New homeowners at Waterford Pointe in Evansville, Indiana

2024 Q2

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 7, 2024

Flagship
Communities REIT

Table of Contents

Presentation

This Management's Discussion and Analysis ("MD&A") is prepared as at August 7, 2024 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 condition and financial performance as at June 30, 2024 and for the three and six months ended June 30, 2024 and 2023.

This MD&A should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2024 and 2023, as well as the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023 and the REIT's MD&A for the year ended December 31, 2023 (the "Annual MD&A"). Such 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.sedarplus.com or on the REIT's website at www.flagshipcommunities.com.

This MD&A is based on 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 ("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".

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, objectives and creation of long-term value; the REIT's intention to continue to expand in its existing operational footprint, increasing its presence in core markets to enhance efficiencies and achieve economies of scale, and target growth markets, the REIT's intention to convert rental homes to tenant owned homes as opportunities allow; expected sources of funding for future acquisitions and the expected performance of acquisitions; macro characteristics and trends in the United States real estate and housing industry, as well as the manufactured housing community ("MHC") industry specifically; the REIT's distribution policy and intended sources of cash therefor; the REIT's target indebtedness as a percentage of Gross Book Value; the REIT's intentions with respect to the May 2024 Bridge Note (as defined herein); and the expectations regarding occupancy of added lots and the addition of further lots.. 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; further MHC acquisitions by the REIT; the applicability of any government regulation concerning MHCs and other residential accommodations; the availability of debt financing and future interest rates, which continue to be volatile and have trended upward since the REIT's formation in 2020; increasing expenditures and fees, in connection with the ownership of MHCs, driven by inflation; 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 or referenced under the heading "Risks and Uncertainties" herein or in the Annual MD&A. 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. Further, certain forward-looking statements included in this MD&A may be considered as "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 consolidated 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"), Restricted Units ("RUs"), and Deferred Trust Units ("DTUs"). 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

Funds from operations ("FFO") and adjusted funds from operations ("AFFO") are calculated in accordance with the definition provided by the Real Property Association of Canada ("REALPAC").

FFO is defined as IFRS consolidated net income (loss) adjusted for items such as distributions on redeemable or exchangeable units (including distributions on the Class B Units), unrealized fair value adjustments to Class B Units, unrealized fair value adjustments to investment properties, unrealized fair value adjustments to unit based compensation, loss on extinguishment of acquired mortgages payable, gain on disposition of investment properties, and depreciation. FFO should not be construed as an alternative to consolidated net income (loss) or consolidated cash flows provided by (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, FFO adjusted, FFO adjusted per unit, AFFO, AFFO per unit, AFFO adjusted and AFFO adjusted per unit" for a reconciliation of FFO to FFO adjusted to consolidated 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, vested RUs and vested DTUs) during the period.

"FFO adjusted" is defined as FFO adjusted for non-real estate industry specific operating transactions. FFO adjusted presents FFO in a normalized manner that is substantially in accordance with REALPAC's recommendations. FFO adjusted may, as transactions occur, include adjustments that were not included in the definition of FFO adjusted in a previous period but are included in the current period to present FFO in a normalized manner that is substantially in accordance with REALPAC's recommendations. For the three and six months ended June 30, 2024 adjustments include mortgages payable settlement expense, which 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. Adjustments also include insurance proceeds related to covered damage of investment property which was not an adjustment included in FFO adjusted in the previous period.

"FFO adjusted per unit (diluted)" is defined as FFO adjusted for the applicable period divided by the diluted weighted average unit count (including Class B Units, vested RUs and vested 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, and premiums and discounts on debt and investments. AFFO should not be construed as an alternative to consolidated net income (loss) or consolidated cash flows provided by (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 $75 per lot per year and $1,100 per rental home per year, for the year ending December 31, 2024, ($60 per lot per year and $1,000 per rental home per year, for the year ended December 31, 2023) 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, FFO adjusted, FFO adjusted per unit, AFFO, AFFO per unit, AFFO adjusted and AFFO adjusted per unit" for a reconciliation of AFFO to AFFO adjusted to consolidated 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, vested RUs and vested DTUs) during the period.

"AFFO adjusted" is defined as AFFO adjusted for transactions that are not considered recurring measures of economic earnings with the goal of presenting AFFO in a normalized manner that is substantially in accordance with REALPAC's recommendations. AFFO adjusted may, as transactions occur, include adjustments that were not included in the definition of AFFO adjusted in a previous period but are included in the current period to present AFFO in a normalized manner that is substantially in accordance with REALPAC's recommendations. For the three and six months ended June 30, 2024 adjustments include mortgages payable settlement expense, which 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. Adjustments also include insurance proceeds related to covered damage of investment property which was not an adjustment included in AFFO adjusted in the previous period.

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

"AFFO adjusted per unit (diluted)" is defined as AFFO adjusted for the applicable period divided by the diluted weighted average unit count (including Class B Units, vested RUs and vested 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 and AFFO adjusted 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 Community (as defined below) (i.e., Acquisitions Revenue, as well as Acquisitions net operating income ("NOI"), and Acquisitions NOI Margin (as defined below)), and such measure is 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" is calculated by dividing indebtedness, which consists of the total principal amounts outstanding under mortgages and note payable, net and credit facilities, by Gross Book Value (as defined below). Refer to section "Calculation of Other Real Estate Industry Metrics – Debt to Gross Book Value".
- "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.
- "Net Asset Value" or "NAV" is calculated by taking unitholders' equity plus Class B Units. NAV provides an indication of the total value of the REIT's investment properties, after accounting for outstanding mortgages and notes payable. NAV also provides an indication of the changes in the REIT's overall value resulting from the performance of its assets.
- "Net Asset Value per Unit" or "NAV per Unit" is defined as NAV divided by the total number of units (including Units, Class B Units, vested RUs and vested DTUs) outstanding.
- "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 the first day of the preceding calendar year by the REIT and such measures (i.e., Same Community Revenue, as well as Same Community NOI, Same Community NOI Margin, and Same Community Occupancy) are used by management to evaluate period-over-period performance.
- "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 and Note Interest Rate” is calculated by multiplying each mortgages and note’s interest rate by the mortgage and note balance and dividing the sum by the total mortgage and note balance.
- “Weighted Average Mortgage and Note Term” is calculated by multiplying each mortgages and note’s remaining term by the mortgage and note balance and dividing the sum by the total mortgage and note balance.

Highlights

Three months ended June 30, 2024

- Rental revenue for the three months ended June 30, 2024 was $21,232 compared to $17,379 for the three months ended June 30, 2023, an increase of $3,853 or 22.2%.
- Same Community Revenue[1] for the three months ended June 30, 2024 was $18,894, compared to $17,057 for the three months ended June 30, 2023, an increase of $1,837 or 10.8%.
- Net income and comprehensive income for the three months ended June 30, 2024 was $43,456 compared to $21,391 for the three months ended June 30, 2023, an increase of $22,065 or 103.2%.
- Net income and comprehensive income per unit (diluted) for the three months ended June 30, 2024 was $1.81 versus $1.02 for the three months ended June 30, 2023.
- NOI for the three months ended June 30, 2024 was $14,060 compared to $11,578 for the three months ended June 30, 2023, an increase of $2,482 or 21.4%.
- Same Community NOI[1] for the three months ended June 30, 2024 was $12,411 compared to $11,421 for the three months ended June 30, 2023, an increase of $990 or 8.7%.
- NOI Margin[1] for the three months ended June 30, 2024 was 66.2% compared to 66.6% for the three months ended June 30, 2023.
- Same Community NOI Margin[1] for the three months ended June 30, 2024 was 65.7% compared to 67.0% for the three months ended June 30, 2023.
- FFO per unit (diluted)[2] for the three months ended June 30, 2024 was $0.330 compared to $0.297 for the three months ended June 30, 2023 which was an increase of $0.033 per unit, or 11.1%
- FFO adjusted per unit (diluted)[2] for the three months ended June 30, 2024 was $0.314 compared to $0.297 for the three months ended June 30, 2023 which was an increase of $0.017 per unit, or 5.7%.
- AFFO per unit (diluted)[2] for the three months ended June 30, 2024 was $0.292 compared to $0.260 for the three months ended June 30, 2023 which was an increase of $0.032 per unit, or 12.3%.
- AFFO adjusted per unit (diluted)[2] for the three months ended June 30, 2024 was $0.276 compared to $0.260 for the three months ended June 30, 2023 which was an increase of $0.016 per unit, or 6.2%.
- Rent Collections[1] for the three months ended June 30, 2024 was 98.7%, which was a decrease of (0.2)% when compared to the three months ended June 30, 2023.
- The REIT completed an expansion in one of its Same Community properties where it added 81 additional lots.

