

**FLAGSHIP COMMUNITIES REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
**(in US Dollars)**

**Flagship Communities Real Estate Investment Trust**  
**Condensed Consolidated Interim Statements of Financial Position (Unaudited)**  
*(In thousands of US dollars)*

	Note	March 31, 2023	December 31, 2022 (Audited)
<b>Current Assets</b>			
Cash and cash equivalents		\$ 24,881	\$ 16,926
Tenant and other receivables, net	4	1,114	873
Prepays and other assets	5	2,460	2,844
Lender escrow deposits	6	3,133	2,295
<b>Total current assets</b>		<b>31,588</b>	<b>22,938</b>
Other non-current assets	7	900	100
Investment properties	8, 23	790,651	770,043
Property and equipment, net	9	3,896	3,727
Note receivable - related party	16	2,460	2,460
		<b>797,907</b>	<b>776,330</b>
<b>Total Assets</b>		<b>\$ 829,495</b>	<b>\$ 799,268</b>
<b>Current Liabilities</b>			
Trade and other payables		\$ 617	\$ 409
Line of credit	10	-	10,000
Other liabilities	11	10,379	9,711
Mortgages payable, net	12	738	732
<b>Total current liabilities</b>		<b>11,734</b>	<b>20,852</b>
Mortgages payable, net	12	331,421	331,830
Class B Units	13, 23	94,990	88,785
Other non-current liabilities	14	105	56
		<b>426,516</b>	<b>420,671</b>
<b>Total Liabilities</b>		<b>438,250</b>	<b>441,523</b>
<b>Unitholders' Equity</b>			
Unitholder's equity	15	391,245	357,745
<b>Total Liabilities and Unitholders' Equity</b>		<b>\$ 829,495</b>	<b>\$ 799,268</b>

*See accompanying notes to the condensed consolidated interim financial statements.*

**Flagship Communities Real Estate Investment Trust**  
**Condensed Consolidated Interim Statements of Net Income and Comprehensive Income (Unaudited)**  
*(In thousands of US dollars)*

	Note	For the three months ended March 31,	
		2023	2022
Rental revenue and related income	17	\$ 16,758	\$ 13,693
Property operating expenses	18	5,640	4,435
<b>Net operating income</b>		<b>11,118</b>	<b>9,258</b>
<b>Other Expenses/(Income)</b>			
General and administrative	19	2,147	1,749
Finance costs from operations	20	3,389	2,234
Accretion of mark-to-market adjustment on mortgages payable	12	(257)	(257)
Depreciation	9	88	67
Other (income)		(64)	(33)
Fair value adjustment - Class B Units	13	3,950	3,184
Distributions on Class B Units		768	730
Fair value adjustment - investment properties	8	(15,163)	(851)
Fair value adjustment - unit based compensation	22	45	2
<b>Net Income and Comprehensive Income</b>		<b>\$ 16,215</b>	<b>\$ 2,433</b>

*See accompanying notes to the condensed consolidated interim financial statements.*

**Flagship Communities Real Estate Investment Trust**  
**Condensed Consolidated Interim Statements of Changes in Unitholders' Equity (Unaudited)**  
*(In thousands of US dollars)*

	Note	Units		Units	Distributions	Cumulative Net Income	Total Unitholders' Equity
<b>Balance, December 31, 2021</b>		<b>14,141,185</b>	<b>\$</b>	<b>221,489</b>	<b>\$ (6,141)</b>	<b>\$ 107,346</b>	<b>\$ 322,694</b>
Net income and comprehensive income		-		-	-	2,433	2,433
Distributions	15	-		-	(1,892)	-	(1,892)
<b>Balance, March 31, 2022</b>		<b>14,141,185</b>	<b>\$</b>	<b>221,489</b>	<b>\$ (8,033)</b>	<b>\$ 109,779</b>	<b>\$ 323,235</b>
<b>Balance, December 31, 2022</b>		<b>14,141,185</b>	<b>\$</b>	<b>221,489</b>	<b>\$ (13,772)</b>	<b>\$ 150,028</b>	<b>\$ 357,745</b>
Units issued, net of issuance costs	15	1,176,471		19,325	-	-	19,325
Net income and comprehensive income		-		-	-	16,215	16,215
Distributions	15	-		-	(2,040)	-	(2,040)
<b>Balance, March 31, 2023</b>		<b>15,317,656</b>	<b>\$</b>	<b>240,814</b>	<b>\$ (15,812)</b>	<b>\$ 166,243</b>	<b>\$ 391,245</b>

*See accompanying notes to the condensed consolidated interim financial statements.*

**Flagship Communities Real Estate Investment Trust**  
**Condensed Consolidated Interim Statements of Cash Flows (Unaudited)**  
*(In thousands of US dollars)*

