



Mill Creek Pointe in Evansville, Indiana

2025 Q2

MANAGEMENT'S DISCUSSION
AND ANALYSIS

August 6, 2025



Flagship Communities Real Estate Investment Trust
Management Discussion and Analysis
For the three and six months ended June 30, 2025 (Unaudited)
Amounts in Thousands of US Dollars (except for per unit amounts)

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Presentation

This Management's Discussion and Analysis (the "MD&A") is prepared as at August 6, 2025 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, 2025 and for the three and six months ended June 30, 2025 and 2024.

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, 2025 and 2024, as well as the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2024 and 2023 and the REIT's MD&A for the year ended December 31, 2024 (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 in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*, 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 to 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; and the REIT's target indebtedness as a percentage of Gross Book Value. These statements are based on the REIT's expectations, estimates, forecasts, and projections, as well as assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies that could cause actual results to differ materially from those that are disclosed in such forward-looking statements. While considered reasonable by management of the REIT as at the date of this MD&A, any of these expectations, estimates, forecasts, projections, or assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those expectations, estimates, forecasts, projections, or assumptions could be incorrect. Material factors and assumptions used by management of the REIT to develop the forward-looking information in this MD&A include, but are not limited to, the REIT's current expectations about: vacancy and rental growth rates in MHCs and the continued receipt of rental payments in line with historical collections; demographic trends in areas where the MHCs are located; further MHC acquisitions by the REIT; the applicability of any government regulation concerning

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MHCs and other residential accommodations; the availability of debt financing and future interest rates, as there is no guarantee that the future Federal Reserve will continue to hold or decrease interest rates; increasing expenditures and fees, in connection with the ownership of MHCs, driven by inflation or tariffs; tax laws; general economic conditions; and the recent increased volatility of equity markets in the United States. 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 otherwise disclosed in the Annual MD&A or the Annual Information Form. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. 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 statements, 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, judgments 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”). As well as judgements about asset acquisitions and their treatment as investment property or property and equipment. 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”).

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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 and FFO adjusted to net income (loss) and comprehensive income (loss).

"FFO per unit (diluted)" is defined as FFO for the applicable period divided by the diluted weighted average unit count (including Units, 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. Adjustments for the three and six months ended June 30, 2025 included 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.

"FFO adjusted per unit (diluted)" is defined as FFO adjusted for the applicable period divided by the diluted weighted average unit count (including Units, 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 years ending, or ended, December 31, 2025 and 2024, respectively, 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 and AFFO adjusted to net income (loss) and comprehensive 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 Units, Class B Units, vested RUs and vested DTUs) during the period.

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“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. Adjustments for the three and six months ended June 30, 2025 included 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.

“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 Units, 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 statements 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, vested RUs and vested DTUs. NAV provides an indication of the total value of the REIT’s investment properties, after accounting for outstanding mortgages and note payable. NAV also provides an indication of the changes in the REIT’s overall value resulting from the performance of its assets. The reason for adding back Class B Units, vested RUs and vested DTUs is that they are economically equivalent to Units, receive the same distributions (or distribution equivalents) as Units, and can be exchanged for Units.

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- “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”.
- “Occupancy” is defined as the number of economically occupied lots in a community, defined as a lot that is generating revenue for the REIT as opposed to a lot that is physically occupied by a vacant structure, divided by the total lots in that community.
- “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 the interest rate of each outstanding mortgage and note by the mortgage and note balance (as applicable) and dividing the sum by the total mortgage and note balance.
- “Weighted Average Mortgage and Note Term” is calculated by multiplying the remaining term of each mortgage and note by the mortgage and note balance (as applicable) and dividing the sum by the total mortgage and note balance.

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Highlights

Three months ended June 30, 2025 compared to the three months ended June 30, 2024

- Rental revenue and related income was \$25,067 compared to \$21,232, an increase of \$3,835 or 18.1%.
- Same Community Revenue¹ was \$22,665, compared to \$20,199, an increase of \$2,466 or 12.2%.
- Net income and comprehensive income was \$35,091 compared to \$43,456, a (decrease) of \$(8,365) or (19.2)%.
- Net income and comprehensive income per unit (diluted) was \$1.40 versus \$1.81.
- NOI was \$16,684 compared to \$14,060, an increase of \$2,624 or 18.7%.
- Same Community NOI¹ was \$14,956 compared to \$13,094, an increase of \$1,862 or 14.2%.
- NOI Margin¹ was 66.6% compared to 66.2%.
- Same Community NOI Margin¹ was 66.0% compared to 64.8%.
- FFO per unit (diluted)² was \$0.385 compared to \$0.330 which was an increase of \$0.055 per unit or 16.7%.
- FFO adjusted per unit (diluted)² was \$0.357 compared to \$0.314 which was an increase of \$0.043 per unit or 13.7%.
- AFFO per unit (diluted)² was \$0.353 compared to \$0.292 which was an increase of \$0.061 per unit or 20.9%.
- AFFO adjusted per unit (diluted)² was \$0.326 compared to \$0.276 which was an increase of \$0.050 per unit or 18.1%.
- Rent Collections¹ were 99.2% compared to 98.7%.

Six months ended June 30, 2025 compared to the six months ended June 30, 2024

- Rental revenue and related income was \$49,848 compared to \$41,152, an increase of \$8,696 or 21.1%.
- Same Community Revenue¹ was \$45,149, compared to \$40,119, an increase of \$5,030 or 12.5%.
- Net income and comprehensive income was \$45,550 compared to \$54,580, a (decrease) of \$(9,030) or (16.5)%.
- Net income and comprehensive income per unit (diluted) was \$1.81 versus \$2.42.
- NOI was \$33,087 compared to \$27,397, an increase of \$5,690 or 20.8%.
- Same Community NOI¹ was \$30,153 compared to \$26,431, an increase of \$3,722 or 14.1%.
- NOI Margin¹ was 66.4% compared to 66.6%.
- Same Community NOI Margin¹ was 66.8% compared to 65.9%.
- FFO per unit (diluted)² was \$0.717 compared to \$0.544 which was an increase of \$0.173 per unit or 31.8%.
- FFO adjusted per unit (diluted)² was \$0.699 compared to \$0.638 which was an increase of \$0.061 per unit or 9.6%.
- AFFO per unit (diluted)² was \$0.655 compared to \$0.466 which was an increase of \$0.189 per unit or 40.6%.
- AFFO adjusted per unit (diluted)² was \$0.636 compared to \$0.560 which was an increase of \$0.076 per unit or 13.6%.
- Rent Collections¹ were 99.4% compared to 99.2%.

¹ Refer to section "Other Real Estate Industry Metrics".

² Refer to section "Non-IFRS Financial Measures".

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As at June 30, 2025

- NAV¹ and NAV per Unit¹ were \$727,863 and \$28.96, respectively, compared to \$670,784 and \$26.71 as at December 31, 2024, respectively.
- Debt to Gross Book Value¹ was 36.5% compared to 38.1% as at December 31, 2024.
- Total portfolio Occupancy¹ was 85.1%, compared to 83.5% as at December 31, 2024.
- Same Community¹ Occupancy¹ was 85.5%, an increase of 1.2% when compared to Same Community Occupancy as at December 31, 2024 which was 84.3%.

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 2220 Grandview Dr, Suite 280, Fort Mitchell, KY 41017, 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, 2025, the REIT owned a 100% interest in a portfolio of 80 MHCs with 14,670 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, 2025, the REIT also owned a fleet of approximately 1,650 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.

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Year ended December 31, 2024

On January 31, 2024, the REIT refinanced four mortgages payable with six mortgages payable, for which, six communities are collectively collateral (the “January 31 Refinance”). Total proceeds from the refinance were \$54,521 and the interest rate on these mortgages was 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 the proceeds were used to repay a previously outstanding bridge note and the remainder of the proceeds were used to fund future acquisitions and for general business purposes.