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

Six months ended June 30, 2024

- Rental revenue for the six months ended June 30, 2024 was $41,152 compared to $34,137 for the six months ended June 30, 2023, an increase of $7,015 or 20.5%.
- Same Community Revenue[1] for the six months ended June 30, 2024 was $37,494, compared to $33,790 for the three months ended June 30, 2023, an increase of $3,704 or 11.0%.
- Net income and comprehensive income for the six months ended June 30, 2024 was $54,580 compared to $37,606 for the six months ended June 30,2024, an increase of $16,974 or 45.1%.
- Net income and comprehensive income per unit (diluted) for the six months ended June 30, 2024 was $2.42 versus $1.84 for the six months ended June 30, 2023.
- NOI for the six months ended June 30, 2024 was $27,397 compared to $22,696 for the three months ended June 30, 2023, an increase of $4,701 or 20.7%.
- Same Community NOI[1] for the six months ended June 30, 2024 was $25,018 compared to $22,539 for the six months ended June 30, 2023, an increase of $2,479 or 11.0%.
- NOI Margin[1] for the six months ended June 30, 2024 was 66.6%, up 0.1% when compared to the six months ended June 30, 2023.
- Same Community NOI Margin[1] for the six months ended June 30, 2024 and 2023 was 66.7%.
- FFO per unit (diluted)[2] for the six months ended June 30, 2024 was $0.544 compared to $0.594 for the six months ended June 30, 2023 which was a decrease of ($0.050) per unit, or (8.5)%
- FFO adjusted per unit (diluted)[2] for the six months ended June 30, 2024 was $0.638 compared to $0.594 for the six months ended June 30, 2023 which was an increase of $0.044 per unit, or 7.4%.
- AFFO per unit (diluted)[2] for the six months ended June 30, 2024 was $0.466 compared to $0.520 for the six months ended June 30, 2023 which was a decrease of $(0.054) per unit, or (10.3)%
- AFFO adjusted per unit (diluted)[2] for the six months ended June 30, 2024 was $0.560 compared to $0.520 for the six months ended June 30, 2023 which was an increase of $0.040 per unit, or 7.7%.
- Rent Collections[1] for the six months ended June 30, 2024 was 99.2%, which was a decrease of (0.1)% when compared to the six months ended June 30, 2023.

As at June 30, 2024

- NAV[1] and NAV per Unit[1] as at June 30, 2024 was $620,300 and $24.75, respectively, compared to $525,116 and $24.84, respectively.
- Debt to Gross Book Value[1] as at June 30, 2024 was 39.6% compared to 40.3% as at December 31, 2023.
- Total portfolio occupancy was 83.9% as at June 30, 2024 a 0.6% increase when compared to total portfolio occupancy as at June 30, 2023.
- Same Community[1] Occupancy was 85.0% as at June 30, 2024, a 0.5% increase when compared to Same Community Occupancy as at June 30, 2023.

---

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

Business Overview

Objectives

Flagship Communities Real Estate Investment Trust is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated 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.

As at June 30, 2024, the REIT owned a 100% interest in a portfolio of 80 MHCs with 14,635 lots as well as two recreational vehicle ("RV") resort communities with 470 sites, located in eight contiguous states: (i) Arkansas; (ii) Illinois; (iii) Indiana; (iv) Kentucky; (v) Missouri; (vi) Ohio; (vii) Tennessee; and (viii) West Virginia. 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 June 30, 2024, the REIT also owned a fleet of approximately 1,500 manufactured homes for lease to residents. The REIT plans to continue its strategy of converting rental homes to tenant owned homes however, from time to time, the rental home fleet may grow as a result of property acquisitions and targeted additions based on community needs.

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 and RV resort communities 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 and RV resort communities that are expected to be accretive to the REIT's AFFO per unit.

Six months ended June 30, 2024

On January 31 2024, the REIT refinanced four mortgages payable with six mortgages payable, for which, collectively six communities are collateral ("January 31 Refinance"). Total proceeds from the refinance were $54,521 and the interest rate on these notes is fixed at 5.95% for 10 years with monthly payments being interest only until maturity, at which time any accrued and unpaid interest, and the principal balances, are due in full. A portion of funds were used to repay one of the two September 18th Bridge Notes (as defined below) and the remainder of the funds will be used to fund future acquisitions and for general business purposes.

On February 15, 2024, the REIT refinanced the remaining September 18th Bridge Note for which one community is collateral ("February 15 Refinance"). Total proceeds from the refinance were $4,709 and the interest rate on these notes is fixed at 5.60% for 10 years with monthly payments being interest only until maturity at which time any accrued and unpaid interest, and the principal balances, are due in full.

On February 20, 2024, the REIT refinanced the September 19th Bridge Note (as defined below) for which one community is collateral ("February 20 Refinance"). Total proceeds from the refinance were $14,664 and the interest rate on these notes is fixed at 5.60% for 10 years with monthly payments being interest only until maturity at which time any accrued and unpaid interest, and the principal balances, are due in full.

Collectively, the January 31 Refinance, February 15 Refinance and February 20 Refinance, shall be referred to as the "Refinance and Repayment".

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 (the "April 2024 Offering") that closed on April 24, 2024. 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 were used by the REIT to partially fund the Expansion Acquisitions (as defined below).

On May 14, 2024, the REIT acquired a total of seven MHCs, comprising 1,253 lots, and 152 rental homes, for an aggregate purchase price of approximately $93,000 (the "Expansion Acquisitions"). The MHCs are located in an adjacent market of Nashville, TN, as well as a new markets in West Virginia and, at the time of closing, had an average occupancy of 78%. The Expansion Acquisitions were funded with proceeds from the April 2024 Offering (as defined above) as well as the May 2024 Bridge Note (as defined below). The Expansion Acquisitions represents an opportunity to strategically expand the REITs footprint into adjacent and new markets, both of which enable the REIT to maximize existing synergies and leverage economies of scale.

On May 14, 2024, the REIT entered a draw note commitment with a commercial lender for $45,000 ("May 2024 Bridge Note"). As at June 30, 2024 only $40,000 of the note commitment has been drawn. The interest rate on the May 2024 Bridge Note is variable at 2.50% over the Secured Overnight Financing Rate ("SOFR") and the interest rate is adjusted each month until the note is paid in full. The May 2024 Bridge Note matures in 12 months with monthly payments being interest only until maturity, at which time any accrued and unpaid interest and the principal balance are due in full. The May 2024 Bridge Note is unsecured and held at the REIT level. The proceeds from the May 2024 Bridge Note were used to partially fund the Expansion Acquisitions and the REIT intends to replace the May 2024 Bridge Note with long-term, fixed rate, financing before it reaches maturity.

Year ended December 31, 2023

On February 28, 2023, the REIT acquired a 20 acre MHC in Austin, Indiana for approximately $2,000 from a related party, Empower Park, LLC ("Empower")(see section "Transactions with Related Parties"). The acquisition includes 120 MHC homesites, which include 94 developed lots and 26 lots for additional expansion. The purchase price for the acquisition was satisfied by $25 cash and the issuance of 120,598 Class B Units by Flagship Operating, LLC.

On March 22, 2023, pursuant to the ATM Offering (as defined below), the REIT raised gross proceeds of $20,000 through the issuance of 1,176,471 Units at a price of $17.00 per unit ("March ATM Offering"). The net proceeds from the March ATM Offering were used by the REIT to fund subsequent acquisitions and for general business purposes.

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

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 ("May ATM Offering"). The net proceeds from the May ATM Offering were used by the REIT to fund a subsequent acquisition and for general business purposes.

On June 7, 2023, 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. Subsequently, the REIT re-established the ATM Offering pursuant to a new prospectus supplement dated June 28, 2023. Pursuant to the ATM Offering, the REIT may issue Units, from time to time, up to an aggregate amount of $50,000.

On September 18, 2023, the REIT borrowed $7,995 from a life insurance lender, for which two MHCs were the collateral ("September 18^{th} Bridge Notes"). The interest rates on the September 18^{th} Bridge Notes are variable at 3.75% over SOFR and is adjusted each month until the notes are paid in full. As at December 31, 2023, the September 18^{th} Bridge Notes were accruing interest at 9.13%. The September 18^{th} Bridge Notes were originally scheduled to mature 12 months after their issuance and had monthly payments being interest only. The borrowed funds were used to fund subsequent acquisitions and for general business purposes.

