue which will be discussed and analysed in the following section entitled "Rental Operations".

GENERAL & ADMINISTRATIVE (G&A) EXPENSES

G&A expenses mainly include corporate costs such as office overheads, legal and professional fees and salaries. In Q2 2019, G&A expenses increased by 26% to $3.3 million as compared to $2.6 million in Q2 2018, mainly resulting from increased salary expenses as the Corporation continues to build up its management team in anticipation of continued growth.

FINANCING COSTS

(000s of dollars)

	Three months ended March 31			Six months ended March 31,		
	2019	2018	% change	2019	2018	% change
Mortgage interest	$ 7,799	$ 7,164	9%	$ 15,434	$ 13,976	10%
Amortization of deferred financing cost	756	703	8%	1,498	1,332	12%
Financing costs	$ 8,555	$ 7,867	9%	$ 16,932	$ 15,308	11%

Mortgage interest expenses increased by 9% to $7.8 million in Q2 2019 compared to $7.2 million in Q2 2018.

The rise was mainly attributable to an increase in mortgage loans from financing of clear title assets, as well as mortgages which the corporation assumed as part of the acquisition of new properties.

In Q2 2019, the Corporation financed 1 clear title asset with 10-year, long-term CMHC-insured mortgage loans for $21.7 million at an average rate of interest of 3.02%.

RENTAL OPERATIONS

(000s of dollars except per unit data)

	Total Portfolio			Same Asset			Acquisitions		
Three months ended March 31	2019	2018	% change	2019	2018	% change	2019	2018	% change
Rental revenue and ancillary rental income	$ 33,737	$ 28,329	19%	$ 29,373	$ 26,747	10%	$ 4,364	$ 1,582	176%
Operating expenses	13,581	11,408	19%	11,573	10,720	8%	2,008	688	192%
Net operating income	$ 20,156	$ 16,921	19%	$ 17,800	$ 16,027	11%	$ 2,356	$ 894	164%
Operating margin	60%	60%		61%	60%		54%	57%	
Average vacancy rate	6.5%	11.3%	(42%)	6.0%	11.1%	(46%)	9.6%	14.2%	(33%)
Weighted average number of units	12,227	11,213	9%	10,494	10,494	–	1,733	719	141%
Average rental rate per unit per month	$ 920	$ 842	9%	$ 933	$ 850	10%	$ 839	$ 733	14%
Average operating expense per unit per month	$ 370	$ 339	9%	$ 368	$ 341	8%	$ 386	$ 319	21%

	Total Portfolio			Same Asset			Acquisitions		
Six months ended March 31	2019	2018	% change	2019	2018	% change	2019	2018	% change
Rental revenue and ancillary rental income	$ 66,345	$ 55,388	20%	$ 58,350	$ 53,428	9%	$ 7,995	$ 1,960	308%
Operating expenses	25,396	22,045	15%	21,933	21,284	3%	3,463	761	355%
Net operating income	$ 40,949	$ 33,343	23%	$ 36,417	$ 32,144	13%	$ 4,532	$ 1,199	278%
Operating margin	62%	60%		62%	60%		57%	61%	
Average vacancy rate	6.6%	11.3%	(41%)	6.0%	11.2%	(46%)	10.5%	10.5%	–
Weighted average number of units	12,108	10,925	11%	10,492	10,492	–	1,616	433	273%
Average rental rate per unit per month	$ 913	$ 845	8%	$ 927	$ 849	9%	$ 825	$ 754	9%
Average operating expense per unit per month	$ 350	$ 336	4%	$ 348	$ 338	3%	$ 357	$ 293	22%

The vacancy rate decreased substantially to 6.5% in Q2 2019, down from 11.3% in Q2 2018. The average monthly rental rate increased to $920 per unit in Q2 2019, compared to $842 per unit in Q2 2018. Overall rental revenue and ancillary rental income increased 19% to $33.7 million in Q2 2019 as compared to $28.3 million in Q2 2018. This was due to the improved vacancy results and the continued growth of the Corporation's portfolio as the average number of units owned by the corporation increased by 9% over the year.

For same asset properties, which refer to properties owned by the Corporation for the entire three month and six month period ended March 31, 2019 and 2018, rental revenue increased 10% to $29.4 million in Q2 2019 as compared to $26.7 million in Q2 2018. The average monthly rental rate increased 10% to $933 per unit in Q2 2019, up from $850 per unit in Q2 2018. The vacancy rate decreased to 6.0% in Q2 2019 from 11.1% in Q2 2018, mainly due to recovery from the prolonged economic downturn, particularly in Alberta.

Mainstreet's overall operating expenses have increased 19% to $13.6 million in Q2 2019 from $11.4 million in Q2 2018, due mainly to the increased number of newly acquired units since Q2 2018.

The overall and same asset operating expenses on a per unit basis increased by 9% and 8%, respectively, over the year mainly due to increased property tax expenses and unusually harsh winter in Western Canada in Q2, which lead to higher-than-expected utility cost and one-time maintenance expenses.

As a result, overall net operating income increased 19% to $20.2 million in Q2 2019 from $16.9 million in Q2 2018, and the net operating margin remained same at 60% in both Q2 2019 and Q2 2018.

For same asset properties, net operating income increased 11% to $17.8 million in Q2 2019 from $16.0 million in Q2 2018. The net operating margin increased to 61% in Q2 2019 as compared to 60% in Q2 2018.

RENTAL OPERATIONS BY PROVINCE

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

British Columbia

Mainstreet achieved an 8% increase in rental revenue in its British Columbia portfolio in Q2 2019. The average vacancy rate increased slightly to 0.5% in Q2 2019 from 0.4% in Q2 2018. An above-average occupancy rate can be largely attributed to the overall economic performance in British Columbia, which is among the strongest in the country, according to information published by Statistics Canada. As a result, rental revenue per unit increased by 8% to $1,016 per month in Q2 2019, up from $942 per month in Q2 2018.

Operating expenses per unit increased 6% to $317 per month in Q2 2019 compared with $300 per month in Q2 2018, due mainly to increased property tax expense. In addition, the particularly harsh winter in British Columbia in Q2 2019 also caused higher-than-expected heating costs as well as higher snow removal costs. As a result, the net operating income increased 9%, and the net operating margin increased to 69% in Q2 2019 as compared to 68% in Q2 2018.