On February 15, 2024, the REIT refinanced another previously outstanding bridge note for which one community is collateral (the “February 15 Refinance”). Total proceeds from the refinance were \$4,709 and the interest rate on this note was 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 balance is due in full.

On February 20, 2024, the REIT refinanced the last remaining outstanding bridge note for which one community is collateral (the “February 20 Refinance” and collectively with the January 31 Refinance and the February 15 Refinance, the “Refinance and Repayment”). Total proceeds from the refinance were \$14,664 and the interest rate on this mortgage was 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 balance is due in full.

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 new markets in West Virginia and, at the time of closing of the April 2024 Offering, had an average Occupancy of 78%. The Expansion Acquisitions were funded with proceeds from the April 2024 Offering as well as the May 2024 Bridge Note (as defined below). The Expansion Acquisitions strategically expanded the REIT’s 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 (the “May 2024 Bridge Note”). As at December 31, 2024, all \$45,000 of the note commitment had been drawn. The interest rate on the May 2024 Bridge Note was variable at 2.50% over the Secured Overnight Financing Rate and the interest rate was adjusted each month until the note was paid in full. The May 2024 Bridge Note matured in 12 months with monthly payments being interest only until maturity, at which time any accrued and unpaid interest and the principal balance were due in full. The May 2024 Bridge Note was unsecured and held at the REIT level. A portion of the proceeds from the May 2024 Bridge Note were used to partially fund the Expansion Acquisitions.

On August 30, 2024, the REIT acquired a 50,000 square feet (“sqf”) commercial building for approximately \$5,975. At the time of closing, the building was approximately 80.9% occupied. The REIT moved the location of its head office into 8,300 sqf vacant space. The purchase was funded with cash and provided much needed space for the general and administrative functions of the REIT while still being accretive to FFO per unit and AFFO per unit.

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Six months ended June 30, 2025

On February 7, 2025, the REIT borrowed \$27,130 as a supplemental borrowing on its Fannie Mae credit facility, for which thirteen MHCs are collateral. The interest rate on this mortgage is 6.03% for 10 years with all payments being interest only for the full term. These proceeds were used to repay a portion of the May 2024 Bridge Note or used for general business purposes.

On February 28, 2025, the REIT borrowed \$22,677 for which three MHCs are the collateral. The interest rate on this mortgage is 5.76% for 10 years with payments being interest only for the first 5 years. The proceeds were used to repay a portion of the May 2024 Bridge Note or used for general business purposes.

On February 28, 2025, the \$45,000 outstanding on the May 2024 Bridge Note was repaid in full, along with accrued interest, with proceeds from the February 7, 2025 and February 28, 2025 borrowings.

On March 21, 2025, the REIT acquired a 6-acre parcel of land adjoining an existing manufactured housing community from a related party, Empower, for \$1,133. This parcel of land is fully developed, with approximately 20 lots, and shares the infrastructure of the adjoining community.

Subsequent to the six months ended June 30, 2025

On July 31, 2025, the REIT borrowed \$12,067 as a supplemental borrowing on its Fannie Mae credit facility, for which two MHCs are the collateral. The interest rate on this mortgage is 5.71% for 118 months with all payments being interest only for the full term.

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Business Performance Measures

The following tables present an overview of certain performance measures of the REIT as at June 30, 2025 and December 31, 2024 or for the three and six months ended June 30, 2025 and 2024.

	As at June 30, 2025	As at December 31, 2024
Total communities	82	82
Total lots	15,140	15,137
Weighted Average Lot Rent ¹	\$484	\$448
Total portfolio Occupancy ¹	85.1%	83.5%
Same Community ¹ Occupancy ¹	85.5%	84.3%
NAV ¹	\$727,863	\$670,784
NAV per Unit ¹	\$28.96	\$26.71
Debt to Gross Book Value ¹	36.5%	38.1%
Weighted Average Mortgage and Note Interest Rate ¹	4.26%	4.41%
Weighted Average Mortgage and Note Term ¹	9.5 Years	9 Years

	For the three months ended June 30, 2025		For the three months ended June 30, 2024	
Rental revenue and related income	\$	25,067	\$	21,232
Net income and comprehensive income	\$	35,091	\$	43,456
Net income and comprehensive income per unit (basic)	\$	1.81	\$	2.37
Net income and comprehensive income per unit (diluted)	\$	1.40	\$	1.81
Distributions Declared per unit (Units)	\$	0.155	\$	0.148
Distributions Declared per unit (Class B Units)	\$	0.155	\$	0.148
NOI	\$	16,684	\$	14,060
NOI Margin ¹		66.6%		66.2%
FFO ²	\$	9,669	\$	7,938
FFO per unit ² (diluted)	\$	0.385	\$	0.330
FFO adjusted ²	\$	8,975	\$	7,538
FFO adjusted per unit ² (diluted)	\$	0.357	\$	0.314
AFFO ²	\$	8,882	\$	7,028
AFFO per unit ² (diluted)	\$	0.353	\$	0.292
AFFO Payout Ratio ²		43.6%		49.7%
AFFO adjusted ²	\$	8,188	\$	6,628
AFFO adjusted per unit ² (diluted)	\$	0.326	\$	0.276
AFFO adjusted Payout Ratio ²		47.3%		52.7%
Weighted average units (basic)		19,402,056		18,370,847
Weighted average units (diluted)		25,131,790		24,033,350

¹ Refer to section "Other Real Estate Industry Metrics".

² Refer to section "Non-IFRS Financial Measures"

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	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Rental revenue and related income	\$ 49,848	\$ 41,152
Net income and comprehensive income	\$ 45,550	\$ 54,580
Net income and comprehensive income per unit (basic)	\$ 2.35	\$ 3.22
Net income and comprehensive income per unit (diluted)	\$ 1.81	\$ 2.42
Distributions Declared per unit (Units)	\$ 0.598	\$ 0.295
Distributions Declared per unit (Class B Units)	\$ 0.598	\$ 0.295
NOI	\$ 33,087	\$ 27,397
NOI Margin ¹	66.4%	66.6%
FFO ²	\$ 18,021	\$ 12,292
FFO per unit ² (diluted)	\$ 0.717	\$ 0.544
FFO adjusted ²	\$ 17,555	\$ 14,415
FFO adjusted per unit ² (diluted)	\$ 0.699	\$ 0.638
AFFO ²	\$ 16,453	\$ 10,525
AFFO per unit ² (diluted)	\$ 0.655	\$ 0.466
AFFO Payout Ratio ²	47.1%	62.8%
AFFO adjusted ²	\$ 15,987	\$ 12,648
AFFO adjusted per unit ² (diluted)	\$ 0.636	\$ 0.560
AFFO adjusted Payout Ratio ²	48.5%	52.2%
Weighted average units (basic)	19,402,056	16,931,452
Weighted average units (diluted)	25,126,553	22,590,314

¹ Refer to section "Other Real Estate Industry Metrics".

² Refer to section "Non-IFRS Financial Measures".