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

On September 19, 2023, the REIT acquired a MHC comprising 309 lots for approximately $23,000. The MHC had an average occupancy of 95% at the time of acquisition and is located in the REITs existing markets in Indiana. At closing, the REIT borrowed $12,693 from a life insurance lender, for which the MHC was the collateral ("September 19th Bridge Note"). The interest rate on the September 19th Bridge Note is variable at 3.75% over the SOFR and is adjusted each month until the note is paid in full. As at December 31, 2023, the September 19th Bridge Note were accruing interest at 9.13%. The September 19th Bridge Note were originally scheduled to mature 12 months after their issuance and had monthly payments being interest only. This acquisition aligns with the REITs strategy to increase presence in core markets to enhance efficiencies and achieve economies of scale.

On October 16, 2023, the REIT acquired a 62 site manufactured housing resort community in Lakeview, Ohio for approximately $3,000. At the time of acquisition, the MHC had an average occupancy of 95%. The community also includes 62 boat slips, three wave runner docks and a clubhouse. At closing, the REIT paid $1,000 and borrowed $2,000 from the seller. The interest rate on the note is fixed at 3.00% for 72 months. Monthly payments are interest only until maturity, at which time any accrued and unpaid interest and the principal balance, are due in full.

Business Performance Measures

The following tables present an overview of certain performance measures of the REIT as at June 30, 2024 and December 31, 2023 or for the three and six months ended June 30, 2024 and 2023.

	As at June 30, 2024	As at December 31, 2023
Total communities	82	75
Total lots	15,105	12,743
Weighted Average Lot Rent*	$447	$418
Total portfolio occupancy	83.9%	83.4%
NAV*	$620,300	$525,116
NAV per Unit*	$24.75	$24.84
Debt to Gross Book Value*	39.6%	40.3%
Weighted Average Mortgage and Note Interest Rate*	4.40%	4.08%
Weighted Average Mortgage and Note Term*	9.6 Years	10.3 Years

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

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023
Rental revenue and related income	$ 21,232	$ 17,379
Net income and comprehensive income	$ 43,456	$ 21,391
Net income and comprehensive income per unit (basic)	$ 2.37	$ 1.39
Net income and comprehensive income per unit (diluted)	$ 1.81	$ 1.02
Distributions Declared per unit (Units)	$ 0.148	$ 0.140
Distributions Declared per unit (Class B Units)	$ 0.148	$ 0.140
NOI	$ 14,060	$ 11,578
NOI Margin**	66.2%	66.6%
FFO*	$ 7,938	$ 6,233
FFO per unit* (diluted)	$ 0.330	$ 0.297
FFO adjusted*	$ 7,538	$ 6,233
FFO adjusted per unit* (diluted)	$ 0.314	$ 0.297
AFFO*	$ 7,028	$ 5,468
AFFO per unit* (diluted)	$ 0.292	$ 0.260
AFFO Payout Ratio*	49.7%	53.7%
AFFO adjusted*	$ 6,628	$ 5,468
AFFO adjusted per unit* (diluted)	$ 0.276	$ 0.260
AFFO adjusted Payout Ratio*	52.7%	53.7%
Weighted average units (basic)	18,370,847	15,390,482
Weighted average units (diluted)	24,033,350	21,019,096

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Rental revenue and related income	$ 41,152	$ 34,137
Net income and comprehensive income	$ 54,580	$ 37,606
Net income and comprehensive income per unit (basic)	$ 3.22	$ 2.54
Net income and comprehensive income per unit (diluted)	$ 2.42	$ 1.84
Distributions Declared per unit (Units)	$ 0.295	$ 0.281
Distributions Declared per unit (Class B Units)	$ 0.295	$ 0.281
NOI	$ 27,397	$ 22,696
NOI Margin**	66.6%	66.5%
FFO*	$ 12,292	$ 12,136
FFO per unit* (diluted)	$ 0.544	$ 0.594
FFO adjusted*	$ 14,415	$ 12,136
FFO adjusted per unit* (diluted)	$ 0.638	$ 0.594
AFFO*	$ 10,525	$ 10,621
AFFO per unit* (diluted)	$ 0.466	$ 0.520
AFFO Payout Ratio*	62.8%	53.6%
AFFO adjusted*	$ 12,648	$ 10,621
AFFO adjusted per unit* (diluted)	$ 0.560	$ 0.520
AFFO adjusted Payout Ratio*	52.2%	53.6%
Weighted average units (basic)	16,931,452	14,827,783
Weighted average units (diluted)	22,590,314	20,413,979

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

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

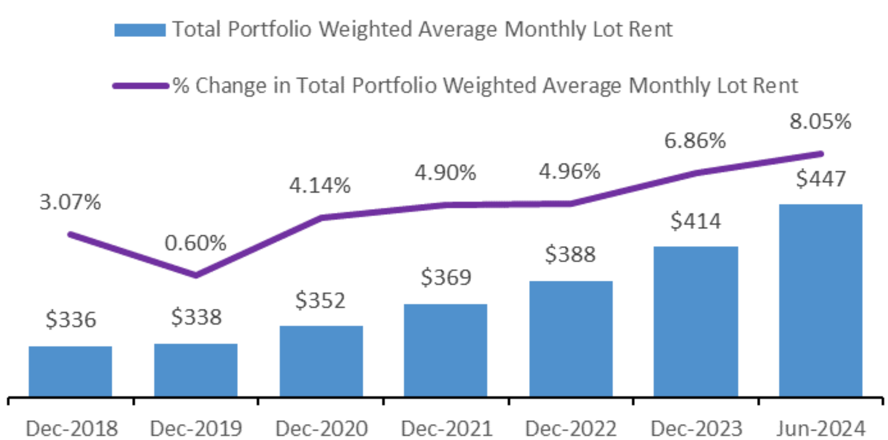
Amounts in Thousands of US Dollars (except for per unit amounts)

The following table highlights certain information about communities as at June 30, 2024, organized by Metropolitan Statistical Area ("MSA"):

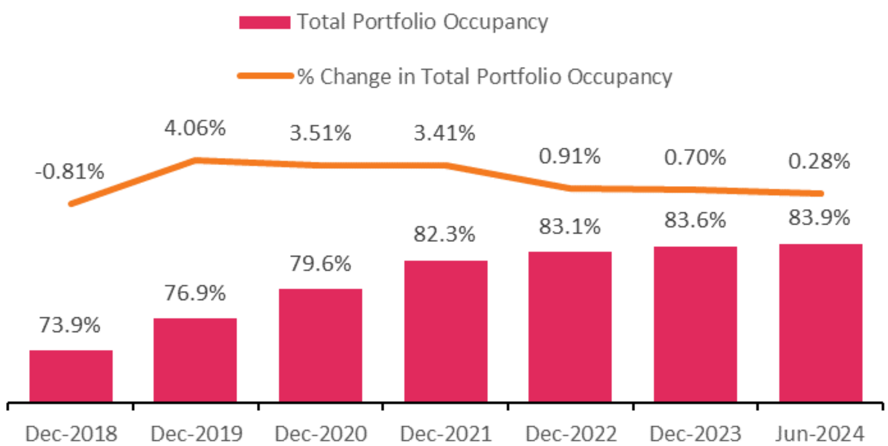
MSA	State	Number of lots	$ Average Lot Rent		Occupancy
Louisville	KY	4,189	$	471	79%
Lexington	KY	893	$	426	94.4%
Paducah	KY	491	$	318	89.2%
Cincinnati	OH	2,830	$	481	90.9%
Dayton	OH	125	$	560	96.8%
Evansville	IN	2,502	$	419	79.0%
Nashville	TN	167	$	380	97.0%
Knoxville	TN	473	$	650	78.6%
Little Rock	AR	819	$	360	75.0%
St Louis	MO	502	$	565	93.6%
Springfield	IL	336	$	443	89.6%
Bloomington	IL	364	$	420	81.3%
Huntington	WV	214	$	324	63.1%
Morgantown	WV	390	$	345	85.6%
Beckley	WV	179	$	332	83.2%
Other		631	$	385	88.0%
Total Portfolio		15,105	**$**	**447**	**83.9%**

The REIT completed an expansion in one of it's Same Community properties located in the Louisville, Kentucky MSA. The REIT added 81 additional lots and as at June 30, 2024, the impact on Same Community Occupancy was (0.5)%.

The charts below show the total portfolio Weighted Average Lot Rent (see section "Other Real Estate Industry Metrics") and occupancy growth since 2018 for communities owned by the REIT, or the preceding entities prior to the reorganization and related transactions that created the REITs initial portfolio, in that year:



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



The following tables highlight certain financial performance measures of the REIT for the three and six months ended June 30, 2024, versus the three and six months ended June 30, 2023.