		<b>For the three months ended March 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flow provided by operating activities</b>			
Net income and comprehensive income		\$ 16,215	\$ 2,433
Add (deduct):			
Unit based compensation		145	68
Finance costs from operations		3,389	2,234
Accretion of mark-to-market adjustment on mortgages payable		(257)	(257)
Depreciation		88	67
Loss on sale of property and equipment		16	-
Interest received		(46)	(18)
Fair value adjustments		(11,168)	2,335
Distributions declared on Class B Units		768	730
Change in non-cash working capital	25	(71)	(1,512)
		<b>9,079</b>	<b>6,080</b>
<b>Cash flow provided by financing activities</b>			
Proceeds from issuance of Units, net of costs		19,325	-
Distributions paid to Unitholders		(1,985)	(1,892)
Distributions paid to Class B Unitholders		(768)	(728)
Change in line of credit		(10,000)	-
Proceeds from mortgages payable		-	9,049
Issuance costs associated with financing activities		-	(131)
Repayment of mortgages payable		(185)	(125)
Interest paid		(3,294)	(2,234)
		<b>3,093</b>	<b>3,939</b>
<b>Cash flow (used in) investing activities</b>			
Cash paid for investment property acquisitions		(54)	(7,535)
Cash paid for other non-current assets		(800)	(905)
Cash received for investment property disposal		650	409
Capital expenditures on investment properties		(3,786)	(2,133)
Cash paid for property and equipment		(279)	(187)
Cash received for property and equipment disposal		6	-
Interest received		46	18
		<b>(4,217)</b>	<b>(10,333)</b>
<b>Increase in cash and cash equivalents</b>		<b>7,955</b>	<b>(314)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>16,926</b>	<b>15,451</b>
<b>Cash and cash equivalents, ending of period</b>		<b>\$ 24,881</b>	<b>\$ 15,137</b>

*See accompanying notes to the condensed consolidated interim financial statements.*

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

*(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)*

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### 1. Nature of Operations

Flagship Communities Real Estate Investment Trust (the “REIT” or the “Trust”) is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. The registered office of the REIT is located at 199 Bay Street, Suite 4000, Toronto, ON, M5L 1A9. The head office of the REIT is located at 467 Erlanger Road, Erlanger, Kentucky 41018, United States.

The REIT was formed for the purpose of owning and operating a portfolio of income-producing manufactured housing communities (“MHCs”) located in the United States.

The REIT was formed on August 12, 2020 and the operations of the REIT commenced on October 7, 2020, when it completed an initial public offering (“IPO”) of 6,250,000 trust units (“Units”) for gross proceeds of \$93,750 or approximately \$85,255 net of underwriters’ fees and other issuance costs.

The Units of the REIT trade on the Toronto Stock Exchange in U.S. dollars under the symbol “MHC.U” and in Canadian dollars under the symbol “MHC.UN”.

As at March 31, 2023, the REIT owns 70 (December 31, 2022 - 69) MHCs located across Arkansas, Illinois, Indiana, Kentucky, Missouri, Ohio, and Tennessee.

### 2. Basis of Presentation

#### (A) Statement of compliance

The condensed consolidated interim financial statements of the REIT have been prepared by management in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements were approved by the Board of Trustees on May 09, 2023.

#### (B) Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for investment properties, class B units (“Class B Units”) of the REIT’s subsidiary, Flagship Operating, LLC, restricted units (“RUs”) and deferred trust units (“DTUs”), which have been measured at fair value.

The condensed consolidated interim financial statements are presented in thousands of U.S. dollars, which is the REIT’s functional currency.

#### (C) Principles of consolidation

The REIT consolidates its interest in entities in which it has control. Control is defined by the power to govern an entity’s financial and operating policies so as to be able to obtain benefits from its activities. These condensed consolidated interim financial statements comprise the financial statements of the REIT and its subsidiaries, including, Flagship Operating GP, LLC, which owns Legacy Properties GP, LLC and Flagship Properties, LLC. Subsidiaries are entities controlled by the REIT. The financial statements of the subsidiaries are prepared for the same reporting periods as the REIT using consistent accounting policies. All intercompany balances, transactions and unrealized (gains) losses arising from intercompany transactions are eliminated upon consolidation.

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

### 3. Significant Accounting Policies

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS, as issued by the IASB. The condensed consolidated interim financial statements follow the same accounting policies as described in the consolidated financial statements for the year ended December 31, 2022. There have been no changes to significant accounting policies.

### 4. Tenant and Other Receivables, Net

	As at March 31, 2023	As at December 31, 2022
Tenant receivables	\$ 632	\$ 717
Other receivables	520	266
Allowance for doubtful accounts	(38)	(110)
<b>Total</b>	<b>\$ 1,114</b>	<b>\$ 873</b>

The change in expected credit loss provision of tenant and other receivables was as follows:

	For the three months ended March 31, 2023	For the year ended December 31, 2022
<b>Allowance for doubtful accounts, opening balance</b>	<b>\$ 110</b>	<b>\$ 36</b>
Change in expected credit loss provision	(72)	74
<b>Allowance for doubtful accounts, ending balance</b>	<b>\$ 38</b>	<b>\$ 110</b>

Tenant receivables include lot rent, utilities, miscellaneous fees, and other recoverable charges. An allowance for credit losses is maintained for estimated losses resulting from the inability of tenants to meet obligations under lease agreements. The REIT actively reviews receivables and determines the potentially uncollectible accounts on a per-tenant basis. A tenant receivable is written down to its estimated realizable value when the REIT has reason to believe that the tenant will not be able to fulfill its obligations under the lease agreement.

