



## AVANATH DEBUTS IN BOSTON MARKET WITH 207-UNIT WORKFORCE HOUSING ACQUISITION

Avanath Capital Management has acquired Morton Village, a 207-unit workforce housing community in Mattapan, Massachusetts. The acquisition represents Avanath's first purchase in the Boston market.

"Avanath has deep expertise in identifying opportunities to own and operate attractive and budget-friendly workforce housing in markets with a demonstrated need for those assets," says Daryl Carter, Founder and CEO of Avanath Capital Management. "Boston aligns well with our strategy of investing in regions with strong job and population growth and in locations that are in close proximity to employment and transportation centers, where there are barriers to developing new supply."

As part of the purchase, Avanath Capital Management worked closely with the City of Boston to ensure that Morton Village Apartments will remain affordable to residents.

Morton Village comprises four separate four-story elevated buildings strategically located adjacent to the Morton Street MBTA commuter rail station and two miles away from exits 11 and 12 on Interstate 93, offering easy access to numerous employment centers. The community features floorplans averaging 920 square feet.

Avanath will implement its value-add strategy to enhance the property, contributing to its long-term value and providing residents with a high-quality living environment.



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# DESPITE AN UNCERTAIN YEAR, AVANATH CELEBRATES MANY MAJOR MILESTONES, INCLUDING CLOSING ITS FOURTH DISCRETIONARY FUND AT \$760 MILLION

*by Daryl J. Carter, Founder, Chairman & CEO*

It is no secret that 2020 was full of surprises, uncertainty, and challenges. I don't think there is one person who was not touched by the pandemic in some way or another.

That said, as we enter the first quarter of 2021, we want to take a moment to reflect on some of the positive things that came out of 2020 and the major milestones we crossed.

For starters, we closed our fourth discretionary fund in December 2020. The fund closed at \$760 million. This was significantly above our initial target of \$550 million.

Nearly half of capital for the fund was raised during the pandemic. This speaks to the continued stability and durability of the affordable housing sector and our investment thesis. We also received tremendous interest from foreign investors in the fund including UK foundations, UK family offices and European pension funds. This further demonstrates continued confidence in U.S. affordable housing.

The closing of this fund will allow us to continue our mission of preserving

affordability in underserved markets across the nation, many of which are communities of color. We are deeply thankful for our investors, partners and team members who have come together in this shared mission.

We expanded our team with 17 corporate positions and 28 property management positions. We launched Avanath University, an internal training and educational platform to continue to invest in our team and ensure they have access to the tools they need to be successful.

Another major milestone was our entrance into the Boston market. This is hopefully the first of many acquisitions in the region. We view Boston as an extremely strong market that is positioned for long-term growth.

These are simply a few of the major milestones that came out of 2020, however, one of the most significant milestones was the ability of our team to come together and overcome anything that came our way. Our onsite management and maintenance teams provided our residents superior service through difficult challenges. I want to give a big THANK YOU to every Avanath team member for your unwavering commitment to our residents, our investors, and our mission.

I am incredibly lucky to work with the most talented, diverse, creative, and committed team in the apartment industry. It energizes, inspires, and motivates me, which is why I know that we can handle anything that 2021 has in store. Happy New Year to you all!





# INVESTOR MEETING: DURABILITY AMIDST UNCERTAINTY

2020 was a challenging year for everyone and forced many of us to adapt and quickly shift approaches to navigate in the current environment.



[Click here to watch the full meeting](#)

In December, we hosted our 9th annual investor meeting virtually, which was originally planned to be held in Washington D.C. More than 160 attendees joined us from all over the globe as we discussed how we remained durable amidst uncertainty and continued to serve our residents, investors, and vendors throughout the unique environment we all faced in 2020.

As the pandemic began in early March, we immediately shifted to remote work. Our leadership team began to meet every other day through video conferencing to tackle the many questions that continued to arise whether it was how to operate 87 communities in 13 different states, all with different regulations and needs, how we were going to keep 10+ renovation projects going, how to keep onsite teams and residents safe, how to protect our properties from damage if civil unrest became violent or should we be acquiring properties in the current landscape.

What came out of those meeting were solutions to these growing challenges and a more effective leadership team. One solution to the rising need for cleaning supplies throughout our properties was that we reached out to hotels who had less occupancy to acquire their cleaning supplies.

We also placed a significant focus on residents and the communities we serve by launching a variety of solutions to aid residents throughout the pandemic, including providing [free virtual gym memberships](#) to all residents throughout our portfolio to ensure they remain active and healthy.