		For the three months ended June 30, 2024		For the three months ended June 30, 2023		Variance
Rental revenue and related income	$	21,232	$	17,379	$	3,853
Same Community Revenue[1]	$	18,894	$	17,057	$	1,837
Acquisitions Revenue[1]	$	2,338	$	322	$	2,016
Net income and comprehensive income	$	43,456	$	21,391	$	22,065
NOI, total portfolio	$	14,060	$	11,578	$	2,482
Same Community NOI[1]	$	12,411	$	11,421	$	990
Acquisitions NOI[1]	$	1,649	$	157	$	1,492
NOI Margin[1], total portfolio		66.2%		66.6%		-0.4%
Same Community NOI Margin[1]		65.7%		67.0%		-1.3%
Acquisitions NOI Margin[1]		70.5%		48.6%		21.9%

		For the six months ended June 30, 2024		For the six months ended June 30, 2023		Variance
Rental revenue and related income	$	41,152	$	34,137	$	7,015
Same Community Revenue[1]	$	37,494	$	33,790	$	3,704
Acquisitions Revenue[1]	$	3,658	$	347	$	3,311
Net income and comprehensive income	$	54,580	$	37,606	$	16,974
NOI, total portfolio	$	27,397	$	22,696	$	4,701
Same Community NOI[1]	$	25,018	$	22,539	$	2,479
Acquisitions NOI[1]	$	2,379	$	157	$	2,222
NOI Margin[1], total portfolio		66.6%		66.5%		0.1%
Same Community NOI Margin[1]		66.7%		66.7%		0.0%
Acquisitions NOI Margin[1]		65.0%		45.1%		19.9%

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

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

Selected Quarterly Financial Information

Performance measures	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Total communities	82	75	75	74	73	70	69	68
Total lots	15,105	13,780	13,780	13,716	13,407	12,743	12,601	12,500
Weighted Average Lot Rent**	$ 447	$ 447	$ 414	$ 415	$ 415	$ 418	$ 388	$ 385
Occupancy	83.9%	83.9%	83.6%	83.5%	83.3%	83.4%	83.1%	83.1%
Rental revenue and related income	$ 21,232	$ 19,920	$ 18,761	$ 18,154	$ 17,379	$ 16,758	$ 15,700	$ 15,042
Net income (loss) and comprehensive income (loss)	$ 43,456	$ 11,124	$ (1,488)	$ 28,980	$ 21,391	$ 16,215	$ 684	$ 14,910
Net income (loss) and comprehensive income (loss) per unit (basic)	$ 2.37	$ 0.72	$ (0.10)	$ 1.87	$ 1.39	$ 1.14	$ (0.05)	$ 1.05
Net income (loss) and comprehensive income (loss)per unit (diluted)	$ 1.81	$ 0.53	$ (0.07)	$ 1.37	$ 1.02	$ 0.82	$ (0.03)	$ 0.76
NOI	$ 14,060	$ 13,337	$ 12,439	$ 11,830	$ 11,578	$ 11,118	$ 10,367	$ 9,848
NOI Margin**	66.2%	67.0%	66.3%	65.2%	66.6%	66.3%	66.0%	65.5%
FFO*	$ 7,938	$ 4,354	$ 6,224	$ 6,267	$ 6,233	$ 5,903	$ 4,865	$ 5,337
FFO per unit* (diluted)	$ 0.330	$ 0.206	$ 0.294	$ 0.297	$ 0.297	$ 0.298	$ 0.248	$ 0.272
FFO adjusted*	$ 7,538	$ 6,877	$ 6,224	$ 6,267	$ 6,233	$ 5,903	$ 4,865	$ 5,337
FFO adjusted per unit* (diluted)	$ 0.314	$ 0.325	$ 0.294	$ 0.297	$ 0.297	$ 0.298	$ 0.248	$ 0.272
AFFO*	$ 7,028	$ 3,497	$ 5,450	$ 5,489	$ 5,468	$ 5,153	$ 4,114	$ 4,616
AFFO per unit* (diluted)	$ 0.292	$ 0.165	$ 0.258	$ 0.260	$ 0.260	$ 0.260	$ 0.209	$ 0.235
AFFO Payout Ratio*	49.7%	89.0%	55.2%	53.9%	53.7%	53.4%	64.8%	56.8%
AFFO adjusted*	$ 6,628	$ 6,020	$ 5,450	$ 5,489	$ 5,468	$ 5,153	$ 4,114	$ 4,616
AFFO adjusted per unit* (diluted)	$ 0.276	$ 0.285	$ 0.258	$ 0.260	$ 0.260	$ 0.260	$ 0.209	$ 0.235
AFFO adjusted Payout Ratio*	52.7%	51.7%	55.2%	53.9%	53.7%	53.4%	64.8%	56.8%

** 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)

Review of Selected Operating Information – Q2 2024

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

The following tables highlight certain operating information of the REIT for the three and six months ended June 30, 2024, versus the three and six months ended June 30, 2023.

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance
Revenue			
Rental revenue and related income	$ 21,232	$ 17,379	$ 3,853
Expenses (Income)			
Property operating expenses	$ 7,172	$ 5,801	$ 1,371
General and administrative	$ 2,471	$ 2,206	$ 265
Finance costs from operations	$ 4,597	$ 3,484	$ 1,113
Accretion of mark-to-market adjustment on mortgages payable	$ (258)	$ (258)	$ -
Depreciation	$ 118	$ 97	$ 21
Other (income)	$ (688)	$ (87)	$ (601)
Fair value adjustment - Class B Units	$ (18,305)	$ (4,191)	$ (14,114)
Distributions on Class B Units	$ 823	$ 784	$ 39
Fair value adjustment - investment properties	$ (17,880)	$ (11,791)	$ (6,089)
Fair value adjustment - unit-based compensation	$ (274)	$ (57)	$ (217)
	$ (22,224)	$ (4,012)	$ (18,212)
Net income and comprehensive income	**$ 43,456**	**$ 21,391**	**$ 22,065**

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

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance
Revenue			
Rental revenue and related income	$ 41,152	$ 34,137	$ 7,015
Expenses (Income)			
Property operating expenses	$ 13,755	$ 11,441	$ 2,314
General and administrative	$ 5,143	$ 4,353	$ 790
Finance costs from operations	$ 11,324	$ 6,873	$ 4,451
Accretion of mark-to-market adjustment on mortgages payable	$ (515)	$ (515)	$ -
Depreciation	$ 229	$ 185	$ 44
Other (income)	$ (847)	$ (151)	$ (696)
Fair value adjustment - Class B Units	$ (11,215)	$ (241)	$ (10,974)
Distributions on Class B Units	$ 1,647	$ 1,552	$ 95
Fair value adjustment - investment properties	$ (32,709)	$ (26,954)	$ (5,755)
Fair value adjustment - unit-based compensation	$ (240)	$ (12)	$ (228)
	$ (13,428)	$ (3,469)	$ (9,959)
Net income and comprehensive income	**$ 54,580**	**$ 37,606**	**$ 16,974**

Revenue

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
Rental revenue and related income	$ 21,232	$ 17,379	$ 3,853	22.2%

Rental revenue consists of lot rent, home rent, utility reimbursements, and other miscellaneous income collected at the communities. For the three months ended June 30, 2024, 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. Acquisitions accounted for $2,016 of the increase versus the prior period. Same Community Revenue was approximately $1,837 higher than the prior period. The increase in Same Community Revenue was a result of increasing monthly lot rent year over year, growth in Same Community Occupancy, and increased utility revenues.

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

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
Rental revenue and related income	$ 41,152	$ 34,137	$ 7,015	20.5%

For the six months ended June 30, 2024, the higher revenue as compared to the prior period was primarily driven by lot rent increases and occupancy increases across the portfolio as well as Acquisitions. Same Community Revenue was approximately $3,704 higher than the prior period. The increase in Same Community Revenue was a result of increasing monthly lot rent year over year, growth in Same Community Occupancy, and increased utility revenues. Acquisitions accounted for $3,311 of the remaining increase versus the prior period.

Property Operating Expenses

The following tables highlight property operating expenses of the REIT.

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
Operating expenses	$ 7,172	$ 5,801	$ 1,371	23.6%

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 $1,371 for the three months ended June 30, 2024, versus the three months ended June 30, 2023. The drivers for the increase were Acquisitions as well as inflationary pressures on wages, utilities, and property taxes. Acquisitions accounted for $523 of the increase in operating expenses incurred during the three months ended June 30, 2024.

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

Operating Expenses	For the three months ended June 30, 2024	For the three months ended June 30, 2023
Utilities	$ 2,633	$ 2,001
Payroll and benefits	$ 1,668	$ 1,378
Taxes and insurance	$ 1,706	$ 1,428
Repairs and maintenance	$ 517	$ 406
Other	$ 648	$ 588
Total Operating Expenses	**$ 7,172**	**$ 5,801**

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

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
Operating expenses	$ 13,755	$ 11,441	$ 2,314	20.2%

Operating expenses increased by $2,314 for the six months ended June 30, 2024, versus the six months ended June 30, 2023. The drivers for the increase were Acquisitions as well as inflationary pressures on wages, utilities, and property taxes. Acquisitions accounted for $1,089 of the increase in operating expenses incurred during the six months ended June 30, 2024.