The following table highlights certain information about communities as at June 30, 2025, organized by Metropolitan Statistical Area ("MSA"):

MSA	State	Number of lots	\$ Average Lot Rent	Occupancy
Louisville	KY	4,192	\$ 501	81.0%
Lexington	KY	892	\$ 459	95.5%
Paducah	KY	522	\$ 338	83.1%
Cincinnati	OH	2,826	\$ 512	93.6%
Dayton	OH	125	\$ 580	96.0%
Evansville	IN	2,503	\$ 456	78.9%
Knoxville	TN	169	\$ 400	96.4%
Nashville	TN	474	\$ 674	75.9%
Little Rock	AR	819	\$ 386	74.6%
St Louis	MO	502	\$ 600	95.2%
Springfield	IL	336	\$ 464	90.8%
Bloomington	IL	364	\$ 445	80.8%
Huntington	WV	214	\$ 345	70.6%
Morgantown	WV	390	\$ 595	87.9%
Beckley	WV	179	\$ 365	86.0%
Other		633	\$ 419	94.2%
Total Portfolio		15,140	\$ 484	85.1%

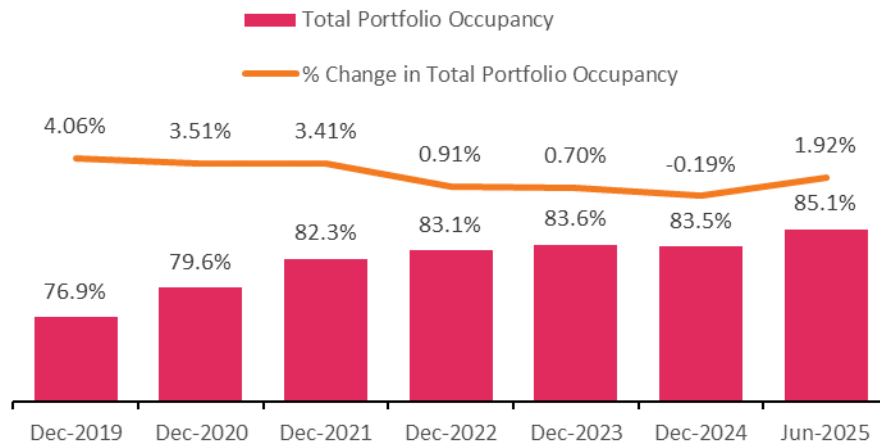
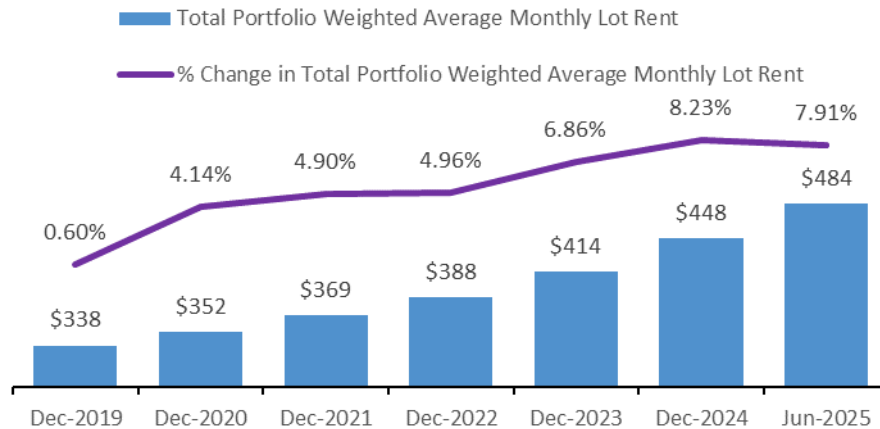
Flagship Communities Real Estate Investment Trust

Management Discussion and Analysis

For the three and six months ended June 30, 2025 (Unaudited)

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

The charts below show the total portfolio Weighted Average Lot Rent (see section “Other Real Estate Industry Metrics”) and Occupancy growth since 2019 for communities owned by the REIT, or the preceding entities prior to the reorganization and related transactions that created the REIT’s initial portfolio, in that year:



Occupancy growth for communities owned by the REIT, or the preceding entities prior to the reorganization and related transactions that created the REIT’s initial portfolio, has increased, on average, 1.5% per year as at June 30, 2025.

Flagship Communities Real Estate Investment Trust

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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, 2025, versus the three and six months ended June 30, 2024.

	For the three months ended June 30, 2025		For the three months ended June 30, 2024		Variance
Rental revenue and related income	\$	25,067	\$	21,232	\$ 3,835
Same Community Revenue ¹	\$	22,665	\$	20,199	\$ 2,466
Acquisitions Revenue ¹	\$	2,402		1,033	\$ 1,369
Net income and comprehensive income	\$	35,091	\$	43,456	\$ (8,365)
NOI, total portfolio	\$	16,684	\$	14,060	\$ 2,624
Same Community NOI ¹	\$	14,956	\$	13,094	\$ 1,862
Acquisitions NOI ¹	\$	1,728	\$	966	\$ 762
NOI Margin ¹ , total portfolio		66.6%		66.2%	40 bps
Same Community NOI Margin ¹		66.0%		64.8%	120 bps
Acquisitions NOI Margin ¹		71.9%		93.6%	(2,170) bps

	For the six months ended June 30, 2025		For the six months ended June 30, 2024		Variance
Rental revenue and related income	\$	49,848	\$	41,152	\$ 8,696
Same Community Revenue ¹	\$	45,149	\$	40,119	\$ 5,030
Acquisitions Revenue ¹	\$	4,699	\$	1,033	\$ 3,666
Net income and comprehensive income	\$	45,550	\$	54,580	\$ (9,030)
NOI, total portfolio	\$	33,087	\$	27,397	\$ 5,690
Same Community NOI ¹	\$	30,153	\$	26,431	\$ 3,722
Acquisitions NOI ¹	\$	2,934	\$	966	\$ 1,968
NOI Margin ¹ , total portfolio		66.4%		66.6%	(20) bps
Same Community NOI Margin ¹		66.8%		65.9%	90 bps
Acquisitions NOI Margin ¹		62.4%		93.6%	(3,120) bps

¹ Refer to section "Other Real Estate Industry Metrics".

Flagship Communities Real Estate Investment Trust
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Selected Quarterly Financial Information

Performance measures	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Total communities	82	82	82	82	82	75	75	74
Total lots	15,140	15,138	15,137	15,138	15,105	13,780	13,780	13,716
Weighted Average Lot Rent ¹	\$ 484	\$ 484	\$ 448	\$ 447	\$ 447	\$ 447	\$ 414	\$ 415
Occupancy ¹	85.1%	84.4%	83.5%	84.4%	83.9%	83.9%	83.6%	83.5%
NAV ¹	\$727,863	\$689,484	\$670,784	\$650,074	\$621,409	\$542,259	\$526,166	\$524,510
NAV per Unit ¹	\$28.96	\$27.44	\$26.71	\$25.90	\$24.80	\$25.64	\$24.89	\$24.81
Rental revenue and related income	\$ 25,067	\$ 24,781	\$ 23,750	\$ 23,228	\$ 21,232	\$ 19,920	\$ 18,761	\$ 18,154
Net income (loss) and comprehensive income (loss)	\$ 35,091	\$ 10,459	\$ 25,151	\$ 23,787	\$ 43,456	\$ 11,124	\$ (1,488)	\$ 28,980
Net income (loss) and comprehensive income (loss) per unit (basic)	\$ 1.81	\$ 0.54	\$ 1.30	\$ 1.23	\$ 2.37	\$ 0.72	\$ (0.10)	\$ 1.87
Net income (loss) and comprehensive income (loss) per unit (diluted)	\$ 1.40	\$ 0.42	\$ 1.00	\$ 0.95	\$ 1.81	\$ 0.53	\$ (0.07)	\$ 1.37
NOI	\$ 16,684	\$ 16,403	\$ 15,939	\$ 15,102	\$ 14,060	\$ 13,337	\$ 12,439	\$ 11,830
NOI Margin ¹	66.6%	66.2%	67.1%	65.0%	66.2%	67.0%	66.3%	65.2%
FFO ²	\$ 9,669	\$ 8,352	\$ 9,649	\$ 8,830	\$ 7,938	\$ 4,354	\$ 6,224	\$ 6,267
FFO per unit ² (diluted)	\$ 0.385	\$ 0.332	\$ 0.384	\$ 0.352	\$ 0.330	\$ 0.206	\$ 0.294	\$ 0.297
FFO adjusted ²	\$ 8,975	\$ 8,580	\$ 7,794	\$ 7,966	\$ 7,538	\$ 6,877	\$ 6,224	\$ 6,267
FFO adjusted per unit ² (diluted)	\$ 0.357	\$ 0.342	\$ 0.310	\$ 0.318	\$ 0.314	\$ 0.325	\$ 0.294	\$ 0.297
AFFO ²	\$ 8,882	\$ 7,572	\$ 9,424	\$ 7,882	\$ 7,028	\$ 3,497	\$ 5,450	\$ 5,489
AFFO per unit ² (diluted)	\$ 0.353	\$ 0.301	\$ 0.375	\$ 0.314	\$ 0.292	\$ 0.165	\$ 0.258	\$ 0.260
AFFO Payout Ratio ²	43.6%	51.2%	40.4%	46.8%	49.7%	89.0%	55.2%	53.9%
AFFO adjusted ²	\$ 8,188	\$ 7,800	\$ 7,569	\$ 7,018	\$ 6,628	\$ 6,020	\$ 5,450	\$ 5,489
AFFO adjusted per unit ² (diluted)	\$ 0.326	\$ 0.310	\$ 0.301	\$ 0.280	\$ 0.276	\$ 0.285	\$ 0.258	\$ 0.260
AFFO adjusted Payout Ratio ²	47.3%	49.7%	50.3%	52.5%	52.7%	51.7%	55.2%	53.9%

