Flagship Communities REIT

Management's Discussion and Analysis

For the three months ended March 31, 2022

May 9, 2022

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Presentation

This Management's Discussion and Analysis ("MD&A") is prepared as at May 9, 2022 and outlines Flagship Communities Real Estate Investment Trust's (the "REIT" or "Flagship") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and financial condition for the three months ended March 31, 2022 and 2021.

This MD&A should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for three months ended March 31, 2022 and 2021, as well as the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and the period from August 12, 2020 (date of formation) to December 31, 2020 and accompanying annual MD&A (the "Annual MD&A"). These documents, as well as additional information relating to the REIT (including the REIT's most recently filed annual information form (the "Annual Information Form") can be accessed under the REIT's SEDAR profile at www.sedar.com or on the REIT's website at www.flagshipcommunities.com.

This MD&A is based on unaudited condensed consolidated interim financial statements prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("the "IASB"). All amounts are stated in thousands of U.S. dollars, unless otherwise noted.

The trust units of the REIT ("Units") trade on the Toronto Stock Exchange in U.S. dollars under the symbol "MHC.U".

Forward Looking Statements

This MD&A contains statements that include forward-looking information (within the meaning of applicable Canadian securities laws). Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "can", "could", "would", "must", "estimate", "target", "objective" and other similar expressions, or negative versions thereof, and include statements herein concerning: the REIT's investment strategy and creation of long-term value; the REIT's intention to continue to expand, including on a clustered basis and newly-entered geographies, and to shrink its rental fleet; macro characteristics and trends in the United States real estate and housing industry, as well as the manufactured housing communities ("MHC") industry specifically; the continued ability of the REIT's MHCs to be stable or strengthen in the foreseeable future and over the longer term and the REIT's target indebtedness as a percentage of Gross Book Value. These statements are based on the REIT's expectations, estimates, forecasts and projections, as well as assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies that could cause actual results to differ materially from those that are disclosed in such forward-looking statements. While considered reasonable by management of the REIT as at the date of this MD&A, any of these expectations, estimates, forecasts, projections or assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those expectations, estimates, forecasts, projections or assumptions could be incorrect. Material factors and assumptions used by management of the REIT to develop the forward-looking information in this MD&A include, but are not limited to, the REIT's current expectations about: vacancy and rental growth rates in MHCs and the continued receipt of rental payments in line with historical collections; demographic trends in areas where the MHCs are located; the impact of COVID-19 on the MHCs; further MHC acquisitions by the REIT; the applicability of any government regulation concerning MHCs and other residential accommodations, including as a result of COVID-19; the availability of debt financing and future interest rates; expenditures and fees in connection with the ownership of MHCs; and tax laws. When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as they are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "Risks and Uncertainties" herein, as well as risk factors discussed in the Annual Information Form. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, certain forward-looking statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than to understand management's current expectations and plans relating to the future, as disclosed in this MD&A. Forward-looking statements are made as of the date of this MD&A and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Estimates

The preparation of unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates, judgements and assumptions include the fair values assigned to investment properties, class B units of Flagship Operating, LLC ("Class B Units"), Deferred Trust Units ("DTUs"), and business combinations. Actual results may differ from these estimates.

Non-IFRS Financial Measures

In this MD&A, the REIT uses certain financial measures that are not defined under IFRS including certain non-IFRS ratios, to measure, compare and explain the operating results, financial performance and cash flows of the REIT. These measures are commonly used by entities in the real estate industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

Funds from Operations and Adjusted Funds from Operations

In February 2019, the Real Property Association of Canada ("REALPAC") published a white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS". The purpose of the white paper is to provide reporting issuers and investors with guidance on the definition of funds from operations ("FFO") and adjusted funds from operations ("AFFO") and to help promote more consistent disclosure from reporting issuers.

FFO is defined as IFRS consolidated net income (loss) adjusted for items such as distributions on redeemable or exchangeable units recorded as finance cost under IFRS (including distributions on the Class B Units, unrealized fair value adjustments to investment properties, loss on extinguishment of acquired mortgages payable, gain on disposition of investment properties, and depreciation). FFO should not be construed as an alternative to net income (loss) or cash flows provided by or (used in) operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is substantially in accordance with REALPAC's recommendations but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. Refer to section "Reconciliation of FFO, FFO per Unit, AFFO and AFFO per Unit" for a reconciliation of FFO to AFFO to net income (loss).

"FFO per Unit (diluted)" is defined as FFO for the applicable period divided by the diluted weighted average Unit count (including Class B Units and DTUs) during the period.

AFFO is defined as FFO adjusted for items such as maintenance capital expenditures, and certain non-cash items such as amortization of intangible assets, premiums and discounts on debt and investments. AFFO should not be construed as an alternative to net income (loss) or cash flows provided by or (used in) operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is substantially in accordance with REALPAC's recommendations. The REIT uses a capital expenditure reserve of $60 (dollars/annual) per lot and $1,000 (dollars/annual) per rental home in the AFFO calculation. This reserve is based on management's best estimate of the cost that the REIT may incur, related to maintaining the investment properties. This may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. Refer to section "Reconciliation of FFO, FFO per Unit, AFFO and AFFO per Unit" for a reconciliation of AFFO to net income (loss).

“AFFO Payout Ratio” is defined as total cash distributions of the REIT (including distributions on Class B Units) divided by AFFO.

“AFFO per Unit (diluted)” is defined as AFFO for the applicable period divided by the diluted weighted average Unit count (including Class B Units and DTUs) during the period.

The REIT believes these non-IFRS financial measures and ratios provide useful supplemental information to both management and investors in measuring the operating performance, financial performance and financial condition of the REIT. The REIT also uses AFFO in assessing its distribution paying capacity.

Other Real Estate Industry Metrics

Additionally, this MD&A contains several other real estate industry financial metrics:

- "Acquisitions” means the REIT’s properties, excluding Same Communities (as defined below) and such measures (i.e., Acquisitions Revenue, as well as Acquisitions net operating income (“NOI”) and Acquisitions NOI Margin) are used by management to evaluate period-over-period performance of such investment properties throughout both respective periods. These results reflect the impact of acquisitions of investment properties.
- “Debt to Gross Book Value Ratio” is calculated by dividing indebtedness, which consists of the total principal amounts outstanding under mortgages payable and credit facilities, by Gross Book Value (as defined below). Refer to section “Calculation of Calculation of Other Real Estate Industry Metrics – Debt to Gross Book Value Ratio”.
- “Gross Book Value” means, at any time, the greater of: (a) the value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated statement of financial position prepared in accordance with IFRS, less the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT; and (b) the historical cost of the investment properties, plus (i) the carrying value of cash and cash equivalents, (ii) the carrying value of mortgages receivable; and (iii) the historical cost of other assets and investments used in operations.
- “Liquidity” is defined as (a) cash and cash equivalents, plus (b) borrowing capacity available under any existing credit facilities.
- “NOI margin” is defined as NOI divided by total revenue. Refer to section “Calculation of Other Real Estate Industry Metrics – NOI and NOI Margin”.
- “Rent Collections” is defined as the total cash collected in a period divided by total revenue charged in that same period.
- “Same Community” means all properties which have been owned and operated continuously since January 1, 2021 by the REIT and such measures (i.e., Same Community Revenue, as well as Same Community NOI, Same Community NOI Margin, Same Community occupancy and Same Community weighted average lot rent) are used by management to evaluate period-over-period.

- "Weighted Average Lot Rent" means the lot rent for each individual community multiplied by the total lots in that community summed for all communities divided by the total number of lots for all communities.
- "Weighted Average Mortgage Interest Rate" is calculated by multiplying each mortgage's interest rate by the mortgage balance and dividing the sum by the total mortgage balance.
- "Weighted Average Mortgage Term" is calculated by multiplying each mortgage's remaining term by the mortgage balance and dividing by the sum by the total mortgage balance.

