FLAGSHIP COMMUNITIES REAL ESTATE INVESTMENT TRUST

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(In US Dollars)

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

	Note	March 31, 2024	December 31, 2023 (Audited)
Current Assets			
Cash and cash equivalents		$ **17,876**	$ 7,814
Tenant and other receivables, net	4	**1,123**	951
Prepaids and other assets	5	**3,727**	3,104
Lender escrow deposits	6	**4,107**	3,989
Total current assets		**26,833**	15,858
Other non-current assets	7	**134**	134
Investment properties	8	**899,044**	880,310
Property and equipment, net	9	**3,974**	3,839
Note receivable - related party	16	**2,460**	2,460
		905,612	886,743
Total Assets		$ **932,445**	$ 902,601
Current Liabilities			
Trade and other payables		$ **1,085**	$ 2,177
Line of credit	10	**-**	10,000
Other liabilities	11	**12,842**	11,772
Mortgages payable, net	12	**285**	21,521
Class B Units	13, 23	**96,132**	89,042
Total current liabilities		**110,344**	**134,512**
Mortgages payable, net	12	**376,913**	331,848
Other non-current liabilities	14	**277**	167
		377,190	332,015
Total Liabilities		**487,534**	466,527
Unitholders' Equity			
Unitholders' equity	15	**444,911**	436,074
Total Liabilities and Unitholders' Equity		$ **932,445**	$ 902,601

See accompanying notes to the condensed consolidated interim financial statements.

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

	Note		For the three months ended March 31, 2024		2023
Rental revenue and related income	17	**$**	**19,920**	$	16,758
Property operating expenses	18		**6,583**		5,640
Net Operating Income			**13,337**		11,118
Other Expenses/(Income)					
General and administrative expenses	19		**2,672**		2,147
Finance costs from operations	20		**6,727**		3,389
Accretion of mark-to-market adjustment on mortgages payable	12		**(257)**		(257)
Depreciation	9		**111**		88
Other (income)			**(159)**		(64)
Fair value adjustment - Class B Units	13		**7,090**		3,950
Distributions on Class B Units			**824**		768
Fair value adjustment - investment properties	8		**(14,829)**		(15,163)
Fair value adjustment - unit based compensation	22		**34**		45
Net Income and Comprehensive Income		**$**	**11,124**	$	16,215

See accompanying notes to the condensed consolidated interim financial statements.

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

	Note	Units		Units		Distributions		Cumulative Net Income		Total Unitholders' Equity
Balance, December 31, 2022		**14,141,185**	**$**	**221,489**	**$**	**(13,772)**	**$**	**150,028**	**$**	**357,745**
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)
Balance, March 31, 2023		**15,317,656**	**$**	**240,814**	**$**	**(15,812)**	**$**	**166,243**	**$**	**391,245**
Balance, December 31, 2023		**15,492,056**	**$**	**243,352**	**$**	**(22,404)**	**$**	**215,126**	**$**	**436,074**
Net income and comprehensive income		-		-		-		11,124		11,124
Distributions	15	-		-		(2,287)		-		(2,287)
Balance, March 31, 2024		**15,492,056**	**$**	**243,352**	**$**	**(24,691)**	**$**	**226,250**	**$**	**444,911**

See accompanying notes to the condensed consolidated interim financial statements.

