

AVANATH INTRODUCES ON-SITE HEALTH AND WELLNESS PROGRAM

Avanath Capital Management has launched Activate Health and Wellness, a health and wellness program debuting at two of its senior communities: Vistas at Lake Largo in Upper Marlboro, Maryland, and Manor at Victoria Park in Temple Hills, Maryland.

Avanath continues to be a leader in implementing unique social programs that truly enhance resident life, as well as the bottom line for investors. Activate is one of those programs. It is focused on increasing health awareness and education while promoting the health advantages of an active lifestyle. Through Activate, Avanath is partnering with the University of Maryland Capital Region Health to offer vital health screenings and health education classes on topics relevant to seniors.

The program will also offer wellness services including fitness and healthy cooking classes and social events focused on encouraging resident interaction. For the wellness programs, Avanath has partnered with COR Community Development Corporation, a nonprofit managing general partner for Avanath properties in California and Washington State.

"Activate is an innovative program that serves both our residents and our investors," says Ada Arevalo, VP Fund Management and Impact Investing Committee Chair for Avanath. "The program promotes resident health allowing residents to remain in their communities



longer and reduces the need to transfer to an assisted living facility. Creating an environment where residents can age in place also translates to stronger bottom line profitability for investors as it leads to less turnover and higher retention."

As part of the program, Avanath has converted previously underutilized community space into a wellness facility that includes screening rooms with exam tables, medical supplies, medical exam equipment and other necessary items that allow providers to administer health exams.

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HEALTHY COMMUNITIES TRANSLATE TO A HEALTHY BOTTOM LINE

by Daryl J. Carter, Founder, Chairman & CEO

The senior housing industry is undergoing a renaissance.

As a record number of baby boomers shift into this new phase of life, today's senior property owners recognize the need to incorporate more services and programs than ever before.

From arts and entertainment programs to wellness and health activities, today's senior programming has become more than a fringe benefit – it's now a necessity for a healthy apartment community.

At Avanath, we have always been proponents of providing our senior residents with programs and services that enhance their daily lives.

Historically, our senior communities have incorporated a variety of social programs that encourage interaction and engagement, including coffee hours, bingo nights, gardening clubs and card games, among others. We also provide free transportation for our senior residents, helping those who are no longer able to drive get to the grocery store, appointments, etc.

These offerings have been standard in our senior communities for years – a rarity in the affordable housing space.

Today, with more than 14 senior assets totaling 1,825 units in our portfolio and growing, our focus has shifted to further enhancing the lives of our residents by focusing on the most important aspect of their lives: their health.

As residents age and begin to require more care, many seniors decide to move out of their independent senior communities and into assisted living facilities, especially in the affordable housing space where in-home care is likely not an option. This is the number one reason that residents leave our senior communities.

We aim to create environments that will combat this trend.

Our new **Activate Health and Wellness** program is the key.

This program works to provide residents with health-focused services that keep them active and healthier longer.

We are going beyond the standard yoga class. With the support of top-tier health partners, including University of Maryland Capital Region Health and Charles Drew University, our senior residents can now access on-site blood pressure screenings, cholesterol screenings and other preventative health services. We have also introduced classes on important topics such as medication, cholesterol, and diabetes management; fall prevention and balancing; and healthy eating habits.

The benefits to this are as follows:

1. Most importantly, we are encouraging a healthier, and often happier, lifestyle for our residents.
2. The healthier our residents are, the longer they will stay in our communities, keeping our occupancy steady, and enabling residents to age in place.
3. The focus on wellness as a key initiative for our communities has forced many of the Avanath baby boomers like me focus on our health and wellness – so that we can be at our best in delivering excellence to our residents and investors.

The rollout of our new Activate program has been a tremendous success, based in large part on the exceptional efforts of several of our team members, including Alicia Bramble and Kelly Jackson. Additionally, we have received great assistance from former Congresswoman Laura Richardson, who has served as a consultant on Activate.

Looking ahead, we plan to roll out our Activate program nationwide, giving senior residents across our portfolio access to these important services.

The launch of this new initiative marks the beginning of a new era in senior housing.

By focusing on health and wellness in affordable communities throughout the nation, we are staying true to our promise of delivering lifestyles within reach, while proving an important concept: a healthy community truly does translate to a healthy bottom line.



PRUDENTIAL SEES AVANATH TRAILBLAZING AND RAISING THE BAR



Luke Apicella



Daryl Shore



Reuben Teague

Luke Apicella, Daryl Shore, and Reuben Teague (as pictured) are part of Prudential's Impact & Responsible Investing unit that manages over \$900 million of Prudential Insurance Company of America's assets in operating businesses and real assets that combine social impact and financial return. The team has a significant portfolio of affordable housing investments and shares some of their key insights in the following Q&A.

