



# Q4 2021 Investor Presentation

March 17, 2022



# Disclaimers

## General

This presentation 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", "estimate" and other similar expressions and include statements herein concerning matters to occur upon or following Closing and the use of proceeds from exercise of the over-allotment option. These statements are based on the REIT's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "Risk Factors" in the Prospectus available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com). There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## Market and Industry Data

This presentation includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the multifamily/apartment industry in which the REIT will operate (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the manufactured housing community has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, neither the REIT nor the Underwriters have independently verified any of the data from management or third-party sources referred to in this presentation, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

## Forward-Looking Information

This presentation and any accompanying oral statements including in response to questions contains "forward-looking information" as defined under Canadian securities laws (collectively, "forward-looking statements") which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "goals", "seek", "strategy", "future", "estimates", "intends", "anticipates", "does not anticipate", "projected", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "likely", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the REIT, including that the transactions contemplated herein and in the prospectus are completed.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this presentation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continuing availability of capital and current economic conditions.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. For further details on the forward-looking information included in this presentation, see "Forward-Looking Statements" in the prospectus.

An investment in trust units of the REIT ("Units") is subject to a number of risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under "Risk Factors" in the prospectus before purchasing Units. If any risks or uncertainties described in the prospectus materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Certain statements included in this presentation may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this presentation. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of this presentation. Except as expressly required by applicable Canadian securities laws, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this presentation are qualified by these cautionary statements.

## Non-IFRS Measures and Real Estate Industry Metrics

In this presentation, the REIT uses certain non-IFRS financial measures, which include funds from operations ("FFO"), adjusted funds from operations ("AFFO"), and net operating income ("NOI"), and certain real estate industry metrics, including "AFFO Payout Ratio", "Debt to Gross Book Value Ratio", "Gross Book Value", "NOI margin" and "Same Community", to measure, compare and explain the operating results and financial performance 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. Please refer to the REIT's Management Discussion and Analysis for the period ended December 31, 2021 for further detail on non-IFRS measures.

## Comparable Companies

Any comparables used in this presentation outline certain public company and real estate investment trusts (the "Comparables"). The Comparables are considered to be an appropriate basis for comparison with the REIT based on their similar size, industry, focus and additional criteria. The information relating to the Comparables has been obtained or derived from public sources. The REIT and the Underwriters have relied upon and have not attempted to verify the completeness, accuracy and fair presentation of such information. If the Comparables contain a misrepresentation, investors do not have a remedy under securities legislation in any province or territory of Canada. Investors are cautioned that there are risks inherent in making an investment decision based on the Comparables, that past and estimated performance is not indicative of future performance, and that the performance of the REIT may materially differ from that of the Comparables. Accordingly, an investment decision should not be made in reliance on the Comparables.





**Kurt Keeney**

*President & Chief Executive Officer*



**Nathan Smith**

*Chief Investment Officer*



**Eddie Carlisle**

*Chief Financial Officer*

# Solidifying Footprint in Existing Markets

★ Grew presence near existing communities where Flagship operates:

- Acquired 2 RV Resort communities in Northern Kentucky and Central Ohio
- Acquired 3 MHCs in Kentucky and Arkansas
- Acquired MHC in central Indiana



Northern Kentucky



Little Rock, Arkansas

***Acquisitions Adhere to Disciplined Growth Strategy***

★ Revenues, Net Operating Income, Adjusted Funds from Operations all ABOVE comparable 2020 period, mainly due to:

- Acquisitions completed to date
- Continued Same Community NOI growth
- Cost containment initiatives realized



***Strong Operating and Financial Performance During Q4 2021***



## Flagship Communities REIT AT A Glance



First Sustainability  
Report



BEST PLACES TO WORK  
CINCINNATI BUSINESS COURIER

Best Places to  
Work Award



**12**  
Water Features  
Lakes-Ponds-Streams



**75%**  
Women in  
Management

**~29%**

Minority Resident  
Population



**14%**  
Woman  
Board Membership



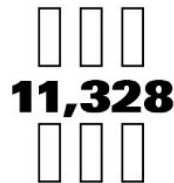
**14%**  
BIPOC  
Board Membership



**7**  
Contiguous  
States



**2,500**  
Portfolio  
Acres



**11,328**  
Community  
Home Lots



**52**  
Playgrounds and  
Picnic Areas



Water Conservation  
Program



Renewable Energy  
Solar Test Pilot Program

# Benefits of MHCs vs. Multi-Family Apartments

- ✓ Amenable to social distancing
- ✓ Housing affordability
- ✓ Pride of home ownership
- ✓ Ability to build home equity
- ✓ Detached home with deck, yard, driveway and in-house laundry
- ✓ Attractive lifestyle & amenities