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

	Note	For the three months ended March 31, 2024	2023
Cash flow provided by operating activities			
Net income and comprehensive income		**$ 11,124**	$ 16,215
Add (deduct):			
Unit based compensation		**241**	145
Finance costs from operations		**6,727**	3,389
Accretion of mark-to-market adjustment on mortgages payable		**(257)**	(257)
Depreciation		**111**	88
Non-cash (gain) loss on disposals		**-**	16
Interest received		**(129)**	(46)
Fair value adjustments		**(7,705)**	(11,168)
Distributions declared on Class B Units		**824**	768
Change in non-cash working capital	24	**(1,199)**	(71)
		9,737	9,079
Cash flow provided by financing activities			
Proceeds from issuance of Units, net of costs		**-**	19,325
Distributions paid to Unitholders		**(2,287)**	(1,985)
Distributions paid to Class B Unitholders		**(824)**	(768)
Change in line of credit		**(10,000)**	(10,000)
Proceeds from mortgages payable		**73,894**	-
Financing costs associated with financing activities		**(1,503)**	-
Repayment of mortgages payable		**(48,841)**	(185)
Interest paid		**(4,032)**	(3,294)
Mortgages payable settlement expense		**(2,060)**	-
		4,347	3,093
Cash flow (used in) investing activities			
Cash paid for investment property acquisitions		**-**	(54)
Cash paid for other non-current assets		**-**	(800)
Cash received for investment property disposal		**737**	650
Capital expenditures on investment properties		**(4,642)**	(3,786)
Cash paid for property and equipment		**(246)**	(279)
Cash received for property and equipment disposal		**-**	6
Interest received		**129**	46
		(4,022)	(4,217)
Increase in cash and cash equivalents		**10,062**	7,955
Cash and cash equivalents, beginning of period		**7,814**	16,926
Cash and cash equivalents, ending of period		**$ 17,876**	$ 24,881

See accompanying notes to the condensed consolidated interim financial statements.

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 on August 12, 2020, and the operations of the REIT commenced on October 7, 2020 when it completed an initial public offering ("IPO"), for the purpose of owning and operating a portfolio of income-producing manufactured housing communities (“MHCs”) located in the United States.

The Trust Units (“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, 2024, the REIT owns 75 (December 31, 2023 - 75) 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 7, 2024.

(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, 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.

3. Material 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, 2023, 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, 2023 except for the classification, as current Vs non-current liabilities, of the Class B Units and vested RUs which is discussed below. Furthermore, additional information relevant to the condensed consolidated interim financial statements is discussed below.

(A) Class B Units and RUs

On January 23, 2020, and subsequently through the most recent amendment on October 31, 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date.

The amendments affect only the presentation of liabilities on the balance sheet and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period and not by expectations about whether an entity will exercise its right to defer settlement of a liability.

The amendments apply to annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted. Starting January 1, 2024, upon adoption of the Amendments to IAS 1, the Class B Units and vested RUs have been reclassed from non-current liabilities to current liabilities on the condensed consolidated interim statement of financial position and has been applied retrospectively to the comparative period.

(B) Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

(C) Finance costs from operations

Finance costs from operations consist of floor plan interest, interest expense on loans and borrowings, mortgages payable settlement expense, and amortization of deferred financing costs. Mortgages payable settlement expense is comprised of prepayment penalties, defeasance, amortization of financing costs, and other costs associated with the refinance and payoff of certain mortgages payable prior to maturity. Finance costs associated with financial liabilities presented at amortized costs are recognized in the consolidated statements of net income and comprehensive income using the effective interest method.

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

4. Tenant and Other Receivables, Net

	As at March 31, 2024	As at December 31, 2023
Tenant receivables	**$ 677**	$ 765
Other receivables	**481**	233
Allowance for doubtful accounts	**(35)**	(47)
Total	**$ 1,123**	$ 951

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

	For the three months ended March 31, 2024	For the year ended December 31, 2023
Allowance for doubtful accounts, opening balance	**$ 47**	$ 110
Change in expected credit loss provision	**(12)**	(63)
Allowance for doubtful accounts, ending balance	**$ 35**	$ 47

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, 2024**	As at December 31, 2023
Prepaid insurance		**$ 1,218**	$ 1,343
Deferred issuance costs	15	**281**	243
Other prepaids and deposits		**2,228**	1,518
Total		**$ 3,727**	$ 3,104

6. Lender Escrow Deposits

Escrows for real estate taxes, insurance, capital repairs, and interest are maintained under the control of the mortgagor for payment on behalf of the REIT. As at March 31, 2024 and December 31, 2023, the REIT had lender escrow deposits of $4,107 and $3,989, respectively.

7. Other Non-Current Assets

Other non-current assets include funds held in escrow for future investment property acquisitions, as well as deferred issuance costs related to the re-establishment of the base shelf prospectus dated June 7, 2023. As at both March 31, 2024 and December 31, 2023, the REIT had other non-current assets of $134.