¹ Refer to section "Other Real Estate Industry Metrics".

² Refer to section "Non-IFRS Financial Measures".

The REIT's performance over the last eight quarters has been shaped by portfolio-related factors such as acquisitions, occupancy changes, rent and other revenue increases, and fair value adjustments. Additionally, equity offerings and distribution equivalents have impacted the total units outstanding (including Units, Class B Units, vested RUs, and vested DTUs).

Flagship Communities Real Estate Investment Trust
Management Discussion and Analysis
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Amounts in Thousands of US Dollars (except for per unit amounts)

Review of Selected Operating Information – three and six months ended June 30, 2025

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, 2025, versus the three and six months ended June 30, 2024.

	For the three months ended June 30, 2025			For the three months ended June 30, 2024			For the six months ended June 30, 2025			For the six months ended June 30, 2024		
			Variance			Variance			Variance			Variance
Revenue												
Rental revenue and related income	\$	25,067	\$	21,232	\$	3,835	\$	49,848	\$	41,152	\$	8,696
Expenses (Income)												
Property operating expenses	\$	8,383	\$	7,172	\$	1,211	\$	16,761	\$	13,755	\$	3,006
General and administrative	\$	3,024	\$	2,471	\$	553	\$	5,876	\$	5,143	\$	733
Finance costs from operations	\$	4,895	\$	4,597	\$	298	\$	10,289	\$	11,324	\$	(1,035)
Accretion of mark-to-market adjustment on mortgages payable	\$	(55)	\$	(258)	\$	203	\$	(111)	\$	(515)	\$	404
Depreciation	\$	127	\$	118	\$	9	\$	254	\$	229	\$	25
Other (income)	\$	(849)	\$	(688)	\$	(161)	\$	(1,038)	\$	(847)	\$	(191)
Fair value adjustment - Class B Units	\$	6,359	\$	(18,305)	\$	24,664	\$	17,179	\$	(11,215)	\$	28,394
Distributions on Class B Units	\$	865	\$	823	\$	42	\$	1,730	\$	1,647	\$	83
Fair value adjustment - investment properties	\$	(33,023)	\$	(17,880)	\$	(15,143)	\$	(47,230)	\$	(32,709)	\$	(14,521)
Fair value adjustment - unit-based compensation	\$	250	\$	(274)	\$	524	\$	588	\$	(240)	\$	828
	\$	(10,024)	\$	(22,224)	\$	12,200	\$	4,298	\$	(13,428)	\$	17,726
Net income and comprehensive income	\$	35,091	\$	43,456	\$	(8,365)	\$	45,550	\$	54,580	\$	(9,030)

Flagship Communities Real Estate Investment Trust

Management Discussion and Analysis

For the three and six months ended June 30, 2025 (Unaudited)

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

Revenue

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	Variance	Variance %
Rental revenue and related income	\$ 25,067	\$ 21,232	\$ 3,835	18.1%

	For the six months ended June 30, 2025	For the six months ended June 30, 2024	Variance	Variance %
Rental revenue and related income	\$ 49,848	\$ 41,152	\$ 8,696	21.1%

Rental revenue consists of lot rent, home rent, utility reimbursements, and other ancillary revenue collected at the communities. For the three and six months ended June 30, 2025, 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 REIT's portfolio. Acquisitions accounted for \$1,368 and \$3,666 of the increase versus the prior period, respectively. Same Community Revenue was approximately \$2,466 and \$5,030 higher than the prior period, respectively. 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 reimbursements. Ancillary revenues, which is comprised of amenity fees including cable and internet fees, also contributed.

Property Operating Expenses

The following tables highlight property operating expenses of the REIT.

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	Variance	Variance %
Operating expenses	\$ 8,383	\$ 7,172	\$ 1,211	16.9%

	For the six months ended June 30, 2025	For the six months ended June 30, 2024	Variance	Variance %
Operating expenses	\$ 16,761	\$ 13,755	\$ 3,006	21.9%

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 \$1,211 and \$3,006 for the three and six months ended June 30, 2025, respectively, versus the three and six months ended June 30, 2024.

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Management Discussion and Analysis

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The drivers for the increase were Acquisitions as well as inflationary pressures on wages and the cost of insurance, utilities, mainly driven by costs associated with increased ancillary revenues, and increased property taxes driven by the continued appreciation of investment property and the subsequent reassessment by local municipalities. Inflationary pressures on payroll and benefits for certain REIT employees also contributed to the increase.

Acquisitions accounted for \$607 and \$1,709 of the increase in operating expenses incurred during the three and six months ended June 30, 2025, respectively.

The tables below provide a breakdown of operating expenses for the period:

Operating Expenses	For the three months ended June 30, 2025		For the three months ended June 30, 2024	
Utilities	\$	3,099	\$	2,633
Payroll and benefits	\$	1,801	\$	1,668
Taxes and insurance	\$	2,184	\$	1,706
Repairs and maintenance	\$	671	\$	517
Other	\$	628	\$	648
Total Operating Expenses	\$	8,383	\$	7,172

Operating Expenses	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
Utilities	\$	6,347	\$	5,263
Payroll and benefits	\$	3,496	\$	3,081
Taxes and insurance	\$	4,164	\$	3,416
Repairs and maintenance	\$	1,249	\$	821
Other	\$	1,505	\$	1,174
Total Operating Expenses	\$	16,761	\$	13,755

General and Administrative

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

	For the three months ended June 30, 2025		For the three months ended June 30, 2024		Variance	Variance %
General and administrative	\$	3,024	\$	2,471	\$ 553	22.4%

	For the six months ended June 30, 2025		For the six months ended June 30, 2024		Variance	Variance %
General and administrative	\$	5,876	\$	5,143	\$ 733	14.3%

Flagship Communities Real Estate Investment Trust

Management Discussion and Analysis

For the three and six months ended June 30, 2025 (Unaudited)

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

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, 2025, the \$553 and \$733 higher spend compared to the prior period is driven by an increase to payroll and benefits. This increase resulted from inflationary pressures on payroll and benefits for certain REIT employees as well as the non-cash impact of RU grants which are recognized as an expense as the respective RUs vest. An additional factor is the rise in legal / consulting fees, driven by inflationary pressure on professional services contracted by the REIT.

