

AVANATH EXPANDS FOOTPRINT IN ORLANDO, FLORIDA AND DETROIT, MICHIGAN MARKETS

Avanath Capital Management has acquired two affordable housing communities in Detroit, Michigan, and one in Orange City, Florida, which is near Orlando. The three properties add a total of 290 units to Avanath's existing portfolio of more than 10,000 units across the nation.

"Avanath is adept at identifying opportunities to provide much-needed affordable housing and improving performance of those properties," says John Williams, President and CIO of Avanath Capital Management. "The Detroit and Orlando markets align well with this approach, which includes selecting markets and specific locations that share strong demographic trends relative to job/population growth, are near employment and transportation centers, and have barriers to developing new supply."

In addition, Avanath's new acquisitions afford the company increased scale and efficiency in the Detroit and Orlando markets, according to Williams. "Since our portfolio already contains properties in both markets, the newly acquired assets will allow us to further leverage economies of scale in order to better serve lower-income renters in those regions and generate stronger returns for our investors."

Avanath's newly acquired properties include Saxon Trace Apartments, a 192-unit family property in Orange City, Florida; North End Village, a 50-unit affordable apartment community in Detroit, Michigan; and Cameron Court, a 48-unit affordable seniors housing community in Detroit, Michigan.

Saxon Trace



Through its proven value-add strategy, Avanath is planning enhancements to the properties that will contribute to their long-term value as well as provide a high-quality environment to residents.

North End



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Cameron Court



a message from the chairman

HOLISTIC INVESTMENT IS MORE IMPORTANT NOW THAN EVER BEFORE

by Daryl J. Carter, Founder, Chairman & CEO

Throughout the pandemic, occupancy and valuations at our properties have remained strong. In fact, over the last several months we have done over 800 new leases and 2,000 lease renewals, all virtually.

This success has a lot to do with our strategy of investing in affordable housing and the downside protection it provides in uncertain times. That said, it is also attributed to our commitment to a holistic investment strategy and making our residents a top priority.

At more than six months into the pandemic, we have made a true commitment to supporting our residents.

Here are a few ways we have done this:

- **Food Drives for Residents:** Rising unemployment across the country means less disposal income for residents. While our residents never pay more than 33% of their income towards rent, any decrease in disposal income can have a significant impact on other essential needs such as food and groceries. Because of this, we have organized several food drives across our portfolio to ensure our residents have access to what they need.

- **Care Packages for Seniors:** Seniors have been the most at-risk throughout the pandemic, so our team wanted to ensure they had everything they needed. In several of our senior communities, we organized care packages that were delivered directly to residents' doorsteps.

- **Lunch Packs for Kids:** With many schools across the country shifting to remote learning, kids are spending more time at home. This can often result in increased food costs for families, especially if kids typically received lunch at school. Throughout several of our communities, we provided back-to-school lunch packs for kids.

- **Voter Registration Initiatives:** Some operators believe that if you organize residents, they will organize against you. We believe the opposite. We believe that giving residents a voice is one of the most important things we can do. In order to educate, inform, and provide the necessary tools to encourage voter registration, we launched "Avanath Votes." This initiative encourages voter registration among residents, inspiring them to get involved and become more active in their communities.

- **Virtual Gym Memberships:** With many community amenities and gyms closed across our communities, we gifted more than 9,000 virtual gym memberships to residents. A focus on resident wellness is extremely important and providing this amenity to residents at no extra cost allows them to focus on both their physical and mental health.

It is operators who are a steward to their residents and the communities in which they invest that will come out stronger on the other end of the pandemic. Our approach has always been about people. The occupancy and performance of our assets continues to demonstrate that this approach is working, and that holistic investment is more important now than ever before. Thank you to our investors who are also a steward to our residents and ensuring all have access to a lifestyle within reach.



COMMUNITY INVESTORS SEE THE VALUE IN INCREASED AFFORDABLE HOUSING ALLOCATIONS

Guest column by Carl Jenkins,
Managing Director and Head of Community Investments
BMO Harris Bank



When investors place their capital in affordable housing, they are providing an invaluable service – not only to the residents of these communities, but to the surrounding neighborhoods as well.

As a long-time community investor, BMO Harris Bank has seen the many benefits that spill over from affordable housing communities into their local areas. Residents who live in an attractive development with effective supportive services want to better themselves and contribute to their local neighborhoods. There is also a ripple effect among investors, as investment begets investment. This has the potential to transform entire regions from blight into thriving, growing markets.