(000s of dollars except per unit data)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	**2019**	2018	% change
Rental revenue and ancillary rental income	**$ 8,385**	$ 7,775	8%	**$ 16,617**	$ 15,442	8%
Operating expenses	**2,619**	2,476	6%	**4,782**	4,956	(4%)
Net operating income	**$ 5,766**	$ 5,299	9%	**$ 11,835**	$ 10,486	13%
Weighted average number of units	**2,751**	2,750	0%	**2,751**	2,750	0%
Average rent per unit per month	**$ 1,016**	$ 942	8%	**$ 1,007**	$ 936	8%
Operating cost per unit per month	**$ 317**	$ 300	6%	**$ 290**	$ 300	(3%)
Average vacancy rate	**0.5%**	0.4%		**0.4%**	0.7%	
Operating margin	**69%**	68%		**71%**	68%	

Alberta

Mainstreet achieved growth of 9% in its Alberta portfolio in Q2 2019; the weighted average number of rental units grew to 6,720 units, compared with 6,185 units in Q2 2018. The average vacancy rate decreased to 7.5% in Q2 2019 from 14.4% in Q2 2018. The decrease in vacancy rate was due mainly to a modest recovery from a prolonged economic downturn in the province. Rental revenue per unit increased 11% to $931 per month in Q2 2019 from $841 per month in Q2 2018.

Operating expenses per unit increased 9% to $397 per month in Q2 2019 compared to $365 per month in Q2 2018 due mainly to higher property tax, and utility expense due to the unusually low temperatures in AB in Q2 2019. As a result, the net operating income increased 22%, and the net operating margin remained same at 57% in both Q2 2019 and Q2 2018.

(000s of dollars except per unit data)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	2019	2018	% change
Rental revenue and ancillary rental income	$ **18,760**	$ 15,610	20%	$ **36,975**	$ 31,129	19%
Operating expenses	**8,009**	6,775	18%	**15,141**	13,320	14%
Net operating income	$ **10,751**	$ 8,835	22%	$ **21,834**	$ 17,809	23%
Weighted average number of units	**6,720**	6,185	9%	**6,674**	6,159	8%
Average rent per unit per month	$ **931**	$ 841	11%	$ **923**	$ 842	10%
Operating cost per unit per month	$ **397**	$ 365	9%	$ **378**	$ 360	5%
Average vacancy rate	**7.5%**	14.4%		**7.6%**	14.6%	
Operating margin	**57%**	57%		**59%**	57%	

Saskatchewan

Mainstreet achieved significant growth of 21% in its Saskatchewan portfolio in Q2 2019, due mainly to the Corporation's expansion in Regina and Saskatoon markets in 2018 and 2019. The average number of rental units grew to 2,756 units in Q2 2019, compared with 2,278 units in Q2 2018. The average vacancy rate decreased to 10.2% in Q2 2019 from 15.9% in Q2 2018.

Rental revenue per unit increased to $797 per month in Q2 2019 from $723 per month in Q2 2018, as a result of improved occupancy rate in the province.

Operating expenses per unit increased 13% to $357 per month in Q2 2019, up from $316 per month in Q2 2018, due mainly to increased property taxes and utility expenses during the period. As a result, the net operating income increased 31% and the net operating margin decreased to 55% in Q2 2019 as compared to 56% in Q2 2018.

(000s of dollars except per unit data)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	2019	2018	% change
Rental revenue and ancillary rental income	$ **6,592**	$ 4,944	33%	$ **12,753**	$ 8,817	45%
Operating expenses	**2,953**	2,157	37%	**5,473**	3,769	45%
Net operating income	$ **3,639**	$ 2,787	31%	$ **7,280**	$ 5,048	44%
Weighted average number of units	**2,756**	2,278	21%	**2,684**	2,016	33%
Average rent per unit per month	$ **797**	$ 723	10%	$ **792**	$ 729	9%
Operating cost per unit per month	$ **357**	$ 316	13%	$ **340**	$ 312	9%
Average vacancy rate	**10.2%**	15.9%		**10.4%**	15.2%	
Operating margin	**55%**	56%		**57%**	57%	

POTENTIAL GROWTH IN RENTAL REVENUE UNDER OPTIMUM OPERATIONS

Management defines "optimum operations" to be when all rental units reach their respective market rates and the average vacancy rate is at 5%, except in Surrey and Abbotsford, British Columbia to which the city's current actual vacancy rate (being less than 5%) is applied.

The Corporation is not currently operating under optimum operations, mainly due to continuing weak market conditions in the Provinces of Alberta and Saskatchewan and, the stabilization and renovation of newly acquired properties and turnover suites. The Corporation believes that 5% average vacancy rate is reasonable once the Corporation completes its stabilization process of all unstabilized properties and the market conditions in the Provinces of Alberta and Saskatchewan become stabilized.

The following table indicates the potential increase in rental revenue should the Corporation operate under the optimum operating conditions as defined in the preceding paragraph, as of the quarter-end dated March 31, 2019. The determination of rental income under optimum operating conditions is calculated by taking the current market rents of the Corporation's current properties and applying an occupancy rate of 95%, except in Surrey and Abbotsford, British Columbia to which the city's current actual occupancy rate (being in excess of 95%) is applied. There is no guarantee that the Corporation will achieve an optimum vacancy rate of 5% in the near term, or ever, and the actual vacancy rate may be materially higher than the optimum vacancy rate of 5%. An increased vacancy rate would result in rental revenues which may be materially less than those shown in the table.

Accordingly, readers should not put undue reliance on the calculation of rental revenue under the optimum operating conditions.

		Stabilized properties				Unstabilized properties				
City	Total number of units	Number of stabilized units	Current net rent rate per unit per month (Note 1)	Current vacancy rate	Current market rent rate per unit per month (Note 2)	Number of unstabilized units	Current net rent rate per unit per month (Note 1)	Current vacancy rate	Current market rent rate per unit per month (Note 2)	Potential increase in rental revenue under the optimum operations
Surrey, BC	1,775	1,775	$1,034	0.34%	$1,361	–	$ –	–	$ –	$ 6,941
Abbotsford, BC	976	976	904	0.72%	1,082	–	–	–	–	2,070
Calgary, AB	2,459	1,927	1,068	4.93%	1,219	532	964	7.16%	1,157	4,603
Edmonton, AB	4,285	4,174	936	8.10%	1,039	111	869	10.81%	1,001	6,589
Saskatoon, SK	1,972	1,501	840	10.33%	1,006	471	933	9.18%	1,101	4,769
Regina, SK	866	–	–	–	–	866	865	8.78%	1,008	1,752
	12,333	10,353	$ 960	5.81%	$1,128	1,980	$ 907	8.54%	$1,065	$26,724

Note (1) – Current net rent rate per unit per month is based on actual rent charged to existing tenants less monthly concessions offered.