Business Overview

Flagship Communities Real Estate Investment Trust is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated as at August 12, 2020 (as subsequently amended and restated, the "Declaration of Trust") under the laws of the Province of Ontario. The registered office of the REIT is located at 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9, Canada. The head office of the REIT is located at 467 Erlanger Road, Erlanger, Kentucky, 41018, United States. The REIT has been formed for the purpose of owning and operating a portfolio of income-producing MHCs, and related assets, all of which are located in the United States.

The operations of the REIT commenced on October 7, 2020 when it completed its initial public offering ("IPO" of 6,250,000 Units) for gross proceeds of $93,750. Following certain reorganization transactions, upon closing of the IPO, the vendor of certain of the REIT's initial MHCs merged with and into Flagship Operating, LLC, a limited liability company subsidiary of the REIT, and the vendor of certain further of the REIT's initial MHCs was contributed to Flagship Operating, LLC. As a result, upon completion of the merger and contribution, and certain related transactions, some of which took place on November 2, 2020, all of the REIT's initial MHCs and the remaining assets comprising the REIT's initial "portfolio" are now indirectly held by the REIT through its indirect ownership of Flagship Operating, LLC. The initial portfolio was comprised of 45 MHCs with 8,255 lots located in four contiguous states in the U.S.: (i) Kentucky; (ii) Indiana; (iii) Ohio; and (iv) Tennessee (the "Initial Communities"). The Initial Communities are strategically concentrated in key markets where REIT management has comprehensive knowledge and experience, including the REIT's largest markets of Louisville, Cincinnati and Evansville. Proceeds from the IPO were also used to repay approximately $13,600 of indebtedness and to fund transaction costs associated with the offering.

On October 22, 2020, pursuant to the exercise of the over-allotment option granted to the underwriters in connection with the IPO, the REIT issued an additional 937,500 Units at $15.00 per Unit, resulting in gross proceeds of $14,063. Total costs for underwriters' fees were $894, resulting in net proceeds of $13,169. The net proceeds from the exercise of the over-allotment option have been used by the REIT to fund further acquisitions and for general business purposes.

On December 17, 2020, the REIT announced the acquisition (and pending acquisition) of seven MHCs consisting of 379 lots for approximately $12,900. The acquisitions were all within the REIT's existing geographic footprint with three MHCs (197 lots) in Evansville, Indiana, two MHCs (101 lots) in Northern Kentucky, and two MHCs (81 lots) in Paducah, Kentucky.

On February 9, 2021, the REIT announced the acquisition of two MHCs consisting of an aggregate of 151 lots and the acquisition of 8 additional lots adjacent to an already-owned community, for an aggregate purchase price of approximately $6,050. One new community was within the REIT's existing geographic footprint with 77 lots in the Louisville, Kentucky market. The second new community, however, was Flagship's first entry into the Bowling Green, Kentucky market. This community has 74 lots and is located approximately 60 miles north of Nashville, Tennessee.

On May 12, 2021, the REIT announced the acquisition of a MHC consisting of 167 lots and a fleet of manufactured homes for a purchase price of approximately $5,300 ("Anderson Pointe"). This community was the first acquisition outside of the REIT's main geographic footprint. The acquisition of Anderson Pointe, was a strategic move by the REIT and represents an expansion into Little Rock, Arkansas.

On June 9, 2021, the REIT filed a supplement to its base shelf prospectus dated May 7, 2021 and entered into an underwriting agreement for the purpose of completing an equity offering (the "June 2021 Offering") that closed on June 14, 2021. Pursuant to the June 2021 Offering, the REIT raised gross proceeds of $81,000 (including from the exercise, in part, of an over-allotment option by the underwriters of the offering) through the issuance of 4,500,000 Units at a price of $18.00 per Unit. The net proceeds from the exercise of the June 2021 Offering were used by the REIT to fund the acquisition of Anderson Pointe, as well as future acquisitions and for general business purposes.

On July 2, 2021, the REIT acquired two MHCs comprising 677 lots for an aggregate purchase price of approximately $65,100 (the "July 2021 Acquisitions"). The July 2021 Acquisitions, along with the acquisition of Anderson Pointe and other previously completed acquisitions, represent the REIT's strategic entry into Missouri and Arkansas while further consolidating its operating footprint in existing markets.

On August 10, 2021 the REIT signed a loan commitment, for which the July 2021 Acquisitions are collateral, for $29,700. The interest rate on the note is 3.08% fixed for 20 years with the first 84 monthly payments being interest only. These funds were used to fund future acquisitions and for general business purposes.

On August 23, 2021 the REIT acquired a 231 lot MHC located in Springfield, Illinois for a purchase price of approximately $16,300. This MHC was the REIT's first property in the state of Illinois. Consistent with the REIT's clustering strategy, which is designed to maximize operating efficiencies and provide opportunities for rent growth, the REIT intends to continue sourcing acquisitions in Missouri, Arkansas, and Illinois as well as other adjacent markets with a focus on expanding the REIT's contiguous portfolio.

On October 22, 2021, the REIT announced that the Board of Trustees approved a 5% increase to its monthly cash distribution to holders of Units ("Unitholders") to $0.0446 per Unit or $0.5355 per Unit on an annual basis. The new monthly cash distribution commenced with the November 2021 distribution, paid in December 2021.

On October 25, 2021 the REIT announced the acquisition of two RV resort communities for an aggregate purchase price of approximately $8,350. The RV resorts are located in Wapakoneta, Ohio and Walton, Kentucky and include 75+ acres and 467 sites.

On November 11, 2021, the REIT announced the acquisition of three MHCs from two separate vendor groups comprising 957 lots for an aggregate purchase price of approximately $56,800 (the "November 2021 Acquisitions"). Two of the November 2021 Acquisitions are located in Arkansas, with the third located in Lexington, Kentucky. Each of these three communities are within the REITs existing operating footprint and consistent with the REIT's clustering strategy, which is designed to maximize operating efficiencies and provide opportunities for rent growth.

On November 11, 2021, the REIT filed a supplement to its base shelf prospectus dated May 7, 2021, and entered into an underwriting agreement for the purpose of completing an equity offering (the "November 2021 Offering") that closed on November 18, 2021. Pursuant to the November 2021 Offering, the REIT raised gross proceeds of $46,489 (including from the exercise, in part, of an over-allotment option by the underwriters of the offering) through the issuance of 2,415,000 Units at a price of $19.25 per Unit. The net proceeds from the exercise of the November 2021 Offering were used by the REIT to fund a portion of the November 2021 Acquisitions.

On November 15, 2021, the borrowed $8,700 from a life insurance lender, for which one MHC was collateral. The interest rate on the note is 3.18% fixed for 20 years with the first 81 monthly payments being interest only. These funds were used to fund future acquisitions and for general business purposes.

On February 15, 2022 the REIT acquired a 13-acre manufactured housing resort community from a related party, Empower Park, LLC ("Empower"), for approximately $8,200. This resort community consists of 100 lots, with a 99% occupancy rate(as of the date of acquisition), and a 141-boat slip marina.

On March 24, 2022 the REIT borrowed $9,049 from a agency lender, for which one MHC was the collateral. The interest rate on the note is 4.37% fixed for 30 years with the first 180 monthly payments being interest only.

On April 13, 2022 the REIT borrowed $18,000 from a life insurance lender, for which one MHC was the collateral. The interest rate on the note is 3.80% fixed for 20 years with the first 60 monthly payments being interest only. These funds will be used to fund future acquisitions and for general business purposes.