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

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, 2024	For the year ended December 31, 2023
Investment properties, opening balance	**$ 880,310**	$ 770,043
Capital expenditures *(1)*	**4,642**	21,776
Acquisition of investment properties	**-**	49,471
Disposal of investment properties *(2)*	**(737)**	(3,025)
Fair value adjustment - investment properties	**14,829**	42,045
Investment properties, ending balance	**$ 899,044**	$ 880,310

During the three months ended March 31, 2024, the REIT had no investment property acquisitions. During the year ended December 31, 2023, the REIT had the following investment property activity:

		Assets		*Liabilities*	*Consideration paid by the REIT*		
Community	**Acquisition Date**	**Investment properties**	**All additional assets**	**Liabilities**	**Cash and cash equivalents**	**Net Proceeds from mortgages payable**	**Class B Units issued (Note 13)**
Beechwood Pointe Austin	2/28/2023	$ 2,309	$ 3	$ 32	$ 25	$ -	$ 2,255
Forest Lake Pointe	5/4/2023	$ 6,954	$ -	$ 73	$ 6,881	$ -	$ -
Parkway Village Pointe	5/4/2023	$ 6,775	$ -	$ 38	$ 6,737	$ -	$ -
Silver Lakes Pointe	5/4/2023	$ 7,378	$ 2	$ 137	$ 7,243	$ -	$ -
Mill Creek Pointe	9/19/2023	$ 23,003	$ 21	$ 109	$ 10,951	$ 11,964	$ -
Cherokee Landing	10/12/2023	$ 3,052	$ 1	$ 96	$ 957	$ 2,000	$ -
		$ 49,471	$ 27	$ 485	$ 32,794	$ 13,964	$ 2,255

(1) During the year ended December 31, 2023 $625 of farm land, including land improvements thereon, was reclassified as investment property as the REIT began the process to zone and develop these assets as an expansion to an existing MHC.

(2) During the three months ended March 31, 2024 and 2023 the REIT disposed of 39 rental homes totaling $737 and 34 rental homes totaling $650, respectively. 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.

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

The REIT used a combination of internal valuation methodologies and external appraisals to value the investment properties as at March 31, 2024 and December 31, 2023.

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, or general economic slowdown, the fair value of investment properties may change materially.

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

Capitalization Rates	**As at March 31, 2024**	**As at December 31, 2023**
High	**9.00 %**	9.00 %
Low	**4.50 %**	4.50 %
Weighted Average	**4.90 %**	4.92 %
% Change		
+ 0.025	**4.97 %**	4.95 %
- 0.025	**(5.38) %**	(5.37) %
$ Change		
+ 0.025	**$42,178**	$41,224
- 0.025	**($45,655)**	($44,663)

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

9. Property and Equipment, Net

	Autos & Trucks	Equipment - Office and Maintenance	Furniture and Fixtures	Head Office Building and Land	Farm Land and Improvements	Total
Cost						
As at December 31, 2022	**$ 119**	**$ 2,210**	**$ 161**	**$ 1,193**	**$ 530**	**$ 4,213**
Additions	61	808	135	42	112	1,158
Disposals	(25)	-	-	-	-	(25)
Reclassification *(1)*	-	-	-	-	(642)	(642)
As at December 31, 2023	**$ 155**	**$ 3,018**	**$ 296**	**$ 1,235**	**$ -**	**$ 4,704**
Additions	-	231	7	8	-	246
As at March 31, 2024	**$ 155**	**$ 3,249**	**$ 303**	**$ 1,243**	**$ -**	**$ 4,950**

	Autos & Trucks	Equipment - Office and Maintenance	Furniture and Fixtures	Head Office Building and Land	Farm Land and Improvements	Total
Accumulated depreciation						
As at December 31, 2022	**$ 18**	**$ 410**	**$ 12**	**$ 38**	**$ 8**	**$ 486**
Additions	18	315	31	26	9	399
Disposals	(3)	-	-	-	-	(3)
Reclassification *(1)*	-	-	-	-	(17)	(17)
As at December 31, 2023	**$ 33**	**$ 725**	**$ 43**	**$ 64**	**$ -**	**$ 865**
Additions	$ 5	91	8	7	-	111
As at March 31, 2024	**$ 38**	**$ 816**	**$ 51**	**$ 71**	**$ -**	**$ 976**