Note (2) – Current market rent rate per unit per month is based on actual full market rent charged to new tenants.

SUMMARY OF QUARTERLY RESULTS

(000s of dollars except per share amounts)

	Mar. 31 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017
Rental revenue								
British Columbia	**$ 8,218**	$ 8,099	$ 7,882	$ 7,782	$ 7,631	$ 7,571	$ 7,488	$ 7,399
Alberta	**18,465**	17,986	17,042	16,036	15,387	15,346	15,324	15,319
Saskatchewan	**6,518**	6,107	5,560	5,124	4,922	3,847	3,165	3,234
Total rental Revenue	**$ 33,201**	$ 32,192	$ 30,484	$ 28,942	$ 27,940	$ 26,764	$ 25,977	$ 25,952
Ancillary rental income	**536**	416	496	355	389	295	412	428
Interest income	**43**	43	112	179	134	139	141	152
Total revenue from operations	**$ 33,780**	$ 32,651	$ 31,092	$ 29,476	$ 28,463	$ 27,198	$ 26,530	$ 26,532
Fair value gain (loss)	**$ 7,305**	$ (1,308)	$ 30,544	$ 24,947	$ 7,100	$ (1,174)	$116,464	$ (17,282)
Profit (loss) from operations	**$ 12,288**	$ 5,843	$ 33,455	$ 25,002	$ 10,827	$ 3,439	$107,068	$ (10,216)
Net profit (loss) per share								
– Basic	**$ 1.36**	$ 0.66	$ 3.79	$ 2.83	$ 1.23	$ 0.39	$ 12.10	$ (1.15)
– Diluted	**$ 1.36**	$ 0.61	$ 3.50	$ 2.62	$ 1.13	$ 0.36	$ 11.21	$ (1.15)
Same assets rental and ancillary rental income								
British Columbia	**$ 8,386**	$ 8,231	$ 8,056	$ 7,899	$ 7,775	$ 7,684	$ 7,683	$ 7,523
Alberta	**17,105**	16,895	15,754	15,277	14,765	14,802	14,851	15,190
Saskatchewan	**3,882**	3,852	3,227	3,085	3,129	3,169	3,157	3,192
Total same assets rental and ancillary rental income	**$ 29,373**	$28,978	$ 27,037	$ 26,261	$25,669	$ 25,655	$ 25,691	$25,905
Same assets net operating income								
British Columbia	**$ 5,767**	$ 6,069	$ 6,737	$ 5,884	$ 5,299	$ 5,205	$ 5,647	$ 5,387
Alberta	**9,888**	10,262	9,923	9,202	8,504	8,676	9,423	9,096
Saskatchewan	**2,145**	2,287	1,847	1,760	1,750	1,786	1,859	1,976
Total same assets net operating income	**$ 17,800**	$ 18,618	$ 18,507	$ 16,846	$ 15,553	$ 15,667	$ 16,929	$ 16,459
Net operating income	**$ 20,156**	$ 20,793	$ 20,604	$ 18,274	$ 16,921	$ 16,422	$ 17,242	$ 16,620
Funds from operations of stabilized properties – Non-IFRS measurement	**$ 7,007**	$ 8,216	$ 8,103	$ 7,285	$ 6,050	$ 5,874	$ 7,434	$ 6,427
Funds from operations – Non-IFRS measurement	**$ 8,272**	$ 9,588	$ 9,696	$ 7,821	$ 6,484	$ 6,349	$ 7,607	$ 6,743
Funds from operations of stabilized properties per share – Non-IFRS measurement								
– Basic	**$ 0.78**	$ 0.93	$ 0.92	$ 0.83	$ 0.68	$ 0.67	$ 0.84	$ 0.72
– Diluted	**$ 0.78**	$ 0.86	$ 0.85	$ 0.76	$ 0.63	$ 0.62	$ 0.78	$ 0.67
Funds from operations per share – Non-IFRS measurement								
– Basic	**$ 0.92**	$ 1.09	$ 1.10	$ 0.89	$ 0.73	$ 0.72	$ 0.86	$ 0.76
– Diluted	**$ 0.92**	$ 1.00	$ 1.01	$ 0.82	$ 0.68	$ 0.67	$ 0.80	$ 0.70
Average vacancy rate								
British Columbia	**0.5%**	0.3%	0.5%	0.5%	0.4%	1.1%	0.7%	0.7%
Alberta	**7.5%**	7.8%	9.1%	11.8%	14.4%	14.7%	14.0%	13.6%
Saskatchewan	**10.2%**	10.6%	12.5%	16.1%	15.9%	14.5%	16.7%	16.9%
Total average vacancy rate	**6.5%**	6.7%	7.8%	10.0%	11.3%	11.1%	10.9%	10.6%

Highlights of the Corporation's financial results for the second quarter ended March 31, 2019:

- Rental and ancillary rental income increased to $33.7 million, compared to $32.6 million in Q1 2019 and $28.3 million in Q2 2018.
- Average vacancy rate for the quarter was 6.5%, compared to 6.7% in Q1 2019 and 11.3% in Q2 2018.
- Fair value gain for the quarter was $7.3 million, compared to a loss of $1.3 million in Q1 2019 and a gain of $7.1 million in Q2 2018.
- Funds from operations for the quarter were $8.3 million, a 13% decrease from $9.6 million in Q1 2019 and a 28% increase from $6.5 million in Q2 2018. See "Non-IFRS Measures".
- Net operating income for the quarter was $20.2 million, a 3% decrease from $20.8 million in Q1 2019 and a 19% increase from $16.9 million in Q2 2018.
- In Q2 2019, overall economic performance in British Columbia is still among the strongest in the country. As a result, British Columbia continues to achieve below 1% vacancy result and constant revenue growth. Mainstreet's Alberta and Saskatchewan market also showed strong performance outcomes in the quarter with improved same asset vacancy rate result and revenue improvement.

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 of 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 March 31, 2019, 236 properties (10,353 units) out of 326 properties (12,333 units) were stabilized. The following table summarizes the change of the Corporation's stabilized and unstabilized units since the beginning of fiscal year 2019.

