



2020 Environmental, Social and Governance Report

Table of Contents

Welcome to Flagship Communities REIT’s first Sustainability Report. The information enclosed covers the period beginning October 2020 unless noted. The contents include information about the communities that are included in the REIT that covers four states within the United States.

CEO Message.....	3	Social Responsibility.....	16
About Flagship Communities REIT ..	4	Our Communities	17
COVID-19	5	Team Member Engagement	18
Mission Statement.....	6	Giving Back.....	19
Flagship At A Glance	7	Residents	20
Environmental Conscience	8	Community Pride.....	21
Energy-Efficient		Social Media	22
Manufactured Homes.....	9	Governance.....	23
Positive Impact of Manufactured		Board of Trustees.....	24
Housing on the Environment.....	10	Leadership	25
Energy Efficiency	11	Ethics	26
Carbon Footprint	12	Footnotes.....	27
Renewable Energy Solar Lighting			
Test Pilot Program	13		
Water Conservation	14		
Waterford Pointe Case Study	15		

CEO Message

It is my pleasure to address you in this, our first sustainability report for Flagship Communities as a publicly traded REIT.

Companies today are being held to a higher standard. Stakeholders expect businesses to demonstrate that they represent and care about more than just their financial results, but also their responsibility to be good corporate citizens.

Flagship Communities embraces these responsibilities through our ongoing commitment to the health and safety of our communities, the protection of our environment and the welfare of our employees.

As one of the US Midwest region's largest manufactured housing community developers, our business is rooted in improving the everyday lives of homeowners. It begins by ensuring a high-quality of life for people by offering affordable new and pre-owned home ownership, nearby schools, conveniences and amenities suitable for family and children, but it entails much more—action toward the health and safety of our communities, action toward protecting the environment and an ongoing effort to improve quality of life.

We apply the core values of transparency, inclusivity and trustworthiness in everything we do – from our commitments to our communities to the actions we take supporting social equity, encouraging inclusivity and celebrating the unique set of experiences and perspectives of our residents and our employees.

I take great pride in ensuring the health and safety of our communities. At the onset of COVID-19, we quickly implemented changes throughout our communities to maintain the health and safety of our residents such as socially-distanced customer appointments, closing community clubhouses

for events, and implementing work-from-home policies. I'm pleased to say that because of these initiatives we've been able to successfully maintain safe and healthy communities, while also providing a safe work environment for Flagship employees.

We support our residents and employees and everyone who is using their voice and their rights to peacefully protest for equality and justice. We will continue to embrace diversity and inclusion to help contribute to this important conversation in a positive way with the goal of ending injustice in the future.

But our commitments do not stop there. We are acutely aware of our responsibility to the environment and we take this responsibility seriously. Manufactured homes have many attributes that make them attractive from an environmental standpoint. These homes are energy efficient and help preserve water through monitoring and sub-metering, while our communities use renewable energy for street lighting and clubhouses. But there is more we can do, particularly in the area of climate change.

Every business needs to do their part to address climate change and we are no exception. That is why our manufactured homes are designed to minimize carbon emissions and their overall carbon footprint. Our focus on water conservation is a major component of our green community program.

Flagship Communities will continue to incorporate sustainability across every facet of the organization, and we look forward to communicating our progress to our residents, employees and shareholders.