### 5. Prepaids and Other Assets

The REIT's prepaids and other assets consist of the following:

	Note	As at March 31, 2023	As at December 31, 2022
Prepaid insurance		\$ 931	\$ 1,336
Deferred issuance costs	15	475	475
Other prepaids and deposits		1,054	1,033
<b>Total</b>		<b>\$ 2,460</b>	<b>\$ 2,844</b>

### 6. Lender Escrow Deposits

Escrows for real estate taxes, insurance, and capital repairs are maintained under the control of the mortgagor for payment on behalf of the REIT. As at March 31, 2023 and December 31, 2022, the REIT had lender escrow deposits of \$3,133 and \$2,295, respectively.

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

### 7. Other Non-Current Assets

Other non-current assets are funds held in escrow for future investment property acquisitions. As at March 31, 2023 and December 31, 2022, the REIT had other non-current assets of \$900 and \$100, respectively.

### 8. Investment Properties

A reconciliation of the carrying value for investment properties at the beginning and end of the reporting period is set out below:

	For the three months ended March 31, 2023	For the year ended December 31, 2022
<b>Investment properties, opening balance</b>	<b>\$ 770,043</b>	<b>\$ 670,523</b>
Capital expenditures	3,786	16,095
Acquisition of investment properties (1)	2,309	77,300
Disposal of investment properties (2)	(650)	(1,827)
Fair value adjustment - investment properties	15,163	7,952
<b>Investment properties, ending balance</b>	<b>\$ 790,651</b>	<b>\$ 770,043</b>

During the three months ended March 31, 2023, the REIT had the following investment property activity:

- (1) On February 28, 2023, the REIT acquired a 20-acre manufactured housing resort community from a related party, Empower Park, LLC ("Empower"), for \$16 and 120,598 Class B Units. Investment property acquired totaled \$2,309.
- (2) During the three months ended March 31, 2023 the REIT disposed of 34 rental homes totaling \$650. Disposal of these rental homes was at fair value resulting in no (gain) loss recognized in the consolidated statements of net income and comprehensive income.

During the three months ended March 31, 2022, the REIT had the following investment property activity:

- (1) On February 15, 2022, the REIT acquired a 13-acre manufactured housing resort community from a related party, Empower, for \$7,533 and 37,448 Class B Units. Investment property acquired totaled \$8,238.
- (2) During the three months ended March 31, 2022 the REIT disposed of 29 rental homes totaling \$409. Disposal of these rental homes was at fair value resulting in no (gain) loss recognized in the consolidated statements of net income and comprehensive income.

The REIT used a combination of internal valuation methodologies and external appraisals to value the investment properties as at March 31, 2023 and December 31, 2022.

A significant change in occupancy rates, rents or capitalization rates per annum would result in a significant change in the fair value of the MHCs.

Due to elevated estimation uncertainty as a result of the current economic environment the REIT monitors market trends and changes in the economic environment on the valuation of its investment properties. If there are changes in the critical and key assumptions used in valuing the investment properties, in regional, national or international economic conditions, including but not limited to heightened inflation, rising interest rates, general economic slowdown or significant residual effects of the COVID-19 pandemic, the fair value of investment properties may change materially.

Key metrics of the capitalization rates applicable to the REIT's MHCs were as follows:



## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

Capitalization Rates	As at March 31, 2023	As at December 31, 2022
High	7.00 %	7.00 %
Low	4.50 %	4.50 %
Weighted Average	4.80 %	4.80 %
% Change		
+ 0.025	4.99 %	4.99 %
- 0.025	(5.54) %	(5.54) %
\$ Change		
+ 0.025	\$37,493	\$36,499
- 0.025	(\$41,673)	(\$40,569)

### 9. Property and Equipment, Net

	Autos & Trucks	Equipment - Office and Maintenance	Furniture and Fixtures	Head Office Building and Land	Farm Land and Improvements	Total
<b>Cost</b>						
As at December 31, 2021	\$ 144	\$ 1,434	\$ 19	\$ 782	\$ 339	\$ 2,718
Additions	1	776	142	411	191	1,521
Disposals	(26)	-	-	-	-	(26)
As at December 31, 2022	\$ 119	\$ 2,210	\$ 161	\$ 1,193	\$ 530	\$ 4,213
Additions	61	154	54	-	10	279
Disposals	(25)	-	-	-	-	(25)
As at March 31, 2023	\$ 155	\$ 2,364	\$ 215	\$ 1,193	\$ 540	\$ 4,467
<b>Accumulated depreciation</b>						
As at December 31, 2021	\$ 4	\$ 180	\$ -	\$ 11	\$ 3	\$ 198
Additions	16	230	12	27	5	290
Disposals	(2)	-	-	-	-	(2)
As at December 31, 2022	\$ 18	\$ 410	\$ 12	\$ 38	\$ 8	\$ 486
Additions	\$ 4	70	6	6	2	88
Disposals	(3)	-	-	-	-	(3)
As at March 31, 2023	\$ 19	\$ 480	\$ 18	\$ 44	\$ 10	\$ 571
<b>Net book value</b>						
As at December 31, 2021	\$ 140	\$ 1,254	\$ 19	\$ 771	\$ 336	\$ 2,520
As at December 31, 2022	\$ 101	\$ 1,800	\$ 149	\$ 1,155	\$ 522	\$ 3,727
As at March 31, 2023	\$ 136	\$ 1,884	\$ 197	\$ 1,149	\$ 530	\$ 3,896

