



# ROOTS

## Company Overview Deck September 2021

Helping increase the availability of best-in-class housing options people can afford



1



## Executive Overview

### Market

- The affordable housing crises in the US has led to a growing supply/demand imbalance of affordable housing across the United States.
- MHCs have been referenced by the White House as one of the key solutions to address the affordable housing crisis because they are one of the only non-subsidized housing options people can afford (1).

### Favorable Sector Dynamics

- **High Retention:** Given the relative affordability of manufactured housing (MH) and the high cost of relocating a home, annual retention is nearly double that of multifamily (MF)
- **Limited Capex:** Capex is less than half of MF. Many tenants maintain their own homes.
- **Growing/Stable Cash Flows:** MH REITs have not experienced a single year of negative NOI growth, even during economic downturns.
- **No New Supply:** Historic prohibitive zoning has made new supply virtually non-existent

### Company

- Roots is the newly formed parent company of two leaders in the manufactured housing and RV sector: Treehouse Communities and Vineyards Management Group.
- Roots' divisions, Treehouse and Vineyards, acquire, improve, and manage manufactured housing communities of all quality ratings across the US. Each community acquired by Roots is managed by one of its MHC brands.
- Roots' two brands have grown to manage over 33k sites across 193 communities since 2018.

### Team

- Roots is led by a group of seasoned investors and proven operators who are committed to driving value to community residents, employees, and investment partners.

2

1



## The Affordability Crisis

**Cost of living in the US is increasing much faster than median household income; multifamily and single-family rentals are no longer an affordable alternative to homeownership**

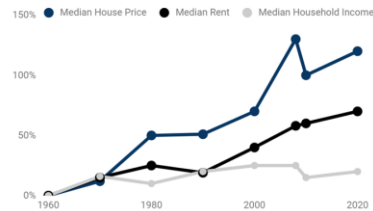
### Housing Costs vs Income Growth

- More than **one third** of Americans earn **less than \$50k per year**.
- **86% of Americans have less than \$10k in savings** and are unable to afford an FHA 3.5% down payment on the average US Home (\$295k).
- A key driver of home & rent growth has been a severe supply/demand imbalance of housing inventory since the Recession.

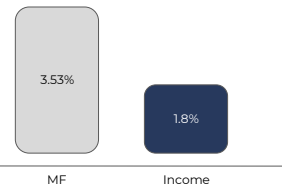
### Multifamily & Single-Family Rentals<sup>(3)</sup>

- RentCafe reports multifamily rents increased on average **3.53% YoY for the past 10 years**. From '20-'21, multifamily rents have increased on average 6.3% YoY.<sup>(3)</sup>
- The single-family rental market has experienced high growth and attention over the past 3-years. From '20-'21, SFR rents have increased 5.3%.<sup>(4)</sup>
- Over the past decade, **income only increased 1.97%**.<sup>(5)</sup>

### Home Costs Outpace Income Growth<sup>(1)(2)</sup>



### 2011-2020 MF Rent Growth vs HH Income Growth<sup>(3)(4)</sup>



Roots Overview Deck

(1) US Census Bureau  
(2) Values indexed to 1960; inflation adjusted

(3) RentCafe / Yardi Matrix June 2021 Monthly Report  
(4) Nasdaq.com - Quoted by Roofstock  
(5) DQV.DJ.com