	Oct. 1, 2018	%	Acquisition/ Creation	Number of units stabilized	Mar. 31, 2019	%
Stabilized Units	10,010	85%	–	343	**10,353**	84%
Unstabilized Units	1,766	15%	557	(343)	**1,980**	16%
Total Units	11,776	100%	557	–	**12,333**	100%

The following table summarizes the progress of the Corporation's stabilization progress since the beginning of fiscal year 2019.

	Oct. 1, 2018	No. of units stabilized during the period	No. of unstabilized units acquired /created during the period	Mar. 31, 2019
Numbers of unstabilized units held for renovation	1,766	(343)	557	**1,980**
Number of months				
Average time spent on stabilization	10	26	3	**11**
Estimated remaining time for stabilization	14	–	21	**13**

During the six months ended March 31, 2019, the Corporation created 2 units and acquired 196 unstabilized units in Calgary, Alberta; created 1 unit and acquired 24 unstabilized units Edmonton, Alberta; acquired 154 unstabilized units in Saskatoon, Saskatchewan; created 2 units and acquired 177 unstabilized units in Regina, Saskatchewan; and created 1 unit in Abbotsford, British Columbia. Some acquired assets required substantial renovation and had rental rates that are considered well below the market for stabilized units. The Corporation has stabilized 343 units in 2019, for which renovation work is substantially completed, resulting in rent increases to or near current market levels.

FUNDS FROM OPERATIONS OF STABILIZED PROPERTIES – NON-IFRS MEASUREMENT

For Q2 2019, FFO of Mainstreet's stabilized property portfolio amounted to $7.0 million ($0.78 per basic share and per fully diluted share). See "Non-IFRS Measures".

(000s of dollars except per share amounts)

	Three months ended March 31, 2019			Six months ended March 31, 2019		
	Stabilized properties	Non-stabilized properties	Total	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	$ 28,899	$ 4,838	$ 33,737	$ 58,612	$ 7,733	$ 66,345
Property operating expenses	11,415	2,166	13,581	21,621	3,775	25,396
Net operating income	$ 17,484	$ 2,672	$ 20,156	$ 36,991	$ 3,958	$ 40,949
Operating margin	61%	55%	60%	63%	51%	62%
Vacancy rate	6.0%	9.2%	6.5%	5.7%	11.5%	6.6%
Interest income	$ (36)	$ (7)	$ (43)	$ (73)	$ (13)	$ (86)
Other income	$ (25)	$ –	(25)	$ (235)	$ –	(235)
General & administrative expenses	2,899	435	3,334	5,583	832	6,415
Financing cost	7,585	970	8,555	15,072	1,860	16,932
Depreciation (computer and vehicle)	54	9	63	101	18	119
Funds from operations – Non-IFRS measurement	$ 7,007	$ 1,265	$ 8,272	$ 16,543	$ 1,261	$ 17,804
Depreciation			$ 62			$ 119
Fair value gain			7,305			5,997
Deferred income tax expense			3,227			5,551
Net profit and total comprehensive income			$ 12,288			$ 18,131
Funds from operations per share						
– basic	$ 0.78	$ 0.14	$ 0.92	$ 1.85	$ 0.14	$ 1.99
– diluted	$ 0.78	$ 0.14	$ 0.92	$ 1.85	$ 0.14	$ 1.99
Weighted average number of shares						
– basic			9,021,551			8,925,888
– diluted			–			–

	Three months ended March 31, 2018			Six months ended March 31, 2018		
	Stabilized properties	Non-stabilized properties	Total	Stabilized properties	Non-stabilized properties	Total
Rental and ancillary rental income	$ 25,714	$ 2,615	$ 28,329	$ 51,322	$ 4,066	$ 55,388
Property operating expenses	10,145	1,263	11,408	20,135	1,910	22,045
Net operating income	$ 15,569	$ 1,352	$ 16,921	$ 31,187	$ 2,156	$ 33,343
Operating margin	61%	52%	60%	61%	53%	60%
Vacancy rate	9.7%	18.1%	11.3%	9.9%	18.1%	11.3%
Interest income	$ (119)	$ (15)	$ (134)	$ (248)	$ (25)	$ (273)
General & administrative expenses	2,369	283	2,652	4,992	431	5,423
Financing cost	7,223	644	7,867	14,333	975	15,308
Depreciation (computer and computer)	46	6	52	88	9	97
Funds from operations – Non-IFRS measurement	$ 6,050	$ 434	$ 6,484	$ 12,022	$ 766	$ 12,788
Depreciation			$ 57			$ 113
Fair value gain			7,100			5,925
Deferred income tax expense			2,700			4,335
Net profit and total comprehensive income			$ 10,827			$ 14,265
Funds from operations per share						
– basic	$ 0.68	$ 0.05	$ 0.73	$ 1.36	$ 0.09	$ 1.45
– diluted	$ 0.63	$ 0.05	$ 0.68	$ 1.26	$ 0.08	$ 1.34
Weighted average number of shares						
– basic			8,832,305			8,832,639
– diluted			9,544,656			9,543,552

In Q2 2019, FFO of the stabilized property portfolio increased 16% to $7.0 million as compared to $6.1 million in Q2 2018, while the number of stabilized units increased 4% to 10,353 units as of March 31, 2019 compared to 9,919 units as of March 31, 2018. The increase in the FFO for stabilized properties was due to the increased number of stabilized units.

(000s of dollars)

	Three months ended March 31			Six months ended March 31		
	2019	2018	% change	2019	2018	% change
FFO of stabilized properties	**$ 7,007**	$ 6,050	16%	**$ 16,543**	$ 12,022	38%
Number of stabilized units	**10,353**	9,919	4%	**10,238**	9,913	3%

LIQUIDITY & CAPITAL RESOURCES

Working Capital Requirement

Mainstreet requires sufficient working capital to cover day-to-day operating and mortgage expenses as well as income tax payments. In Q2 2019, after payments of all required expenses, the Corporation generated funds from operations of $8.3 million.

Management expects funds generated from operations will continue to grow 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 March 31, 2019, the working capital deficiency is also managed through the available liquidity under the banking facility as well as the ongoing financing of mortgage 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 Q2 2019, the Corporation spent approximately $17.5 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 at lower interest rates.

In Q2 2019, the Corporation financed 1 clear title assets with 10-year, CMHC-insured mortgage loans for $21.7 million at an average rate of interest of 3.02%.