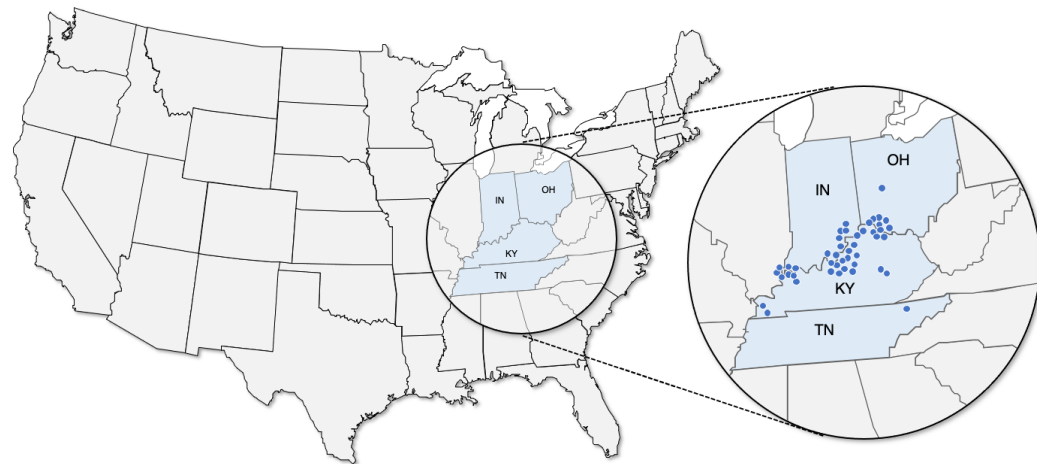
Kurt Keeney
Chief Executive Officer



About Flagship Communities REIT

Flagship Communities Real Estate Investment Trust owns and operates a portfolio of 52 income-producing manufactured housing communities comprising 8,634 lots located in Kentucky, Indiana, Ohio and Tennessee, and a fleet of approximately 700 manufactured homes for lease to residents of such housing communities.

Our family-oriented communities are located near centers of commerce, jobs and amenities located in highly desirable areas throughout the Midwest and upper South of the United States.



Whispering Oaks Pointe
Louisville, Kentucky

COVID-19



When the global pandemic hit in March 2020, Flagship immediately instituted new policies to facilitate social distancing and to ensure the safety of our employees. Impacting our residents, we closed clubhouses and playgrounds to reduce group gatherings. We had recently instituted an online rent payment policy which made the monthly rent payment process low touch. Our managers worked alone, inside our community offices, managing the property as well as the needs of the residents. Managers facilitated outdoor school and community meal services while remaining safe. Our corporate office staff rotated working at home and in their private offices, maintaining social distancing and mask-wearing. We also worked with local school districts at several locations to provide students, participating in school from their homes, with mobile Wi-Fi access.

A sizable number of residents in our communities have been able to maintain their employment through the pandemic or are senior citizens on fixed incomes. Stimulus checks from the U.S. Government were distributed throughout the spring. We will continue working to maintain safe and sanitary conditions in all of our communities.

Mission Statement

Our mission is to provide affordable housing, exceptional residential living experiences, and investment opportunities in our adult and family-oriented manufactured housing communities. We operate with the highest of integrity and represent all unit holders and stakeholders by investing in community, safety, protecting the environment, and creating livable, well-maintained neighborhoods. With neighborhoods located near shopping and good jobs, we are committed to building outdoor living amenities that include lakes, playgrounds, ballfields, basketball courts, picnic shelters, and nature trails.

Flagship Communities REIT AT A Glance

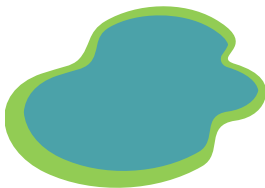


First Sustainability
Report



BEST PLACES TO WORK
CINCINNATI BUSINESS COURIER

Best Places to
Work Award



10
Water Features
Lakes-Ponds-Streams



75%
Women in
Management

~29%

Minority Resident
Population



14%
Woman
Board Membership



14%
BIPOC
Board Membership



4
Contiguous
States



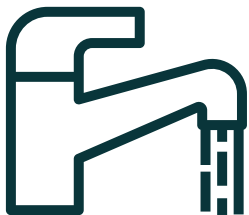
2,000
Portfolio
Acres



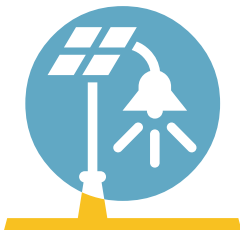
Community
Home Lots



48
Playgrounds and
Picnic Areas



Water Conservation
Program



Renewable Energy
Solar Test Pilot Program

Environmental Conscience

Our mission includes providing family-oriented, sustainable manufactured housing communities. Protecting the environment means preserving natural resources and utilizing land areas for the natural human interaction and supporting more time in nature for our residents.

Today's manufactured homes are energy-saving and low environmental impact. Building a home module by module in a controlled factory results in 50-75% less waste in materials.¹

When homes arrive at the site, it takes a matter of just weeks to complete the finishes compared to many months for a site-built home. This results in less energy expended

by construction workers and equipment being transported to the jobsite each day.

Today's manufactured housing homes are built with the latest technology utilizing high performance building techniques, maximizing energy performance. The building process includes energy saving sealed ductwork, insulation, high performance windows and doors, high efficiency HVAC systems, and smart thermostats that require less energy to keep the home at a perfect temperature throughout the seasons.