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

	For the three months ended June 30, 2025		For the three months ended June 30, 2024	
General and administrative				
Payroll and benefits	\$	1,599	\$	1,376
Legal / Consulting	\$	615	\$	302
Audit and tax fees	\$	202	\$	156
Taxes and insurance	\$	217	\$	70
Trustee fees	\$	146	\$	130
Travel	\$	91	\$	150
Other	\$	154	\$	287
Total General and administrative	\$	3,024	\$	2,471

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
General and administrative				
Payroll and benefits	\$	3,096	\$	2,779
Legal / Consulting	\$	980	\$	651
Audit and tax fees	\$	383	\$	312
Taxes and insurance	\$	541	\$	362
Trustee fees	\$	290	\$	257
Travel	\$	207	\$	244
Other	\$	379	\$	538
Total General and administrative	\$	5,876	\$	5,143

Finance Cost from Operations

	For the three months ended June 30, 2025		For the three months ended June 30, 2024		Variance	Variance %
Finance costs from operations	\$	4,895	\$	4,597	\$ 298	6.5%

	For the six months ended June 30, 2025		For the six months ended June 30, 2024		Variance	Variance %
Finance costs from operations	\$	10,289	\$	11,324	\$ (1,035)	-9.1%

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Finance costs from operations consist of interest expense on mortgages and note, floorplan interest and other miscellaneous interest expense, mortgages payable settlement expense, and amortization of deferred financing costs. For the three and six months ended June 30, 2025, interest expense on mortgages and note accounted for \$4,601 and \$9,463 while floorplan interest and other miscellaneous interest expense was \$187 and \$414, respectively. Amortized deferred financing cost were \$107 and \$184. The variances in finance costs from operations for the three and six months ended June 30, 2025 were the result of an increase in total debt or the Refinance and Repayment. An increase to total debt will increase interest expense, all else equal. The Refinance and Repayment resulted in mortgages payable settlement expense of \$2,523 during the six months ended June 30, 2024 compared to mortgages payable settlement expense, unrelated to the Refinance and Repayment, of \$228 incurred during the six months ended June 30, 2025.

Other (Income)

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	Variance	Variance %
Other (income)	\$ (849)	\$ (688)	\$ (161)	23.4%

	For the six months ended June 30, 2025	For the six months ended June 30, 2024	Variance	Variance %
Other (income)	\$ (1,038)	\$ (847)	\$ (191)	22.6%

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 (gains) from the sale of investment property. For the three and six months ended June 30, 2025, other (income) was higher than the prior period due to a \$(50) (gain) on the sale of an easement associated with one investment property. Insurance proceeds of \$694 from covered damages to investment property contributed to the increase as well. For the same period in 2024 insurance proceeds only totaled \$400.

Fair Value Adjustment - Class B Units

For the three and six months ended June 30, 2025, the REIT recognized a fair value loss on Class B Units of \$6,359 and \$17,179, respectively (\$18,305) and \$(11,215) (gain) for the three and six months ended June 30, 2024, 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 statements of net income and comprehensive income. The fair value as at June 30, 2025 and December 31, 2024 was calculated using the Unit closing price of \$17.99 and \$14.91 as at the end of the respective reporting period.

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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 statements of net income and comprehensive income. For the three and six months ended June 30, 2025, the REIT declared distributions on Class B Units of \$865 and \$1,730, respectively (\$823 and \$1,647 for the three and six months ended June 30, 2024, respectively).

Fair Value Adjustment – Investment Properties

In accordance with IFRS, management has elected to use the fair value model to account for investment properties. The fair value of investment properties (gain) was \$(33,023) and \$(47,230) for the three and six months ended June 30, 2025, respectively (\$17,880) and \$(32,709) for the three and six months ended June 30, 2024, respectively). 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, 2025 was the result of an increase in the trailing twelve months NOI.

Net Income and Comprehensive Income

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	Variance	Variance %
Net income and comprehensive income	\$ 35,091	\$ 43,456	\$ (8,365)	-19.2%

	For the six months ended June 30, 2025	For the six months ended June 30, 2024	Variance	Variance %
Net income and comprehensive income	\$ 45,550	\$ 54,580	\$ (9,030)	-16.5%

Net income and comprehensive income for the three and six months ended June 30, 2025 was \$(8,365) and \$(9,030) less than the prior period as a result of the fair value adjustments on investment properties and Class B Units being \$9,521 and \$13,873, respectively, less than in the same period in 2024, offset by the 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, 2025 and 2024. The diluted weighted average Unit count for the three and six months ended June 30, 2025 was 25,131,790 and 25,126,553, respectively (24,033,350 and 22,590,314 for the three and six months ended June 30, 2024, respectively).

As at June 30, 2025, there were 25,132,372 units outstanding (including the combined number of Units, Class B Units, vested RUs and vested DTUs).

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FFO per unit for the three months ended June 30, 2025 and 2024 was \$0.385 and \$0.330, respectively, reflecting an increase of 16.7%.

FFO per unit for the six months ended June 30, 2025 and 2024 was \$0.717 and \$0.544, respectively, reflecting an increase of 31.8%.

AFFO per unit for the three months ended June 30, 2025 and 2024 was \$0.353 and \$0.292, respectively, reflecting an increase of 20.9%.

AFFO per unit for the six months ended June 30, 2025 and 2024 was \$0.655 and \$0.466, respectively, reflecting an increase of 40.6%.

For both the three months ended June 30, 2025 and 2024, mortgages payable settlement expense was \$Nil. For the six months ended June 30, 2025 and 2024, mortgages payable settlement expense totaled \$228 and \$2,523, respectively. For the three months ended June 30, 2025 and 2024, insurance proceeds totaled \$694 and \$400, respectively. These amounts also represent insurance proceeds for the six months ending June 30 of each respective year. Such costs are infrequent and FFO adjusted and AFFO adjusted removes infrequent costs to present normalized metrics.

For the three months ended June 30, 2025 and 2024, FFO adjusted per unit was \$0.357 and \$0.314, respectively, reflecting an increase of 13.7%.

For the six months ended June 30, 2025 and 2024, FFO adjusted per unit was \$0.699 and \$0.638, respectively, reflecting an increase of 9.6%.

For the three months ended June 30, 2025 and 2024, AFFO adjusted per unit was \$0.636 and \$0.560, respectively, reflecting an increase of 13.6%.

For the six months ended June 30, 2025 and 2024, AFFO adjusted per unit was \$0.636 and \$0.560, respectively, reflecting an increase of 13.6%.

The increases in FFO adjusted and AFFO adjusted were driven by increases to NOI through lot rent increases, Occupancy growth, ancillary revenue growth as well as other factors previously described.

Weighted average lot rent saw an increase to \$484 as at June 30, 2025, compared to \$448 as at December 31, 2024.

Total portfolio Occupancy and Same Community Occupancy were 85.1% and 85.5%, respectively, as at June 30, 2025.

During the year ended December 31, 2024, two communities completed an expansion that resulted in an addition of 81 and 31 lots, respectively, with capacity for more lots as opportunities allow. The addition of these 112 lots (decreased) Same Community Occupancy by approximately (0.6)% as at June 30, 2025, 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 85.6% and 86.1%, respectively, as at June 30, 2025.

NOI Margins and Same Community NOI Margins for the three months ended June 30, 2025 were 66.0% and 64.8%, an increase of 40 and 120 basis points, respectively, when compared to the three months ended June 30, 2024, respectively.