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

### 10. Line of Credit

On May 12, 2021 the REIT entered into a revolving line of credit ("Line of Credit"), secured by the investment property of two MHCs, for \$5,000.

On December 22, 2022 the REIT renewed the Line of Credit, increasing the Line of Credit by \$5,000, and adding two additional resort communities as collateral, taking the total available capacity to \$10,000.

The Line of Credit matures on December 23, 2025 and incurs interest at Prime plus 0.50%. As at March 31, 2023 and December 31, 2022 there was \$Nil and \$10,000 outstanding on the Line of Credit and unamortized deferred issuance costs were \$55 and \$57, respectively. The Line of Credit requires the REIT to comply with various covenants all of which the REIT was in compliance with as at March 31, 2023.

### 11. Other Liabilities

	As at March 31, 2023	As at December 31, 2022
Property related accruals	\$ 2,671	\$ 2,816
Finance costs payable	702	601
Tenant security deposits	3,041	2,903
Distributions payable	973	918
Unearned revenue	2,396	2,018
Unit based compensation payable	596	455
<b>Total</b>	<b>\$ 10,379</b>	<b>\$ 9,711</b>

### 12. Mortgages Payable, Net

Mortgages payable are shown net of unamortized mark-to-market adjustments and unamortized deferred issuance costs. The balances are as follows:

	As at March 31, 2023	As at December 31, 2022
Mortgages payable	\$ 329,511	\$ 329,696
Unamortized mark-to market adjustment	4,543	4,800
Unamortized deferred issuance costs	(1,895)	(1,934)
<b>Total mortgages payable</b>	<b>332,159</b>	<b>332,562</b>
Less: current portion	(738)	(732)
<b>Amount classified as non-current portion</b>	<b>\$ 331,421</b>	<b>\$ 331,830</b>

The REIT's weighted average contractual annual interest rate on its mortgages payable as at both March 31, 2023 and December 31, 2022 was approximately 3.78%, which excludes the impact of the amortization of the mark-to-market adjustment and amortization of deferred issuance costs

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

The mortgages payable balances as at March 31, 2023, excluding unamortized mark-to-market adjustments and unamortized deferred issuance costs, are due as follows:

<b>For the year ended December 31,</b>	<b>Principal payments</b>
2023	\$ 605
2024	772
2025	820
2026	867
2027	1,269
Thereafter	325,178
<b>Total</b>	<b>\$ 329,511</b>

The REIT's mortgages payable contains customary representations, warranties, and events of default, which require the REIT to comply with affirmative and negative covenants. As at March 31, 2023, the REIT was in compliance with all financial covenants relating to its mortgages payable.

Cash flows and non-cash changes related to the mortgages payable, net are as follows:

	<b>For the three months ended March 31, 2023</b>	<b>For the year ended December 31, 2022</b>
<b>Mortgages payable, net, opening balance</b>	<b>\$ 332,562</b>	<b>\$ 259,111</b>
<i>Cash Flows</i>		
Proceeds from mortgages payable	-	59,460
Issuance costs associated with financing activities	-	(1,355)
Repayment of mortgages payable	<b>(185)</b>	<b>(594)</b>
	<b>332,377</b>	<b>316,622</b>
<i>Non-Cash Changes</i>		
Acquisition of investment property (Note 8)	-	16,909
Accretion of mark-to-market adjustment on mortgages payable	<b>(257)</b>	<b>(1,029)</b>
Amortization of deferred issuance costs	<b>39</b>	<b>60</b>
<b>Mortgages payable, net, ending balance</b>	<b>\$ 332,159</b>	<b>\$ 332,562</b>

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)

### 13. Class B Units

The fair value as at March 31, 2023 and December 31, 2022 was calculated using the Unit closing price.

As at both March 31, 2023 and December 31, 2022, distributions payable on Class B Units was \$256.

For the periods presented, the following table presents the outstanding Class B Units and the change in fair value of the Class B Units.

