

avanath+

SPRING 2018 NEWS

AVANATH CAPITAL EXPANDS PROPERTY MANAGEMENT PLATFORM TO ENCOMPASS ENTIRE \$1.6 BILLION MULTIFAMILY PORTFOLIO

Avanath has announced the expansion of its in-house property management platform to now encompass its entire \$1.6 billion portfolio of U.S. multifamily assets, which includes 65 apartment communities totaling 8,673 units.

"This expansion enables us to further align our operations and our mission, bolstering our ability to deliver lifestyles within reach to our entire base of residents," says

John Williams, President and Chief Investment Officer at Avanath.

"By moving all properties to our in-house platform, we are streamlining processes, deepening economies of scale, and strengthening the value of our portfolio as a whole," says Williams.

Avanath has conducted in-house property management for many of its properties since its inception in 2008. The firm was aligned with third-party management providers for properties in Florida until this year.

"Expanding our in-house platform is the natural next step in our continued growth," says Williams. "We now have a proven management strategy through which we can create even more value for both our residents and our investors."

Avanath's new fully in-house management platform will focus on further enhancing on-site community programs, increasing resident services, and maintaining an exceptional level of quality portfolio-wide.



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LOCATION MATTERS. JUST ASK AMAZON.

by Daryl J. Carter, Founder, Chairman & CEO

Amazon is a transformative company that has impacted our lives in many ways. Amazon's selection process of its second headquarters is one of the biggest events in the U.S. today.

In making this selection, the company confirmed several essential factors it was seeking:

- a metropolitan area in excess of one million people
- a stable, business-friendly environment
- potential to attract and retain strong technical talent

As cities throughout the U.S. grappled to enter the race, the Avanath team was especially delighted - and not overly surprised - when Amazon's shortlist of cities was announced.

In fact, our company has already invested in more than half of the cities on Amazon's shortlist.

Why does this matter?

Because, like Amazon, we are targeting markets that are fueled by strong job, population and economic growth. Avanath too seeks to be transformative in supporting a diverse workforce that fuels

the companies such as Amazon.

We often view new technology companies such as Amazon as having a workforce comprised of tech millionaires. While it is estimated that 10 percent of Amazon's 566,000 workforce worldwide are engineers and product specialists that make a minimum of \$110,000 per year, most of its workforce are comprised of logistics and fulfillment staff that work in warehouses and earn \$29,000 per year. Therefore, quality affordable housing is needed by many Amazon employees.

Amazon's Seattle headquarters, for example, brought more than 40,000 jobs to the region, however rents also skyrocketed. In the last seven years since the headquarters was built, rents in Seattle increased by more than 41.7 percent, creating a massive gap between rents and incomes in the area. This strong demand for affordable and workforce housing made Seattle a key target for Avanath, resulting in the acquisition and renovation of three communities in the Seattle area. These communities have experienced strong occupancy and financial performance.

Avanath has communities in the following markets that are on Amazon's shortlist:

Los Angeles, Denver, Dallas, Chicago, New York City, Newark, Montgomery County, Washington

DC, Northern Virginia, Raleigh, and Miami.

The bottom line is simple: Avanath's investment strategy is already in line with transformative companies such as Amazon. From the beginning, we recognized the key fundamentals that drive the unique reality that exists in our investment platform: immense demand and scarce supply.

We stand behind the corporate giants of the world that bring jobs, growth and prosperity to cities throughout the U.S. And we recognize that with this growth comes the never-ending need to provide quality, safe, reasonably-priced housing options to mainstream U.S. renters.

By investing in markets with these quality fundamentals, we are able to strategically position our assets for long-term stability and maximize risk-adjusted returns to our investors.

Beyond that, we are able to holistically improve the communities and cities in which we invest, resulting in a ripple effect that positively impacts these regions as a whole.

Amazon's slogan is, "Work Hard. Have Fun. Make History." We at Avanath embrace the Amazon mantra and hope to welcome its employees to one of our communities. We believe that the Amazon team will embrace Avanath's "Lifestyle within Reach."



ADDRESSING AFFORDABLE HOUSING AT THE MARGIN: WHY A HOLISTIC APPROACH IS KEY TO SOLVING TODAY'S AFFORDABLE HOUSING CRISIS

Investor Column by Rick Lazio, Senior Vice President of Alliant Group and Former Chair for the Housing Subcommittee for the U.S. House of Representatives

Today, more than ever before, there is a tremendous need for affordable and workforce housing options throughout the U.S.

