

avanath+

AVANATH EXPANDS BOSTON METRO FOOTPRINT; ACQUIRES 11-BUILDING, 73-UNIT AFFORDABLE HOUSING PORTFOLIO

Avanath has acquired Logo Apartments, an affordable housing portfolio in Roxbury, Massachusetts. The portfolio includes five different sites totaling 11 buildings and 73 units across Roxbury.

Logo Apartments is Avanath's second acquisition in the Boston area. Morton Village, which the firm acquired in October 2020, is a 207-unit affordable housing community located in the historic Mattapan neighborhood.

"Avanath is adept at identifying markets where economic growth is rising and home affordability is likely to decrease," says John R. Williams, President and CIO of Avanath Capital Management. "Boston is positioned for a solid post-pandemic recovery, which will increase the call for quality affordable housing in this market."

Due to its knowledge-based economy rooted in life science, tech, healthcare and education, Boston is expected to outperform the U.S. economy long term. The region enjoys a diversified economy with major employers in the area including General Electric, Liberty Mutual, Massachusetts General Hospital and Boston Consulting Group.

Logo Apartments is fully occupied with an extensive waitlist. The property contains a mix of one-, two-, three-, four- and five-bedroom units ranging from 700 square feet to 1,450 square feet. Avanath plans to implement improvements at the community, including

upgrades to the major systems and apartment units, accessibility upgrades, and other capital expenditures to improve the condition and limit future deferred maintenance.

Logo Apartments is located at 10 Copeland Street, 34 Waumbek Street, 115 Dale Street, 256 Warren Street, and 54 Holworthy Street in Roxbury, Massachusetts.

Logo Apartments



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A message from the chairman

RIGHT PLACE; RIGHT TIME IN THE SENIOR HOUSING RESURGENCE

by Daryl J. Carter, Founder, Chairman & CEO

2022 is on track to be a strong year for senior housing.

Market dynamics are resurging, demand is outpacing supply, and many post-pandemic operational efficiencies have been achieved.

Like Keith Smart's iconic 18-foot baseline jump shot (which famously propelled Indiana to victory over Syracuse in the 1987 NCAA Tournament championship game), we believe we're standing in the right place at the right time, with the right talent.

Avanath has been steadily expanding our senior housing holdings and our operational efficiencies in this space. With a portfolio of more than 25 senior housing communities to date, we recognize the strategic advantage in this product type.

What are the trends we're watching?

Expenses

For some senior housing owner-operators, 2022 is poised to be both a 'best-ever' and 'worst-ever' year. Sector-wide, historically high revenues are expected, while historically high expenses are also on the forecast.

Avanath has an advantage here. Our investment ethos has always centered on cost efficiencies at every stage of ownership in order to preserve long-term affordability.

Through this discipline, we have established protocols that allow us to adjust to rising costs and address them holistically throughout the life of our investments.

As a result, we're positioned to benefit from the upside of increased demand while averting a major burden that many other operators will face this year.

Demand

The national association of Realtors® has reported that baby boomers comprised the largest percentage of home sellers in 2021.

Couple that with a lack of supply due to low construction starts and rising occupancy, and one fact is clear: senior housing rental demand is entering a resurgence.

The National Investment Center for Seniors Housing & Care (NIC) reported a [1.4% increase](#) in senior housing occupancy in Q3 of 2021. Perhaps more notably, NIC also reported one of the lowest senior housing construction start rates since 2011.

The organization's chief economist says this trend suggests there may be a window of limited inventory growth and potential promising investment opportunities next year.

As an early investor in the senior affordable housing space and one of the first in the nation to elevate this segment to an institutional level, Avanath is already positioned to benefit from these demand dynamics in the near and long term.

Residents

Senior housing provides an opportunity to deliver on our mission while benefiting from mutual stability. By giving senior residents an affordable, high-quality place to live, they benefit from long-term housing security. We, on the other hand, benefit from the stability of these residents' income, which comes primarily from social security and pensions, as well as low turnover rates in these properties due to this population's preference to age in place.