On April 29, 2022, the REIT acquired a manufacturing housing community in Riverton Illinois which included 103 lots and 74 rental homes for $6,250. The community was 89% occupied as of time of the acquisition and is the REITs second community in Illinois.

As at March 31, 2022, the REIT owned a 100% interest in a portfolio of 64 MHCs with 11,454 lots which includes two RV resort communities with 467 sites, located in seven contiguous states: (i) Arkansas; (ii) Illinois; (iii) Indiana; (iv) Kentucky; (v) Missouri; (vi) Ohio; and (vii) Tennessee. These MHCs and RV resort communities are strategically concentrated in key markets where management has comprehensive knowledge and experience, including the REIT's largest markets of Louisville, Cincinnati and Evansville. As at March 31, 2022, the REIT also owned a fleet of approximately 1,100 manufactured homes for lease to residents. The growth in the rental home fleet is primarily a result of property acquisitions and the REIT plans to continue its strategy of shrinking the rental fleet as the market allows.

The REIT is internally managed by a vertically integrated team of seasoned MHC professionals with expertise across the spectrum of real estate investment management, including: acquisitions, underwriting, financing, asset management, property management, operations, development and redevelopment, accounting, regulatory affairs, marketing, and human resources.

The primary objectives of the REIT are to:

- Provide Unitholders an opportunity to invest in a portfolio of MHCs located in attractive U.S. markets;
- Provide Unitholders with predictable, sustainable and growing cash distributions;
- Enhance the value of the REIT's portfolio and maximize the long-term value of the Units through proactive asset and property management, disciplined capital management and value-add investment opportunities; and
- Expand the asset base of the REIT in its existing operational footprint and target growth markets by leveraging management's extensive industry experience and relationships to acquire MHCs that are expected to be accretive to the REIT's AFFO per Unit.

COVID-19 Update

Since the onset of the pandemic, the REIT's first and foremost priority has been the health and safety of its residents, employees, partners and communities. The REIT continues to take the necessary steps and precautions to lessen the spread of COVID-19 and prioritize good health.

The REIT believes COVID-19 has amplified the benefits of MHCs versus multi-family apartments. Multi-family apartments typically have smaller living spaces, fewer bedrooms and bathrooms, shared indoor walls, shared laundry facilities, common areas, and shared HVAC systems. Given the current landscape, these conditions, especially the shared facilities and common areas, are sub-optimal when everyone is mindful of social distancing requirements.

Overall, Rent Collections have largely been consistent with pre-pandemic trends. The REIT has a strong record of collecting its rents and has not experienced any significant increase in bad debt expense since the onset of COVID-19.

The impacts of COVID-19 are continually evolving, and the REIT continues to evaluate and adapt to the new realities brought on by the global pandemic. The REIT will continue to closely monitor COVID-19 developments and will update health and safety policies as required to ensure the highest level of safety for the REIT's residents and employees.

Highlights

- Revenue for the three months ended March 31, 2022 was $13,693 which was $4,044 higher than the three months ended March 31, 2021.
- Same Community Revenue[1] for the three months ended March 31, 2022 was $10,074, which was $620 higher than the three months ended March 31, 2021.
- Net Income and Comprehensive Income for the three months ended March 31, 2022 was $2,433 which was $4,198 less than the three months ended March 31, 2021.
- NOI for the three months ended March 31, 2022 was $9,258 compared to $6,440 for the three months ended March 31, 2021, an increase of $2,818.
- Same Community NOI[1] for the three months ended March 31, 2022 was $6,854 compared to $6,406 for the three months ended March 31, 2021, an increase of $448.
- NOI Margin[1] for the three months ended March 31, 2022 was 67.6% compared to 66.7% for the three months ended March 31, 2021, an increase of 0.9%.
- Same Community NOI Margin[1] for the three months ended March 31, 2022 was 68.0% compared to 67.8% for the three months ended March 31, 2021, an increase of 0.2%.
- Net Income and Comprehensive Income per Unit (diluted) for the three months ended March 31, 2022 was $0.12 versus $0.52 for the three months ended March 31, 2021.
- AFFO per unit (diluted) [2] for the three months ended March 31, 2022 was $0.248 compared to $0.239 for the three months ended March 31, 2021 which was an increase of $0.009 per Unit.
- Debt to Gross Book Value[1] as at March 31, 2022 was 37.8% compared to 37.3% at December 31, 2021.
- Total occupancy was 83.1% as at March 31, 2022, a 0.3% increase compared to December 31, 2021.
- Same Community[1] occupancy increased to 81.3% as at March 31, 2022 compared to 80.8% as at December 31, 2021.
- Rent Collections[1] for the three months ended March 31, 2022 was 99.0%, which is slightly up from 98.8% for the three months ended March 31, 2021 and consistent with historical periods.

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[1] Refer to section *"Other Real Estate Industry Metrics".*

[2] *Refer to section "Non-IFRS Financial Measures".*

Amounts in Thousands of US Dollars (except for per unit amounts)

Business Performance Measures

The following tables presents an overview of certain performance measures of the REIT as at March 31, 2022 and December 31, 2021 or for the three months ended March 31, 2022 or 2021.

	As at March 31, 2022	As at December 31, 2021
Total communities	64	63
Total lots	11,454	11,328
Weighted average lot rent*	$385	$369
Occupancy	83.1%	82.8%
Debt to Gross Book Value*	37.8%	37.3%
Weighted average mortgage Interest Rate*	3.46%	3.43%
Weighted average mortage term*	11.1	10.7

* Refer to section *"Other Real Estate Industry Metrics"*.

Net income and comprehensive income per unit (basic) as well as net income and comprehensive income per unit (diluted) are calculated by using net income divided by the weighted average unit count (Units only) and the diluted weighted average unit count (including Class B Units and DTUs, respectively for the applicable period.

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Rental revenue and related income	$ 13,693	$ 9,649
Net income and comprehensive income	$ 2,433	$ 6,631
Net income and comprehensive income per unit (basic)	$ 0.17	$ 0.92
Net income and comprehensive income per unit (diluted)	$ 0.12	$ 0.52
Distribtutions Declared per unit (Units)	$ 0.134	$ 0.128
Distribtutions Declared per unit (B Units)	$ 0.134	$ 0.128
NOI	$ 9,258	$ 6,440
NOI Margin**	67.6%	66.7%
FFO*	$ 5,563	$ 3,498
FFO Per Unit* (diluted)	$ 0.284	$ 0.276
AFFO*	$ 4,854	$ 3,028
AFFO Per Unit* (diluted)	$ 0.248	$ 0.239
AFFO Payout Ratio*	54.0%	53.3%
Weighted average units (basic)	14,141,185	7,226,185
Weighted average units (diluted)	19,607,130	12,659,125

**These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Non-IFRS Financial Measures".*

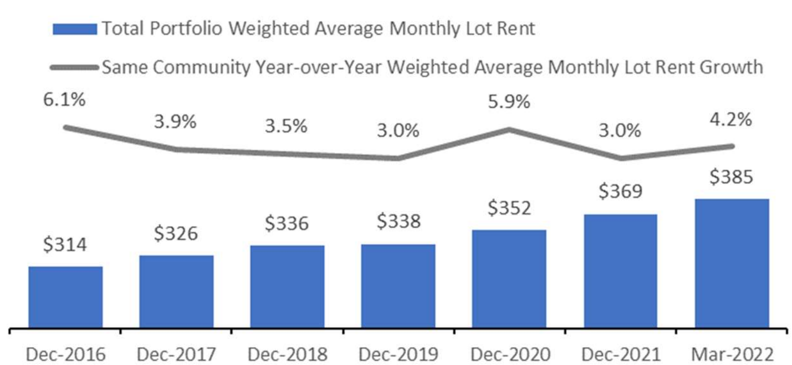
***Refer to section "Other Real Estate Industry Metrics".*