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

NOI Margins and Same Community NOI Margins for the six months ended June 30, 2025 were 66.4% and 66.8% a (decrease)increase of (20) and 90 basis points, respectively, when compared to the six months ended June 30, 2024, respectively.

While NOI saw an increase from ancillary services, NOI Margins were negatively impacted due to these ancillary services having a lower margin than what has historically been achieved by the REIT.

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, 2025		For the three months ended June 30, 2024		Variance	Variance %
NOI	\$	16,684	\$	14,060	\$ 2,624	18.7%
NOI Margin ¹		66.6%		66.2%	0.4%	0.6%
FFO ²	\$	9,669	\$	7,938	\$ 1,731	21.8%
FFO per unit ²	\$	0.385	\$	0.330	\$ 0.055	16.7%
FFO adjusted ²	\$	8,975	\$	7,538	\$ 1,437	19.1%
FFO adjusted per unit ²	\$	0.357	\$	0.314	\$ 0.043	13.7%
AFFO ²	\$	8,882	\$	7,028	\$ 1,854	26.4%
AFFO per unit ²	\$	0.353	\$	0.292	\$ 0.061	20.9%
AFFO Payout Ratio ²		43.6%		49.7%	-6.1%	-12.3%
AFFO adjusted ²	\$	8,188	\$	6,628	\$ 1,560	23.5%
AFFO adjusted per unit ²	\$	0.326	\$	0.276	\$ 0.050	18.1%
AFFO adjusted Payout Ratio ²		47.3%		52.7%	-5.4%	-10.2%

	For the six months ended June 30, 2025		For the six months ended June 30, 2024		Variance	Variance %
NOI	\$	33,087	\$	27,397	\$ 5,690	20.8%
NOI Margin ¹		66.4%		66.6%	-0.2%	-0.3%
FFO ²	\$	18,021	\$	12,292	\$ 5,729	46.6%
FFO per unit ²	\$	0.717	\$	0.544	\$ 0.173	31.8%
FFO adjusted ²	\$	17,555	\$	14,415	\$ 3,140	21.8%
FFO adjusted per unit ²	\$	0.699	\$	0.638	\$ 0.061	9.6%
AFFO ²	\$	16,453	\$	10,525	\$ 5,928	56.3%
AFFO per unit ²	\$	0.655	\$	0.466	\$ 0.189	40.6%
AFFO Payout Ratio ²		47.1%		62.8%	-15.7%	-25.0%
AFFO adjusted ²	\$	15,987	\$	12,648	\$ 3,339	26.4%
AFFO adjusted per unit ²	\$	0.636	\$	0.560	\$ 0.076	13.6%
AFFO adjusted Payout Ratio ²		48.5%		52.2%	-3.7%	-7.1%

¹ Refer to section "Other Real Estate Industry Metrics".

² Refer to section "Non-IFRS Financial Measures".

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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.

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 years ending, or ended, December 31, 2025 and 2024, respectively. 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.

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, 2025		For the three months ended June 30, 2024	
Net income (loss) and comprehensive income (loss)	\$	35,091	\$	43,456
<i>Adjustments to arrive at FFO</i>				
Depreciation	\$	127	\$	118
Fair value adjustment - Class B Units	\$	6,359	\$	(18,305)
Distributions on Class B Units	\$	865	\$	823
Fair value adjustment - investment properties	\$	(33,023)	\$	(17,880)
Fair value adjustment - unit based compensation	\$	250	\$	(274)
Funds from Operations ("FFO")	\$	9,669	\$	7,938
FFO per unit (diluted)	\$	0.385	\$	0.330
<i>Adjustments to arrive at FFO adjusted</i>				
Insurance proceeds	\$	(694)	\$	(400)
FFO adjusted	\$	8,975	\$	7,538
FFO adjusted per unit (diluted)	\$	0.357	\$	0.314
<i>Adjustments to arrive at AFFO</i>				
Accretion of mark-to-market adjustment on mortgage payable	\$	(55)	\$	(258)
Capital Expenditure Reserves	\$	(732)	\$	(652)
Adjusted Funds from Operations ("AFFO")	\$	8,882	\$	7,028
AFFO per unit (diluted)	\$	0.353	\$	0.292
<i>Adjustments to arrive at AFFO adjusted</i>				
Insurance proceeds	\$	(694)	\$	(400)
AFFO adjusted	\$	8,188	\$	6,628
AFFO adjusted per unit (diluted)	\$	0.326	\$	0.276

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For the three months ended June 30, 2025, the capital expenditure reserve was \$732 as compared to actual spending of \$790 (for the three months ended June 30, 2024 the capital expenditure reserve was \$652 as compared to actual spending of \$820).

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
Net income and comprehensive income	\$	45,550	\$	54,580
<i>Adjustments to arrive at FFO</i>				
Depreciation	\$	254	\$	229
Gain on sale of investment properties	\$	(50)	\$	-
Fair value adjustment - Class B Units	\$	17,179	\$	(11,215)
Distributions on Class B Units	\$	1,730	\$	1,647
Fair value adjustment - investment properties	\$	(47,230)	\$	(32,709)
Fair value adjustment - unit based compensation	\$	588	\$	(240)
Funds from Operations ("FFO")	\$	18,021	\$	12,292
FFO per unit (diluted)	\$	0.717	\$	0.544
<i>Adjustments to arrive at FFO adjusted</i>				
Insurance proceeds	\$	(694)	\$	(400)
Mortgages payable settlement expense	\$	228	\$	2,523
FFO adjusted	\$	17,555	\$	14,415
FFO adjusted per unit (diluted)	\$	0.699	\$	0.638
<i>Adjustments to arrive at AFFO</i>				
Accretion of mark-to-market adjustment on mortgage payable	\$	(111)	\$	(515)
Capital Expenditure Reserves	\$	(1,457)	\$	(1,252)
Adjusted Funds from Operations ("AFFO")	\$	16,453	\$	10,525
AFFO per unit (diluted)	\$	0.655	\$	0.466
<i>Adjustments to arrive at AFFO adjusted</i>				
Insurance proceeds	\$	(694)	\$	(400)
Mortgages payable settlement expense	\$	228	\$	2,523
AFFO adjusted	\$	15,987	\$	12,648
AFFO adjusted per unit (diluted)	\$	0.636	\$	0.560

For the six months ended June 30, 2025, the capital expenditure reserve was \$1,457 as compared to actual spending of \$1,529 (for the six months ended June 30, 2024 the capital expenditure reserve was \$1,252 as compared to actual spending of \$1,145).

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For the three and six months ended June 30, 2025, the REIT has spent \$8,408 and \$13,425, 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 REIT’s 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, 2025. This spending is done to enhance revenues and is not considered “maintenance” capital expenditure for the purposes of calculating AFFO and AFFO Per unit. During the six months ended June 30, 2025, the REIT purchased 54 rental homes and disposed of 56 rental homes.