	Autos & Trucks	Equipment - Office and Maintenance	Furniture and Fixtures	Head Office Building and Land	Farm Land and Improvements	Total
Net book value						
As at December 31, 2022	$ 101	$ 1,800	$ 149	$ 1,155	$ 522	$ 3,727
As at December 31, 2023	$ 122	$ 2,293	$ 253	$ 1,171	$ -	$ 3,839
As at March 31, 2024	**$ 117**	**$ 2,433**	**$ 252**	**$ 1,172**	**$ -**	**$ 3,974**

(1) During the year ended December 31, 2023, $625 of farm land, including land improvements thereon, was reclassified as investment property as the REIT began the process to zone and develop these assets as an expansion to an existing MHC.

10. Line of Credit

The Line of Credit is secured by two MHCs and two resort communities, and has a total available capacity of $10,000. The Line of Credit matures on December 23, 2025 and incurs interest at Prime plus 0.50%. As at March 31, 2024 and December 31, 2023 there was $NIL and $10,000 outstanding on the Line of Credit and unamortized deferred financing costs were $42 and $49, 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, 2024 and December 31, 2023.

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

11. Other Liabilities

	As at March 31, 2024	As at December 31, 2023
Property related accruals	**$ 3,801**	$ 2,996
Finance costs payable	**951**	876
Tenant security deposits	**3,496**	3,411
Distributions payable	**1,037**	1,037
Unearned revenue	**2,341**	2,402
Unit based compensation payable	**1,216**	1,050
Total	**$ 12,842**	$ 11,772

12. Mortgages Payable, Net

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

	As at March 31, 2024	As at December 31, 2023
Mortgages payable	**$ 376,707**	$ 351,654
Unamortized mark-to market adjustment	**3,514**	3,771
Unamortized deferred financing costs	**(3,023)**	(2,056)
Total mortgages payable	**377,198**	353,369
Less: current portion	**(285)**	(21,521)
Amount classified as non-current portion	**$ 376,913**	$ 331,848

The REIT's weighted average contractual annual interest rate on its mortgages payable as at March 31, 2024 and December 31, 2023 was approximately 4.04% and 4.08%, respectively, which excludes the impact of the amortization of the mark-to-market adjustment and amortization of deferred financing costs.

The REIT's mortgages payable consists of fixed rate mortgages.

The mortgages payable balances as at March 31, 2024, excluding unamortized mark-to-market adjustments and unamortized deferred financing costs, are due as follows:

For the year ending December 31,	**Principal payments**
2024	$ 219
2025	274
2026	288
2027	678
2028	2,065
Thereafter	373,183
Total	**$ 376,707**

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, 2024 and December 31, 2023, the REIT was in compliance with all financial covenants relating to its mortgages payable.

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

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

	For the three months ended March 31, 2024	For the year ended December 31, 2023
Mortgages payable, net, opening balance	**$ 353,369**	$ 332,562
Cash Flows		
Proceeds from mortgages payable	**73,894**	7,995
Financing costs associated with financing activities	**(1,503)**	(318)
Repayment of mortgages payable	**(48,841)**	(730)
	376,919	339,509
Non-Cash Changes		
Acquisition of investment property (Note 8)	**-**	14,693
Mortgages payable settlement expense	**463**	-
Accretion of mark-to-market adjustment on mortgages payable	**(257)**	(1,029)
Amortization of deferred financing costs	**73**	196
Mortgages payable, net, ending balance	**$ 377,198**	$ 353,369

13. Class B Units

The fair value as at March 31, 2024 and December 31, 2023 was calculated using the Unit closing price.

As at both March 31, 2024 and December 31, 2023, distributions payable on Class B Units was $275.