Beyond adapting in the new environment, fund performance has remained strong. Fund I was previously fully liquidated with an IRR of 16.2%. Fund II has a 2014 vintage and 13 assets, 12 of which are fully stabilized and 1 asset that is undergoing a renovation. Fund III is 2016 vintage and largely invested in 2017, 2018 and 2019, which incorporates 25 assets. This fund is in the process of being stabilized and is extremely low leveraged.

Since our 2019 annual meeting, we have made several acquisitions. This includes a total of 10 new properties. Despite the pandemic, demand for affordable housing has continued to increase and we still see strong opportunity.

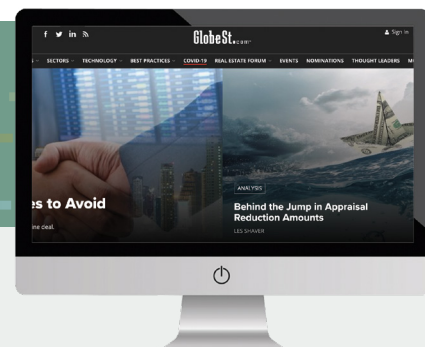
In order to acquire these properties, we overcame many challenges including leveraging increased technology due to travel restrictions, finding solutions for due diligence such as utilizing local teams and consultants, and underwriting more conservatively for operational risk.

Avanath has also remained laser focused on its ESG efforts. It has established an institutional quality platform that incorporates bench marketing data for investors to utilize for their GRESB reporting needs. It is our goal that this platform will be a model that the multifamily industry looks to as the standard in the future.

Overall, there is no doubt that 2020 was an uncertain time for everyone. That said, we have emerged more agile, creative, and durable, which will allow us to continue to perform for many years to come.

## IN THE NEWS: AFFORDABLE HOUSING MODEL HOLDS THROUGH DOWNTURN

Avanath's President and CIO was recently featured in an article in GlobeSt regarding affordable housing positioned to continue to perform despite a downturn. [Click here to read the full story.](#)



## COMMUNITY SPOTLIGHT: LINCOLN CREEK TEAM CONTINUES TO DELIVER SUPERIOR SERVICE TO RESIDENTS AT MULTIGENERATIONAL COMMUNITY AMIDST THE PANDEMIC



Avanath's Lincoln Creek is a 172-unit family, senior and affordable housing community in Dixon, California that is 100% occupied. Acquired in 2017, Avanath has made several upgrades to the community including new exterior paint, new redesigned clubhouse and senior center, asphalt repairs and minor interior renovations. Its onsite team has truly stepped up throughout the pandemic to provide superior service to residents across generations at the community, according to Tonya Barnes, SVP of Property Management at Avanath.

### **What changes has your team implemented at the property level to better serve residents in the current environment?**

We quickly implemented COVID-19 protocols that ensured the safety of our residents and our teams. We also had to change the way we interacted and communicated with residents, quickly implementing a variety of tech features that allowed us to do

more things electronically. This included hosting video conferencing calls, virtual tours, and other ways of communicating with our residents remotely. We also had to change the way our maintenance team responded to emergency maintenance calls. These calls are important to be addressed and we put policies in place that would keep residents and maintenance team safe during this process.

### **How has your team navigated that with a multi-generational resident base?**

With a resident base of both younger generations and seniors, we really needed to find out what worked best for our community and our residents. With the implementation of more technology, we worked closely with senior residents who may be less tech savvy and hosted phone appointments. We also work with our senior residents to make delivery drop offs or social distanced mail delivery directly to their door during this time. We also offer free virtual gym memberships to residents and did a series of delivery candy bags to residents during Halloween.

### **Why are residents attracted to the property?**

The property is in a prime location between two major cities, Davis and Vacaville. It is right off freeway 80, which provides easy access to these city centers and is much more affordable than other regions in the Bay Area. Another major component is that we offer large floorplans. These are attractive to families, as well as seniors who tend to demand more storage space.

## AVANATH PARTNERS WITH WeHope TO BRING AWARENESS TO HOMELESSNESS

As an affordable housing owner, Avanath understands the importance of a quality and affordable place to live, especially as housing costs continue to rise. Through its recent partnership with WeHope, on November 18, 2020, positive rehabilitation stories of formerly homeless individuals were displayed on the side of Avanath's recently acquired Vintage Towers apartment community in San Jose to bring awareness to homelessness in the area.



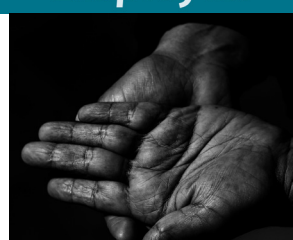
**Housed**



**Employed**



**Healthy**



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