Subsequent to the quarter ended March 31, 2019, the Corporation financed 2 maturing mortgages and 6 clear-title properties for $37 million at an interest rate of 2.89%. The Corporation also received the second funding of $4 million of 1 clear title asset financed in Q1 2019. These refinancings raised approximately $38 million additional funds which will be used to support the Corporation's growth in its core markets.

As of March 31, 2019, the Corporation owned title to the following 45 clear title properties and three development lots having an aggregate fair value of approximately $168 million.

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

The Corporation's policy for capital risk management is to keep a debt-to-fair value of investment properties ratio under 70%. The current ratio is approximately 53%, 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 1.25%. 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 6, 2019. As at March 31, 2019, the Corporation has drawn $33.1 million (September 30, 2018 – $1.9 million) against this credit facility. The facility contains 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 March 31, 2019, the Corporation's overall funded debt to gross book value ratio and debt service coverage ratio are 53% and 1.39, respectively.

CONTRACTUAL OBLIGATIONS

As of March 31, 2019, 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 March 31, 2019 are as follows:

12 months ending March 31,	Amount
2020	$ 63,157
2021	130,212
2022	94,660
2023	50,105
2024	100,155
Subsequent	571,194
	1,009,483
Deferred financing costs	(18,540)
	$ 990,943

LONG-TERM DEBT

(000s of dollars)

		Amount	% of debt	Average (%) interest rate
Fixed rate debt				
– CMHC-insured	$	899,010	89%	2.95%
– non-CMHC-insured		85,872	9%	2.96%
Floating rate debt				
– CMHC-insured		24,601	2%	4.04%
Total debt		1,009,483	100%	2.98%
Deferred financing costs		(18,540)		
	$	990,943		

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 March 31, 2019, total mortgages payable were $991 million compared to $957 million on September 30, 2018 – an increase of 4% due to financing and acquisition activity during the six months ended March 31, 2019.

As of March 31, 2019, Management believes the Corporation's financial position to be stable, with overall mortgage levels reported at 53% of fair value of investment properties. About 92% 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 (%)
2019		2,949	1%	2.44%
2020		106,782	11%	3.26%
2021		82,687	8%	3.94%
2022		84,132	8%	3.00%
2023		100,327	10%	3.37%
Subsequent		632,606	62%	2.75%
	$	1,009,483	100%	2.98%

The average maturing term of mortgage loans is 6.26 years as of March 31, 2019, compared to 6.0 years as of September 30, 2018. Two mortgage loans totalling $3.0 million will be maturing in fiscal year 2019.

INTERNAL CONTROL

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 and 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".

During the review of the design and effectiveness of the Corporation's control system over financial reporting for the year ended September 30, 2018, Management identified certain control deficiencies that together amounted to a material weakness in its ICFR. A material weakness, as defined in National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, is a deficiency, or a combination of deficiencies, in ICFR, such that there is reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

All of the identified control deficiencies resulted from a change in the Corporation's methodology in determining the fair value of its investment properties during the 2018 fiscal year. Prior to the 2018 fiscal year, the Corporation obtained independent appraisals in respect of each of its investment properties as at the end of each fiscal year. Given the size of the Corporation's investment property portfolio, the Corporation adopted a "grouping" methodology to determine the fair value of its investment properties for the 2018 fiscal year, which resulted in grouping its investment properties in each city by their types and geographic locations. Samples were then selected in each group for independent appraisals. The appraised values of the samples selected were then compared with their appraised values as of September 30, 2017. The percentage changes in values of those samples selected were then applied to the whole population of each group in determination of the fair value of investment properties of the Corporation as of September 30, 2018. As a result of this change, any errors in the appraised value of a sample property will affect the valuation of the entire grouping and accordingly is more likely to have a material effect on the ultimate valuation of the Corporation's investment properties. Similarly, if groupings are not appropriate, the change in value of the sample properties may not be an accurate reflection of the value of the other properties in the groupings which may have a material effect on the ultimate valuation of the Corporation's investment properties.

Due to the change in methodology to determine fair value of the Corporation's investment properties and for the reasons discussed above, the following deficiencies were identified: (i) a lack of review of the impact of changes to the groupings of the properties on the ultimate valuation of the Corporation's investment properties; (ii) a lack of consideration in respect of anomalies within individual building valuations that may impact the overall valuation of a grouping of properties; and (iii) a lack of proper oversight and review of external independent valuator's work in respect of the sample properties.

Accordingly, while the Corporation's ICFR and DCP were effective for prior fiscal years prior to 2018, due to the increased materiality of each sample property valuation on each grouping and the overall valuation of the Corporation's investment properties, it was determined that additional controls and procedures were now required in reviewing the groupings of properties being used by the Corporation and the third party valuations of the sample properties.

Based on this evaluation, Management has concluded that the Corporation's ICFR was not effective at September 30, 2018 and throughout the 2019 fiscal year. Given this weakness in ICFR, Management has also identified that there is a material weakness in the Corporation's DCP and concluded that the DCP was not effective at September 30, 2018 and throughout the 2019 fiscal year.

Notwithstanding this material weakness, the Corporation has concluded that its interim and annual financial statements fairly present in all material respects the financial position, financial performance and cash flow for the periods presented in accordance with IFRS and do not contain a material misstatement.

During the 2019 fiscal year, Management has taken steps to address and remedy the identified deficiencies including finalizing the criteria used to determine the appropriate grouping for a property, assigning all current properties to a grouping, and having these groupings audited in connection with its fiscal 2018 year end audit procedures. Although there may be occasions in the future where changes are required to groupings of properties or where new properties are added to the Corporation's holdings, the initial work of creating the criteria for groupings and selecting the sample properties has now been completed and audited.

In addition, the Corporation has further taken the following additional steps to remediate the identified deficiencies, including:

(i) implementing various processes and controls to reduce the risk of potential material misstatement of the Corporation annual or interim financial statements;

(ii) implementing formal control process and procedures to properly evaluate future groupings of properties being used by the Corporation in determining fair value of its investment properties to ensure that sample properties are appropriately representative of each group, including without limitation:

(A) regularly reviewing the criteria for the Corporation's property groupings to ensure that such criteria remains appropriate and relevant;

(B) regularly reviewing the property groupings to ensure that all properties within the grouping are adequately similar;

(C) regularly reviewing the sample properties chosen for each grouping to ensure that they are appropriately representative of all properties within the grouping;

(D) prior to making any future changes to the properties within a grouping, taking such steps as are necessary to properly understand how such a change will affect the overall valuation of the Corporation's properties; and

(iii) allocating additional resources to the finance department of the Corporation's head office to ensure that staff has adequate time and resources to complete the processes and procedures set out in (ii) above and to spend additional time reviewing and analysing all independent third party valuations of sample properties to ensure that all anomalies are identified and analysed further and to identify any errors that may be present in such valuations. Although the Corporation already reviews third party valuations for these purposes, it has determined additional resources are required given the increased materiality of sample property valuations under the new sampling methodology for determining the fair value of the Corporation's investment properties.