3

3

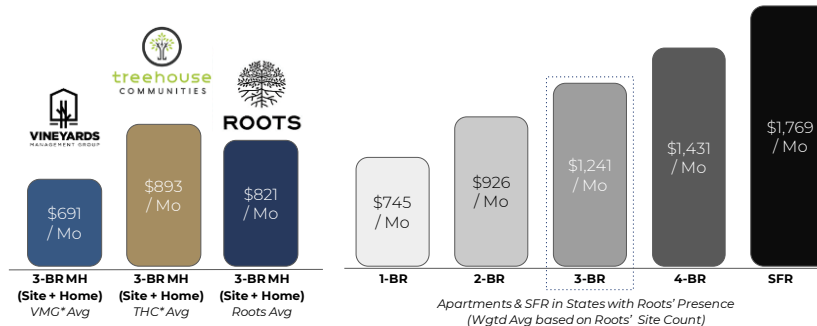


## The Manufactured Housing Market

**Manufactured housing is filling a void in the market as a housing option people can actually afford**

**Manufactured housing rent vs apartments:** A Roots 3-bed / 2-bath manufactured home (site rent + home rent) is **30%+ less expensive** than a 3-bed / 2-bath apartment in our market states. For most markets, MH gives residents **more comfort and space for less cost**. Vineyards' 3-bed / 2-bath rents are less expensive than 1-bed / 1-bath apartments in current markets.

### Roots' Rents vs Apartment Comparables (1)(2)



Roots Overview Deck

\*VMG = Vineyards Management Group  
THC = Treehouse Communities

(1) rentdata.org/states/2021  
(2) SFR comp. data based on INVH, TCN-TQ, AMH

4

4



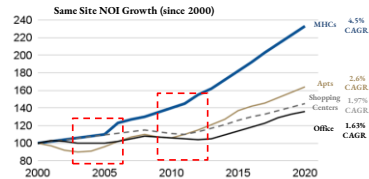
## The MHC Sector & Investment Dynamics

The MHC sector is characterized by some very favorable dynamics that make it an attractive investment including growing/stable cash flows, high retention, and low cost of ownership

### Growing / Stable Cash Flows

- Over the past 20 years, MH REITs have achieved an average same-store (SS) NOI growth of 4.5% (vs. Apartments at 2.6%).
- Over the same period, MH REITs have not experienced a single year of negative NOI growth.

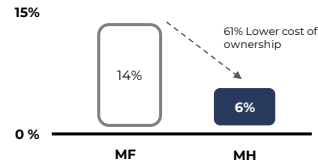
### Despite downturns, MH produced positive SS NOI growth vs other real estate assets (2)



### High Retention

- The cost of relocating a home (~20% of home value) deters residents from moving away from the site they choose (for homes that are resident-owned)
- Annual MH tenant retention is 93% vs 49% for MF.

### Low Cost of Ownership (Annual Capex as a % of NOI)



Roots Overview Deck

(1) Green Street Advisors  
(2) Citi Investment Research, Sept. 2019; Sun Communities Investor Presentation Feb 2020

5

5



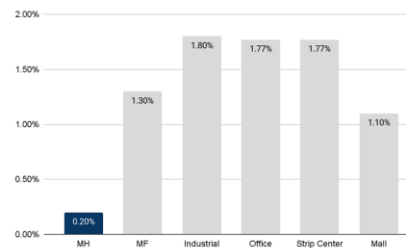
## No New Supply of MHCs Across the Country

Operators who can bring more MH supply to growing US markets will "win" in this industry in two ways: (1) yielding an attractive financial return for investors and (2) making a valuable impact on the nation by providing more supply of non-subsidized housing options people can afford

### Supply Constraints

- Prohibitive zoning restrictions enacted in the 80's and 90's have constrained new supply over the past 20 years of new communities being constructed.
- MH inventory has grown on average by 0.2% of existing stock annually (virtually non-existent growth compared to other asset classes).
- Most MH manufacturers are also backlogged with 1-2 years worth of demand. Large operators, like Roots, can have strong purchasing power through bulk home orders.

### Historical New Supply by Asset Class (% of Existing Stock, '95-'09) (1)



On September 1, 2021, The White House issued a press release regarding the state of the current housing market, urging federal agencies and local governments to be more willing to lend to and zone for new manufactured housing projects throughout the United States. They reaffirm that MH is one of the only non-subsidized, affordable housing options currently on the market for many Americans (1).