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
Class B Units, December 31, 2022	**5,467,031**	**$ 88,785**
Class B units issued (Note 8)	120,598	2,255
Class B units redeemed	(5,035)	(81)
Fair value adjustment	-	(1,917)
Class B Units, December 31, 2023	**5,582,594**	**$ 89,042**
Fair value adjustment	-	7,090
Class B Units, March 31, 2024	**5,582,594**	**$ 96,132**

14. Other Non-Current Liabilities

Other non-current liabilities consists of unvested RUs. As at March 31, 2024 and December 31, 2023, the REIT had other non-current liabilities of $277 and $167, respectively.

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

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
Units outstanding, December 31, 2022	**14,141,185**		**221,489**
Units issued on ATM offering closed March 22, 2023 *(2)*	1,176,471		20,000
Units issued on ATM offering closed May 23, 2023 *(3)*	174,400		2,965
Less: issuance costs *(4)*			(1,102)
Units outstanding, December 31, 2023	**15,492,056**		**243,352**
Units outstanding, March 31, 2024	**15,492,056**	**$**	**243,352**

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.

Following the lapsing of the REIT's previous short form base shelf prospectus dated May 7, 2021, the REIT filed a new base shelf prospectus dated June 7, 2023. Subsequently, the REIT re-established the ATM Offering pursuant to a new prospectus supplement dated June 28, 2023.

As at both March 31, 2024 and December 31, 2023 the REIT has issued a total of 1,350,871 Units under the ATM Offering and related deferred issuance costs, including those related to re-establishment of the base shelf prospectus, were $415 and $377, respectively.

(2) 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.

(3) On May 23, 2023, pursuant to the ATM Offering, the REIT raised gross proceeds of $2,965 through the issuance of 174,400 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, were approximately $1,102 and were charged directly to unitholders' equity.

(5) On November 15, 2023 the REIT announced that the Board of Trustees approved a 5% increase to its cash distribution to unitholders to $0.0492 per Unit per month or $0.5904 per Unit per year. The new monthly cash distribution commenced with the November 2023 distribution, paid in December 2023.

For the three months ended March 31, 2024 and year ended December 31, 2023 the REIT declared distributions to unitholders of record in the amount of $2,287 ($0.0492 per Unit per month) and $8,632 ($0.0468 per Unit per month until the December 15, 2023 distribution at which time the amount increased to $0.0492 per Unit per month), respectively. Total distributions payable as at both March 31, 2024 and December 31, 2023 was $762.

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, 2024, interest revenue, included in other (income) on the consolidated statements of net income and comprehensive income, was $53 ($47 for the three months ended March 31, 2023).

(2) On February 28, 2023 the REIT acquired a 20-acre manufactured housing resort community from a related party, Empower, for $25 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 $2,280.

(3) Payroll and benefits include $941 incurred to key management personnel during the three months ended March 31, 2024, which includes short-term employee payroll and benefits, and RUs ($727 for the three months ended March 31, 2023).

(4) For the three months ended March 31, 2024, the REIT billed Empower a total of $502, of which $469 was payroll and benefits, $28 was management fees, and $5 was other miscellaneous items, respectively ($425; $382; $34; $9, respectively, for the three months ended March 31, 2023). 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 comprehensive income. As at March 31, 2024 and December 31, 2023, the REIT had a receivable, included in tenant and other receivables, net, from Empower of $515 and $279, respectively.

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

(5) For the three months ended March 31, 2024 and 2023, the REIT was billed for services provided by related parties that included HVAC, paving/concrete repair and landscape services. As at March 31, 2024 and December 31, 2023, the REIT had total accounts payable and accrued liabilities due to related parties of $248 and $793, 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, 2024**	**2023**
Call Now HVAC	50% owned by the REIT's Chief Executive Officer ("CEO") and Chief Investment Officer ("CIO"). 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.	**$ 151**	$ 49
BG3	100% owned by the brother of the REIT's CEO.	Provides landscaping services to properties.	**$ 204**	$ 105
Empower Park	Wholly owned by the REIT's CEO and CIO.	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.	**$ 1,161**	$ 1,228
Total			**$ 1,516**	$ 1,382

17. Rental Revenue and Related Income

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, 2024 or 2023, respectively.