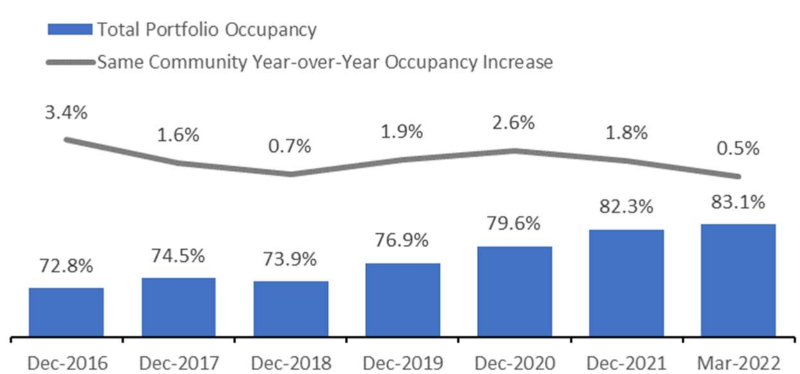
Amounts in Thousands of US Dollars (except for per unit amounts)

The following table highlights certain information about communities as at March 31, 2022, organized by Metropolitan Statistical Area ("MSA"):

MSA	State	Number of lots	$ Average Lot Rent		Occupancy
Louisville	KY	3,427	$	406	83.0%
Lexington	KY	878	$	367	92.3%
Paducah	KY	365	$	253	86.6%
Cincinnati	OH	2,481	$	407	87.1%
Dayton	OH	125	$	468	96.0%
Evansville	IN	2,191	$	341	70.7%
Knoxville	TN	164	$	310	96.3%
Little Rock	AR	619	$	353	65.4%
St Louis	MO	502	$	510	96.4%
Springfield	IL	232	$	415	89.2%
Other		470	$	302	98.1%
Total Portfolio		**11,454**	**$**	**385**	**83.1%**

The charts below show the total portfolio weighted average lot rent and occupancy as well as the Same Community[1] weighted average lot rent[1] and occupancy growth since 2016:





[1] Refer to section *"Other Real Estate Industry Metrics".*

Amounts in Thousands of US Dollars (except for per unit amounts)

The following table highlights certain financial performance measures of the REIT for the three months ended March 31, 2022 versus the three months ended March 31, 2021.

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance
Rental revenue and related income	$ 13,693	$ 9,649	$ 4,044
Revenue, Same Community[1]	$ 10,074	$ 9,454	$ 620
Revenue, Acquisitions[1]	$ 3,619	$ 195	$ 3,424
Net income and comprehensive income	$ 2,433	$ 6,631	$ (4,198)
NOI, total portfolio	$ 9,258	$ 6,440	$ 2,818
NOI , Same Community[1]	$ 6,854	$ 6,406	$ 448
NOI , Acquisitions[1]	$ 2,404	$ 34	$ 2,370
NOI Margin[1], total portfolio	67.6%	66.7%	0.9%
NOI margin[1], Same Community[1]	68.0%	67.8%	0.2%
NOI Margin[1], Acquisitions[1]	66.4%	17.7%	48.7%
FFO[2]	$ 5,563	$ 3,498	$ 2,065
FFO Per Unit[2]	$ 0.284	$ 0.276	$ 0.008
AFFO[2]	$ 4,854	$ 3,028	$ 1,826
AFFO per Unit[2]	$ 0.248	$ 0.239	$ 0.009
AFFO Payout Ratio[2]	54.0%	53.3%	0.7%
Weighted average units (Diluted)	19,607,130	12,659,125	6,948,005

[1] Refer to section *"Other Real Estate Industry Metrics"*.
[2] Refer to section *"Non-IFRS Financial Measures"*.

All per unit measures included in the tables above are diluted (including Class B Units and DTUs).

Amounts in Thousands of US Dollars (except for per unit amounts)

Selected Quarterly Financial Information

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total communities	64	63	58	55	54	52
Total lots	11,454	11,328	9,904	8,960	8,793	8,634
Weighted average lot rent	$ 385	$ 369	$ 365	$ 359	$ 361	$ 352
Occupancy	83.1%	82.8%	81.9%	80.7%	80.2%	79.6%
Rental revenue and related income	$ 13,693	$ 12,192	$ 11,399	$ 9,835	$ 9,649	$ 8,304
Net income (loss) and comprehensive income (loss)	$ 2,433	$ 53,451	$ 10,264	$ (1,945)	$ 6,631	$ 47,338
Net income (loss) and comprehensive income (loss) per unit (basic)	$ 0.17	$ 4.28	$ 0.88	$ (0.25)	$ 0.92	$ 6.71
Net income (loss) and comprehensive income (loss) per unit (diluted)	$ 0.12	$ 3.04	$ 0.60	$ (0.15)	$ 0.52	$ 3.86
NOI	$ 9,258	$ 8,199	$ 7,592	$ 6,430	$ 6,440	$ 5,497
NOI Margin**	67.6%	67.2%	66.6%	65.4%	66.7%	66.2%
FFO*	$ 5,563	$ 4,614	$ 4,403	$ 3,342	$ 3,498	$ 2,697
FFO Per Unit* (diluted)	$ 0.284	$ 0.263	$ 0.257	$ 0.255	$ 0.276	$ 0.220
AFFO*	$ 4,854	$ 3,920	$ 3,742	$ 2,754	$ 3,028	$ 2,227
AFFO Per Unit* (diluted)	$ 0.248	$ 0.223	$ 0.218	$ 0.210	$ 0.239	$ 0.182
AFFO Payout Ratio*	54.0%	59.5%	58.5%	60.7%	53.3%	67.0%

**These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Non-IFRS Financial Measures".*

*** Refer to section "Non-IFRS Financial Measures".*

**** This information is for the period October 7, 2020 through December 31, 2020*

Amounts in Thousands of US Dollars (except for per unit amounts)

Review of Selected Operating Information – Q1 2022

The following tables highlight selected financial information of the REIT. This information has been compiled from the unaudited condensed consolidated interim financial statements and notes thereto and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes.

The following table highlights certain operating information of the REIT for the three months ended March 31, 2022 versus the three months ended March 31, 2021.

		For the three months ended March 31, 2022		For the three months ended March 31, 2021		Variance
Revenue						
Rental revenue and related income	$	13,693	$	9,649	$	4,044
Expenses (income)						
Property operating expenses	$	4,435	$	3,209	$	1,226
General and administrative	$	1,749	$	1,291	$	458
Finance costs from operations	$	2,234	$	1,917	$	317
Accretion of mark-to-market adjustment on mortgage payable adjustment on mortgages payable	$	(257)	$	(257)	$	-
Depreciation	$	67	$	33	$	34
Other (income)	$	(33)	$	(9)	$	(24)
Fair value adjustment - Class B units	$	3,184	$	2,282	$	902
Distributions on Class B units	$	730	$	693	$	37
Fair value adjustment - investment properties	$	(851)	$	(6,193)	$	5,342
Fair value adjustment - unit-based compensation	$	2	$	-	$	2
Transaction Costs	$	-	$	52	$	(52)
	$	11,260	$	3,018	$	8,242
Net income and comprehensive income	**$**	**2,433**	**$**	**6,631**	**$**	**(4,198)**

Amounts in Thousands of US Dollars (except for per unit amounts)

Revenue

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Rental revenue and related income	$ 13,693	$ 9,649	$ 4,044	41.9%

Rental revenue consists of lot rent, home rent, utility reimbursements, and other miscellaneous income collected at the communities. For the three months ended March 31, 2022, the higher revenue as compared to the prior period was primarily driven by acquisitions as well as lot rent increases and occupancy increases across the portfolio. New acquisitions accounted for $3,424 of the increase versus the prior period. Same Community Revenues were approximately $620 higher than the prior period. The increase in Same Community Revenue was a result of increasing monthly lot rent year over year as well as growth in Same Community Occupancy.