As certain control deficiencies resulted from changes in groupings and sample properties between interim reporting periods in 2018, such control deficiencies and the corresponding material weakness is not anticipated to re-occur in future reporting periods, or in the event there are any changes, it will be on a significantly smaller scale than that seen in the initial conversion process during the 2018 financial year. However, in order to assess and conclude that such remedial steps will result in eliminating these deficiencies and result in operational effectiveness, the Corporation will need to carry out applicable testing over multiple quarterly reporting periods to ensure such deficiencies have been fully remediated and any material weakness related thereto eliminated.

No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above or prevent the incidence of other material weaknesses in the Company's DCP and ICFR in the future. Management, including the CEO and CFO, does not expect that DCP or ICFR will prevent all errors, even as the remediation measures have been implemented and improved to address the material weakness. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

Other than the remediation efforts discussed above, the Corporation has recently implemented new controls in the investment property valuation process to address previously identified deficiencies and Management will continue to perform controls testing related to these deficiencies as the financial year progresses.

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 receivable, bank indebtedness, 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, bank indebtedness, 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)

	March 31, 2019		September 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Restricted cash	$ 3,237	$ 3,237	$ 3,120	$ 3,120
Cash and cash equivalents	579	579	384	384
Trade and other receivables	1,140	1,140	824	824
Financial liabilities:				
Bank indebtedness	33,070	33,070	1,858	1,858
Mortgages payable	990,943	1,013,881	956,965	948,934
Trade and other payables	7,870	7,870	6,798	6,798
Refundable security deposits*	$ 4,669	$ 4,669	$ 4,526	$ 4,526

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

See also the Notes to the Corporation's audited consolidated financial statements for the fiscal years ended September 30, 2018 and 2017 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:

	Six months ended March 31, 2019		Year ended September 30, 2018	
	Number of common shares	Amount (000s)	Number of common shares	Amount (000s)
Issued and outstanding – beginning of the period	8,832,305	$ 24,215	8,835,964	$ 24,225
Shares purchased for cancellation	–	–	(3,659)	(10)
Exercise of stock options	549,425	2,382	–	–
Issued and outstanding – end of the period	9,381,730	$ 26,597	8,832,305	$ 24,215

All common shares share an equal right to dividends.

On May 21, 2018, Mainstreet obtained approval from the Toronto Stock Exchange ("TSX") to repurchase up to 478,664 common shares of the Corporation under a Normal Course Issuer Bid ("NCIB") commencing June 1, 2018. The current NCIB expires on May 31, 2019. The Corporation's previous NCIB expired on May 31, 2018.

During the three and six months ended March 31, 2019 and 2018, the Corporation purchased and cancelled Nil (2018 – 3,659 at an average price of $37.02) common shares under the NCIB. It is anticipated that the Corporation will make application to the TSX to renew the current NCIB upon expiration thereof.

Given the discount between its current trading share price and net asset value ("NAV"), Management believes that the re-purchase of its common shares is returning capital to shareholders in a tax-efficient manner that is accretive to NAV. Mainstreet will continue to assess on an ongoing basis as to whether increased purchases of its common shares is warranted.

STOCK OPTION

A summary of the Corporation's outstanding stock options as of March 31, 2019, and September 30, 2018 and changes during the periods are presented below:

	March 31, 2019				September 30, 2018		
Stock option	Number of shares		Weighted average exercise price		Number of shares		Weighted average exercise price
Outstanding and exercisable – beginning of the period	**822,000**	**$**	**5.51**		822,000	$	5.51
Exercised	**549,425**	**$**	**45.75**		–		–
Cancelled	**272,575**	**$**	**45.75**		–		–
Outstanding and exercisable – end of the period	–		–		822,000	$	5.51
Weighted average contractual life-years	–				0.44		
Prices	–			$	5.51		

The exercise prices of the options were to equal the market-trading price of the Corporation's common share on the date of grant. The stock options were fully vested at the time of issue. The fair value of the stock options is determined at the date of grant using the Black-Scholes Model. The assumptions used in determining the fair value of the stock options included estimated risk free interest rate; expected life of the stock options; expected volatility rate and expected dividend rate. The fair value is recognized as stock compensation expense over the vesting period of the options with a corresponding increase to contributed surplus. Any consideration received by the Corporation on exercise of stock options is credited to share capital as well as the amounts previously credited to contributed surplus for services rendered that were charged to compensation cost.

During the three and six months ended March 31, 2019, four officers and directors of the Corporation exercised options to purchase 272,575 common shares on a cash settlement alternative basis whereby the Corporation paid to these officers and directors an amount of $7.9 million representing the in-the-money value of the options on the dates of exercise (being the difference between the weighted average closing price of the common shares of the Corporation on the dates of exercise and the exercise prices of the options multiplied by the number of common shares exercised on such basis) and cancelled the stock options. The amounts paid to the officers and directors were recognized as a stock option settlement change in the statement of changes in equity. As a result of the foregoing, 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 stock option plan and as a result of the foregoing exercise of all remaining issued and outstanding stock options, the Corporation's stock option plan has now expired.

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 and March 29, 2019. The Right Plan was amended to extend the time for a take-over bid to be taken up from 120 days to 105 days to coincide with recent changes to securities law related to take-over bids, expand the definition of "Convertible Securities" to include any securities issued by the corporation carrying an exercise, conversion or exchange right pursuant to which the holder thereof may acquire Common Shares, amend the definition of "Expiration Time" from 2019 to 2022, amend the definition of "Permitted Lock Up Agreement" to reflect best practices and institutional shareholder services recommendations in respect of shareholder rights plans, amend the definition of "Acting Jointly or in Concert" to better align the same with current securities legislation and make certain amendments relating to the right's agent duties and procedures to change the Right to Agent. The Rights Plan will expire at the termination of the annual general meeting of shareholders of the Corporation, scheduled 2022 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 4 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 are outlined in Note 12 to 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 amount of temporary differences between the carrying value of the assets and liabilities versus the tax basis values and the future income tax rate at which these differences will be realized.