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

Operating Expenses	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Utilities	$ 5,263	$ 4,147
Payroll and benefits	$ 3,081	$ 2,632
Taxes and insurance	$ 3,416	$ 2,779
Repairs and maintenance	$ 821	$ 764
Other	$ 1,174	$ 1,119
Total Operating Expenses	**$ 13,755**	**$ 11,441**

General and Administrative

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
General and administrative	$ 2,471	$ 2,206	$ 265	12.0%

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
General and administrative	$ 5,143	$ 4,353	$ 790	18.1%

General and administrative expenses include payroll and benefits for certain REIT employees, legal / consulting fees, audit and tax fees, taxes and insurance, trustee fees, travel, and other administrative costs. For the three and six months ended June 30, 2024, the $265 and $790 higher spend compared to the prior period is primarily the result of inflationary pressures on salaries and benefits for certain REIT employees, respectively.

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

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

General and administrative		For the three months ended June 30, 2024		For the three months ended June 30, 2023
Payroll and benefits	$	1,376	$	1,082
Legal / Consulting	$	302	$	183
Audit and tax fees	$	156	$	176
Taxes and insurance	$	70	$	209
Trustee fees	$	130	$	121
Travel	$	150	$	179
Other	$	287	$	256
Total General and administrative	**$**	**2,471**	**$**	**2,206**

General and administrative		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Payroll and benefits	$	2,779	$	2,281
Legal / Consulting	$	651	$	379
Audit and tax fees	$	312	$	332
Taxes and insurance	$	362	$	343
Trustee fees	$	257	$	239
Travel	$	244	$	285
Other	$	538	$	494
Total General and administrative	**$**	**5,143**	**$**	**4,353**

Finance Cost from Operations

		For the three months ended June 30, 2024		For the three months ended June 30, 2023		Variance	Variance %
Finance costs from operations	$	4,597	$	3,484	$	1,113	31.9%

Finance costs from operations consist of interest expense on mortgages and note's, floorplan interest and other miscellaneous interest expense, mortgages payable settlement expense, and amortization of deferred financing costs. For this period, interest expense on mortgages and note's accounted for $4,262 and floorplan interest and other miscellaneous interest expense was $242. Amortized deferred financing cost was $93. The $1,113 increase in finance costs from operations for the three months ended June 30, 2024 was the result of the Refinance and Repayment, as well as the May 2024 Bridge Note, both of which increased total borrowings and finance costs thereon.

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

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
Finance costs from operations	$ 11,324	$ 6,873	$ 4,451	64.8%

For this period, interest expense on mortgage's and note's accounted for $8,140 and floorplan interest and other miscellaneous interest expense was $494. Amortized deferred financing cost was $167. Of the $4,451 increase in finance costs from operations compared to the six months ended June 30, 2023, $2,523 was mortgages payable settlement expense associated with the REIT's Refinance and Repayment of mortgages payable in 2024. The remaining increase in finance costs from operations for the six months ended June 30, 2024 was the result of the Refinance and Repayment, as well as the May 2024 Bridge Note, both of which increased total borrowings and finance costs thereon.

Other (Income)

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
Other (income)	$ (688)	$ (87)	$ (601)	690.8%

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
Other (income)	$ (847)	$ (151)	$ (696)	460.9%

Other (income) is made up of property management fees, asset management fees, note receivable interest that the REIT charges to Empower (see "Transactions with Related Parties"), interest received on cash held in a money market account, and insurance proceeds from covered damages to investment property. For the three and six months ended June 30, 2024, other (income) was higher than the prior period due to $400 in insurance proceeds from covered damages to investment property, related to March 2024 severe weather events.

Fair Value Adjustment - Class B Units

For the three and six months ended June 30, 2024, the REIT recognized a fair value gain on Class B Units of $18,305 and $11,215, respectively ($4,191 and $241 for the three and six months ended June 30, 2023, respectively). Class B Units are measured at fair value with any changes in fair value recorded in "Fair value adjustment – Class B Units" on the consolidated statement of net income and comprehensive income. The fair value as at June 30, 2024 and December 31, 2023 was calculated using the Unit closing price as at the end of the respective reporting period.

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

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 declared on Class B Units are treated as interest expense and reflected on the consolidated statement of net income and comprehensive income. For the three and six months ended June 30, 2024, the REIT declared distributions on Class B Units of $823 and $1,647, respectively ($784 and $1,552 for the three and six months ended June 30, 2023, respectively).

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 $17,880 and $32,709 for the three and six months ended June 30, 2024, respectively (increased by $11,791 and $26,954 for the three and six months ended June 30, 2023). Fair value adjustments were determined based on the movement of various parameters, including changes in NOI and capitalization rates. The increase in fair value for the three and six months ended June 30, 2024 was the result of an increase in the trailing twelve months NOI.

Net Income and Comprehensive Income

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
Net income and comprehensive income	$ 43,456	$ 21,391	$ 22,065	103.2%

Net income and comprehensive income for the three months ended June 30, 2024 was $22,065 more than the prior period as a result of the fair value adjustments on investment properties and Class B Units being $20,203 more than in the same period in 2023, as well as other variances previously described.

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Variance	Variance %
Net income and comprehensive income	$ 54,580	$ 37,606	$ 16,974	45.1%

Net income and comprehensive income for the six months ended June 30, 2024 was $16,974 more than the prior period as a result of the fair value adjustments on investment properties and Class B Units being $16,729 more than in the same period in 2023, as well as other variances previously described.

NOI, FFO, FFO adjusted, AFFO, AFFO adjusted

Below is a summary of the NOI, FFO, FFO adjusted, AFFO, and AFFO adjusted for the three and six months ended June 30, 2024 and 2023. The diluted weighted average Unit count for the three and six months ended June 30, 2024 was 24,033,350 and 22,590,314, respectively (21,019,096 and 20,413,979 for the three and six months ended June 30, 2023).

As at June 30, 2024, there were 25,059,972 units outstanding (including the combined number of Units, Class B Units, vested RUs and vested DTUs).

FFO per unit for the three months ended June 30, 2024 and 2023 was $0.330 and $0.297, respectively, reflecting an increase of 11.1%.

FFO per unit for the six months ended June 30, 2024 and 2023 was $0.544 and $0.594, respectively, reflecting a decrease of (8.5)%.

AFFO per unit for the three months ended June 30, 2024 and 2023 was $0.292 and $0.260, respectively, reflecting an increase of 12.3%.

AFFO per unit for the six months ended June 30, 2024 and 2023 was $0.466 and $0.520, respectively, reflecting a decrease of (10.3)%.

For the six months ended June 30, 2024, the decrease in AFFO per unit and FFO per unit was the result of mortgages payable settlement expense, which 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.

For the six months ended June 30, 2024, mortgages payable settlement expense totaled $2,523. Insurance proceeds totaled $400. Such costs are infrequent and FFO adjusted and AFFO adjusted removes infrequent costs to present a normalized metrics.

For the six months ended June 30, 2024 and 2023, FFO adjusted per unit was $0.638 and $0.594, respectively, reflecting an increase of 7.4%.

For the six months ended June 30, 2024 and 2023, AFFO adjusted per unit was $0.560 and $0.520, respectively, reflecting an increase of 7.7%.

The increases in FFO adjusted and AFFO adjusted was driven by increases to NOI through lot rent increases, amongst other factors, and occupancy growth.

Weighted average lot rent saw an increase to $447 as at June 30, 2024, compared to $415 as at June 30, 2023.

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

Total portfolio occupancy and Same Community Occupancy was 83.9% and 85.0% as at June 30, 2024, an increase of 0.6% and 0.5%, respectively, when compared to June 30, 2023.

One community completed an expansion that resulted in an addition of 81 lots, with capacity for another 200 lots. The addition of these 81 lots decreased Same Community Occupancy by approximately 0.5%, as at June 30, 2024, but the REIT expects to have these lots occupied, and to add additional lots to meet demand, in the normal course of business.

Adjusted for the impact of this expansion, total portfolio occupancy and Same Community Occupancy would have been 84.3% and 85.5% as at June 30, 2024.

NOI Margins and Same Community NOI Margins for the three months ended June 30, 2024 were 66.2% and 65.7%, a decrease of (0.4)% and (1.3)% compared to the three months ended June 30, 2023, respectively. The decrease in NOI margins were driven by increased staffing levels in 2024 as well as increased cost related to property taxes and maintenance items.