Many of our new homes are equipped with Energy Star appliances. Energy Star is a U.S. Environmental Protection Agency (EPA) voluntary program that helps businesses

and individuals save money and "protect the climate through superior energy efficiency."²

Manufactured homes are constructed to adhere to the federal HUD (United States Housing & Urban Development Agency) Code since 1976. The HUD Code regulates home design and construction, strength and durability, fire resistance and energy efficiency. HUD revised the building code in the early 1990's to enhance energy efficiency and ventilation standards and to improve the wind resistance of manufactured homes in areas prone to hurricane-force winds.³

Energy Efficient Manufactured Homes



**Energy Star
Appliances**

**Energy-Saving
Sealed Ductwork**

**High Performance
Windows & Doors**

**Smart
Thermostats**

**High Efficiency
HVAC**

**Wall
Insulation**

**Energy Efficient
Lighting**

**HUD
Compliant**

**Air-Tight
Construction**






**Floor
Insulation**



Autumn Lake Pointe Walking Trail
Louisville, Kentucky

ENVIRONMENTAL

Positive Impact of Manufactured Housing on the Environment

-  Energy Efficient
-  Lower carbon footprint
-  Lower cost of materials
-  Improved air quality filtration
-  Eco-friendly

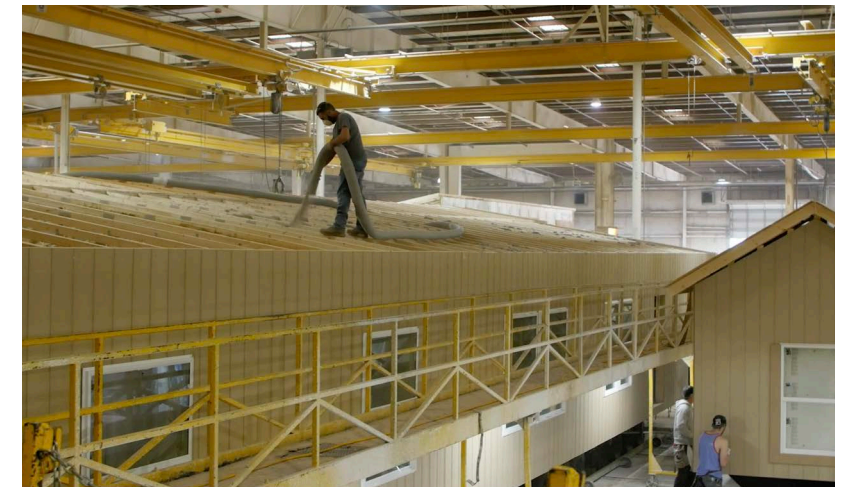
ENVIRONMENTAL

Energy Efficiency



Many of our manufactured home partners utilize green building construction and technologies. Meeting energy standards, the homes can result in 20-30 percent savings on energy bills over conventional built homes.⁴

One of our manufacturing partners, reports that “by constructing a well-insulated, energy-efficient home that meets ENERGY STAR® guidelines, homeowners continue down the path of responsible conservation. As they reduce their own carbon footprint, they’re also able to enjoy the benefits of lower energy bills far into the future.”





ENVIRONMENTAL

Carbon Footprint



Buildings and construction accounts for 36 percent of global energy and 39 percent of the energy-related carbon dioxide emissions annually.⁵

Manufactured, factory-built housing is the original “green” home method of construction. Factory-built homes reduce the carbon footprint by requiring less transportation, less material waste, bulk material purchases and planet-friendly living.⁶





ENVIRONMENTAL INITIATIVES

Renewable Energy Solar Lighting Test Pilot Program



Renewable energy is the future for our communities. We are currently undergoing a pilot program to test solar lighting which replaces traditional electric streetlamps. Currently, 50 solar lamps are being tested on a dusk to dawn program throughout our communities.

With ease of installation, and once we analyze the cost savings measured against the higher cost of using electricity, our goal is to transform our community street lighting into a 100% solar-powered system by 2023.

Water Conservation

We Do Our Part

Following the guidelines of the U.S. Environmental Protection Agency (USEPA), we are committed to the highest standards for wastewater management practices. Implementation of a preventive maintenance utility program assures compliance and immediate response to problems and usage issues.