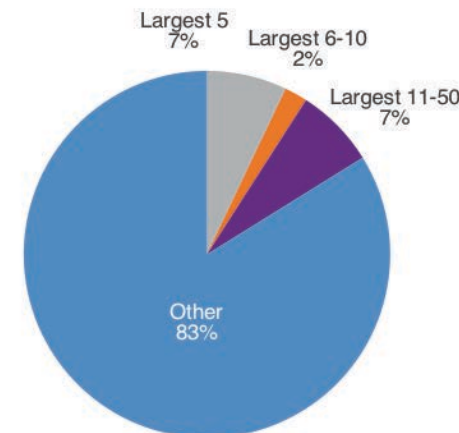


***Mutually Beneficial Rental Relationship Between Community Residents and Owners***

# Fragmented Industry Presents Acquisition Opportunities

- Industry primarily comprised of local owner-operators
- Top 50 investors estimated to control ~17% of manufactured housing lots for rent
- ~5,300 communities within Flagship's current target markets

## MHC Industry Market Share

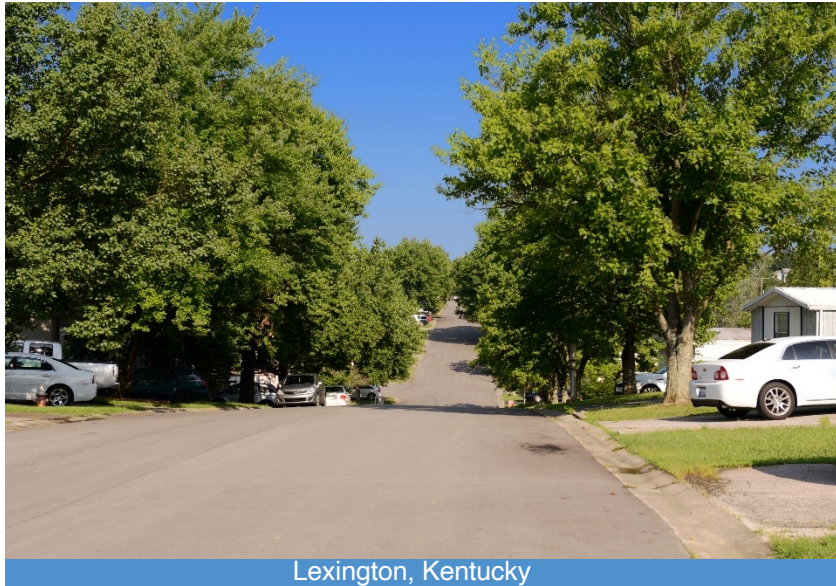


Source: Manufactured Housing Institute

## Acquisition Criteria

- All Flagship REIT acquisitions adhere to strict and disciplined criteria:
  - Accretive to AFFO per unit
  - Leverage management synergies and generate economies of scale
  - Adjacent U.S. states where we currently operate, or new states with similar characteristics as existing markets





Lexington, Kentucky



Northern Kentucky



Bald Knob, Arkansas



Bryant, Arkansas





Northwest Ohio



North Shore, Ohio



# Missouri and Illinois: Growing into Adjacent States



# Q4 2021 Financial Summary

(\$000s except per share amounts)