	Class B Units		Value
<b>Class B Units, December 31, 2021</b>	<b>5,432,940</b>	<b>\$</b>	<b>104,856</b>
Class B units issued (Note 8)	37,448		697
Class B units redeemed	(3,357)		(54)
Fair value adjustment	-		(16,714)
<b>Class B Units, December 31, 2022</b>	<b>5,467,031</b>	<b>\$</b>	<b>88,785</b>
Class B units issued (Note 8)	120,598		2,255
Fair value adjustment	-		3,950
<b>Class B Units, March 31, 2023</b>	<b>5,587,629</b>	<b>\$</b>	<b>94,990</b>

### 14. Other Non-Current Liabilities

Other non-current liabilities consists of unvested RUs. The REIT does not have any RUs settling in the next 12 months. As at March 31, 2023 and December 31, 2022, the REIT had other non-current liabilities of \$105 and \$56, respectively.

### 15. Unitholders' Equity

The REIT is authorized to issue an unlimited number of Units. Units are ordinary trust units of the REIT, each of which represents a unitholders' proportionate undivided beneficial interest and voting rights in the REIT.

	Number of Units		Value
<b>Units outstanding, December 31, 2021</b>	<b>14,141,185</b>	<b>\$</b>	<b>221,489</b>
<b>Units outstanding, December 31, 2022</b>	<b>14,141,185</b>		<b>221,489</b>
Units issued on ATM offering closed March 22, 2023 (3)	1,176,471		20,000
Less: issuance costs (4)			(675)
<b>Units outstanding, March 31, 2023</b>	<b>15,317,656</b>	<b>\$</b>	<b>240,814</b>

Transaction costs relating to equity offerings and over-allotment options were charged directly to transaction expense.

- (1) On May 17, 2022, the REIT filed a supplement to its base shelf prospectus, dated May 7, 2021, and entered into an equity distribution agreement for the purpose of completing at-the-market equity offering(s) (the "ATM Offering"). Pursuant to the ATM Offering, the REIT may issue Units, from time to time, up to an aggregate amount of \$50,000. As at March 31, 2023 and December 31, 2022 the REIT has issued 1,176,471 and Nil Units under the ATM Offering and related deferred issuance costs were \$285 and \$475.
- (2) On November 14, 2022 the REIT announced that the Board of Trustees approved a 5% increase to its cash distribution to unitholders to \$0.0468 per Unit per month or \$0.562 per Unit per year. The new monthly cash distribution commenced with the November 2022 distribution, paid in December 2022.

## Flagship Communities Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three Months Ended March 31, 2023 and 2022

*(Amounts in thousands of U.S. dollars, except for unit and per unit amounts)*

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- (3) On March 22, 2023, pursuant to the ATM Offering, the REIT raised gross proceeds of \$20,000 through the issuance of 1,176,471 Units at a price of \$17.00 per Unit.
- (4) Issuance costs relating to the ATM Offering, including underwriters' fees and other costs directly associated, was approximately \$675 and was charged directly to unitholders' equity.

For the three months ended March 31, 2023 and the year ended December 31, 2022 the REIT declared distributions to unitholders of record in the amount of \$2,040 (\$0.0468 per Unit per month) and \$7,631 (\$0.0446 per Unit per month) until the December 15, 2022 distribution at which time the amount increased to \$0.0468 per Unit per month, respectively. Total distributions payable as at March 31, 2023 and December 31, 2022 was \$717 and \$662, respectively.

### 16. Related Party Transactions

The REIT and Empower, an entity majority-owned by the REIT's Chief Executive Officer and Chief Investment Officer, entered into certain agreements that govern the relationships between such parties and their affiliates. Empower will acquire and develop MHCs that do not meet the REIT's investment criteria and conduct home sales, including sales of manufactured homes located on investment properties, under the "You Got it Homes" brand.

Transactions between the REIT and Empower are governed by the Services Agreement (see "Arrangements with Empower — Services Agreement" in the Initial Public Offering Prospectus) or agreements relating directly to the specific transaction.

The condensed consolidated interim financial statements include the following related party transactions:

- (1) On July 2, 2021 the REIT entered into a promissory note ("Note Receivable-Related Party") in the amount of \$2,460 with Empower. The Note Receivable-Related Party includes monthly interest only payments and matures on July 2, 2031 at which time the entire principal balance and any unpaid interest is due. The Note Receivable-Related Party incurs interest at the Prime rate. For the three months ended March 31, 2023, interest revenue, included in other (income) on the consolidated statements of net income and comprehensive income, was \$47 (\$19 for the three months ended March 31, 2022).
- (2) On February 15, 2022 the REIT acquired a 13-acre manufactured housing resort community from a related party, Empower, for \$7,533 and 37,448 Class B Units. The number of Class B Units issued was calculated by reference to the volume-weighted average closing price of a Unit for the 10 trading days prior to the date of closing which was \$16.70. Total consideration paid was \$8,230.
- (3) On February 28, 2023 the REIT acquired a 20-acre manufactured housing resort community from a related party, Empower, for \$16 and 120,598 Class B Units. The number of Class B Units issued was calculated by reference to the volume-weighted average closing price of a Unit for the 10 trading days prior to the date of closing which was \$18.60. Total consideration paid was \$2,271.
- (4) Payroll and benefits include \$727 incurred to key management personnel during the three months ended March 31, 2023, respectively, which includes short-term employee payroll and benefits, and RUs (\$639 for the three months ended March 31, 2022).
- (5) For the three months ended March 31, 2023, the REIT billed Empower a total of \$425, of which \$382 was payroll and benefits, \$34 was management fees, and \$9 was other miscellaneous items (\$256, \$230; \$13; \$13 for the three months ended March 31, 2022). These amounts are recorded as an offset to the expense in which they relate, or in the case of management fees, in other (income), on the consolidated statements of net income and

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comprehensive income. As at March 31, 2023 and December 31, 2022, the REIT had a receivable, included in tenant and other receivables, net, from Empower of \$181 and \$224, respectively.