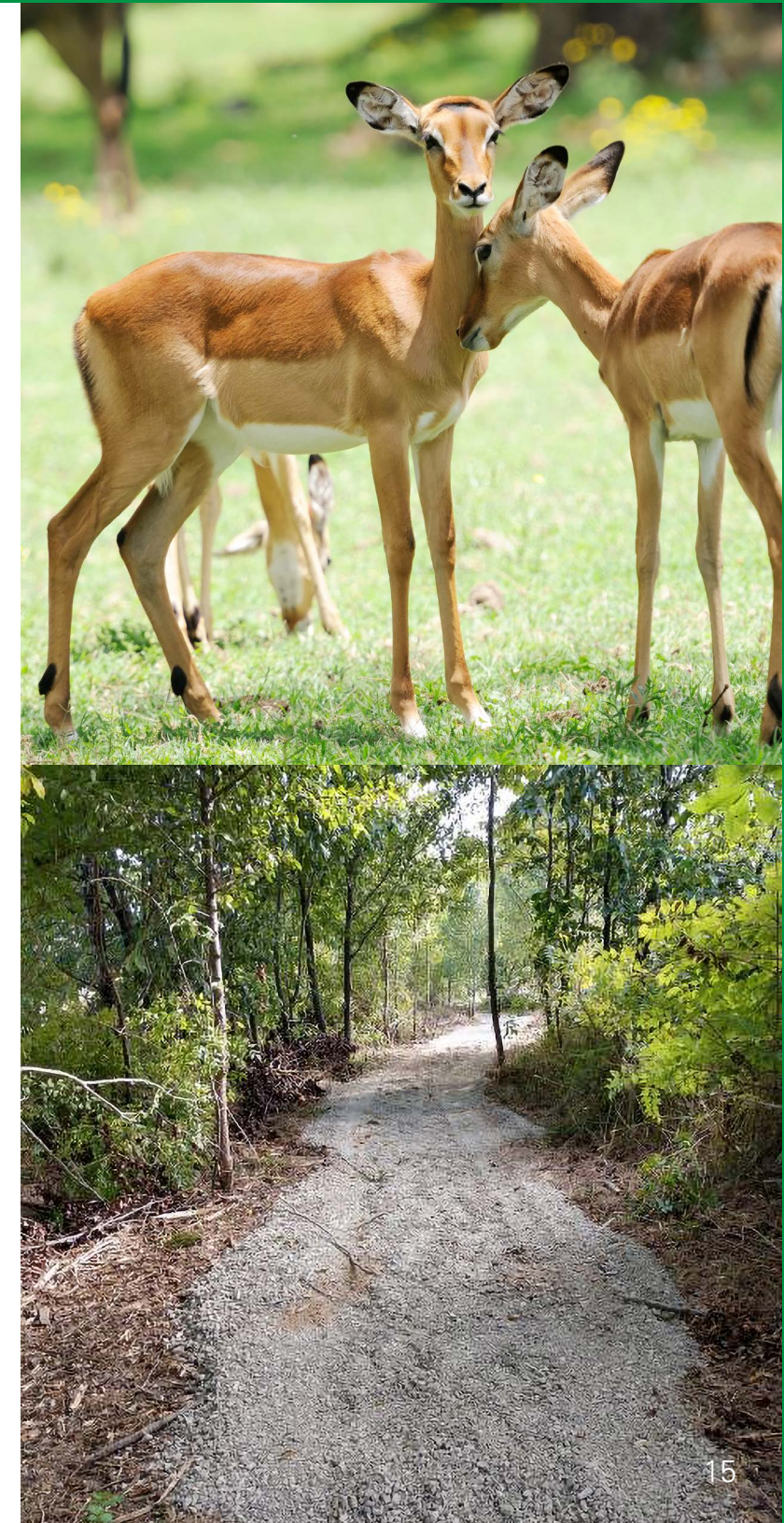
Flagship Communities has dedicated, USEPA-trained staff that manages and plans the monitoring of water usage throughout every community. Utilizing submetering and the use of cameras to scope water lines, water leaks are detected immediately resulting in a 20-25% reduction in consumption.

ENVIRONMENTAL INITIATIVES

Waterford Pointe Case Study

Adjacent to the 100-acre Angel Mound State Park, Waterford Pointe in Evansville Indiana offers a rural, outdoor environment for residents. With a three acre freshwater lake surrounded by a natural habitat sanctuary, our residents enjoy the one-mile walking trail through the woods and surrounding the lake. The community encourages outdoor living with walkable streets and three playgrounds.