	For the three months ended December 31, 2021	For the period October 7, 2020 through December 31, 2020	Variance	Year ended December 31, 2021
Revenue, total portfolio	12,192	8,304	3,888	43,075
Revenue, Same Community <sup>1</sup>	9,507	8,262	1,245	36,930
Revenue, Acquisitions	2,685	42	2,643	6,145
Net income and comprehensive income	53,451	47,338	6,113	60,008
NOI <sup>1</sup> , Total Portfolio	8,199	5,497	2,702	28,661
NOI <sup>1</sup> , Same Community <sup>1</sup> Properties	6,300	5,472	828	■
NOI <sup>1</sup> , Acquisitions	1,899	25	1,874	■
NOI Margin <sup>1</sup> , total portfolio	67.2%	66.2%	1.0%	66.5%
NOI Margin <sup>1</sup> , Same Community <sup>1</sup> Properties	66.3%	66.2%	0.1%	■
NOI Margin <sup>1</sup> , Acquisitions	70.7%	58.5%	12.2%	■
FFO <sup>1</sup>	4,614	2,697	1,917	15,856
FFO Per Unit <sup>1</sup>	0.263	0.220	0.043	1.034
AFFO <sup>1</sup>	3,920	2,227	1,693	15,856
AFFO Per Unit <sup>1</sup>	0.223	0.182	0.041	0.877
AFFO Payout Ratio <sup>1</sup>	59.8%	67.0%	(7.2%)	57.6%

<sup>1</sup>These measures are not recognized under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" in the Q4 2021 news release for a reconciliation of these measures to standardized IFRS measures.

# Capital Market and Financing Activities

- Equity offering closed November 18, 2021
  - \$45.6 million raised, 2.4 million units issued
- Increased monthly distributions by 5%:
  - Now \$0.5355 annualized
- November 15, 2021: \$8.7 million loan
  - 3.8% fixed interest rate for 20 years
  - First 81 monthly payments interest only
- March 10, 2022: \$9.25 million loan
  - 4.37% fixed interest rate for 30 years
  - First 180 monthly payments interest only



Recent acquisitions partially funded by equity offering

***Resources in Place to Continue Growth and Create Value***



# Portfolio as of December 31, 2021

		As of December 31, 2021	As of December 30, 2020
<b>Total communities</b>	(#)	<b>63</b>	<b>52</b>
<b>Total lots</b>	(#)	<b>11,328</b>	<b>8,634</b>
<b>Weighted Average lot rent<sup>1</sup></b>	(US\$)	<b>369</b>	<b>352</b>
<b>Average lot rent growth</b>	(%)	<b>4.8</b>	<b>4.1</b>
<b>Same community average lot rent growth</b>	(%)	<b>3.0</b>	<b>5.9</b>
<b>Total occupancy</b>	(%)	<b>82.8</b>	<b>79.6</b>
<b>Total occupancy growth</b>	(%)	<b>3.2</b>	<b>2.7</b>
<b>Same community occupancy growth</b>	(%)	<b>1.8</b>	<b>2.6</b>

<sup>1</sup>See "Other Real Estate Industry Metrics" in the Q4 2021 news release.