	For the three months ended March 31, 2024	2023
Rental revenue	**$ 16,820**	$ 14,484
Utilities reimbursement	**2,529**	1,744
Fee income	**479**	480
Other	**92**	50
Total	**$ 19,920**	$ 16,758

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

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,	
	2024	2023
Utility costs	**$ 2,451**	$ 2,085
Payroll and benefits	**1,413**	1,254
Taxes and insurance	**1,710**	1,351
Repairs and maintenance	**304**	358
Other property-based costs	**705**	592
Total	**$ 6,583**	$ 5,640

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,	
	2024	2023
Payroll and benefits	**$ 1,403**	$ 1,199
Legal / Consulting	**349**	196
Audit and tax fees	**156**	156
Taxes and insurance	**292**	134
Trustee fees	**127**	118
Travel	**94**	106
Other	**251**	238
Total	**$ 2,672**	$ 2,147

20. Finance Costs from Operations

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

	For the three months ended March 31,	
	2024	2023
Interest expense	**$ 253**	$ 257
Interest - mortgages	**3,878**	3,093
Mortgages payable settlement expense	**2,523**	-
Amortization of deferred financing costs from mortgages payable	**73**	39
Total	**$ 6,727**	$ 3,389

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

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 $47 during the three months ended March 31, 2024 ($36 during the three months ended March 31, 2023).

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, with approval from the Board of Trustees, and vest over six years in equal installments.

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

	Number of Units
Units outstanding, December 31, 2022	**62,458**
Restricted Unit issuance *(2)*	123,236
Distribution reinvestment	3,595
Units forfeited	(4,047)
Units outstanding, December 31, 2023	**185,242**
Distribution reinvestment	2,099
Settlement *(1)*	(21)
Units forfeited	(583)
Units outstanding, March 31, 2024	**186,737**

(1) On March 15,2024 the REIT settled 21 RUs at a fair value of$15.81, the volume-weighted average closing price of a Unit on the TSX for the five trading days immediately preceding the date of settlement.

(2) On August 17, 2023 the REIT granted 123,236 RUs at a fair value of $16.23 per RU for a total grant date fair value of $2,000.

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

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

	As at March 31, 2024	As at December 31, 2023
Restricted Units, opening balance	**$ 330**	$ 56
Payroll and benefits	**128**	278
Fair value adjustment - unit based compensation	**(11)**	(4)
Restricted Units, ending balance	**$ 447**	$ 330

As at March 31, 2024 and December 31, 2023, 10,229 and 10,251 RUs are fully vested and recorded in Other liabilities while 16,621 and 10,435 RUs are unvested and recorded in Other non-current liabilities, respectively.

(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, which 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
Units outstanding, December 31, 2022	**28,565**	**$ 455**
Trustee fees	25,527	409
Distribution reinvestment	1,564	25
Fair value adjustment - unit based compensation	-	(2)
Units outstanding, December 31, 2023	**55,656**	**$ 887**
Trustee fees *(1)*	6,509	104
Distribution reinvestment *(2)*	576	9
Fair value adjustment - unit based compensation	-	45
Units outstanding, March 31, 2024	**62,741**	**$ 1,045**

(1) Trustee fees related to the issuance of DTU for the three months ended March 31, 2024 were $104, resulting in 6,509 DTUs being issued ($98, resulting in 6,086 DTUs being issued for the three months ended March 31, 2023).

(2) Distributions, that would otherwise be payable in cash, resulted in additional DTUs of 576 being issued for the three months ended March 31, 2024 (DTUs of 286 for the three months ended March 31, 2023).

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

23. Fair Value Measurement

The following summarizes the significant methods and assumptions used in estimating fair values of the REIT's financial instruments 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.

As at March 31, 2024 and December 31, 2023 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, 2024 and December 31, 2023 was estimated by discounting expected cash flows using a rate of 5.90% and 6.29%, respectively, which is the expected rate available for debt of similar terms at the end of each respective period (Level 2).