Property Operating Expenses

The following tables highlight property operating expenses of the REIT.

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Operating expenses	$ 4,435	$ 3,209	$ 1,226	38.2%

Operating expenses are comprised mainly of utilities, common area and maintenance expenses, payroll, insurance, property taxes and other costs associated with the management and maintenance of the investment properties. Operating expenses increased by $1,226 for the three months ended March 31, 2022 versus the three months ended March 31, 2021. The drivers for the increase were new communities acquired during 2021 and 2022 as well as inflationary pressures on wages, utilities and repairs and maintenance costs. New acquisitions accounted for $1,214 of the spend in operating expenses.

The table below provides a breakdown of operating expenses for the period:

Operating Expenses	**For the three months ended March 31, 2022**	**For the three months ended March 31, 2021**
Utilities	$ 1,716	$ 1,224
Payroll and benefits	$ 923	$ 733
Taxes and insurance	$ 1,096	$ 736
Repairs and maintenance	$ 301	$ 209
Other	$ 399	$ 307
Total Operating Expenses	**$ 4,435**	**$ 3,209**

Amounts in Thousands of US Dollars (except for per unit amounts)

General and Administrative

The following tables highlight general and administrative expenses of the REIT.

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
General and administrative	$ 1,749	$ 1,291	$ 458	35.5%

General and administrative expenses include legal fees, audit fees, salaries and benefits for certain REIT employees, trustee fees, transfer agent fees, taxes, insurance and other administrative costs. For the three months ended March 31, 2022, the $458 higher spend compared to the prior period is primarily the result of higher payroll and benefits as well as travel.

The table below provides a breakdown of general and administrative expenses:

General and administrative	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Payroll and benefits	$ 1,066	$ 652
Legal / Consulting	$ 132	$ 223
Audit and tax fees	$ 72	$ 111
Taxes and insurance	$ 112	$ 97
Trustee fees	$ 100	$ 64
Travel	$ 115	$ 55
Other	$ 152	$ 89
Total General and administrative	**$ 1,749**	**$ 1,291**

Finance Cost from Operations

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Finance costs from operations	$ 2,234	$ 1,917	$ 317	16.5%

Finance costs from operations consist of interest expense on loans and borrowings, amortization of deferred financing costs and other miscellaneous interest expense. For this period, interest expense on loans and borrowings accounted for $2,104 and miscellaneous interest expense was $127. Amortized deferred financing cost was $3. The increase versus the three months ended March 31, 2021 is the result of the REIT's new debt placed during 2021.

Amounts in Thousands of US Dollars (except for per unit amounts)

Other (Income)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Other (income)	$ (33)	$ (9)	$ 24	267%

Other (income) is made up of property management fees, asset management fees and note receivable interest that the REIT charges to Empower Park – see "Transactions with Related Parties". For the three months ended March 31, 2022, other income was higher than the prior period due to note receivable interest and management fees charged to Empower in the period.

Fair Value Adjustment - Class B Units

For the three months ended March 31, 2022 the REIT recognized a fair value loss on Class B Units of $3,184 ($2,282 for the three months ended March 31, 2021). Class B Units are measured at fair value with any changes in fair value recorded in fair value adjustment – Class B Units on the statement of net income and comprehensive income. The fair value as at March 31, 2022 was calculated using the Unit closing price as at the end of the reporting period whereas the fair value at March 31, 2021 was calculated using the Unit closing price at the end of the reporting period discounted to account for the hold period in place at that time.

Distributions on Class B Units

The Class B Units are redeemable for cash or Units, at the option of the REIT, and, therefore, the Class B Units meet the definition of a financial liability under IAS 32. The distributions paid to the holders of Class B Units are treated as interest expense and reflected on the statement of net income and comprehensive income within the REIT's financial statements. For the three months ended March 31, 2022 the REIT paid distributions on Class B Units of $730 ($693 for the three months ended March 31, 2021).

Fair Value Adjustment – Investment Properties

In accordance with IFRS, management has elected to use the fair value model to account for investment properties. Overall, the fair value of investment properties increased by $851 for the three months ended March 31, 2022 ($6,193 for the three months ended March 31, 2021). Fair value adjustments were determined based on the movement of various parameters, including changes in NOI and capitalization rates. The major driver of this increased fair value for the three months ended March 31, 2022 was a slight decrease to the capitalization rates across many of the communities as well as an increase in revenue across the portfolio somewhat offset by increases in operating expenses. The increased revenue was related to the rent increases that went into place during the three months ended March 31, 2022 driving NOI growth.

Amounts in Thousands of US Dollars (except for per unit amounts)

Transaction Costs

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Transaction costs	$ -	$ 52	$ (52)	-

Transaction costs are cost that relate to a stock market listing, or are otherwise not incremental and directly attributable to issuing new securities and are therefore recorded as an expense in the statement of net income and comprehensive income. For the three months ended March 31, 2022 the REIT incurred no transaction cost ($52 for the three months ended March 31, 2021).

Net Income and Comprehensive Income

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
Net income and comprehensive Income	$ 2,433	$ 6,631	$ (4,198)	-63.3%

Net income and comprehensive income for the three months ended March 31, 2022 was $4,198 less than the prior period as a result of the fair value gain on investment properties for the three months ended March 31, 2021 being significantly larger than in the same period in 2022 as well as the fair value loss on Class B Units being larger in 2022. These variances were somewhat offset by NOI being $2,818 higher for the three months ended March 31, 2022.

NOI, FFO, AFFO

Below is a summary of the NOI, FFO and AFFO for the three months ended March 31, 2022 and 2021. The weighted average unit count (diluted) for the three months ended March 31, 2022 was 19,607,130 (12,659,125 for the three months ended March 31, 2021). As at March 31, 2022, there were 19,626,397 Units outstanding (including the combined number of Units, Class B Units and DTUs).

AFFO and AFFO per Unit for the three months ended March 31, 2022 exceeded the three months ended March 31, 2021 by 60.3% and 3.8% respectively. The increase was primarily driven by the REIT's accretive acquisition strategy during 2021 and continued Same Community NOI growth. Same Community Revenues for the three months ended March 31, 2022 exceeded the three months ended March 31, 2021 by $620. This increase is driven by lot rent increases implemented during the period and occupancy growth throughout the year.

Cost containment efforts also helped contribute to the positive results. Continued focus on labor efficiencies throughout the communities as well as water and sewer savings had a positive impact on property operating expenses.

Amounts in Thousands of US Dollars (except for per unit amounts)

The following tables highlight a summary of the NOI, FFO and AFFO of the REIT.

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	Variance	Variance %
NOI	$ 9,258	$ 6,440	$ 2,818	43.8%
NOI Margin**	67.6%	66.7%	0.9%	1.3%
FFO*	$ 5,563	$ 3,498	$ 2,065	59.0%
FFO Per Unit*	$ 0.284	$ 0.276	$ 0.008	2.9%
AFFO*	$ 4,854	$ 3,028	$ 1,826	60.3%
AFFO per Unit*	$ 0.248	$ 0.239	$ 0.009	3.6%
AFFO Payout Ratio*	54.0%	53.3%	0.7%	1.3%

**These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Non-IFRS Financial Measures".*

*** Refer to section "Non-IFRS Financial Measures".*

Reconciliation of FFO, FFO per Unit, AFFO and AFFO per Unit

The REIT uses the following non-IFRS key performance indicators: FFO, FFO Per Unit, AFFO, AFFO per Unit.