NOI Margins and Same Community NOI Margins for the six months ended June 30, 2024 were 66.6% and 66.7%, which is equivalent to the six months ended June 30, 2023, respectively.

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Variance	Variance %
NOI	$ 14,060	$ 11,578	$ 2,482	21.4%
NOI Margin**	66.2%	66.6%	-0.4%	-0.6%
FFO*	$ 7,938	$ 6,233	$ 1,705	27.4%
FFO per unit*	$ 0.330	$ 0.297	$ 0.033	11.1%
FFO adjusted*	$ 7,538	$ 6,233	$ 1,305	20.9%
FFO adjusted per unit*	$ 0.314	$ 0.297	$ 0.017	5.7%
AFFO*	$ 7,028	$ 5,468	$ 1,560	28.5%
AFFO per unit*	$ 0.292	$ 0.260	$ 0.032	12.3%
AFFO Payout Ratio*	49.7%	53.7%	-4.0%	-7.4%
AFFO adjusted*	$ 6,628	$ 5,468	$ 1,160	21.2%
AFFO adjusted per unit*	$ 0.276	$ 0.260	$ 0.016	6.2%
AFFO adjusted Payout Ratio*	52.7%	53.7%	-1.0%	-1.9%

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

		For the six months ended June 30, 2024		For the six months ended June 30, 2023		Variance	Variance %
NOI	$	27,397	$	22,696	$	4,701	20.7%
NOI Margin**		66.6%		66.5%		0.1%	0.1%
FFO*	$	12,292	$	12,136	$	156	1.3%
FFO per unit*	$	0.544	$	0.594	$	(0.050)	-8.5%
FFO adjusted*	$	14,415	$	12,136	$	2,279	18.8%
FFO adjusted per unit*	$	0.638	$	0.594	$	0.044	7.4%
AFFO*	$	10,525	$	10,621	$	(96)	-0.9%
AFFO per unit*	$	0.466	$	0.520	$	(0.054)	-10.3%
AFFO Payout Ratio*		62.8%		53.6%		9.2%	17.1%
AFFO adjusted*	$	12,648	$	10,621	$	2,027	19.1%
AFFO adjusted per unit*	$	0.560	$	0.520	$	0.040	7.7%
AFFO adjusted Payout Ratio*		52.2%		53.6%		-1.4%	-2.6%

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

Reconciliation of FFO, FFO per unit, FFO adjusted, FFO adjusted per unit, AFFO, AFFO per unit, AFFO adjusted and AFFO adjusted per unit

The REIT uses the following non-IFRS key performance indicators: FFO, FFO per unit, FFO adjusted, FFO adjusted per unit, AFFO, AFFO per unit, AFFO adjusted, and AFFO adjusted 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 June 30, 2024		For the three months ended June 30, 2023
Net income and comprehensive income	**$**	**43,456**	**$**	**21,391**
Adjustments to arrive at FFO				
Depreciation	$	118	$	97
Fair value adjustment - Class B Units	$	(18,305)	$	(4,191)
Distributions on Class B Units	$	823	$	784
Fair value adjustment - investment properties	$	(17,880)	$	(11,791)
Fair value adjustment - unit based compensation	$	(274)	$	(57)
Funds from Operations ("FFO")	**$**	**7,938**	**$**	**6,233**
FFO per unit (diluted)	**$**	**0.330**	**$**	**0.297**

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

		For the three months ended June 30, 2024		For the three months ended June 30, 2023
Funds from Operations ("FFO")	**$**	**7,938**	**$**	**6,233**
Adjustments to arrive at FFO adjusted				
Insurance proceeds	$	(400)	$	-
FFO adjusted	**$**	**7,538**	**$**	**6,233**
FFO adjusted per unit (diluted)	**$**	**0.314**	**$**	**0.297**
Adjustments to arrive at AFFO				
Accretion of mark-to-market adjustment on mortgage payable	$	(258)	$	(258)
Capital Expenditure Reserves	$	(652)	$	(507)
Adjusted Funds from Operations ("AFFO")	**$**	**7,028**	**$**	**5,468**
AFFO per unit (diluted)	**$**	**0.292**	**$**	**0.260**
Adjustments to arrive at AFFO adjusted				
Insurance proceeds	$	(400)	$	-
AFFO adjusted	**$**	**6,628**	**$**	**5,468**
AFFO adjusted per unit (diluted)	**$**	**0.276**	**$**	**0.260**

In the calculation of AFFO, the REIT uses a capital expenditure reserve of $75 per lot per year and $1,100 per rental home per year, for the year ending December 31, 2024, ($60 per lot per year and $1,000 per rental home per year, for the year ended December 31, 2023). This reserve is based on management's best estimate of the cost that the REIT may incur, related to maintaining the investment properties. The REIT believes this approach is more relevant as a reserve normalizes seasonal impacts of such costs. For the three months ended June 30, 2024, the capital expenditure reserve was $652 as compared to actual spending of $820(for the three months ended June 30, 2023 the capital expenditure reserve was $507 as compared to actual spending of $603).

		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Net income and comprehensive income	**$**	**54,580**	**$**	**37,606**
Adjustments to arrive at FFO				
Depreciation	$	229	$	185
Fair value adjustment - Class B Units	$	(11,215)	$	(241)
Distributions on Class B Units	$	1,647	$	1,552
Fair value adjustment - investment properties	$	(32,709)	$	(26,954)
Fair value adjustment - unit based compensation	$	(240)	$	(12)
Funds from Operations ("FFO")	**$**	**12,292**	**$**	**12,136**
FFO per unit (diluted)	**$**	**0.544**	**$**	**0.594**

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

		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Funds from Operations ("FFO")	**$**	**12,292**	**$**	**12,136**
Adjustments to arrive at FFO adjusted				
Insurance proceeds	$	(400)	$	-
Mortgages payable settlement expense	$	2,523	$	-
FFO adjusted	**$**	**14,415**	**$**	**12,136**
FFO adjusted per unit (diluted)	**$**	**0.638**	**$**	**0.594**
Adjustments to arrive at AFFO				
Accretion of mark-to-market adjustment on mortgage payable	$	(515)	$	(515)
Capital Expenditure Reserves	$	(1,252)	$	(1,000)
Adjusted Funds from Operations ("AFFO")	**$**	**10,525**	**$**	**10,621**
AFFO per unit (diluted)	**$**	**0.466**	**$**	**0.520**
Adjustments to arrive at AFFO adjusted				
Insurance proceeds	$	(400)	$	-
Mortgages payable settlement expense	$	2,523	$	-
AFFO adjusted	**$**	**12,648**	**$**	**10,621**
AFFO adjusted per unit (diluted)	**$**	**0.560**	**$**	**0.520**

For the six months ended June 30, 2024, the capital expenditure reserve was $1,252 as compared to actual spending of $1,145(for the six months ended June 30, 2023 the capital expenditure reserve was $1,000 as compared to actual spending of $1,168).

For the three and six months ended June 30, 2024, the REIT has spent $10,232 and $14,203, respectively, in total capital expenditures (excluding Acquisitions). Much of the spending is related to non “maintenance” capital expenditures. The REIT considers capitalized spending during the first 18-24 months after acquisition of a new community to be “growth” capital expenditures as work is done to bring the community and rental homes up to the REITs standards including adding community amenities. The other significant category for “growth” capital expenditure would be related to the purchase of the rental homes that the REIT has added during the three and six months ended June 30, 2024. This spending is done to enhance revenues and is not considered “maintenance” capital expenditure for the purposes of calculating AFFO and AFFO Per unit.

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 tables below lay out the calculation of the REIT's NOI for the three and six months ended June 30, 2024 and 2023:

NOI

		For the three months ended June 30, 2024		For the three months ended June 30, 2023
Net income and comprehensive income	**$**	**43,456**	**$**	**21,391**
Adjustments to arrive at NOI				
General and administrative	$	2,471	$	2,206
Finance costs from operations	$	4,597	$	3,484
Accretion of mark-to-market adjustment on mortgage payable	$	(258)	$	(258)
Depreciation	$	118	$	97
Other (income)	$	(688)	$	(87)
Fair value adjustment - Class B units	$	(18,305)	$	(4,191)
Distributions on Class B units	$	823	$	784
Fair value adjustment - investment properties	$	(17,880)	$	(11,791)
Fair value adjustment - unit based compensation	$	(274)	$	(57)
NOI	**$**	**14,060**	**$**	**11,578**

		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Net income and comprehensive income	**$**	**54,580**	**$**	**37,606**
Adjustments to arrive at NOI				
General and administrative	$	5,143	$	4,353
Finance costs from operations	$	11,324	$	6,873
Accretion of mark-to-market adjustment on mortgage payable	$	(515)	$	(515)
Depreciation	$	229	$	185
Other (income)	$	(847)	$	(151)
Fair value adjustment - Class B units	$	(11,215)	$	(241)
Distributions on Class B units	$	1,647	$	1,552
Fair value adjustment - investment properties	$	(32,709)	$	(26,954)
Fair value adjustment - unit based compensation	$	(240)	$	(12)
NOI	**$**	**27,397**	**$**	**22,696**

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

NOI Margin

		For the three months ended June 30, 2024		For the three months ended June 30, 2023
Rental revenue and related income	$	21,232	$	17,379
Property operating expenses	$	7,172	$	5,801
Net Operating Income ("NOI")	**$**	**14,060**	**$**	**11,578**
NOI Margin		**66.2%**		**66.6%**

		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Rental revenue and related income	$	41,152	$	34,137
Property operating expenses	$	13,755	$	11,441
Net Operating Income ("NOI")	**$**	**27,397**	**$**	**22,696**
NOI Margin		**66.6%**		**66.5%**

NAV and NAV per Unit

The following table lays out the REIT's NAV and NAV per Unit (see section "Other Real Estate Industry Metrics").