In any given day across the nation, more than 600,000 individuals are homeless, and more than 11 million Americans spend more than half of their income on rent.

This is a number that is continuing to grow and is arguably one of the largest rental demographics in this country, yet it is an issue that is rarely debated in presidential elections or receives adequate federal attention to fully address this national crisis.

The Federal Government tends to look at affordable housing in silos. The policies put in place address the issue at the margin, placing a temporary band aid on the problem rather than working towards a solution. This only delays the inevitable, which is why a holistic approach to affordable housing is so important. For example, if a community or family

has a shelter problem, they also likely have a skills gap, education issue, lack of connection to technology or a health issue.

Companies like Avanath recognize the deep need to treat the affordable housing crisis holistically and are increasingly integrating programs that provide residents with the tools for success such as after school tutoring programs or partnering with nonprofits to provide the resources and skills for future development. It is time that the Federal Government caught up with the private sector to create more effective policies to combat this crisis.

Below are a few strategies in which they can:

1. PROVIDE RESOURCES TO BRIDGE SKILLS GAP:

There are approximately six million jobs posted on any given day, however, there is a lack in skills or education that allow these individuals to participate in the market without assistance. By providing ways in which we can bridge this gap, more individuals will be able to participate in today's job market.



2. INCREASE CONNECTION TO TECHNOLOGY: Technology will open up opportunities that people do not currently have. For example, it may provide opportunities for distance learning, to work remote, or to find new job leads. By connecting people electronically, we can increase their opportunities.

These are just a few examples of ways that federal leaders can holistically approach the affordable housing crisis in America. By addressing all of these issues together, we will find that we are working towards a solution and not wasting tax payer dollars by delaying the problem and not solving it.

IN THE NEWS: *MULTIFAMILY EXECUTIVE*

Multifamily Executive magazine featured an article by our President and Chief Investment Officer, John R. Williams, discussing affordable housing policy and how private and institutional investment is the future of affordable housing preservation.

Read the full article here: goo.gl/4smvNZ





COMMUNITY SPOTLIGHT: COUNTRY WOOD'S FOCUS ON RESIDENTS

Avanath's residents are at the core of our communities. Our team takes a personal approach to ensuring that residents have a quality place to live, as well as a warm and inviting environment where they can thrive. This starts with community management.

Country Wood, a 180-unit apartment community in Naperville, Illinois, is a prime example of Avanath's resident-first approach. Community Manager Angel Walker recently shared insights how Country Wood offers benefits beyond affordable rents.

Q: How does Country Wood focus on resident satisfaction?

A: We begin each day with a meeting to set our intentions, ensuring that everything we do is focused on delivering the very best service for our residents.

To the Country Wood team, our work is much more than a job. We take a personal approach to everything we do, and treat our residents as family.

Q: What resources and programs does Country Wood provide to residents?

A: We organize programs that will both entertain and serve as a resource for residents.

For example, we provide a unique dental service through which dentists that accept state insurance come to the property to schedule appointments with residents.

Another well-loved program is our participation in "National Night Out," a community event focused on safety education. Local police and fire officials

bring their fire trucks and squad cars to the property, and kids just love it.

Also, during warmer months, we transform our golf cart into an ice cream truck and deliver cold treats to our residents.

Q: What drives renter interest in Country Wood Apartments?

A: In addition to its location in one of the top-rated school districts in the state, as well as its direct access to Chicago, renters are drawn to our property because of its high-quality appeal.

First impressions are essential in leasing, and the first impression of our residents is always "wow." This is a beautiful community that does not look like what many people see as "stereotypical" affordable housing. In fact, we are currently building a new clubhouse at the property right now, which further illustrates the quality of this community and is a true testament to Avanath as an owner.



AVANATH IS COMMITTED TO COMMUNITY OUTREACH AND DEVELOPMENT

Avanath Capital knows the value of investing in the next generation. We are focused on community outreach and the development of today's young leaders.

Our President and Chief Investment Officer, John R. Williams, recently visited the University of Colorado-Boulder, where he shared unique insights on the real estate sector with bright, young students in its Graduate Real Estate Class of 2018.