Actual results could differ from estimates.

New accounting policies and changes to accounting policies

The new IFRS policies which are effective for annual periods beginning on or after January 1, 2019 are discussed below.

IFRS 9 – Financial Instruments – Effective for periods beginning on or after January 1, 2019

The Corporation has applied IFRS 9 "Financial Instruments". The new standard replaced the former multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 also introduces an expected loss impairment model for all financial assets not measured at fair value through profit or loss ("FVTPL") that requires recognition of expected credit losses. The Corporation adopted IFRS 9 retrospectively and the implementation did not have material impact on its interim condensed consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers – Effective for periods beginning on or after January 1, 2019

The Corporation has applied IFRS 15 "Revenue from Contracts with Customers". IFRS 15 was issued in May 2014 and replaced IAS 11 "Construction Contracts", IAS 18 "Revenue Recognition", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 provides a single and comprehensive revenue recognition model. The Corporation evaluated its relevant contracts for the following key areas, but not limited to, laundry, cable and telephone providers, and common area maintenance recoveries. The Corporation has determined that the pattern of revenue recognition remains unchanged following the adoption of IFRS 15, however, additional note disclosure has been added to Note 8.

Certain new IFRSs which are related to accounting periods beginning on January 1, 2019 or later are not expected to have a significant effect on the interim condensed consolidated financial statements. The following accounting policies have not been adopted by Mainstreet.

IFRS 16 – Leases – Effective for periods beginning on or after January 1, 2019

The new standard on leases supersedes IAS 17, Leases and related interpretations. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. From a lessee perspective, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17. From a lessor perspective, the accounting remains similar to current practice of classifying leases as finance and operating leases. The Corporation is currently evaluating the impact of this new standard on its financial statements.

Transactions with Related Parties

a) The President and Chief Executive Officer receives commissions at commercial rates in his capacity as a licensed broker for the property transactions conducted by the Corporation in its normal course of business. Commissions are determined on an exchange value basis. Except in limited circumstance, these commissions are generally incurred or paid by the other selling party or parties to the transaction. The commissions received during the three and six months ended March 31, 2019 amounted to $61,500 (2018 – $41,745) and $149,336 (2018 – $806,745) respectively and formed part of the President and Chief Executive Officer's total remuneration for the year.

b) The Corporation paid legal fees, professional fees and reimbursements for the three and six months ended March 31, 2019 amounting to $39,512 (2018 – $39,344) and $191,640 (2018 – $95,344) to a law firm of which a director and officer of the Corporation is a partner. As at March 31, 2019, the amounts payable to the law firm were $342 (2018 – $3,727). 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

No off balance sheet arrangement was made by the Corporation for 2018.

Subsequent Events

Subsequent to March 31, 2019, the Corporation acquired 288 residential units and one freestanding commercial house in the province of Alberta and Saskatchewan for a total consideration of $41.5 million.

Subsequent to the quarter ended March 31, 2019, the Corporation financed 2 maturing mortgages and 6 clear-title properties for $37 million at an interest rate of 2.89%. The Corporation also received the second funding of $4 million of 1 clear title asset financed in Q1 2019. These refinancings raised approximately $38 million additional funds which will be used to support the Corporation's growth in its core markets.

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.

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, stock 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.

The slowing of Western Canada's economic growth rate has filtered through to weaker employment prospects in the Prairie Provinces, 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. Still unknown is the impact of various recently enacted or pending government initiatives, including the effect on employment resulting from the minimum wage increase in Alberta effective October 1, 2019 to $15.00 an hour; or increases to operating costs resulting from the carbon tax in Alberta, similar federal tax legislation and the implementation of new climate change plans at both the provincial and federal government levels.

Interest Risk

Mainstreet is exposed to interest rate risk to the extent of any upward revision in prime lending rates. Mortgages totalling $3.0 million are subject to renewal before the financial year ending September 30, 2019. Increases in the interest rate have the potential to adversely affect the profitability of the Corporation. The Corporation attempts to mitigate this risk by staggering the maturity dates of its mortgages. The majority of Mainstreet's mortgages are insured by 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, significantly reducing the possibility of a lender calling a loan prematurely. A 1% change in the prime lending rate would have resulted in a change of $144,180 in interest expense of the floating rate debt for the three months ended March 31, 2019.

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 other forms of direct and indirect "taxes" imposed by various municipalities. In addition, the implementation of a carbon tax by the Government of Alberta has increased the costs of natural gas to $1.52 per gigajoule ("GJ") in 2019. 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 rate protected natural gas contract with a maturity date of November 30, 2019 that caps future natural gas costs at $3.50 per GJ in Alberta, but permits the Corporation to purchase natural gas at lower market rates. 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 re-valuations of municipal properties and their inherent tax rates. These re-valuations may result in significant increases in some property assessments due to enhancements, which often are not represented on the Corporation's balance sheet as such representations are contrary to existing IFRS reporting standards. To address these risks, the Corporation has a team of property reviewers who, with the assistance of outside consultants, constantly review property tax assessments and, if warranted, appeal them. While it is not unusual for the Corporation to receive property tax refunds and / or adjustments, due to uncertainty of the timing and the amount of the refunds or adjustments, these amounts are only reported when they are actually received.

Risks of Real Estate Property Ownership

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

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

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

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

Renovation Risks

The Corporation is subject to the financial risk of having unoccupied units during extended periods of renovations. During renovations, these properties are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real estate property regardless of whether the property is producing revenue. Delays in the renovation of a building or individual apartment units as a result of labour 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 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.

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 tenants' rent is due at the beginning of the month, all amounts in accounts receivable are considered overdue by the Corporation. As of March 31, 2019, rents due from current tenants amounted to $330,000 (September 30, 2018 – $371,000). The possibility of not receiving payment of rent due from current tenants was covered by security deposits of $4.7 million (September 30, 2018 – $4.5 million) and provisions for bad debts of $140,000 (September 30, 2018 – $140,000).

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

Liquidity Risk

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

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.

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.

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.

Market Risks

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

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

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

Acquisitions Risks

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

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. 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 if advisable.

Cyber Security Risk

Cyber security has become an increasingly issue for corporations and businesses. A cyber-attack is an intentional attack which can include gaining unauthorized access to information systems to disrupt business operations, corrupt data or steal confidential information. 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-attack can be totally avoided due to ever increasing sophistication of all forms of cyber-attacks.