1. How does affordable housing help insurance companies meet their investment goals?

Investing for the balance sheet of a life insurance company requires carefully matching long-term liabilities with similarly enduring assets. We believe affordable housing has attractive fundamentals as a balance-sheet asset class. The assets producing current yield are in an increasingly liquid market, and are rather uncorrelated to business cycles since the demand for this housing is unmet in most markets in the United States.

2. What is your approach to timing the market, and how does that impact your yearly allocation to affordable housing?

Affordable housing, like most markets, is difficult to time, and we take the long view with respect to our portfolio, which reduces the importance of timing as a consideration. The market was grossly inefficient in understanding the risks and returns when Avanath started Fund I, but now there is a better understanding of the sector among investors and owners. So, while alpha may be harder to achieve, we still believe in the beta of affordable housing for the reasons mentioned above, and perhaps more importantly, we understand the significance that housing has on the lives of American families. For these reasons, we expect to continuously make investments into affordable housing, especially with managers that have shown a competitive advantage in spotting opportunities and with innovative models that hold promise for impact. Our current portfolio of affordable housing is about 20% of the group's more

than \$900 million portfolio, and we typically make \$50-100 million of new investments in affordable housing per year.

3. How are you evaluating social impact goals?

We seek opportunities that have meaningful social benefits, especially for underserved communities and people of color in the U.S. We think a key to progress is through housing, since it's typically the household's largest expense and/or asset, and the location is so tightly linked to people's socio-economic outcomes. We know it's not enough just to provide a roof over someone's head in this country. Consequently, we are asking our investees to look at the nexus between housing and opportunity and provide metrics that show how their portfolios are working to help people create new pathways to financial wellness.

4. What should affordable-housing fund managers do to catch your eye?

We first look for a manager that is authentic in its intention to balance the benefits for multiple stakeholders. We then dig deeper into the manager's experience and reputation in navigating this often-complicated asset class and its ability to bring opportunities to the table that others might not find. We see Avanath as a trailblazer for private equity acquisition funds. They've exposed this asset class to new investors, made properties more valuable for everyone, and raised the bar on what's expected to be known as a responsible steward of affordable housing.

IN THE NEWS: FINANCIAL REGULATION NEWS

Avanath's Founder, Daryl Carter, offers congressional testimony on behalf of the multifamily industry addressing the infrastructure needs of America's affordable housing stock.

[Click here to read more.](#)



COMMUNITY SPOTLIGHT: DEPOT SQUARE IS DEVOTED TO CUSTOMER SERVICE

Depot Square is a modern 71-unit affordable apartment community in the heart of Boulder, Colorado. The pet-friendly community—which offers for rent sizable one- and two-bedroom apartments with 9-foot ceilings, private balconies, parking, and updated appliances—is Avanath’s highest-rated site, according to online reviews.

Phoenix Hurtado, Community Manager at Depot Square, shares his thoughts on why the community is so well-liked and what he and his staff do to keep residents satisfied consistently.

Q: Why is Depot Square Avanath’s highest-rated site from an online review perspective?

A: A big part of it is the location. Boulder is a very expensive place to live and to find housing, so an affordable community like Depot Square is a rare find. Also, it’s located right across the street from Google and on top of a Regional Transit District (RTD) bus station. All these elements make it stand out.

Q: How do amenities play into Depot Square’s mix?

A: Depot Square offers many transportation amenities. It’s situated in Boulder Junction District, and the City of Boulder offers District residents a lot of perks including a free ECO bus pass, which can take them to Downtown Denver or the airport. Residents are also entitled to free access to Boulder B-cycle bikes and Community Cycles for commuting throughout the city or to use on the trails. There’s also a Target conveniently located near the building. And some of the units have nice mountain views.

Q: What does management do differently to provide excellent service?

A: I try to meet my residents where they are and always make myself available to them. They know how to get in contact with me day or night. I make sure everyone is comfortable in their unit and immediately handle anything that needs to be done in their unit. I’m just there for them; I want them to be satisfied with their living experience.



AVANATH’S ANNUAL PROPERTY MANAGEMENT CONFERENCE

Avanath Capital Management recently held its annual property management conference. The event brought together the company’s entire property management team from across the nation to network and share ideas. Attendees also learned about the latest developments in the multifamily property management arena and how to make their operations more efficient.