Roots Overview Deck

(1) <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/01/fact-sheet-biden-harris-administration-announces-immediate-steps-to-increase-affordable-housing-supply/>

6

6



## The MHC Industry is fragmented

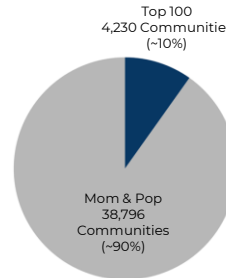
The 100 largest MHC owners own only ~10% of the MH Communities throughout the United States. Most players in the industry are small mom-and-pop operators or absentee landlords that tend to either run inefficient communities or neglect them entirely (1).

There is significant opportunity for well-capitalized MHC platforms to acquire market share and increase the value of managed communities for residents and investors alike.

### Top 10 MHC Owners (Sites)

1. ELS, Inc. (156,081)
2. Sun Communities (142,832)
3. RHP Properties Inc (67,063)
4. YES! Communities (56,000)
5. Hometown America (33,740)
- 6. Roots Management Group (33,002)**
7. UMH Properties (23,200)
8. Lautrec Ltd. (20,210)
9. Newport Pacific (19,604)
10. Kingsley Management (18,500)

### Market Share (Communities)



## Roots Management Group Overview

### Who We Are

Roots Management Group (Roots) is the newly formed parent company of two leading MHC & RV brands: Treehouse Communities and Vineyards Management Group. With their combined brands, Roots is already one of the top 10 largest MHC operators in the US.

### What We Do

Roots acquires, improves, and manages manufactured housing communities across the US. Each community acquired by Roots is managed either by its Treehouse Communities or Vineyards Management brand.

Operations, acquisition, and management is strengthened by a central services group that provides best-in-class support across multiple functions, including accounting & finance, sales & marketing, legal & HR, and technology & operations.

### Our Mission

To help increase the availability of best-in-class housing options people can afford.



**ROOTS**



### Governing Values

- Respect
- Ownership
- Opportunity
- Teamwork
- Sincerity



## Capital Improvements

Roots invests in improving the overall look and feel of the communities we manage. Capital improvements include larger projects (roads, signage, entry, landscaping, perimeter wall/fencing, amenities, etc.) and smaller home improvements (concealment of trailer tongues, addition of trailer skirting, etc.).

These improvements, as simple as they may be can improve the "star rating" of each of these assets.

Higher-rated parks allow Roots to capitalize on:

- Higher occupancy
- Higher rents
- More attractive financing options

Bluegrass Meadow Russell, Kentucky	Pasadena MHC Flint, MI
Before Renovation: 10% Occ. After Renovation: 94% Occ.	Before Renovation: 30% Occ. After Renovation: 90% Occ.
<b>Before</b> 	<b>Before</b> 
<b>After</b> 	<b>After</b> 



## Roots' Buy Box

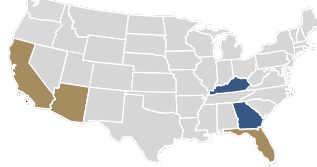
**Flexibility & Scale:** Roots has the largest and most efficient "buy box" in the industry. Its world-class management brands can handle any "star-rated" park on the market

Deep Value Add	Value Add	Basic Improvement	Maintain/Brand
★	★★	★★★	★★★★★
<ul style="list-style-type: none"> <li>• Raw Land Development</li> <li>• Trailer Parks that need to be scraped and rebuilt; 100% turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Small parks with poor infrastructure</li> <li>• Old Inventory and lower occupancy</li> <li>• Non-core markets</li> </ul>	<ul style="list-style-type: none"> <li>• 100+ sites with okay infrastructure in growth regions</li> <li>• Basic capex/ new homes can drive occupancy and rate</li> </ul>	<ul style="list-style-type: none"> <li>• High quality 150+ site parks in core geographies</li> <li>• Good amenities and high-quality tenants</li> </ul>

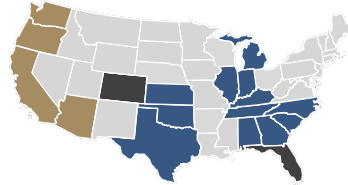


## Growth 2018-2020

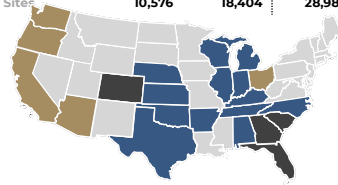
2018	Vineyards	Treehouse	Total
Communities	2	21	23
Sites	315	3,628	3,943