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, 2025 and 2024:

NOI

	For the three months ended June 30, 2025	For the three months ended June 30, 2024
Net income (loss) and comprehensive income (loss)	\$ 35,091	\$ 43,456
<i>Adjustments to arrive at NOI</i>		
General and administrative	\$ 3,024	\$ 2,471
Finance costs from operations	\$ 4,895	\$ 4,597
Accretion of mark-to-market adjustment on mortgage payable	\$ (55)	\$ (258)
Depreciation	\$ 127	\$ 118
Other (income)	\$ (849)	\$ (688)
Fair value adjustment - Class B units	\$ 6,359	\$ (18,305)
Distributions on Class B units	\$ 865	\$ 823
Fair value adjustment - investment properties	\$ (33,023)	\$ (17,880)
Fair value adjustment - unit based compensation	\$ 250	\$ (274)
NOI	\$ 16,684	\$ 14,060

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	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Net income and comprehensive income	\$ 45,550	\$ 54,580
<i>Adjustments to arrive at NOI</i>		
General and administrative	\$ 5,876	\$ 5,143
Finance costs from operations	\$ 10,289	\$ 11,324
Accretion of mark-to-market adjustment on mortgage payable	\$ (111)	\$ (515)
Depreciation	\$ 254	\$ 229
Other (income)	\$ (1,038)	\$ (847)
Fair value adjustment - Class B units	\$ 17,179	\$ (11,215)
Distributions on Class B units	\$ 1,730	\$ 1,647
Fair value adjustment - investment properties	\$ (47,230)	\$ (32,709)
Fair value adjustment - unit based compensation	\$ 588	\$ (240)
NOI	\$ 33,087	\$ 27,397

NOI Margin

	For the three months ended June 30, 2025	For the three months ended June 30, 2024
Rental revenue and related income	\$ 25,067	\$ 21,232
Property operating expenses	\$ 8,383	\$ 7,172
Net Operating Income ("NOI")	\$ 16,684	\$ 14,060
NOI Margin	66.6%	66.2%

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Rental revenue and related income	\$ 49,848	\$ 41,152
Property operating expenses	\$ 16,761	\$ 13,755
Net Operating Income ("NOI")	\$ 33,087	\$ 27,397
NOI Margin	66.4%	66.6%

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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, 2025	As at December 31, 2024
Unitholders Equity	\$ 624,790	\$ 585,651
Class B Units	\$ 100,338	\$ 83,159
Vested RU	\$ 740	\$ 626
Vested DTU	\$ 1,995	\$ 1,348
NAV	\$ 727,863	\$ 670,784
Total units ³	\$ 25,132,372	\$ 25,111,891
NAV per Unit	\$ 28.96	\$ 26.71

³Total Units includes Units, Class B Units, vested RUs and vested DTUs

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, 2025	As at December 31, 2024
Total Debt		
Line of Credit	\$ 5,000	\$ 3,000
Mortgages and note payable, net (current portion)	\$ 303	\$ 45,271
Mortgages and note payable, net (non-current portion)	\$ 422,961	\$ 374,552
	\$ 428,264	\$ 422,823
Gross Book Value		
Cash and cash equivalents	\$ 8,368	\$ 7,264
Tenant and other receivables, net	\$ 1,447	\$ 1,984
Prepays and other assets	\$ 2,667	\$ 3,344
Lender escrow deposits	\$ 5,454	\$ 3,206
Other non-current assets	\$ 1,485	\$ 615
Investment properties	\$ 1,147,803	\$ 1,087,348
Property and equipment, net	\$ 3,346	\$ 3,274
Note receivable - related party	\$ 2,460	\$ 2,460
	\$ 1,173,030	\$ 1,109,495
Debt to Gross Book Value	36.5%	38.1%

Since December 31, 2024 Debt to Gross Book Value has (decreased) by (1.6)%, despite the increase in total debt. 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.

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Liquidity and Capital Resources

As at June 30, 2025 and December 31, 2024, the capital structure of the REIT was as follows:

	As at June 30, 2025	As at December 31, 2024
Indebtedness		
Line of Credit	\$ 5,000	\$ 3,000
Mortgages and note payable, net (current portion)	\$ 303	\$ 45,271
Mortgages and note payable, net (non-current portion)	\$ 422,961	\$ 374,552
Class B Units	\$ 100,338	\$ 83,159
	\$ 528,602	\$ 505,982
Unitholders equity		
Unitholders equity	\$ 624,790	\$ 585,651
Total capitalization	\$ 1,153,392	\$ 1,091,633

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 six months ended June 30, 2025, net cash from operating activities was \$27,693. Business operations are also financed using property-specific mortgages, and equity financing.

The REIT's revolving line of credit (the "Line of Credit") is secured by two MHCs and two resort communities and has a total available capacity of \$10,000. The Line of Credit matures on December 23, 2025 and incurs interest at 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, 2025, the REIT had \$5,000 outstanding on the Line of Credit (as at December 31, 2024 - \$3,000).

As at August 6, 2025, the REIT had \$NIL outstanding on the Line of Credit.

As at June 30, 2025, Liquidity¹ was \$13,368 (as at December 31, 2024, Liquidity was \$14,264) consisting of cash, cash equivalents, and available capacity on lines of credit.

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 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.

¹ Refer to section "Other Real Estate Industry Metrics".

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On June 28, 2023, the REIT filed a supplement to the (final) short form base shelf prospectus, pursuant to which, for a period of 24 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 short form base shelf prospectus and ATM Offering prospectus supplement lapsed on July 8, 2025. As at June 30, 2025 and December 31, 2024 the REIT had issued a total of 1,350,871 Units under the ATM Offering and the REIT did not issue any further Units prior to the lapsing on July 8, 2025.

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 22 unencumbered investment properties with a total fair value of \$97,216 as at June 30, 2025.

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

Year	Principal payments due during period	% of Total Principal
2025	\$ 164	0.0%
2026	\$ 288	0.1%
2027	\$ 613	0.1%
2028	\$ 2,012	0.5%
2029	\$ 16,692	3.9%
Thereafter	\$ 406,416	95.4%
TOTAL	\$ 426,185	

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%-50%. 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.

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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, 2025 the REIT's Weighted Average Mortgage and Note Interest Rate (see section "Other Real Estate Industry Metrics") was 4.26% (as at December 31, 2024 – 4.41%) and the REIT's Weighted Average Mortgage and Note Term (see section "Other Real Estate Industry Metrics") to maturity was 9.5 years (as at December 31, 2024 – 9 years). The mortgages mature at various dates beginning in 2027.

As at June 30, 2025, the REIT's Debt to Gross Book Value was 36.5% (as at December 31, 2024 – 38.1%).

As at June 30, 2025, the REIT was in compliance with all debt covenants with various lenders.

Class B Units

As partial consideration for the initial portfolio of 45 MHCs with 8,255 lots located in Kentucky, Indiana, Ohio, and Tennessee, Flagship Operating, LLC issued Class B Units to certain retained interest holders (the "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 statements of net income and comprehensive income.

As at August 6, 2025, the total number of Class B Units outstanding was 5,577,411 (as at December 31, 2024 - 5,577,411).

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 closing price of a Unit on the Toronto Stock Exchange (the "TSX") for the day 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.

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RUs are recognized at their grant date fair value in payroll and benefits, included in general and administrative expenses on the consolidated statements 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 statements of net income and comprehensive income.

As at August 6, 2025, the total number of RUs outstanding was 338,529 of which 42,026 are vested (as at December 31, 2024 – 340,992 and 42,026, 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 closing price of a Unit on the TSX for the day 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 statements 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 statements of net income and comprehensive income.

As at August 6, 2025, the total number of DTUs outstanding was 119,538 (as at December 31, 2024 – 90,398).

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 6, 2025, the total number of Units outstanding was 19,402,056 (as at December 31, 2024 – 19,402,056).

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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, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Cash Provided by operating activities	\$ 25,844	\$ 13,420	\$ 27,693	\$ 23,157
Less finance cost from operations	\$ 4,895	\$ 4,597	\$ 10,289	\$ 11,324
	\$ 20,949	\$ 8,823	\$ 17,404	\$ 11,833
Less distributions paid to unitholders	\$ 3,010	\$ 2,671	\$ 6,019	\$ 4,958
Less distributions paid to Class B unitholders	\$ 865	\$ 824	\$ 1,730	\$ 1,648
Excess cash provided by operating activities over distributions paid	\$ 17,074	\$ 5,328	\$ 9,655	\$ 5,227
Net income and comprehensive income	\$ 35,091	\$ 43,456	\$ 45,550	\$ 54,580
Less distributions paid to unitholders	\$ 3,010	\$ 2,671	\$ 6,019	\$ 4,958
Excess net income and comprehensive income over distributions paid	\$ 32,081	\$ 40,785	\$ 39,531	\$ 49,622

Total distributions declared to Unitholders and holders of Class B Units were \$3,875 and \$7,749 for the three and six months ended June 30, 2025, respectively (\$3,687 and \$6,797 for the three and six months ended June 30, 2024).