		As at June 30, 2024		As at December 31, 2023
Unitholders Equity	$	542,551	$	436,074
Class B Units	$	77,749	$	89,042
NAV	**$**	**620,300**	**$**	**525,116**
Total units	$	25,059,972	$	21,140,557
NAV per Unit	**$**	**24.75**	**$**	**24.84**

Debt to Gross Book Value

The following table lays out the REIT's Debt to Gross Book Value (see section "Other Real Estate Industry Metrics").

		As at June 30, 2024		As at December 31, 2023
Line of Credit	$	-	$	10,000
Mortgages and note payable, net (current portion)	$	40,288	$	21,521
Mortgages and note payable, net (non-current portion)	$	376,451	$	331,848
Total Debt	$	416,739	$	363,369
Gross Book Value	$	1,052,607	$	902,601
Debt to Gross Book Value		**39.6%**		**40.3%**

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

Since December 31, 2023, Debt to Gross Book Value has decreased by 0.7%, despite the increase in total debt as a result of the Refinance and Repayment and the May 2024 Bridge Note. This decrease is the result of the increase in Gross Book Value being proportionally greater than the increase in debt. The change in Gross Book Value is the result of increases in fair market value of investment property due to higher NOI and the Expansion Acquisitions. The Expansion Acquisitions were also partially funded with proceeds from the April 2024 Offering , resulting in a disproportionate increase to gross book value, compared to total debt.

Liquidity and Capital Resources

As at June 30, 2024 and December 31, 2023, the capital structure of the REIT was as follows:

		As at June 30, 2024		As at December 31, 2023
Indebtedness				
Line of Credit	$	-	$	10,000
Mortgages and note payable, net (current portion)	$	40,288	$	21,521
Mortgages and note payable, net (non-current portion)	$	376,451	$	331,848
Class B Units	$	77,749	$	89,042
	$	494,488	$	452,411
Unitholders equity				
Unitholders equity	$	542,551	$	436,074
Total capitalization	**$**	**1,037,039**	**$**	**888,485**

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 and six months ended June 30, 2024, net cash from operating activities was $13,420 and $23,157, respectively. Business operations are also financed using property-specific mortgages, and equity financing.

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 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 June 30, 2024, the REIT had $Nil outstanding on the Line of Credit (as at December 31, 2023 - $10,000).

As at June 30, 2024, Liquidity[1] was $23,894 (as at December 31, 2023, Liquidity was $7,814) consisting of cash, cash equivalents, and available capacity on lines of credit.

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

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 17, 2022, the REIT filed a supplement to the (final) short form base shelf prospectus, pursuant to which, for a period of 12 months thereafter, the REIT (and Unitholders) may sell up to an aggregate of $50,000 of Units pursuant to the ATM Offering.

On March 22, 2023, pursuant to the March 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.

On May 23, 2023, pursuant to the March 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.

On June 7, 2023, 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 $350,000 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.

On June 28, 2023, the REIT filed a supplement to the (final) short form base shelf prospectus, pursuant to which, for a period of 12 months thereafter, the REIT may sell up to an aggregate of $50,000 of Units pursuant to the ATM Offering.

On April 24, 2024, 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 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 24 unencumbered investment properties with a total fair value of $115,114 as at June 30, 2024.

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

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

Year	Principal payments due during period	% of Total Principal
2024	$ 40,157	9.6%
2025	$ 274	0.1%
2026	$ 288	0.1%
2027	$ 743	0.2%
2028	$ 2,162	0.5%
Thereafter	$ 373,021	89.5%
TOTAL	**$ 416,645**	

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, commercial mortgage-backed security (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%. Interest rates and loan maturities will be reviewed on a regular basis to ensure appropriate debt management strategies are implemented.

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.

From time to time the REIT will enter variable rate bridge notes. Such notes are a tool the REIT can use to quickly raise capital while working to secure permanent long term fixed rate financing.

As at June 30, 2024 the REIT's Weighted Average Mortgage and Note Interest Rate (see section "Other Real Estate Industry Metrics") was 4.40% (as at December 31, 2023 – 4.08%) and the REIT's Weighted Average Mortgage and Note Term (see section "Other Real Estate Industry Metrics") to maturity was 9.6 years (as at December 31, 2023 – 10.3 years). The REIT's mortgages and note mature at various dates beginning in 2025.

As at June 30, 2024, the REIT's Debt to Gross Book Value ratio was 39.6% (as at December 31, 2023 – 40.3%).

As at June 30, 2024, the REIT was in compliance with all debt covenants with various lenders.

Class B Units

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 consolidated statement of net income and comprehensive income.

As at August 7, 2024, the total number of Class B Units outstanding was 5,577,411 (as at December 31, 2023 - 5,582,594).

Unit-Based Compensation

The REIT adopted the Omnibus Equity Incentive Plan (the “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 Equity Incentive Plan, including any previous grants of award and all unallocated awards issuable thereunder. The Equity Incentive Plan provides for awards of 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, cash measured by the value of the Units on the settlement date. Awards earn additional awards for distributions that would otherwise have been payable in cash. These additional awards vest on the same basis as the initial award to which they relate.

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.

RUs are recognized at their grant date fair value in payroll and benefits, included in general and administrative expenses on the consolidated statement of net income and comprehensive income, with a corresponding increase in the liability, as the respective RUs vest. Grant date fair value is the value of the award. The liability is measured every period, and upon settlement, with changes in measurement recorded in Fair value adjustment - unit based compensation on the consolidated statement of net income and comprehensive income.

As at August 7, 2024, the total number of RUs outstanding was 189,225 of which 10,229 are vested (as at December 31, 2023 – 185,242 and 10,251, respectively)

No PUs have been granted under the Equity Incentive Plan.

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 at their grant date fair value in trustee fees, included in general and administrative expenses on the consolidated statement of net income and comprehensive income, with a corresponding increase in the liability. Grant date fair value is the value of the trustee fees that the non-employee trustee elects to receive in the form of DTUs. The liability is measured every period, and upon settlement, with changes in measurement recorded in Fair value adjustment – unit based compensation on the consolidated statement of net income and comprehensive income.

As at August 7, 2024, the total number of DTUs outstanding was 78,836 (as at December 31, 2023 – 62,547).

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 August 7, 2024, the total number of Units outstanding was 19,402,056 (as at December 31, 2023 – 15,492,056).

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 and holders of Class B Units, respectively, on a monthly basis. Pursuant to this distribution policy, distributions are paid to Unitholders and holders of Class B Units 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 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 lieu of cash distributions, holders of RUs and holders of DTUs receive additional RUs and DTUs, respectively, with a grant date fair value equal to the corresponding distributions that would have been payable on the applicable quantity of underlying Units.

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 June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash Provided by operating activities	$ 13,420	$ 9,613	$ 23,157	$ 18,692
Less finance cost from operations	$ 4,597	$ 3,484	$ 11,324	$ 6,873
	$ 8,823	$ 6,129	$ 11,833	$ 11,819
Less distributions paid to unitholders	$ 2,671	$ 2,159	$ 4,958	$ 4,144
Less distributions paid to Class B unitholders	$ 824	$ 778	$ 1,648	$ 1,546
Excess cash provided by operating activities over distributions paid	$ 5,328	$ 3,192	$ 5,227	$ 6,129
Net income and comprehensive income	$ 43,456	$ 21,391	$ 54,580	$ 37,606
Less distributions paid to unitholders	$ 2,671	$ 2,159	$ 4,958	$ 4,144
Excess net income and comprehensive income over distributions paid	$ 40,785	$ 19,232	$ 49,622	$ 33,462

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

Total distributions declared to Unitholders and holders of Class B Units was $3,687 and $6,797 for the three and six months ended June 30, 2024, respectively ($2,951 and $5,759 for the three and six months ended June 30, 2023, respectively).