- (6) For the three months ended March 31, 2023 and 2022, the REIT was billed for services provided by related parties that included HVAC, paving/concrete repair and landscape services. As at March 31, 2023 and December 31, 2022, the REIT had total accounts payable and accrued liabilities due to related parties of \$429 and \$148, respectively.

The following table breaks out billings for each related party.

Company Name	Ownership & Control	Description of Services	For the three months ended March 31,	
			2023	2022
Call Now HVAC	50% owned by the REIT's Chief Executive Officer ("CEO"), Chief Investment Officer ("CIO") and another holder of Class B Units. Managing member of the entity is a non-related party	Provides HVAC services to various properties including installing new air conditioning units as well as servicing existing units.	\$ 49	\$ 90
BG3	100% owned by the brother of the REIT's CEO.	Provides landscaping services to properties.	\$ 105	\$ 108
Empower Park	Wholly owned by the REIT's CEO, CIO and another holder of Class B Units.	Acquires and develops MHCs that do not meet the REIT's investment criteria, conducts sales of manufactured homes located on the REIT's investment properties and conducts sales of manufactured homes to the REIT for use in the REIT's rental fleet. The REIT has agreed to pay floor plan interest on homes located on the REIT's investment properties and reimburse Empower for any losses on home sales within the REIT's investment properties.	\$ 1,228	\$ 43
<b>Total</b>			<b>\$ 1,382</b>	<b>\$ 241</b>

### 17. Revenues

The REIT's revenues consist of rental revenue and related income, including reimbursements of utility costs. Rental revenue and related income is generated from leasing investment properties to tenants under short term non-cancellable leases that convert to month-to-month leases after one year. No tenant accounted for more than 10% of the REIT's total rental revenue for the three months ended March 31, 2023 or 2022, respectively.

	For the three months ended March 31,	
	2023	2022
Rental revenue	\$ 14,484	\$ 11,803
Utilities reimbursement	1,744	1,408
Fee income	480	399
Other	50	83
<b>Total Revenues</b>	<b>\$ 16,758</b>	<b>\$ 13,693</b>

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### 18. Property Operating Expenses

Property operating expenses incurred and charged to net income and comprehensive income are recorded as follows:

	For the three months ended March 31,	
	2023	2022
Utility costs	\$ 2,085	\$ 1,716
Payroll and benefits	1,254	923
Taxes and insurance	1,351	1,096
Repairs and maintenance	358	301
Other property-based costs	592	399
<b>Total Operating Expenses</b>	<b>\$ 5,640</b>	<b>\$ 4,435</b>

### 19. General and Administrative Expenses

General and administrative expenses incurred and charged to net income and comprehensive income are recorded as follows:

	For the three months ended March 31,	
	2023	2022
Payroll and benefits	\$ 1,199	\$ 1,066
Legal / Consulting	196	132
Audit and tax fees	156	72
Taxes and insurance	134	112
Trustee fees	118	100
Travel	106	115
Other	238	152
<b>Total Operating Expenses</b>	<b>\$ 2,147</b>	<b>\$ 1,749</b>

### 20. Finance Costs

Finance costs incurred and charged to net income and comprehensive income are as follows:

	For the three months ended March 31,	
	2023	2022
Interest expense	\$ 257	\$ 127
Interest - mortgages	3,093	2,104
Amortization of deferred issuance costs	39	3
<b>Finance costs from operations</b>	<b>\$ 3,389</b>	<b>\$ 2,234</b>

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### 21. Employee Benefit Plan

Management of the REIT has adopted a defined contribution plan ("Plan") under Internal Revenue Service code section 401(k) for all eligible employees. A participant may elect to defer up to the maximum percentage of compensation permissible under code section 401(k). Management of the REIT elects to match employee deferrals under the Basic Safe Harbor Match: The REIT matches 100% of the first 3% of each employee's contributions and 50% of the next 2%. Employer matching contributions to the Plan totalled \$72 during the three months ended March 31, 2023 (\$23 during the three months ended March 31, 2022).

### 22. Unit-based Compensation

#### (A) Restricted Units

Under the Equity Incentive Plan, RUs can be issued to better align the interests of the recipient with the interests of Unitholders and to facilitate the retention of key employees through long term ownership of Units. The number of RUs to be awarded to a recipient is equal to (i) the monetary value of the award, (ii) divided by the volume-weighted average closing price of a Unit on the TSX for the five trading days immediately preceding the date of grant. RUs are granted at the discretion of the executive team and vest over six years in equal installments.