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

	Fair value as at March 31, 2024		
	Level 1	Level 2	Level 3
Financial Assets and Liabilities			
RUs	$ (447)	-	-
DTUs	$ (1,045)	-	-
Class B Units	$ (96,132)	-	-
Mortgages payable	-	$ (315,679)	-

	Fair value as at December 31, 2023		
	Level 1	Level 2	Level 3
Financial Assets and Liabilities			
RUs	$ (330)	-	-
DTUs	$ (887)	-	-
Class B Units	$ (89,042)	-	-
Mortgages payable	-	$ (287,220)	-

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

24. Changes in Non-cash Working Capital

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

	For the three months ended March 31,	
	2024	2023
Tenant and other receivables, net	**$ (172)**	$ (241)
Prepaids and other assets	**(623)**	$ 384
Lender escrow deposits	**(118)**	$ (838)
Trade and other payables	**(1,092)**	$ 208
Other liabilities	**806**	$ 416
Change in non-cash working capital	**$ (1,199)**	$ (71)

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, line of credit, 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.

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

28. Financial Risk Management

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

(A) Credit 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 March 31, 2024 and December 31, 2023 was a related party debtor (See Note 16). Additionally, the Note Receivable – Related Party accounted for 11.46% and 21.92% 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 and cash equivalents carry 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.

(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. All of the REIT's financial liabilities are due within one year except for the line of credit and mortgages payable.

The following tables provide information on the carrying balance and the non-discounted contractual maturities of financial liabilities of the REIT as at March 31, 2024 and December 31, 2023, respectively.

As at March 31, 2024	Carrying Amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Trade and other payables	$ 1,085	$ 1,085	$ 1,085	$ -	$ -	$ -
Other liabilities	12,842	12,842	12,842	-	-	-
Mortgages payable	377,198	539,136	16,955	31,295	65,735	425,151
Total	**$ 391,125**	**$ 553,063**	**$ 30,882**	**$ 31,295**	**$ 65,735**	**$ 425,151**

As at December 31, 2023	Carrying Amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Trade and other payables	$ 2,177	$ 2,177	$ 2,177	$ -	$ -	$ -
Line of credit	10,000	10,000	-	10,000	-	-
Other liabilities	11,772	$ 11,772	$ 11,772	-	-	-
Mortgages payable	353,369	481,864	36,763	26,709	80,243	338,149
Total	**$ 377,318**	**$ 505,813**	**$ 50,712**	**$ 36,709**	**$ 80,243**	**$ 338,149**

(C) Interest rate risk

The REIT is exposed to interest rate risk as a result of the line of credit and its mortgages payable; however, this risk is mitigated through management's strategy to primarily structure its mortgages payable in fixed-rate arrangements. The REIT may, from time to time, enter into mortgages payable with variable rates as a way to quickly raise capital as opportunities arise.

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.

29. Subsequent Events

On April 17, 2024, the REIT announced that it had entered into an agreement to acquire a total of seven MHCs, comprising 1,253 lots, for an aggregate purchase price of approximately $93,000 (the “Expansion Acquisitions”). The Expansion Acquisitions will be funded with proceeds from an equity offering (see below) as well as a bridge note (see below). The Expansion Acquisitions are expected to close on or about May 15, 2024, subject to customary closing conditions.

On April 19, 2024, the REIT filed a supplement to its base shelf prospectus dated June 7, 2023 and entered into an underwriting agreement for the purpose of completing an equity offering that closed on April 24, 2024 (the “April 2024 Offering”). Pursuant to the April 2024 Offering, the REIT raised gross proceeds of $60,019 through the issuance of 3,910,000 Units at a price of $15.35 per Unit. The net proceeds from the April 2024 Offering will be used by the REIT to partially fund the Expansion Acquisition.

In May 2024, the REIT entered a loan commitment with a commercial lender for an amount that is to be determined (“Bridge Note”). The interest rate on the Bridge Note is expected to be variable at 2.40% over the Secured Overnight Financing Rate and the interest rate is expected to be adjusted each month until the note is paid in full. The Bridge Note is expected to mature 12 months after its issuance and monthly payments are expected to be interest only until maturity, at which time any accrued and unpaid interest and the principal balance are due in full. The Bridge Note is anticipated to be unsecured. The proceeds from the Bridge Note will be used to partially fund the Expansion Acquisitions.