On November 15, 2023, the REIT announced that the Board approved a 5% increase to its monthly 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.

The AFFO Payout Ratio[1] for the three months ended June 30, 2024 was 49.7% compared to 53.7% in the comparable period in 2023.

The AFFO Payout Ratio[1] for the six months ended June 30, 2024 was 62.8% compared to 53.6% in the comparable period in 2023.

The AFFO adjusted Payout Ratio[1] for the three months ended June 30, 2024 was 52.7% compared to 53.7% in the comparable period in 2023.

The AFFO adjusted Payout Ratio[1] for the six months ended June 30, 2024 was 52.2% compared to 53.6% in the comparable period in 2023.

Contractual Commitments

The following table provides information on the carrying balance and the non-discounted contractual maturities of financial liabilities of the REIT as at June 30, 2024.

	Carrying amount	Contractual cash flows	1 Year	1 to 2 Years	2 to 5 years	5+ years
Trade and other payables	$ 715	$ 715	$ 715	$ -	$ -	$ -
Other liabilities	14,488	14,488	14,488	-	-	-
Mortgages and note payable	416,739	578,114	59,853	31,369	66,330	420,562
	$ 431,942	**$ 593,317**	**$ 75,056**	**$ 31,369**	**$ 66,330**	**$ 420,562**

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

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

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 82 communities as at June 30, 2024 (as at December 31, 2023 – 75). A reconciliation of the carrying amount for investment properties at the beginning and end of the period is set out below:

		As at June 30, 2024		As at December 31, 2023
Investment properties, opening balance	$	880,310	$	770,043
Capital expenditures	$	17,166	$	21,776
Acquisitions of investment properties	$	93,898	$	49,471
Disposal of investment properties	$	(1,185)	$	(3,025)
Fair value adjustment - investment properties	$	32,709	$	42,045
Total investment properties, end of period	**$**	**1,022,898**	**$**	**880,310**

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 a combination of internal valuation methodologies and external appraisals to value the investment properties as June 30, 2024 and December 31, 2023. The REIT intends to have a minimum of 1/3 of the portfolio appraised annually, by an independent third-party appraiser, such that the entire portfolio is appraised every 3 years. The REIT uses these appraisals along with, other market data, as part of the internal valuation methodology when determining fair value.

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

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 June 30, 2024	As at December 31, 2023
Capitalization Rates of Investment Properties		
High	9.00 %	9.00 %
Low	4.50 %	4.50 %
Weighted Average	4.92 %	4.92 %
% Change		
+0.025	4.95 %	4.95 %
-0.025	(5.35) %	(5.37) %
$ Change		
+0.025	$47,277	$41,224
-0.025	($51,050)	($44,663)

Cash Flows

The REIT held cash and cash equivalents of $13,894 as at June 30, 2024. The changes in cash flows are as follows:

		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Cash provided by operating activities	$	23,157	$	18,692
Cash provided by financing activities	$	93,054	$	1,266
Cash (used in) investing activities	$	(110,131)	$	(31,056)
Change in cash and cash equivalents during the period	$	6,080	$	(11,098)

Operating activities for the six months ended June 30, 2024

Operating activities for the period generated a net cash inflow of $23,157 ($18,692 inflow for the six months ended June 30, 2023). 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 or investing activities).

Financing activities for the six months ended June 30, 2024

Financing activities for the period generated a net cash inflow of $93,054 ($1,266 inflow for the six months ended June 30, 2023). This was largely driven by a net increase in proceeds from the Refinance and Repayment. These inflows were offset by paying $10,000 on the Line of Credit, as well as debt settlement expenses of $2,060 (reduced by the amortization of financing costs associated with the Refinance and Repayment).

Investing activities for the six months ended June 30, 2024

Investing activities for the period resulted in a net cash outflow of $110,131 ($31,056 outflow for the six months ended June 30, 2023). This was driven by acquisitions of, and capital expenditures on, investment properties during the six months ended June 30, 2024.

Transactions with Related Parties

The REIT and Empower, an entity majority-owned by the REIT's Chief Executive Officer and Chief Investment Officer, are party to 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 " Services Agreement" in the Annual Information Form) or agreements relating directly to the specific transaction.

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

- 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 and six months ended June 30, 2024, interest revenue, included in other (income) on the consolidated statements of net income and comprehensive income, was $53 and $106 ($50 and $97 for the three and six months ended June 30, 2023).
- 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.
- Payroll and benefits include $1,433 and $2,374 incurred to key management personnel during the three and six months ended June 30, 2024, which includes short-term employee payroll and benefits, and RUs ($436 and $1,163 for the three and six months ended June 30, 2023).
- For the three and six months ended June 30, 2024, the REIT billed Empower a total of $643 and $1,145, of which $608 and $1,076 was payroll and benefits, $32 and $61 was management fees, and $3 and $8 was other miscellaneous items, respectively ($552 and $977; $514 and $895; $33 and $67; $5 and $15, respectively, for the three and six months ended June 30, 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 June 30, 2024 and December 31, 2023, the REIT had a receivable, included in tenant and other receivables, net, from Empower of $308 and $279, respectively.

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

- For the three and six months ended June 30, 2024 and 2023, the REIT was billed for services provided by related parties that included HVAC, paving/concrete repair and landscape services. As at June 30, 2024 and December 31, 2023, the REIT had total accounts payable and accrued liabilities due to related parties of $325 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 June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 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.	$368	$194	$519	$243
BG3	100% owned by the brother of the REIT's CEO.	Provides landscaping services to properties.	$209	$179	$413	$284
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.	$6,065	$4,080	$7,226	$5,308
		Total	**$6,642**	**$4,453**	**$8,158**	**$5,835**

The increase in spending, versus the comparable period, with Call Now HVAC and BG3 is the result of increased costs for HVAC replacement and repair on homes in the rental fleet , as well as, solar light installations, respectively. The increase in spending related to Empower Park is the result of the REIT adding homes to the rental fleet, as opportunities allow, to increase occupancy over the long term.

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.

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 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

There have been no changes to significant accounting policies from the Annual MD&A but additional information is included below.

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.

Financial instruments

Classification

On initial recognition, in accordance with IFRS 9 - Financial Instruments ("IFRS 9"), the REIT determines the measurement of financial instruments based on the following categories:

- Measured at amortized cost
- Measured at fair value through profit or loss ("FVTPL")
- Measured at fair value through other comprehensive income

Financial assets are measured at amortized cost if both of the following criteria are met and the asset is not designated as at FVTPL:

- Held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are measured at FVTPL or at amortized cost. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities that are not measured at FVTPL are measured at amortized cost using the effective interest method.

The REIT has assessed the measurement of its financial instruments under IFRS 9 as follows:

Financial Instrument	*Measurement under IFRS 9*
Cash and cash equivalents	Amortized cost
Tenant and other receivables, net	Amortized cost
Prepaids and other assets	Amortized cost
Lender Escrow Deposits	Amortized cost
Other non-current assets	Amortized cost
Note receivable – related party	Amortized cost
Trade and other payables	Amortized cost
Line of credit	Amortized cost
Other liabilities	Amortized cost
Mortgages and note payable, net	Amortized cost
Class B Units	FVTPL
RUs	FVTPL
DTUs	FVTPL

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a (gain) loss at the time of initial recognition.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Fair value through profit or loss – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statements of net income and comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of net income and comprehensive income when the right to receive payment is established, the economic benefits will flow to the REIT, and the amount can be measured reliably.

Fair value through other comprehensive income – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of net income and comprehensive income when the right to receive payment is established, the economic benefits will flow to the REIT, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (“ECL”) model in evaluating the credit loss for financial assets measured at amortized cost. The ECL on tenant and other receivables, net was computed using a provision matrix based on historical credit loss experiences to estimate lifetime ECL. The ECL models applied to other financial assets also required judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset.

Impairment losses, if incurred, would be recorded in general and administrative expenses in the consolidated statements of net income and comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statements of net income and comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

Derecognition

Financial assets – The REIT derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. (Gains) losses from the derecognition are recognized in the consolidated statements of net income and comprehensive income.

Financial liabilities – The REIT derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expires. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net income and comprehensive income.

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 June 30, 2024, 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 and Annual MD&A each contain a detailed summary of risk factors pertaining to the REIT and its business. These risk factors remain unchanged during the six months ended June 30, 2024, and any new risk factors are described below. The disclosures in this MD&A are subject to the risk factors outlined in the Annual Information Form or Annual MD&A. 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.