2019	Vineyards	Treehouse	Total
Communities	37	39	76
Sites	6,889	6,146	13,035



2020	Vineyards	Treehouse	Total
Communities	64	109	173
Sites	10,576	18,404	28,980



Roots Overview Deck



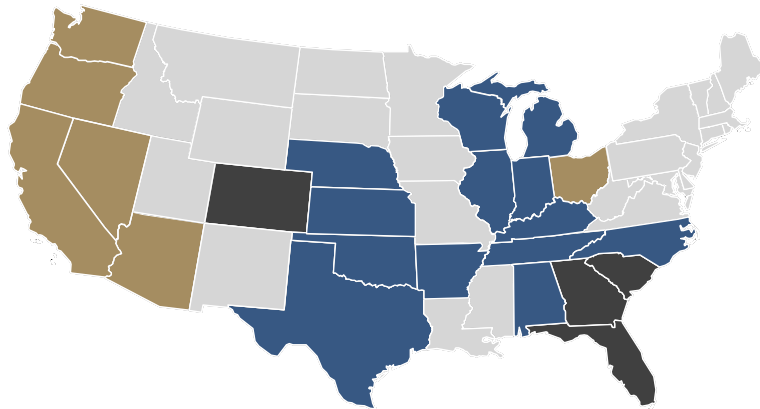
11

11



## Current State Reach & Site Count (7.31.2021)

As of 7.31.2021	Vineyards	Treehouse	Total
Communities	79	114	193
Sites	13,687	19,315	33,002



Roots Overview Deck



12

12



## Combined AUM (7.31.2021)



### Treehouse

AUM:	\$1.3 B
Avg. Quality:	3.5 Stars
Sites:	19,102
Occupancy:	85%
Average Rent:	\$461
Annual Revenue:	\$102.9 M
Annual NOI:	\$57.9 M
Parks:	114
Capex to-date	\$14 M



### Vineyards

AUM:	\$640 M
Avg. Quality:	1-3 Stars
Sites:	13,687
Occupancy:	78%
Average Rent:	\$364
Annual Revenue:	\$40.5 M
Annual NOI:	\$17.8 M
Parks:	79
Capex to-date	\$148 M



### ROOTS

### Roots Combined

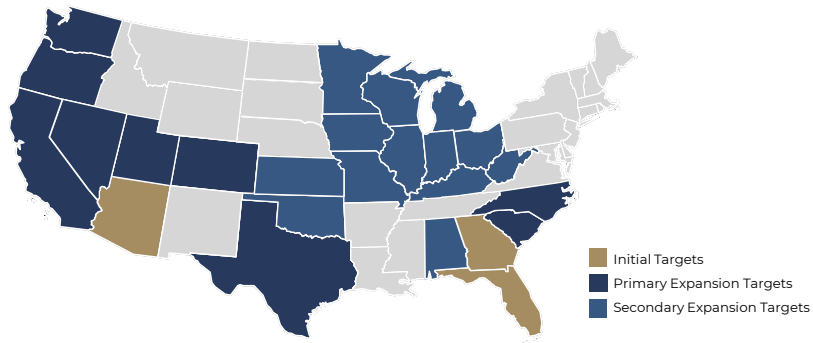
AUM:	\$1.94 M
Avg. Quality:	2-3 Stars
Sites:	33,002
Occupancy:	82%
Average Rent:	\$411
Annual Revenue:	\$143.4 M
Annual NOI:	\$75.7 M
Parks:	193
Capex to-date	\$162 M

13



## Future Growth

**Expansion:** Roots has already identified key states of focus for initial expansion. Primary expansion targets exhibit strong demographic and economic fundamentals and are areas with which our team is very familiar. Secondary expansion targets are areas with strengthening fundamentals and relatively high cap rates.