My belief in community investment began as a youth growing up on the south side of Chicago. I was always curious about why some neighborhoods looked and thrived differently than others. These experiences and observations became important to who I am personally and professionally. Following my initial career as an aspiring architect, I decided to get my MBA at the University of North Carolina. While there, I also took coursework in their urban planning program which introduced me to affordable housing and community development as an industry. This really sparked my professional interest in financing affordable housing.

Immediately following business school, I worked for a national Community Development Financial Institution and then eventually joined BMO Harris. Following five years as a lender, I jumped at the opportunity to launch the Community Investment business for BMO and built a diverse portfolio of investments in real estate and small business, which has made over \$1 billion in commitments covering the communities where the bank does business.

While low income housing tax credits have rightfully earned their place in the industry as a key investment tool, we consciously look beyond tax credits to identify CRA eligible conventional urban real estate funds, which eventually brought us to Avanath. The firm is an active investor in key BMO Harris markets – including Chicago, our U.S. headquarters. In addition to the many qualitative reasons why we were drawn to Avanath, a major qualitative attribute is that its founder, chairman and CEO Daryl Carter is a black man – and I'm a black man.

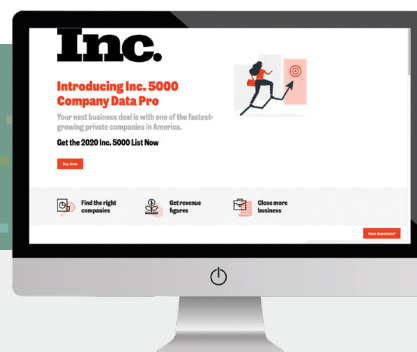
Our first investment with Avanath was \$10 million, and our second investment, which took place earlier this year, was \$20 million. Why did we double our initial investment with the firm? Our trend has been to increase our bite size with quality investors, and we continue to actively seek funds and managers that can help us meet our goals.

From our perspective, the demand for affordable housing will always be there, and we want to shine a brighter light on this investment category. We feel the sector will be relatively unchanged by COVID-19, although investors may adjust their allocation amounts until the economy fully stabilizes once more. We also believe there will be many opportunities for Avanath to acquire excellent assets from owners who were not prepared for an economic recession whereas Avanath's team has weathered several economic storms and understands how to navigate in these uncertain times.

Our firm remains bullish on affordable housing investment. We have witnessed time and again its ability to powerfully transform communities for the better, and we see this trend continuing well into the future.

IN THE NEWS: AVANATH MAKES THE INC. 5,000 LIST FOR THE THIRD YEAR IN A ROW.

This list profiles the top fastest growing companies in the U.S.



COMMUNITY SPOTLIGHT: RESIDENT INVOLVEMENT AND HIGH-QUALITY MANAGEMENT DISTINGUISH THIS EDGEWATER, MARYLAND COMMUNITY



Avanath's Victoria Park at Edgewater is a 102-unit affordable senior housing community in Edgewater, Maryland, 15 minutes from Downtown Annapolis. What distinguishes the community is strong resident engagement and superior management, according to Toni R. Harris, CPM, regional vice president-eastern for Avanath Capital Management.

"The residents at Victoria Park at Edgewater are very active and take a lot of pride in their community," says Harris. "There is a core group of residents who are advocates for all of the residents, and we give them a platform to let us know what works and what doesn't. The amount of caring amongst the residents at this community is truly amazing."

Victoria Park features a full calendar of organized activities, which have been modified for safety during the COVID-19 pandemic, notes Harris. These include virtual bingo, game nights, a book club, cars

and pets on parade, trivia nights, a meal-share program, monthly birthday celebrations, and a fall festival. The management team recently organized a meal delivery to each resident as a way to say thank you.

"Residents stay busy and informed with a regular newsletter, ensuring they are engaged through ongoing resident communication," says Harris. "In addition to the schedule of activities, the newsletter keeps residents aware of services available to them, such as resources for transitioning to senior apartment living and a local housecleaning service."

Even though it is an affordable housing community, Victoria Park is indistinguishable from market-rate apartment communities in the area, Harris points out. "The unit finishes are what we like to call mid-level to high end. It doesn't look like institutional senior living at all. There is an intentional focus on quality."

Some of the unique amenities at the mid-rise property include a hospitality suite for visiting family members, a library with separate reading room and business center, a game room with pool table and keno, and an insulated lanai used year-round. An on-site health and wellness center is in the planning stages.

"Quality of management is what sets us apart from our competitors," says Harris. "There's no disconnect between the aesthetics and the services received at this community."

OUR 2020 ANNUAL INVESTOR MEETING HAS GONE VIRTUAL

As much as we would have loved to see you this year in Washington D.C., we have decided to host our annual investor meeting virtually this year.

[Click Here to Register](#)