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On October 1, 2024, the REIT announced that the Board approved a 5% increase to its monthly cash distribution to Unitholders to \$0.0517 per Unit per month or \$0.6204 per Unit per year. The new monthly cash distribution commenced with the October 2024 distribution, paid in November 2024.

The AFFO Payout Ratio¹ for the three months ended June 30, 2025 was 43.6% compared to 49.7% in the comparable period in 2024.

The AFFO Payout Ratio¹ for the six months ended June 30, 2025 was 47.1% compared to 62.8% in the comparable period in 2024.

The AFFO adjusted Payout Ratio¹ for the three months ended June 30, 2025 was 47.3% compared to 52.7% in the comparable period in 2024.

The AFFO adjusted Payout Ratio¹ for the six months ended June 30, 2025 was 48.5% compared to 52.2% in the comparable period in 2024.

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, 2025.

	Carrying amount	Contractual cash flows	1 Year	1 to 2 Years	2 to 5 years	5+ years
Trade and other payables	\$ 995	\$ 995	\$ 995	\$ -	\$ -	\$ -
Line of credit	5,000	5,000	5,000	-	-	-
Other liabilities	17,775	17,775	17,775	-	-	-
Mortgages and note payable	423,080	585,552	18,749	35,349	169,803	361,651
	\$ 446,850	\$ 609,322	\$ 42,519	\$ 35,349	\$ 169,803	\$ 361,651

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, a fleet of rental homes for lease to residents of the MHCs and a commercial building. 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.

¹ Refer to section "Other Real Estate Industry Metrics".

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The investment property portfolio had 82 communities as at June 30, 2025 (as at December 31, 2024 – 82). 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, 2025	As at December 31, 2024
Investment properties, opening balance	\$ 1,087,348	\$ 880,310
Capital expenditures	\$ 13,171	\$ 38,919
Acquisitions of investment properties	\$ 1,133	\$ 100,007
Disposal of investment properties	\$ (1,079)	\$ (2,529)
Fair value adjustment - investment properties	\$ 47,230	\$ 70,641
Total investment properties, end of period	\$ 1,147,803	\$ 1,087,348

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 at June 30, 2025 and December 31, 2024. 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.

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, 2025	As at December 31, 2024
Capitalization Rates of Investment Properties		
High	9.00 %	8.75 %
Low	4.50 %	4.50 %
Weighted Average	5.11 %	5.11 %
% Change		
+ 0.25%	4.80 %	4.90 %
- 0.25%	(5.08) %	(4.98) %
\$ Change		
+ 0.25%	\$51,086	\$49,591
- 0.25%	(\$54,058)	(\$50,416)

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Cash Flows

The REIT held cash and cash equivalents of \$8,368 as at June 30, 2025. The changes in cash flows are as follows:

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
Cash flow provided by operating activities	\$	27,693	\$	23,157
Cash flow (used in) provided by financing activities	\$	(12,377)	\$	93,054
Cash flow (used in) investing activities	\$	(14,212)	\$	(110,131)
Change in cash and cash equivalents during the period	\$	1,104	\$	6,080

Operating activities for the six months ended June 30, 2025

Operating activities for the period generated a net cash inflow of \$27,693 (\$23,157 inflow for the six months ended June 30, 2024). 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, 2025

Financing activities for the period generated a net cash (outflow) of \$(12,377) (\$93,054 inflow for the six months ended June 30, 2024). This was largely driven by the February 7, 2025 and February 28, 2025 borrowings and the February 28, 2025 repayment. The February 7, 2025 and February 28, 2025 borrowings largely offset the February 28, 2025 repayment however they also increased the total mortgages and note payable outstanding resulting in an increase to interest expense. The February 7, 2025 and February 28, 2025 borrowings also incurred financing costs of \$1,532.

Investing activities for the six months ended June 30, 2025

Investing activities for the period resulted in a net cash (outflow) of \$(14,212) (\$110,131) outflow for the six months ended June 30, 2024). This was driven by an acquisition of investment property and capital expenditures on existing investment property, which includes the purchase of rental homes, during the six months ended June 30, 2025.

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, 2025, interest revenue, included in other (income) in the consolidated statements of net income and comprehensive income, was \$53 and \$105, respectively (\$53 and \$106 for the three and six months ended June 30, 2024).
- On March 21, 2025 the REIT acquired a 6-acre parcel of land adjoining an existing manufactured housing community from a related party, Empower, for \$1,133. This parcel of land is fully developed and shares the infrastructure of the adjoining community.
- Payroll and benefits include \$574 and \$1,636 incurred to key management personnel during the three and six months ended June 30, 2025, which includes short-term employee payroll and benefits, and RUs (\$491 and \$1,433 for the three and six months ended June 30, 2024).
- For the three and six months ended June 30, 2025, the REIT billed Empower a total of \$796 and \$1,408, of which, \$724 and \$1,291 was payroll and benefits, \$67 and \$106 was management fees, and \$5 and \$11 was other miscellaneous items, respectively (\$643 and \$1,145; \$608 and \$1,076; \$32 and \$61; \$3 and \$8, respectively, for the three and six months ended June 30, 2024). These amounts are recorded as an offset to the expense in which they relate, or in the case of management fees, in other (income), in the consolidated statements of net income and comprehensive income. As at June 30, 2025 and December 31, 2024, the REIT had a receivable, included in tenant and other receivables, net, from Empower of \$509 and \$906, respectively.
- For the three and six months ended June 30, 2025 and 2024, the REIT was billed for services provided by related parties that included HVAC, paving/concrete repair and landscape services. These amounts are capitalized to investment property on the consolidated statements of financial position or expensed to the appropriate expense account, including property operating expense, general and administrative expense, or finance costs from operations, on the consolidated statements of net income and comprehensive income. As at June 30, 2025 and December 31, 2024, the REIT had total accounts payable and accrued liabilities due to related parties of \$396 and \$493, respectively.

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The following table breaks out billings for each related party.

Company Name	Ownership & Control	Description of Services	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
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.	\$302	\$368	\$536	\$519
BG3	100% owned by the brother of the REIT's CEO.	Provides landscaping and construction services to properties.	\$199	\$209	\$290	\$413
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.	\$4,035	\$6,065	\$7,156	\$7,226
Total			\$4,536	\$6,642	\$7,982	\$8,158

The major driver of spending related to Empower is the result of the REIT adding 54 homes to the rental fleet, as opportunities allow, to increase Occupancy over the long term. The REIT also acquired investment property from Empower as part of the March 21, 2025 acquisition, further adding to the increase over the prior period.

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.

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:

1. Measured at amortized cost;
2. Measured at fair value through profit or loss ("FVTPL"); and
3. 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:

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

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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:

<i>Financial Instrument</i>	<i>Measurement under IFRS 9</i>
Cash and cash equivalents	Amortized cost
Tenant and other receivables, net	Amortized cost
Prepays 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.

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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.

Risks

The REIT has provided a detailed analysis of the risks associated with its financial instruments, along with how the REIT manages these risks, in Annual MD&A.

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, 2025, 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 MD&A contains a detailed summary of risk factors pertaining to the REIT and its business. 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 MD&A 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.