A number of wildlife species reside year-round at the Waterford Pointe nature preserve including geese, ducks, herons, bald eagles, beaver, deer and other waterfowl. In the spring, residents will adopt garden plot areas in order to grow natural produce that will be shared within the community.

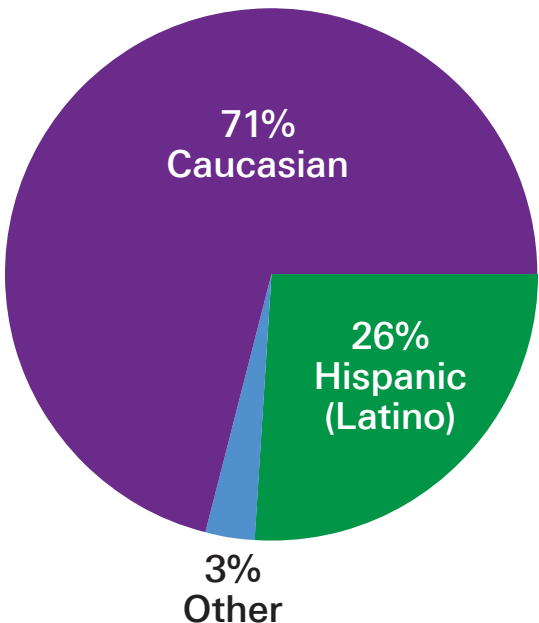




Berkshire Pointe
New Salisbury, Indiana

Social Responsibility

As owners and operators of residential manufactured housing communities, our communities are diverse, and many are low- and moderate-income working families. Our commitment includes addressing the needs of the residents with a holistic approach as well as promoting community well-being.



SOCIAL

Our Communities

We operate our communities as a livable, collection of homes. Neighborhoods where families and elderly live safely and enjoy amenities. We are committed to children and providing spaces for outdoor play and enjoying nature. That's why we build and maintain playgrounds in every community, many with playgrounds, picnic shelters, ballfields and basketball courts.



Flagship Communities takes hands-on approach

What are the two most important factors in creating a great work environment? Our company culture is hands-on. We show up at the communities every week to look at the playgrounds, clubhouses, inspect the cleanliness and maintenance. We bring authority and support to our frontline managers to purchase, improve, help, solve problems and make the communities better.

We are engaged with our staff and include them in planning and delivering our products to the customer. High touch, hands on, weekly senior management or owner site visits, lending support to the community managers. While our managers are basically alone in the clubhouse/offices in each and every one of our 38 communities, we create an environment of "I'm not alone," making site managers part of a team, embracing the high standards. We hold companywide manager meetings with senior staff once each month, bringing people in from out of town for the monthly meetings. We share and discuss issues, giving our staff a forum to shine and to recognize and

WINNER
FLAGSHIP COMMUNITIES
First-time participant
Description: Manufactured house community developer
Top local executive: Kurt Keeney
Year founded: 1995
Website: flagshipcommunities.com

celebrate their accomplishments. They receive applause from not just the boss, but from their peers.

How are you promoting diversity and inclusion? A large portion of our customer base is a growing Latino population, an often-marginalized segment of the population. We have worked with our staff to help them understand the needs of the entire community. Our efforts include providing services and communication that meets the needs of our diverse populations. We translate information into Spanish for their benefit and work with social service agencies to provide services that help the families with education, nutrition and health care.

How has the Covid-19 crisis affected



Flagship Communities hosts events and celebrations for families and children.

FLAGSHIP COMMUNITIES

your workplace? We immediately closed clubhouses and common area spaces in order to protect our employees and residents. Many office employees were able to work from home. We became a distribution hub for the school systems, providing daily nutrition that was delivered to the homes. These services were expanded to seniors and even entire households.

On the plus side, we have had an increase in home sales due to people looking for a more socially distanced living experience.

What has been your most effective method for keeping your employees engaged? Our culture is one of free thinking and verbalization. We test, review, evaluate and move on quickly if something is not working. Regular communication with our employees is critical to keeping people engaged.

We do experiment and routinely use our weekly operations meeting to test, review, evaluate and then roll out. We are very thorough in our evaluations.



SOCIAL

Team Member Engagement

Our community managers are hands on, staying close to the residents and monitoring their needs. Managers work with community partners—schools, churches and social agencies to provide educational, recreational and nutritional projects that support the residents and children.

We engage through social media to connect, share and promote information that is important to our residents, sharing photographs and news within each community's social media pages.