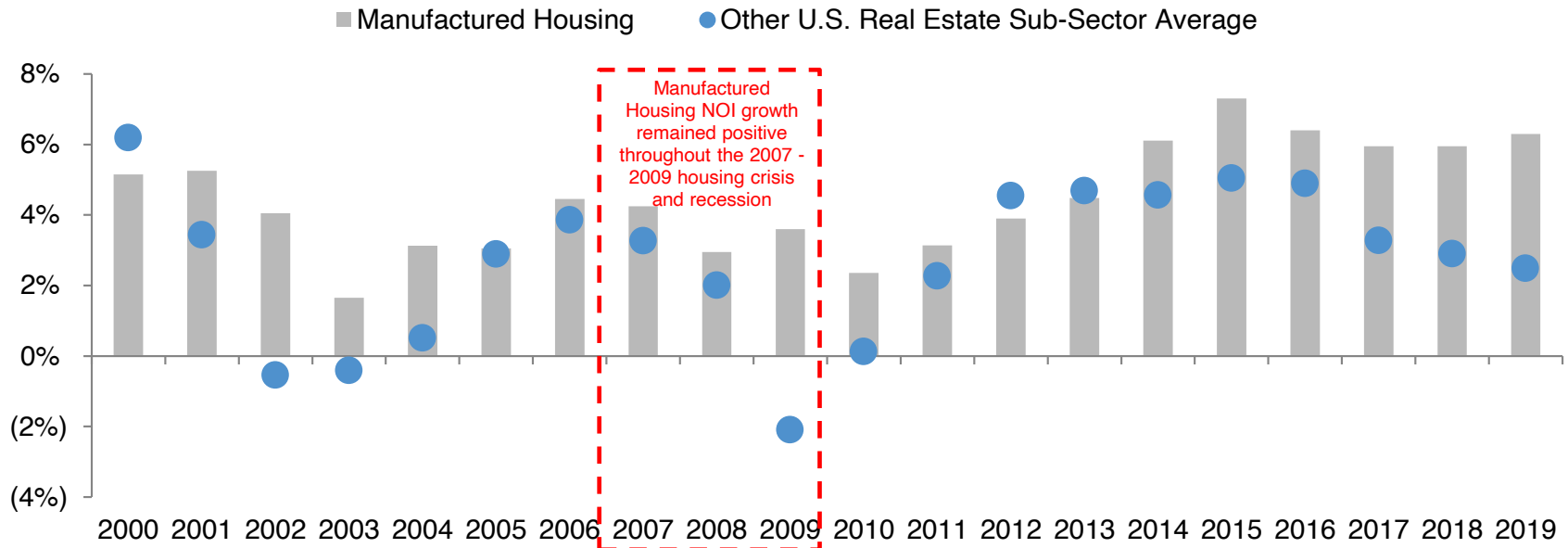
***Continued Solid Performance***

# MHC Industry has Strong Economic Fundamentals

**Consistent Track Record of Stable Occupancy and Growing Rents**

**Average Annual NOI Growth of 4% over 20+ years**

## Same-Property NOI Growth: Manufactured Housing vs. Other U.S. Real Estate Sectors

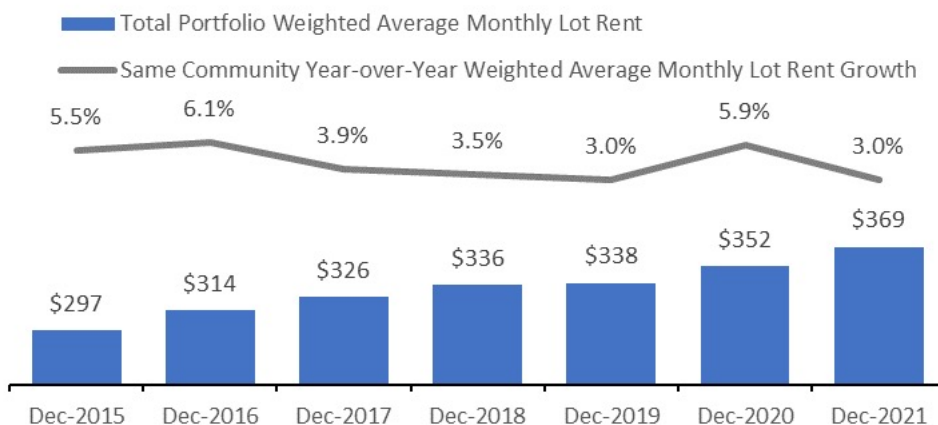


Source: Public company filings

**Consistent Track Record of Growth for the Past 20 Years**

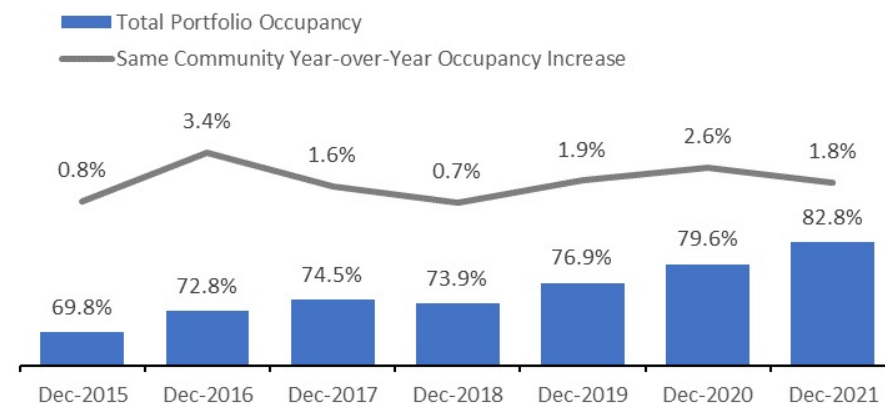
# Stable and Consistent Occupancy

## Lot Rent



**Consistent Same Community  
Lot Rent Growth**

## Occupancy



**Stable and Growing Same  
Community Occupancy**



*The Only Pure Play  
MHC Investment in  
Canadian Capital  
Markets*





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