The calculations of these measures and the reconciliation to net income and comprehensive income, are set out in the following tables:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Net income and comprehensive income	**$ 2,433**	**$ 6,631**
Adjustments to arrive at FFO		
Depreciation	$ 67	$ 33
Fair value adjustment - Class B units	$ 3,184	$ 2,282
Distributions on Class B units	$ 730	$ 693
Fair value adjustment - investment properties	$ (851)	$ (6,193)
Transaction costs	$ -	$ 52
Funds from Operations ("FFO")	**$ 5,563**	**$ 3,498**
FFO Per Unit* (diluted)	**$ 0.284**	**$ 0.276**
Adjustments to arrive at AFFO		
Accretion of mark-to-market adjustment on mortgage payable	$ (257)	$ (257)
Capital Expenditure Reserves	$ (452)	$ (213)
Adjusted Funds from Operations ("AFFO")	**$ 4,854**	**$ 3,028**
AFFO Per Unit* (diluted)	**$ 0.248**	**$ 0.239**

In the calculation of AFFO, the REIT uses a capital expenditure reserve of $60 (dollars/annual) per lot and $1,000 (dollars/annual) per rental home. This reserve is based on management's best estimate of the cost that the REIT may incur, related to maintaining the investment properties. For the three months ended March 31, 2022, the capital expenditure reserve was $452 as compared to actual spending of $323 (for the three months ended March 31, 2021 the capital expenditure reserve was $213 as compared to actual spending of $320).

Amounts in Thousands of US Dollars (except for per unit amounts)

Calculation of Other Real Estate Industry Metrics

NOI and NOI Margin

The REIT uses the following non-IFRS key performance indicators: NOI and NOI Margin.

The table below lays out the calculation of the REIT's NOI:

		For the three months ended March 31, 2022		For the three months ended March 31, 2021
Net income and comprehensive income	**$**	**2,433**	**$**	**6,631**
Adjustments to arrive at NOI				
General and administrative	$	1,749	$	1,291
Finance costs from operations	$	2,234	$	1,917
Accretion of mark-to-market adjustment on mortgage payable	$	(257)	$	(257)
Depreciation	$	67	$	33
Other (income)	$	(33)	$	(9)
Fair value adjustment - Class B units	$	3,184	$	2,282
Distributions on Class B units	$	730	$	693
Fair value adjustment - investment properties	$	(851)	$	(6,193)
Fair value adjustment - unit based compensation	$	2	$	-
Transaction Costs	$	-	$	52
NOI	**$**	**9,258**	**$**	**6,440**

The table below lays out the calculation of the REIT's NOI and NOI Margin.

		For the three months ended March 31, 2022		For the three months ended March 31, 2021
Rental revenue and related income	$	13,693	$	9,649
Property operating expenses	$	4,435	$	3,209
Net Operating Income ("NOI")	**$**	**9,258**	**$**	**6,440**
NOI Margin		**67.6%**		**66.7%**

Amounts in Thousands of US Dollars (except for per unit amounts)

Debt to Gross Book Value

The following table lays out the REIT's Debt to Gross Book Value.

		As at March 31, 2022		As at December 31, 2021
Mortgages payable (current portion)	$	697	$	637
Mortgages payable (non-current portion)	$	266,953	$	258,474
Total mortages payable ("Debt")	$	267,650	$	259,111
Gross Book Value	$	708,025	$	695,125
Debt to Gross Book Value		[illegible]		[illegible]

Since December 31, 2020 the REIT has decreased the Debt to Gross Book Value by 10%. The three major drivers of this were the completion two equity offerings that raised $121,591 in net proceeds, maintaining a low AFFO Payout Ratio that allowed the REIT to retain a portion of its earnings, and the recording of a large gain on Fair Value of Investment properties over that period.

Liquidity and Capital Resources

As at March 31, 2022 and December 31, 2021, the capital structure of the REIT was as follows:

		As at March 31, 2022		As at December 31, 2021
Indebtedness				
Mortgages payable (current portion)	$	697	$	637
Mortgages payable (non-current portion)	$	266,953	$	258,474
Class B Units	$	108,737	$	104,856
	$	376,387	$	363,967
Unitholders equity				
Unitholders equity	$	323,235	$	322,694
Total capitalization	**$**	[illegible]	**$**	[illegible]

Liquidity and capital resources are used to fund capital investments in the investment properties, acquisition activities, servicing of debt obligations and distributions to Unitholders. The principal source of liquidity is cash flow generated from property operations. For the three months ended March 31, 2022, net cash from operating activities was $6,080. Business operations are also financed using property-specific mortgages, and equity financing.

On May 12, 2021, the REIT closed on a $5,000 working capital line of credit. The line is for three years with a floating interest rate at 0.5% above the Wall Street Journal Prime rate. Payments will be interest only for the full term. As at March 31, 2022, the REIT had $0 outstanding on this line of credit.

As at March 31, 2022, Liquidity[1] was $20,137 (as at December 31, 2021 liquidity was $20,451) consisting of cash, cash equivalents, and available capacity on lines of credit.

[1] Refer to section "*Other Real Estate Industry Metrics*".

Amounts in Thousands of US Dollars (except for per unit amounts)

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; and
- existing cash and cash equivalents on hand

In addition, subject to market conditions, the REIT may raise funding through equity financing. On May 7, 2021, the REIT filed a (final) short form base shelf prospectus, pursuant to which, for a period of 25 months thereafter, the REIT (and Unitholders) may sell up to an aggregate of $300,000 of (i) Units; (ii) senior or subordinated unsecured debt securities of the REIT; (iii) subscription receipts; (iv) warrants; and (v) securities comprised of more than one of the foregoing, or any combination thereof. Subsequently, the REIT filed a supplement to that prospectus, and entered into underwriting agreements for the purpose of completing the June 2021 Offering and the November 2021 Offering. The REIT raised gross proceeds of $81,000 pursuant to the June 2021 Offering through the issuance of 4,500,000 Units at a price of $18.00 per Unit. The REIT raised gross proceeds of $46,489 pursuant to the November 2021 Offering through the issuance of 2,415,000 Units at a price of $19.25 per Unit.

The REIT believes that its capital structure will provide it with financial flexibility to pursue future growth strategies. However, the REIT's ability to fund operating expenses, capital expenditures and future debt service requirements will depend on, among other things, future operating performance, which will be affected by general economic, industry, financial and other factors, including factors beyond the REIT's control.

The REIT currently has twenty unencumbered investment properties with a total fair value of $73,700 as at March 31, 2022.

The table below sets out the upcoming principal payments due by year.

Year		**Principal payments due during period**	**% of Total Principal**
2022	$	512	0.2%
2023	$	735	0.3%
2024	$	772	0.3%
2025	$	820	0.3%
2026	$	866	0.3%
Thereafter	$	259,140	98.6%
TOTAL	**$**	**262,845**	

Debt Financing

The REIT seeks to maintain a debt profile consisting of borrowings from various sources of low-cost capital, which may include debt from regional and national banks, government-sponsored entities such as Fannie Mae and Freddie Mac, insurance companies, CMBS lenders and publicly issued bonds.

The REIT's overall borrowing philosophy is to obtain secured debt, principally on a fixed rate or effectively fixed rate basis, which will allow the REIT to: (i) achieve and maintain staggered maturities to lessen exposure to re-financing risk in any particular period; (ii) achieve and maintain fixed rates to lessen exposure to interest rate fluctuations; and (iii) extend loan terms and fixed rate periods as long as possible when borrowing conditions are favorable. Subject to market conditions and the growth of the REIT, management currently intends to target Debt to Gross Book Value of approximately 45%-55% of Gross Book Value. Interest rates and loan maturities will be reviewed on a regular basis to ensure appropriate debt management strategies are implemented.