For the periods presented, the following table summarizes the number of RUs outstanding.

	Number of Units
<b>Units outstanding, December 31, 2021</b>	-
Restricted Unit issuance (1)	62,346
Distribution reinvestment	734
Units forfeited	(622)
<b>Units outstanding, December 31, 2022</b>	<b>62,458</b>
Distribution reinvestment	524
<b>Units outstanding, March 31, 2023</b>	<b>62,982</b>

(1) On August 19, 2022 the REIT granted 62,346 RUs at a fair value of \$16.07 per RU for a total grant date fair value of \$1,002.

For the periods presented, the following table summarizes the RUs activity.

	As at March 31, 2023	As at December 31, 2022
<b>Restricted Units, opening balance</b>	<b>\$ 56</b>	<b>\$ -</b>
Payroll and benefits	42	56
Fair value adjustment - unit based compensation	7	-
<b>Restricted Units, ending balance</b>	<b>\$ 105</b>	<b>\$ 56</b>

As at March 31, 2023 and December 31, 2022, 6,123 and 3,470 unvested RUs are recorded in Other non-current liabilities, respectively.



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### (B) Deferred Trust Units

Under the Equity Incentive Plan, non-employee trustees have the option to elect to receive up to 100% of trustee fees, that are otherwise payable in cash, in the form of DTUs. Accordingly, the number of DTUs to be awarded to a non-employee trustee is equal to (i) the value of the trustee fees that the non-employee trustee elects to receive in the form of DTUs, (ii) divided by the volume-weighted average closing price of a Unit on the TSX for the five trading days immediately preceding the date of grant. DTUs are granted on the first day of the month following the quarter in which they were earned. Once made, elections are irrevocable for the year in respect of which they are made and are effective for subsequent calendar years until terminated by the non-employee trustee. DTUs granted to non-employee trustees vest immediately upon grant.

For the periods presented, the following table summarizes DTU activity and the number of DTUs outstanding.

	Number of Units	Value
<b>Units outstanding, December 31, 2021</b>	<b>11,210</b>	<b>\$ 214</b>
Trustee fees	21,375	359
Distribution reinvestment	740	13
Settlement (3)	(4,760)	(76)
Fair value adjustment - unit based compensation	-	(55)
<b>Units outstanding, December 31, 2022</b>	<b>28,565</b>	<b>\$ 455</b>
Trustee fees (1)	6,086	98
Distribution reinvestment (2)	286	5
Fair value adjustment - unit based compensation	-	38
<b>Units outstanding, March 31, 2023</b>	<b>34,937</b>	<b>\$ 596</b>

- (1) Trustee fees related to the issuance of DTU for the three months ended March 31, 2023 were \$98, resulting in 6,086 DTUs being issued (\$66, resulting in 3,474 DTUs being issued for the three months ended March 31, 2022).
- (2) Distributions, that would otherwise be payable in cash, resulted in additional DTUs of 286 being issued for the three months ended March 31, 2023 (DTUs of 105 for the three months ended March 31, 2022).
- (3) On December 19, 2022, in connection with the resignation of one non-employee trustee, 4,760 DTUs were settled at \$15.96, the volume-weighted average closing price of a Unit on the TSX for the five trading days immediately preceding the date of settlement.

### 23. Fair Value Measurement

The following summarizes the significant methods and assumptions used in estimating fair values of the REIT's financial instruments and non-financial assets, or the significant methods and assumptions related to financial instruments carried at amortized cost where carrying value approximates fair value:

The carrying values of the REIT's short-term financial assets and liabilities, except for DTUs which are carried at fair value, are carried at amortized cost which approximate their fair values due to their short periods to maturity.

The Note Receivable – Related Party is carried at amortized cost, which approximates fair value. The effective interest rate method exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount on initial recognition.

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The investment properties are carried at fair value which is estimated using the direct capitalization method. The direct capitalization method analyzes the relationship of one year's stabilized net operating income to total MHC value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in MHC value over an investment horizon (Level 3).

As at March 31, 2023 and December 31, 2022 the RUs, DTUs, and Class B Units are carried at fair value which is estimated based on the market trading price of a Unit (Level 1).

The mortgages payable, net are carried at amortized cost. For disclosure purposes, the fair value of the mortgages payable as at March 31, 2023 and December 31, 2022 was estimated by discounting expected cash flows using a rate of 5.52% and 5.89%, respectively, which is the expected rate available for debt of similar terms at the end of each respective period (Level 2).

The following tables summarize the categories and fair values of the REIT's financial instruments.