Avanath's preservation of affordability in this sector stimulates investment capital flow into underserved communities and provides the opportunity to improve the lives of seniors. Through on-site programming, we deliver wellness, interaction, education, and a true sense of community to the residents we are proud to serve.

Beyond that, the best part – truly, my favorite part – of my job is interacting with these interesting and diverse people. We have incredible senior housing residents and team members who bring life, heart, energy, and new ideas to this this resurging sector.

As 2022 unfolds, we see continued opportunity in the senior housing space. Avanath will continue to deepen our foothold in this resurging sector through strategic acquisitions and management.



2021 ANNUAL INVESTOR MEETING RECAP: ADAPT • RESILIENCE • GROW



In December, we gathered for our Annual Investor Meeting at The Intercontinental Hotel in Washington D.C. We had many who joined us in person and others who joined us virtually.

The past two years have been filled with uncertainty and change as we focused on durability amidst uncertainty at our 2020 annual investor meeting. That said, we are starting to see the horizon and this past year have been focused on adapting, resilience, and growth.



Here are a few key highlights from our meeting:

Avanath Overview & Fund Performance

We have surpassed \$2.8 billion in AUM with assets in 13 states and 53 cities. We have been extremely bullish this past year and our occupancy across our portfolio remains at 95%.

Fund I was liquidated a few years ago and Fund II was liquidated in December, both of which were highly successful.

Fund III is currently in its stabilization phase. It has already achieved its business plan, despite construction and renovation plans that were put on hold during the pandemic. These plans are beginning again, and we anticipate the fund will move quickly out of stabilization.

Fund IV closed in 2020 where 50% of capital was raised during the pandemic and 50% was foreign capital. The fund is currently being deployed and has 17 assets closed thus far, closing more than \$1 billion in assets in 2021. The fund will be 85% committed by Q2 2022.

Avanath has also begun the process of launching an open-ended fund, which will serve as the firm's sole investment vehicle moving forward. The launch of this fund was extremely unique as it was seeded with 25 assets that are stabilized, making it a cash flowing vehicle from inception.

Impact & Sustainable Investing

This past year, Avanath has continued to expand its focus on ESG. In addition to our ESG platform, Amplify, we also formed an ESG Advisory Council and Advisory Board to guide strategic initiatives. We developed

KPIs to provide data-driven insights and monitor environmental and social metrics, which has been instrumental to our process. Lastly, we received our first rating from GRESB for our ESG efforts and commitment to social impact.



Asset Management

During 2021, the asset management team onboarded eight new properties. Our team also worked extremely hard to remove old processes such as existing cable contracts as things move more towards streaming services, among others. Eliminating these dated processes resulted in significant cost savings for the portfolio.

To watch the full meeting, click below:

[Session 1](#)

[Panel with Daryl Carter and Doug Bibby](#)

[Session 2](#)



COMMUNITY SPOTLIGHT: VICTORIA PARK AT EDGEWATER RECEIVES ACTIVE ADULT COMMUNITY OF THE YEAR AWARD



Victoria Park at Edgewater



Raquel Mitchell
Community Manager

Patrick Rosnack
Maintenance Supervisor

Tracy Kruk
Leasing Specialist

Victoria Park at Edgewater, one of Avanath’s senior apartment communities in Maryland was recently named “Active Adult Community of the Year” by the Maryland Multi-Housing Association at its 2021 Star Awards.

The 102-unit apartment community is located 15 minutes from downtown Annapolis and the social calendar at Victoria Park at Edgewater is always full, featuring a variety of amenities and programs that aid in keeping residents active and engaged.

These include items like bingo and game nights, book club, cars and pets on parade, trivia nights, monthly birthday celebrations, and more.

Shoutout to our onsite teams for working hard to achieve this well-deserved recognition!

IN THE NEWS: AVANATH IS ONE OF THE FIRST AFFORDABLE HOUSING OWNERS TO ACHIEVE WELL HEALTH-SAFETY RATING.

Avanath has been named one of the first affordable housing owners to achieve WELL Health-Safety Rating by International WELL Building Institute (IWBI) across its portfolio of 13,500+ apartment units nationwide. For more information on this certification, [click here](#).