SOCIAL

Giving Back

Working through our community managers, we make a positive impact in our communities. Engaging in summer meal programs for children out of school, summer fun days, health fairs and holiday giveaways, we provide the staff and resources to provide social support for our families and elderly residents.

-  Education
-  Health
-  Social Services
-  Holiday Giving



SOCIAL

Residents

The profile of our residents is diverse and primarily among lower income working families and senior citizens. Our residents' value safe neighborhoods which is why we adopted a zero-tolerance policy against drugs and violence in our communities.

Our communities are equipped with clubhouses for resident use for birthday parties and special occasions. Ballfields, basketball courts, playgrounds and walking trails are available for resident use.

Managers are in close contact with residents, meeting their needs and providing links to community resources through schools, churches and agencies.



Hillcrest Pointe
Independence, Kentucky



Grandin Pointe
Evansville, Indiana



Berkshire Pointe
New Salisbury, Indiana



ENVIRONMENTAL

Community Pride

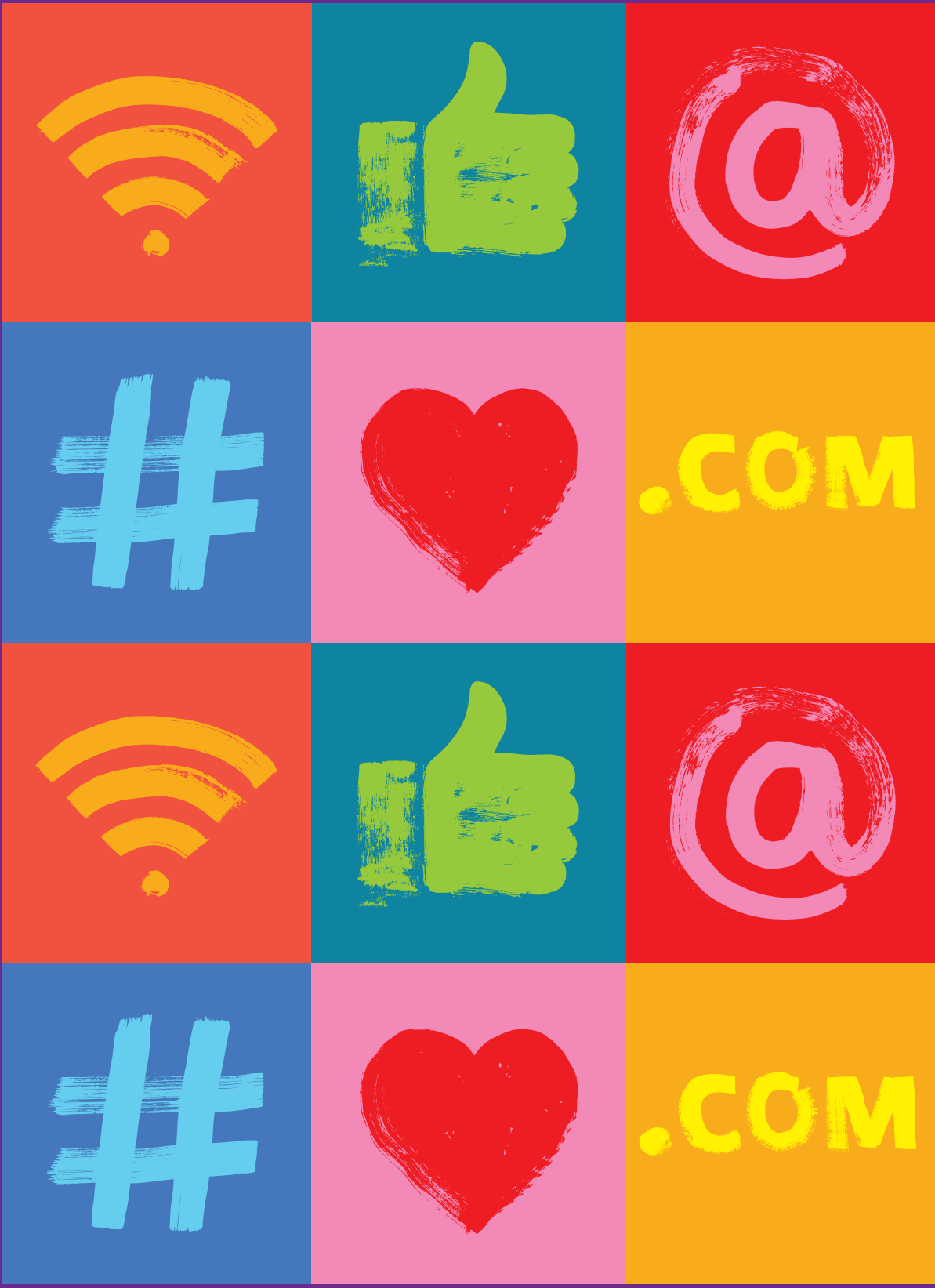
We take pride in our communities, providing proper maintenance, clean-up, seasonal flower and shrub plantings and engagement in the cities and communities in which we live.