14



## Executive Leadership



**ROOTS**



**Matt Mathison**  
*CEO*  
**Roots Management**

- o CEO of Treehouse Communities since 2019
- o Partner & CFO of Fifth Partners
- o More than 20 years in various capital market, investment, and financial services roles.



**treehouse**  
COMMUNITIES



**Tom Stapley**  
*President*  
**Treehouse Communities**

- o Founder and former Managing Director of Invitation Homes
- o Managed over \$1 billion in capital improvements across 45,000 single family residence
- o Expertise in building teams, management and reporting across multiple MSAs
- o Board Member of Mesa Housing & Community Development Board and the Building Board of Appeals



**VINEYARDS**  
MANAGEMENT GROUP



**Jeff Bennett**  
*President*  
**Vineyards Management**

- o Started Vineyards Management in 2016
- o Integral in deal sourcing and acquisition efforts of the company
- o Develops new programs with dealers, home manufacturers and investors
- o More than 12 years with Kingsley Management Corporation, a top-ten MHC owner/operator



## Disclaimer

This presentation contains highly confidential information regarding Roots Management Group, LLC (together with its affiliates, the "Company") and its business, investments, strategy and organization. Your acceptance of these materials and any oral information from the Company constitutes your agreement to (i) keep confidential all the information contained in this presentation, as well as any information derived by you from the information contained in this presentation (collectively, "Confidential Information"), and not disclose any such Confidential Information to any other person, (ii) not use the Confidential Information for purposes of trading any security, including, without limitation, securities of the Company, and (iii) promptly return these materials and any notes, and any copies thereof, to the Company upon request or, at the Company's election, destroy this memo and any notes or copies thereof, in each case subject to the confidentiality provisions more fully set forth in any other written agreement between the recipient and the Company.

Nothing in this presentation constitutes an offer to sell, or a solicitation of an offer to buy, any security or instrument, or to participate in any trading strategy, in the United States or any other jurisdiction. Neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever. These materials have been provided to you for informational purposes only, are not intended to be complete and may not be relied upon by you in evaluating the merits of investing in the securities of the Company or any other person. The information contained herein is preliminary as of the date hereof, supersedes any previous such information delivered to you and will be superseded by any such information subsequently delivered relating to the subject matter of this presentation. These materials are subject to change, completion or amendment from time to time.

The materials contain certain tables and other statistical analyses (the "Illustrative Materials"). Numerous assumptions were used in preparing the Illustrative Materials, which may or may not be reflected herein. As such, neither the Company nor its representatives makes any representation, warranty or guaranty of any kind, express or implied, as to the accuracy, completeness or reasonableness of the Illustrative Materials or any other written or oral communication transmitted or made available to any recipient, or as to whether the Illustrative Materials and/or the assumptions upon which they are based will prove to be accurate. Changes in such assumptions may dramatically affect the accuracy of the Illustrative Materials. The Company and its representatives expressly disclaim any and all liability based on or arising from, in whole or in part, the information, errors therein or omissions therefrom. The Illustrative Materials should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related matters.

Additionally, some or all of the materials and presentation may include or be based upon information related to the historical performance of the Company. The Company's past performance does not guarantee, and is not necessarily indicative of, future performance, which is dependent upon many factors outside of the Company's control, including, without limitation, interest rates, occupancy rates, demand for rental housing, housing supply, tax rates, governmental policies, unemployment rates and the overall state of the economy.

This presentation contains forward-looking statements. Those statements are subject to certain risks and uncertainties that could cause the actual results to differ materially from the information set forth herein. While such information reflects projections prepared in good faith based upon methods and data that are believed to be reasonable and accurate as of the dates thereof, the Company undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. You should not place undue reliance on forward-looking statements and are advised to make your own independent analysis and determination with respect to the forward-looking statements, which reflect the Company's view only as of the date hereof.

THE INFORMATION CONTAINED HEREIN SUPERSEDES ANY PREVIOUS SUCH INFORMATION DELIVERED TO YOU AND WILL BE SUPERSEDED BY ANY FURTHER INFORMATION DELIVERED TO YOU.