Climate Change Risk

There is growing concern from members of the scientific community and the general public 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. 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 and increases in the costs of insurance if they result in significant loss of property or other insurable damage.

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 very 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, 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

Increases in real estate taxes and income, service and transfer taxes, or introductions of new taxes such as Alberta's recently enacted carbon tax, cannot always be passed through to residents or users in the form of higher rents, and may adversely affect the Corporation's operating expenses and to pay amounts due on its debt. Similarly, changes or interpretations of existing laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which could have a material adverse effect on the Corporation. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multifamily housing may reduce rental revenues or increase operating costs.

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 and Saskatchewan. 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 current guideline amount is 2.5%. When a unit is vacant, however, the landlord is entitled to lease the unit to a new tenant at any 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.

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.

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 "Related Party Transactions" above.

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.

CHALLENGES

Negative macroeconomic forces remain the Corporation's biggest challenge. The Bank of Canada in April put a hold on plans to raise interest rates in the near term, after recent economic data showed Canadian GDP growth had fallen below 1%. Adding to these domestic worries are fears of a wider global recession amid international trade disputes, slower economic growth in China and stock market volatility.

Rising operating costs also pose a challenge. While the political situation in Alberta has shifted, operating costs in the Province remain higher due to a number of policies introduced by the former government, including increased minimum wages, and carbon taxes, which raise heating costs for property owners. In addition, a hike in municipal property taxes and continued and aggressive stabilization of residential units will also continue to raise operating costs for the Corporation until they are stabilized.

And, despite the decision to hold interest rates in April, many analysts are predicting that the Bank of Canada is still set to gradually raise its overnight interest rate through 2019 and 2020 which would increase the cost of Mainstreet's future debt.

Management also believes negative macro economic forces could likewise have caused short positions in respect of the trading of Mainstreet common stock. Management believe this is partly responsible for Mainstreet share price continuing to trade well below its true net asset value of the Corporation.

Lastly, commodity prices have been on the rise since the beginning of 2019, but remain volatile amid a lack of pipeline capacity in Alberta and Saskatchewan. Ongoing complications in Canada's regulatory and legal regime have halted progress on several large pipeline projects, including the Trans Mountain expansion project now owned by the federal government. Such delays have led to depressed prices for Canadian crude oil. Management believes this regulatory and legal failure could lead to a broader cooling off in the investment climate in Canada, and could continue to hamper the Corporation's business competitiveness relative to other jurisdictions.

OUTLOOK

As Mainstreet enters the second half of the fiscal year, Management sees plenty of unique opportunities to pursue our countercyclical growth strategy. In particular, the Corporation sees the potential for more acquisitions in 2019, supported by a drop in 10-year interest rates, immigration growth, and stricter stress tests for mortgages that are expected to push more people into the rental market. Mainstreet already took advantage of these cheaper buying opportunities when it recently acquired a property in Saskatoon for just $50,000 per apartment unit, for example. Similar to last year, it will also continue aggressive stabilization strategy, which should further grow top-line revenues and NOI, particularly amid a gradually recovering economy. In addition, Mainstreet anticipates that the performance of our BC portfolio, which accounts for approximately 23% of Mainstreet's portfolio, will continue to grow through rent increases.

Meanwhile, the Corporation's core markets continue to show promising migration numbers. In-migration into Alberta nearly doubled to 9,196 in Q4 2018, up from 4,838 in Q4 2017, according to Government of Alberta data. In-migration into Saskatchewan also doubled over the same period from 605 to 1,248.

Also better in-migration numbers could be compounded by a rising number of foreign students entering Canada. The number of international students in Canada has nearly tripled to 572,000 over the last 20 years, according to the most recent data from Statistics Canada—a growth rate that is three times higher than enrollment numbers by Canadian students over the last two decades. Canada now boasts the second-highest level of foreign student enrollments in the world on a per capita basis.

Better student enrolment numbers come as labour indicators remain between stable and slightly improved. Alberta's unemployment rate was 6.9% in March 2019, up slightly from 6.4% a year earlier. Saskatchewan unemployment dropped to 4.9% in March 2019—the lowest since August 2015, according to Statistics Canada.

Mainstreet believes these positive indicators have in turn helped return the rental market closer to balance. Rental markets have been oversupplied in recent years following a rapid build out of condominiums during years of high economic growth, which then spilled over into the broader rental space. However, Mainstreet sees this trend gradually reversing as new tenants continue to absorb that oversupply.

Mainstreet also believes that broader market volatility in turn creates areas of opportunity for Mainstreet Management believe that, mid-market rental rate, with a price-point average between $900 and $1,000, is perfectly positioned to attract would-be renters in today's market. Renters tend to favour mid-market prices during times of economic uncertainty as they defer major investments like new homes. Mainstreet believes it is uniquely positioned to capture workers, students and new migrants within this lower bracket.

Management believes this trend among first-time buyers (who usually come out of the overall rental pool) are underscored by tighter borrowing requirements under the Office of the Superintendent of Financial Institutions, announced in 2017, which will make it more difficult for first-time homebuyers to secure financing. Management sees this trend as generally supportive of the rental market. The Bank of Canada estimates the new rules could disqualify as much as 10% of new buyers every year.

RUNWAY ON EXISTING PORTFOLIO

1) Closing the NOI gap: In Q2 2019, 16% of the Mainstreet portfolio was going through the stabilization process, even as it achieved lower overall vacancy rates compared to 2018. This inherent challenge in Mainstreet's business model is further increased by its record-high volume of acquisitions in recent years, which causes higher rates of unstabilized properties that decreases NOI, FFO and margins. However, Mainstreet sees plenty of opportunity to lower that imbalance when the Corporation enters the second half of fiscal 2019.
2) Pursuing 100% organic, non-dilutive growth model: Using its strong potential liquidity position of approximately $100 million, Mainstreet believes there is significant opportunity to continue acquiring new assets at low cost. Mainstreet also believes its business strategy will allow the Corporation to continue to improve NOI and FFO while improving quality of living standards for middle class Canadians in Mainstreet's market.
3) Buying back common shares at a discount to NAV: Management believes MEQ shares continue to trade well below NAV. The Corporation will therefore continue to buy back its own common shares on an opportunistic basis under its normal course issuer bid or any renewal thereof.

ADDITIONAL INFORMATION

Additional information about Mainstreet is available on the Corporation's website at www.mainst.biz and on Sedar at www.sedar.com.