Riverbend Pointe

We acquired Riverbend Pointe in 2015, a community in disrepair. Older, abandoned homes were removed and replaced with new homes. The community now has a clubhouse, playground and storage areas for the residents. We worked to provide amenities such as soccer field and basketball courts. We also re-paved streets, repaired drainage issues, repaired sidewalks, and added a full-time community manager and full-time maintenance personnel on site. The community now has the look and feel of a new neighborhood.

In 2019, Riverbend Pointe was named the Community of the Year by the Kentucky Manufactured Housing Institute (KMHI). Riverbend Pointe was selected for this award based on the owners' exceptional dedication and determination in regard to the manufactured housing industry. "They conduct their day-to-day business in a professional and business-like manner and is in accordance with the KMHI's Code of Ethics. They demonstrate outstanding leadership in the industry on the local, state, and/or national levels," said Logan Hanes of KMHI.



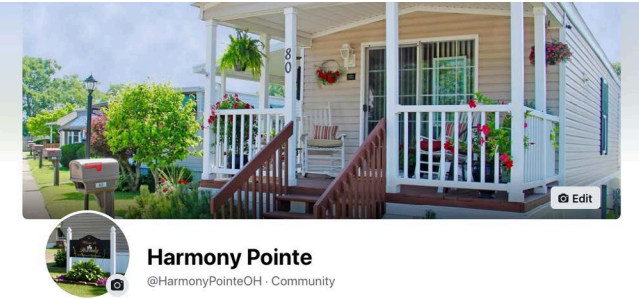


SOCIAL

Social Media

We are very active on social media. All of our communities have a Facebook page, and we engage through Twitter and LinkedIn. Residents frequently access the social media pages for information, to message the community and for inquiries on available homes.

Our social media pages are monitored daily and are kept up to date with news and happenings in each community.



Governance

The most important thing to us in operating our business is that we hold ourselves to the highest level of ethical standards in all we do. We empower our board, employees and staff to operate under a

standard of best practices that safeguard against improper conduct. Our policies and actions are guided by our Board of Directors, our leadership team and our community managers.



GOVERNANCE

Board of Trustees



Peter Bynoe
Chair of the Board
Independent Trustee
CGN Committee

Peter Bynoe is a Senior Advisor to the international law firm DLA Piper LLP. He has been affiliated with the firm for 25 years, having previously served as Senior Counsel and Senior Partner. Mr. Bynoe was also a Managing Director at Equity Group Investments from 2014 to 2019, Chief Executive Officer of Rewards Network Inc. from 2013 to 2014, and a partner and Chief Operating Officer of Loop Capital Markets LLC from 2008 to 2013.



Andrew Oppenheim
Independent Trustee
CGN Committee Chair

Andrew Oppenheim was a partner until December 31, 2020 at Gowling WLG (Canada) LLP, a full-service multinational law firm. He practiced commercial law for 38 years with expertise in debt financing, mergers and acquisitions, asset purchases and sales, and commercial real estate. Mr. Oppenheim was the lead director of Amica Mature Lifestyles Inc. prior to the company's sale in 2015, and has served as a director of a number of other public and private companies. He holds the ICD.D designation from the Institute of Corporate Directors.



Louis Forbes
Independent Trustee
Audit Committee Chair

Louis Forbes is a corporate director with more than 30 years of real estate and finance experience. He was the Senior Vice President and Chief Financial Officer of CT Real Estate Investment Trust from its inception in 2013 until the end of 2018. From 2003 to 2013, Mr. Forbes was the Executive Vice President and Chief Financial Officer of Primaris Retail Real Estate Investment Trust.