On August 19, 2021, the REIT borrowed $29,700, for which the July 2021 Acquisitions were collateral. The interest rate on the note is 3.08% fixed for 20 years with the first 84 monthly payments being interest only.

On November 15, 2021, the borrowed $8,700, for which one MHC was collateral. The interest rate on the note is 3.18% fixed for 20 years with the first 81 monthly payments being interest only.

On March 24, 2022, the REIT borrowed $9,250, for which one MHC was the collateral. The interest rate on the note is 4.37% fixed for 30 years with the first 180 monthly payments being interest only.

As at March 31, 2022, the REIT's Debt to Gross Book Value ratio was 37.8% (as at December 31, 2021 – 37.3%, as at March 31, 2021 – 46.9%). This decrease, as compared to March 31, 2021, is due to the June 2021 and November 2021 Offerings, which raised a combined $127,489 of equity capital. Management expects that the ratio of Debt to Gross Book Value may increase, at least temporarily, following an acquisition by the REIT of one or more additional properties.

As at March 31, 2022 the REIT had a weighted average interest rate of 3.46% (100% fixed rate) (as at December 31, 2021 - 3.43%, as at March 31, 2022 – 3.50%) and a weighted average term to maturity of 11.1 years (as at December 31,2021 – 10.7 years, as at March 31, 2021 - 9.6 years). Mortgages as at March 31, 2022 mature at various dates beginning in 2027. Outside of the regular principal amortization of existing loans and borrowings; there are no balloon payments due in the next twelve months.

As at March 31, 2022, the REIT was in compliance with all debt covenants with various lenders.

Pursuant to the Declaration of Trust, the REIT shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT (including convertible debentures) would be more than 65% of Gross Book Value.

Class B Units

In conjunction with the IPO, and as partial consideration for the Initial Communities, Flagship Operating, LLC issued Class B Units to certain retained interest holders. The holders of Class B Units are entitled to receive distributions from Flagship Operating, LLC proportionately to the distributions made by the REIT to holders of Units. The Class B Units are redeemable by the holder thereof for cash or Units (on a one-for-one basis subject to customary anti-dilution adjustments), as determined by Flagship Operating, LLC and as directed by the REIT in its sole discretion, subject to certain limitations and restrictions, and therefore are considered a puttable instrument. As a result, the Class B Units have been classified as financial liabilities and are measured at FVTPL (fair value through profit or loss). The fair value of the Class B Units is measured every period, with changes in measurement recorded in Fair value adjustment – Class B Units in the condensed consolidated interim statement of net income and comprehensive income. Distributions on Class B Units are recorded as finance cost in the unaudited condensed consolidated interim financial statements in the period in which they become payable.

As at May 9, 2022, the total number of Class B Units outstanding was 5,470,388 (as at December 31, 2021 - 5,432,940).

Unit-Based Compensation

The REIT adopted the Omnibus Equity Incentive Plan on December 1, 2020. On May 10, 2021 Unitholders passed an ordinary resolution at the REIT's unitholder meeting to approve the Omnibus Equity Incentive Plan, including any previous grants of award and all unallocated awards issuable thereunder. The Equity Incentive Plan provides for awards of Restricted Units ("RUs"), Performance Units ("PUs"), DTUs and Options, each as defined therein. Awards under the Equity Incentive Plan may be settled by Units issued from treasury or, if so elected by the participant and subject to the approval of the Board of Trustees, cash measured by the value of the Units on the settlement date. Awards earn additional Units for distributions that would otherwise have been payable in cash. These additional Units vest on the same basis as the initial units to which they relate.

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. 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.

DTUs are recorded in trustee fees, included in general and administrative expenses on the consolidated statement of net income and comprehensive income, at the volume-weighted average closing price of a Unit on the TSX for the five trading days immediately preceding the date of grant. The liability is measured every period, and upon settlement, with changes in measurement recorded in Fair value adjustment – DTUs on the consolidated statement of net income and comprehensive income.

As at May 9, 2022, the total number of DTUs outstanding was 19,877 (as at December 31, 2021 – 11,210), while no RUs or PUs have been granted.

Units

The REIT is authorized to issue an unlimited number of Units. No Unit has any preference or priority over another. Each Unit represents a Unitholder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by the REIT, whether of net income, net capital gain or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued and are transferable.

As at May 9, 2022, the total number of Units outstanding was 14,141,185 (as at December 31, 2021 – 14,141,185).

Amounts in Thousands of US Dollars (except for per unit amounts)

Distributions

The REIT has adopted a distribution policy pursuant to which the REIT and Flagship Operating, LLC make cash distributions to Unitholders, holders of Class B Units, and holders of DTUs respectively, on a monthly basis. Pursuant to this distribution policy, distributions are paid to Unitholders, holders of Class B Units, and holder of DTUs of record at the close of business on the last business day of a month on or about the 15th day of the following month. Distributions must be approved by the board of trustees of the REIT and are subject to change depending on the general economic outlook and financial performance of the REIT. The REIT does not use net income in accordance with IFRS as the basis to establish the level of distributions as net income includes, among other items, non-cash fair value adjustments related to its property portfolio.

In accordance with National Policy 41-201 - Income Trusts and Other Indirect Offerings, the REIT provides the following additional disclosure relating to cash distributions:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Cash Provided by operating activities	$ 6,080	$ 5,187
Less finance cost from operations	$ 2,234	$ 1,917
	$ 3,846	$ 3,270
Less distributions paid to unitholders	$ 1,892	$ 920
Less distributions paid to Class B unitholders	$ 728	$ 693
Excess cash provided by operating activities over distributions paid	$ 1,226	$ 1,657
Net income and comprehensive income	$ 2,433	$ 6,631
Less distributions paid to unitholders	$ 1,892	$ 920
Excess net income and comprehensive income over distributions paid	$ 541	$ 5,711

Total distributions declared to Unitholders and holders of Class B Units were $2,622 for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - $1,613).

On October 22, 2021 the REIT announced that the Board of Trustees approved a 5% increase to its monthly cash distribution to unitholders to $0.0446 per REIT unit or $0.5355 per REIT unit on an annual basis. The new monthly cash distribution commenced with the November 2021 distribution which were paid in December 2021.

The AFFO Payout Ratio[1] for the three months ended March 31, 2022 was 54.0% compared to 53.3% in the comparable period in 2021.

[1] Refer to section *"Non-IFRS Financial Measures"*.

Amounts in Thousands of US Dollars (except for per unit amounts)

Contractual Commitments

The following table provides information on the carrying balance and the non-discounted contractual maturities of financial liabilities of the REIT with fixed repayment terms as at March 31, 2022:

	Carrying amount	Contractual cash flows	1 Year	1 to 2 Years	2 to 5 years	5+ years
Trade and Other Payables	$ 256	$ 256	$ 256	$ -	$ -	$ -
Other Liabilities	$ 8,147	$ 8,147	$ 8,147	$ -	$ -	$ -
Mortgages Payable	$ 267,650	$ 358,165	$ 10,183	$ 19,712	$ 29,561	$ 298,709
	$ 276,053	$ 366,568	$ 18,586	$ 19,712	$ 29,561	$ 298,709

Investment Property Portfolio

A property is determined to be an investment property when it is held either to earn rental income, capital appreciation or for both. Investment properties include land, buildings, land improvements, and building improvements. The REIT's investment properties consist of MHCs and a fleet of rental homes for lease to residents of the MHCs. The REIT used a combination of internal valuation methodologies and external appraisals to value the investment properties. The estimated fair value of the MHC's was determined using the direct capitalization income method. The direct capitalization method analyzes the relationship of one year's NOI to total property value. The NOI is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over an investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The investment property portfolio had 64 communities as at March 31, 2022 (as at December 31, 2021 - 63). A reconciliation of the carrying amount for investment properties at the beginning and end of the period is set out below:

	As at March 31, 2022	As at December 31, 2021
Investment properties, opening balance	$ 670,523	$ 428,391
Capital expenditures	$ 2,133	$ 6,672
Acquisitions of investment properties	$ 8,232	$ 158,107
Disposal of investment properties	$ (409)	$ (1,460)
Change in fair value of investment properties	$ 851	$ 78,813
Total investment properties, end of period	**$ 681,330**	**$ 670,523**

Amounts in Thousands of US Dollars (except for per unit amounts)

Investment Property Valuation

A significant increase (decrease) in estimated rents or occupancy rates, per annum in isolation would result in a significantly higher (lower) fair value. A significant increase (decrease) in capitalization rate estimates in isolation would result in significantly lower (higher) fair value. The REIT used an internal valuation process to value the investment properties as at March 31, 2022 and December 31, 2021. The REIT engages third party appraisers to prepare valuations of the communities such that the entire portfolio is appraised at least once every year. The REIT uses these appraisals along with other market data to determine fair value.