	Fair value as at March 31, 2023		
	Level 1	Level 2	Level 3
<b>Financial Assets and Liabilities</b>			
Investment properties	-	-	\$ 790,651
RUs	\$ (105)	-	-
DTUs	\$ (596)	-	-
Class B Units	\$ (94,990)	-	-
Mortgages payable	-	\$ (268,261)	-

	Fair value as at December 31, 2022		
	Level 1	Level 2	Level 3
<b>Financial Assets and Liabilities</b>			
Investment properties	-	-	\$ 770,043
RUs	\$ (56)	-	-
DTUs	\$ (455)	-	-
Class B Units	\$ (88,785)	-	-
Mortgages payable	-	\$ (254,440)	-

## 24. Changes in Non-cash Working Capital

Changes in non-cash working capital are recorded as follows:

	For the three months ended March 31,	
	2023	2022
Tenant and other receivables, net	\$ (241)	\$ (264)
Prepays and other assets	384	(126)
Lender escrow deposits	(838)	(992)
Trade and other payables	208	(721)
Other liabilities	416	591
<b>Change in non-cash working capital</b>	<b>\$ (71)</b>	<b>\$ (1,512)</b>

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### 25. Segment Reporting

The REIT owns, manages and operates multifamily properties located in the United States. Management, when measuring the REIT's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the REIT has a single reportable segment for disclosure purposes in accordance with IFRS.

### 26. Commitment and Contingencies

The REIT is subject to claims and litigation in the ordinary course of business. Management does not believe that any such claim or litigation will have a material adverse effect on the business, assets, or results of operations of the REIT.

### 27. Capital Management

The REIT's policy is to maintain an appropriate capital base to support ongoing operations, maintain creditor and market confidence and sustain future developments of the business. Capital consists of cash and cash equivalents, mortgages payable, net, Class B Units and unitholders' equity. The REIT monitors capital using tools designed to anticipate cash needs and to maintain adequate working capital, while also making appropriate distributions to the unitholders on a regular basis.

### 28. Financial Risk Management

The REIT's risk exposure and the impact on the REIT's financial instruments are summarized below:

#### (A) Risk

Financial instruments that potentially subject the REIT to significant concentrations of credit risk consist principally of cash and cash equivalents, tenant and other receivables, net, and Note Receivable – Related Party. The only debtor to comprise more than 10% of the REITs outstanding tenant and other receivables, net balance as at both March 31, 2023 and December 31, 2022 was a related party debtor (See Note 16). Additionally, the Note Receivable – Related Party accounted for 8.65% and 12.14% of the aforementioned financial instruments, respectively. The REIT regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. Credit risk arises from the possibility that residents in investment properties may not fulfill their lease or contractual obligations. The REIT mitigates its credit risks by attracting residents of sound financial standing and by diversifying its mix of residents. It also monitors resident payment patterns and discusses potential resident issues with property managers on a regular basis. Cash carries minimal credit risk as all funds are maintained with reputable financial institutions. The related party receivable, included in tenant and other receivables, net, and the Note Receivable – Related Party also carries minimal credit risk due to the nature of the relationship of the debtor to the REIT. The carrying amount of financial assets represents the maximum credit exposure.

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### (B) Liquidity risk

The REIT is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The REIT manages maturities of the fixed rate mortgages payable and monitors the repayment dates to ensure sufficient capital will be available to cover obligations. The REIT constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. The REIT expects to be able to meet all obligations as they become due using some or all of the following sources of liquidity - cash flow generated from property operations; property-specific mortgages; existing cash and cash equivalents on hand; and available capacity on lines of credit. As at March 31, 2023 and December 31, 2022, the REIT had working capital of \$19,854 and \$2,086, respectively. All of the REIT's financial liabilities are due within one year except for mortgages payable.

As at March 31, 2023	Carrying Amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Trade and other payables	\$ 617	\$ 617	\$ 617	\$ -	\$ -	\$ -
Other liabilities	10,379	10,379	10,379	-	-	-
Mortgages payable	332,159	467,249	13,316	26,589	66,397	360,947
<b>Total</b>	<b>\$ 343,155</b>	<b>\$ 478,245</b>	<b>\$ 24,312</b>	<b>\$ 26,589</b>	<b>\$ 66,397</b>	<b>\$ 360,947</b>

As at December 31, 2022	Carrying Amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Trade and other payables	\$ 409	\$ 409	\$ 409	\$ -	\$ -	\$ -
Other liabilities	9,711	\$ 9,711	\$ 9,711	-	-	-
Mortgages payable	332,562	444,539	13,384	24,778	61,464	344,913
<b>Total</b>	<b>\$ 342,682</b>	<b>\$ 454,659</b>	<b>\$ 23,504</b>	<b>\$ 24,778</b>	<b>\$ 61,464</b>	<b>\$ 344,913</b>

### (C) Interest rate risk

The REIT is exposed to interest rate risk as a result of its mortgages; however, this risk is mitigated through management's strategy to structure its mortgages in fixed-rate arrangements. The REIT also structures its financings so as to stagger the maturities of its debt, minimizing the exposure to interest rate volatility in any one year. The REIT does not have any mortgages maturing in the next 12 months.

## 29. Subsequent Events

On May 4, 2023, the REIT acquired three MHCs comprising 660 lots for approximately \$21,000. The MHCs have an average occupancy of 67% at the time of acquisition and are located in the REITs existing markets in Arkansas, Indiana and Tennessee. These acquisitions align with the REITs strategy to increase presence in core states to enhance efficiencies and achieve economies of scale.