Nathan Smith
Chief Investment Officer of
Flagship Communities REIT

Nathan Smith co-founded the REIT's predecessor companies with Kurt Keeney. Mr. Smith's responsibilities include acquisitions of new communities, marketing, e-commerce and sales. He has served as Chairman of the Manufactured Housing Institute, a 915-member industry trade organization. Mr. Smith serves on the board of directors for Safe Harbor Marinas, the world's largest owner and operator of marinas, and was a member of the Greater Cincinnati Northern Kentucky International Airport Board and the Northern Kentucky University Board of Regents.



Kurt Keeney
President and Chief Executive
Officer, Flagship Communities
REIT

He co-founded the REIT's predecessor companies and related entities with Nathan Smith. Beginning in 1995 with just one community and 152 lots, Flagship has built a leading position in its target markets under their leadership. Prior to his involvement with Flagship, he worked for eight years at Fifth Third Bancorp in various roles.



Iain Stewart
Independent Trustee
Audit Committee

Iain Stewart is the President and Chief Executive Officer of Genesis Land Development Corp., a land developer and residential home builder. Mr. Stewart has more than 30 years of experience in all aspects of the real estate industry in Canada. He is the co-founder and former co-CEO of Parkbridge Lifestyle Communities Inc., Canada's largest owner and operator of land-lease residential and recreational communities. He holds the ICD.D designation from the Institute of Corporate Directors.



Susan Monteith
Independent Trustee,
Audit Committee
CGN Committee

Susan Monteith has more than 30 years of experience as a senior capital markets professional advising companies on capital raising and M&A financing. She spent 10 years with National Bank Financial Inc. as Executive Vice President and Managing Director, Client Strategy & People Development and as Head of Equity Capital Markets until her retirement in 2016. She holds the ICD.D designation from the Institute of Corporate Directors.

CINCINNATI
BUSINESS COURIER

Best Places to Work
Courier's annual awards honor
employers who get it right
SECTION B

B
P
t
W

SMALL COMPANIES
25 TO 49 EMPLOYEES

2020 BEST PLACES TO WORK

Flagship Communities takes hands-on approach

What are the two most important factors in creating a great work environment? Our company culture is hands-on. We show up at the communities every week to look at the playgrounds, clubhouse, inspect the cleanliness and maintenance. We bring authority and support to our frontline managers to purchase, improve, help, solve problems and make the community better.

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Flagship Communities hosts events and celebrations for families and children.



GOVERNANCE

Leadership

Two college fraternity brothers founded the company in 1995 with one community and it now has over 8,600 homesites in its portfolio. Flagship Communities is among the upper tier in the market and among higher-end mobile home properties in its various geographic markets.

CINCINNATI BUSINESS COURIER



A \$3 billion deal

Cleveland-Cliffs Inc. to acquire
West Chester-based AK Steel

ERIN CAPRONI, 3

DECEMBER 6, 2019

17

BY THE NUMBERS

ERLANGER-BASED FLAGSHIP COMMUNITIES EXPANDS INTO TENNESSEE

4

Number of states in which Flagship Communities now has manufactured housing communities, with its acquisition of Crestmore Pointe in Morristown, Tenn.

162

Number of home lots in Crestmore Pointe, which is 94% occupied

\$31.2M

Flagship Communities' 2018 revenue, which is up more than 11% from 2017. It's one of the region's fastest growing companies.



FLAGSHIP COMMUNITIES



GOVERNANCE

Ethics

Our company goals include operating the business to the highest ethical standards of transparency, obedience to the law, respect, objectivity and trust. Our moral guidelines are evident in the way we conduct business on behalf of our residents, employees and shareholders.

Ensured by our governance structure, we operate under procedures and systems put in place to protect our communities and our reputation. We operate a zero-tolerance policy regarding drug use and other illegal activity in our communities. We follow all business best practices, laws and ordinances of each local jurisdiction in which we operate.

Footnotes

¹ <https://www.csmonitor.com/Environment/Living-Green/>

² Manufactured Housing Institute 2020 Report

³ <https://www.claytonhomes.com/studio/energy-efficient-appliances-save-money/>

⁴ <https://www.skylinehomes.com/our-homes/green-building>

⁵ <https://ninefour.vc/real-estate-technology-and-the-reduction-of-carbon-emissions/>

⁶ <https://www.hameshomes.com/Blog/20180928/78/Going-Green-Manufactured-Homes-are-the-Original-Eco-Friendly-Housing.aspx>



Berkshire Pointe
New Salisbury, Indiana