The weighted average capitalization rate decreased by .05% as at March 31, 2022. This decrease was a result of the lowering of capitalization rates on assets held at December 31, 2021.

The high, low, and overall weighted average of the capitalization rates applicable to the community portfolio are set out below along with the impact of a 25 basis-point increase or (decrease) in the weighted average capitalization rate on the carrying value of investment properties in a dollar and percentage terms:

	As at March 31, 2022	As at December 31, 2021
Capitalization Rates of Investment Properties		
High	6.95%	7.00%
Low	4.45%	4.50%
Weighted Average	4.68%	4.73%
% Change		
+0.025	5.09%	5.05%
-0.025	-5.67%	-5.61%
$ Change		
+0.025	$33,264	$32,439
-0.025	($37,055)	($36,097)

Cash Flows

The REIT held cash and cash equivalents of $15,137 as at March 31, 2022. The changes in cash flows are as follows:

		For the three months ended March 31, 2022		For the three months ended March 31, 2021
Cash provided by operating activities	$	6,080	$	5,187
Cash provided by financing activities	$	3,939	$	(3,704)
Cash used in investing activities	$	(10,333)	$	(6,528)
Change in cash and cash equivalents during the period	$	(314)	$	(5,045)

Operating activities for the three months ended March 31, 2022

Operating activities for the period generated a net cash inflow of $6,080 (for the three months ended March 31, 2021 - $5,187). This cash flow from operating activities was largely driven by cash inflows from normal business operations (net income adjusted for non-cash items and financing activities).

Financing activities for the three months ended March 31, 2022

Financing activities for the period generated a net cash inflow of $3,939 ($3,704 for the three months ended March 31, 2021). This was largely driven by proceeds from mortgages payable of $9,049. These inflows were offset by distributions paid to Unit holders and Class B Unit holders of $1,892 and $728 respectively as well as interest paid of $2,234.

Investing activities for the three months ended March 31, 2022

Investing activities for the period resulted in a net cash outflow of $10,332 ($6,528 for the three months ended March 31, 2021). This was largely driven by the acquisitions of investment property completed as well as capital expenditures on investment properties during the three months ended March 31, 2022.

Transactions with Related Parties

In connection with the IPO, the REIT indirectly acquired the Initial Communities from entities owned and managed by certain executive officers of the REIT, as a result of which the REIT's Chief Executive Officer and Chief Investment Officer acquired beneficial ownership, or control or direction over, directly or indirectly, 17,408 Units and 5,434,135 Class B Units.

On closing of the IPO, 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 the Initial Communities, under the ''You Got it Homes'' brand. The REIT has no off-balance sheet arrangements to disclose with related parties

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

- Payroll and benefits include $639 and $391 incurred to key management personnel during the three months ended March 31, 2022, and 2021, respectively, which includes short-term employee payroll and benefits.
- For the three months ended March 31, 2022, and 2021, the REIT billed Empower a total of $256 and $260, of which $230 and $235 was payroll and benefits, $13 and $10 was management fees, and $13 and $15 was other miscellaneous items, respectively. As at March 31, 2022 and December 31, 2021, the REIT had a receivable, included in tenant and other receivables, net, from Empower of $185 and $149, respectively.
- On February 15, 2022, the REIT acquired a 13-acre manufactured housing resort community from a Empower, for approximately $8,200 of which a portion of the consideration was settle in Class B Units of the REIT and a portion in cash.

Amounts in Thousands of US Dollars (except for per unit amounts)

- On July 2, 2021 the REIT entered into a promissory note ("Note Receivable-Related Party") in the amount of $2,460 with Empower Park. The Note Receivable-Related Party includes monthly interest only payments, which began on August 2, 2021, through maturity 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, 2022 and 2021, interest revenue was $19 and $Nil, respectively.
- For the three months ended March 31, 2022 and 2021, the REIT incurred expenses for services provided by related parties that included HVAC, paving/concrete repair, legal, IT and landscape services. As at March 31,2022 and December 31, 2021, the REIT had total accounts payable and accrued liabilities due to related parties of $162 and $11, respectively.

The table below breaks out spending for each related party:

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	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 for the communities including installing new air conditioner units as well as services existing units.	$90	$62
[redacted]	100% owned by the brother of the REIT's CEO.	Provides landscaping services for various investment properties.	$108	$76
[redacted]	100% owned by the brother of the REIT's CEO.	IT and desktop support	$18	$10
[redacted]	Wholly owned by the REIT's CEO, CIO and another holder of Class B Units.	Empower acquires and develop MHCs that do not meet the REIT's Iinvestment Ccriteria and conducts home sales, including sales of manufactured homes located on the Initial Communities. Per agreement with Empower Park, the REIT will pay floor plan interest on homes within the Initial Communities as well as reimburse Empower for any gross profit losses on homes sales within the Initial Communities	$43	$33
		[redacted]	**$259**	**$181**

Management believes these related party transactions were done on commercial terms normally attainable from third parties.

Critical Accounting Estimates and Assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial period are outlined below. There have been no updates to matters covered by this section since the Annual MD&A

Investment properties

A property is determined to be an investment property when it is held either to earn rental income, capital appreciation or for both. Investment properties include land, buildings, land improvements, and building improvements. The REIT used a combination of internal valuation methodologies and external appraisals to value the investment properties. The estimated fair value of the investment properties was determined using the direct capitalization income method. The direct capitalization income method analyzes the relationship of one year's NOI to total property value. The NOI is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over an investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

A significant increase (decrease) in estimated rents or occupancy rates, per annum in isolation would result in a significantly higher (lower) fair value. A significant increase (decrease) in capitalization rate estimates in isolation would result in significantly lower (higher) fair value.

Changes in Accounting Policies

Changes to significant accounting policies are described below (as applicable).

Standards issued but not yet effective for the three months ended March 31, 2022:

IAS 1 - Presentation of Financial Statements ("IAS 1"), was amended in January 2020. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify the definition of a right to defer settlement and specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments must be applied retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. The REIT is currently assessing the impact of this standard.

Disclosure Controls and Internal Controls Over Financial Reporting

There have been no changes in the internal control over financial reporting of the REIT during the three months ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, the REIT's internal control over financial reporting.

Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that control systems of the REIT will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met. Further, the design of a control system must reflect that there are resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The design of any control system is also 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 its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Risk and Uncertainties

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT. The Annual Information Form contains a detailed summary of risk factors pertaining to the REIT and its business. The disclosures in this MD&A are subject to the risk factors outlined in the Annual Information Form. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed in the Annual Information Form could materially and adversely affect the business, prospects, financial condition, results of operations, cash flow or the ability of the REIT to make cash distributions to Unitholders or value of the Units of the REIT.