



## FLAGSHIP COMMUNITIES REAL ESTATE INVESTMENT TRUST COMPLETES US\$93.75 MILLION INITIAL PUBLIC OFFERING

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Toronto, Ontario, **October 7, 2020** – /CNW/ – Flagship Communities Real Estate Investment Trust (the “**REIT**”) (TSX:MHC.U) announced today that it has completed its initial public offering of 6,250,000 trust units (the “**Units**”) at a price of US\$15.00 per Unit (the “**Offering**”). The Offering raised gross proceeds of US\$93,750,000. The Units will begin trading on the Toronto Stock Exchange today under the symbol “MHC.U”.

The REIT has been formed to own and operate a portfolio of 45 income-producing manufactured housing communities (the “**Initial Communities**”), comprising 8,255 lots located in the following four contiguous states: Kentucky, Indiana, Ohio and Tennessee, and a fleet of approximately 600 manufactured homes for lease to residents of the Initial Communities (together with the Initial Communities and certain ancillary and head office assets, the “**Initial Portfolio**”) held indirectly by Flagship Operating, LLC. In connection with the closing of the Offering, the REIT is acquiring (the “**Acquisition**”) the Initial Portfolio other than two Initial Communities comprising 622 lots located in Louisville, being Barrington Pointe and Copperstone Pointe, which the REIT expects to acquire upon receipt of applicable necessary customary lender and servicer consents (the “**Deferred Acquisition**”). A portion of the net proceeds of the Offering will be used to fund the cash component of the Acquisition, to repay certain secured indebtedness, for capital expenditure reserves, to fund transaction costs associated with the closing of the Offering and for general business purposes. The consideration to be paid on closing of the Deferred Acquisition will be redeemable class B units in Flagship Operating, LLC, which class B units will be issued at the same per unit price as Units issued in the Offering.

The Offering was underwritten by a syndicate of underwriters co-led by Canaccord Genuity Corp. and BMO Capital Markets and including CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc. (collectively, the “**Underwriters**”). The REIT has granted to the Underwriters an over-allotment option, exercisable in whole or in part at any time for a period of 30 days following the closing of the Offering, to purchase up to an additional 937,500 Units at US\$15.00 per Unit which, if exercised in full, would increase the total gross proceeds of the Offering to US\$107,812,500. The net proceeds of the over-allotment option, to the extent exercised, will be used by the REIT to fund future acquisitions and for general business purposes.

Following completion of the Offering and the Acquisition that will close today, the executive officers of the REIT, Legacy Portfolio Holdings, LLC and certain other persons formerly owning an interest in the Initial Portfolio will retain an aggregate approximate 43.1% ownership interest in the REIT and will retain an aggregate approximate 39.7% ownership interest in the REIT if the over-allotment option is exercised (in each case, determined as if all redeemable securities are redeemed for units of the REIT). Upon completion of the Deferred Acquisition, the executive officers of the REIT, Legacy Portfolio Holdings, LLC and certain other persons formerly owning an interest in the Initial Portfolio will own an aggregate approximate 46.7% ownership interest in the REIT and an aggregate approximate 43.2% ownership interest in the REIT if the over-allotment option is exercised (in each case, determined as if all redeemable securities are redeemed for units of the REIT).

Blake, Cassels & Graydon LLP, is acting as Canadian counsel to the REIT and Taft Stettinius & Hollister LLP and Adams, Stepner, Woltermann & Dusing, PLLC, are acting as U.S. counsel to the REIT. Torys LLP is acting as Canadian and U.S. counsel to the Underwriters.

No securities regulatory authority has either approved or disapproved the contents of this news release. The Units have not been and will not be registered under the United States Securities Act of 1933 (the “**U.S. Securities Act**”), as amended, or any state securities laws, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the U.S. Securities Act, as amended) except pursuant to certain exemptions from the registrations requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. persons.

## Forward-Looking Statements

*This press release contains statements that include forward-looking information within the meaning of Canadian securities laws. These forward-looking statements reflect the current expectations of the REIT regarding future events, including statements concerning the Acquisition and the Deferred Acquisition and the use of proceeds of the Offering. In some cases, forward-looking statements can be identified by terms such as “may”, “will”, “could”, “occur”, “expect”, “anticipate”, “believe”, “intend”, “estimate”, “target”, “project”, “predict”, “forecast”, “continue”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Material factors and assumptions used by management of the REIT to develop the forward-looking information include, but are not limited to, the REIT’s current expectations that: inflation will remain relatively low; interest rates will remain relatively stable; tax laws remain unchanged; conditions within the U.S. manufactured housing communities industry, including competition for acquisitions, will be consistent with the current climate; the Canadian and U.S. capital and financial markets will provide the REIT with access to equity and/or debt at reasonable rates when required, notwithstanding the ongoing economic downturn; and the current members of management will continue their involvement with the REIT. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.*

*Although management believes the expectations reflected in such forward-looking statements are reasonable and represent the REIT’s internal expectations and beliefs at this time, such statements involve known and unknown risks and uncertainties and may not prove to be accurate and certain objectives and strategic goals may not be achieved. A variety of factors, many of which are beyond the REIT’s control, could cause actual results in future periods to differ materially from current expectations of events or results expressed or implied by such forward-looking statements, such as the risks identified in the REIT’s final prospectus available at [www.sedar.com](http://www.sedar.com), including under the heading “Risk Factors” therein. Readers are cautioned against placing undue reliance on forward-looking statements. Except as required by applicable Canadian securities laws, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made.*

### **For further information, please contact:**

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