



+Amplify
ESG

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A letter from our CEO



At Avanath, we believe that environmental, social and governance (ESG) practices help create long-term investment value for our investors through more efficient operations and socially beneficial environments for our residents. In this our inaugural ESG Report, you will find environmental consumption data, project and program highlights, and our ESG achievements to date.

Our environmental initiatives are focused on energy efficiency and water conservation at our properties. We are working to reduce our greenhouse gas (GHG) emissions and fight climate change while saving money and delivering value to our investors. This past year, we established ambitious goals to reduce our GHG emissions 50% by 2030 and achieve net zero emissions by 2050. We also achieved both of our near-term targets to reduce energy and water consumption by 10%, and we did it three years ahead of schedule. We plan to continue reducing energy and water consumption over time, and we continue to search for new, innovative ways to protect the environment at our communities and demonstrate our environmental and fiduciary stewardship.

As a leader in the affordable housing industry, I am proud of the remarkable strength we have built in developing and implementing social programs at our communities. We offer our residents many opportunities for learning and activities, as well as health and wellness programming that included COVID-19 vaccinations at the height of the pandemic. In recognition of our wellness efforts in 2021, we became the first affordable housing company to earn the WELL Health-Safety Rating across all properties in our portfolio.

Avanath’s governance has always been strong, and I am honored to be joined by a management team of highly skilled, entrepreneurial, and diverse professionals. Nearly 60% of our senior leadership team is comprised of women and people of color. We have a robust set of governance policies, and we are enhancing our governance practices by incorporating ESG criteria and screening for climate-related risks as part of our due diligence for new acquisitions and incorporating ESG best practices throughout the lifecycle of each of our investments. Transparency is also important, and I am delighted to report that we were able to raise our GRESB reporting score by almost ten points or 19% over the prior year, and achieved a two star rating due to the hard work and dedication of the entire Avanath team towards our ESG initiatives. We are confident that next year we will continue to improve our score and that we are on our way to achieving a three star rating.

We take a holistic approach to responsible property management and are building a best-in-class ESG program for our portfolio. I am pleased to share this overview of our ESG strategy, some early accomplishments, and our plans for the future to deliver long-term value for our investors, the environment, and the communities in which we serve.

Daryl J. Carter
Chairman and CEO

- 2021 HIGHLIGHTS**
- AVERAGE GRESB SCORE **62.3/100**
 - BOARD DIVERSITY **59%**
 - ENERGY REDUCTION **30%**
 - WATER REDUCTION **13%**
 - WELL HEALTH-SAFETY RATING

Avanath Capital Management is an investment firm that acquires, owns, renovates, and operates affordable, workforce, and value-oriented apartment communities across the United States. We partner with institutional investors – both domestically and internationally – to deliver quality primary housing in major metropolitan and suburban markets.

We provide hard working families high quality, well maintained, and safe value rental housing.

Families with incomes of \$30,000 to \$80,000 represent the largest segment of the rental housing market. We regard the ability to serve this market by providing *Lifestyle Within Reach* as a social, cultural, and financial opportunity. We are committed to doing more than invest in the brick and mortar; we add value to our residents by taking a whole lifestyle approach through on-site services, amenities, and activity programs.

IN 2021, AVANATH HAD:

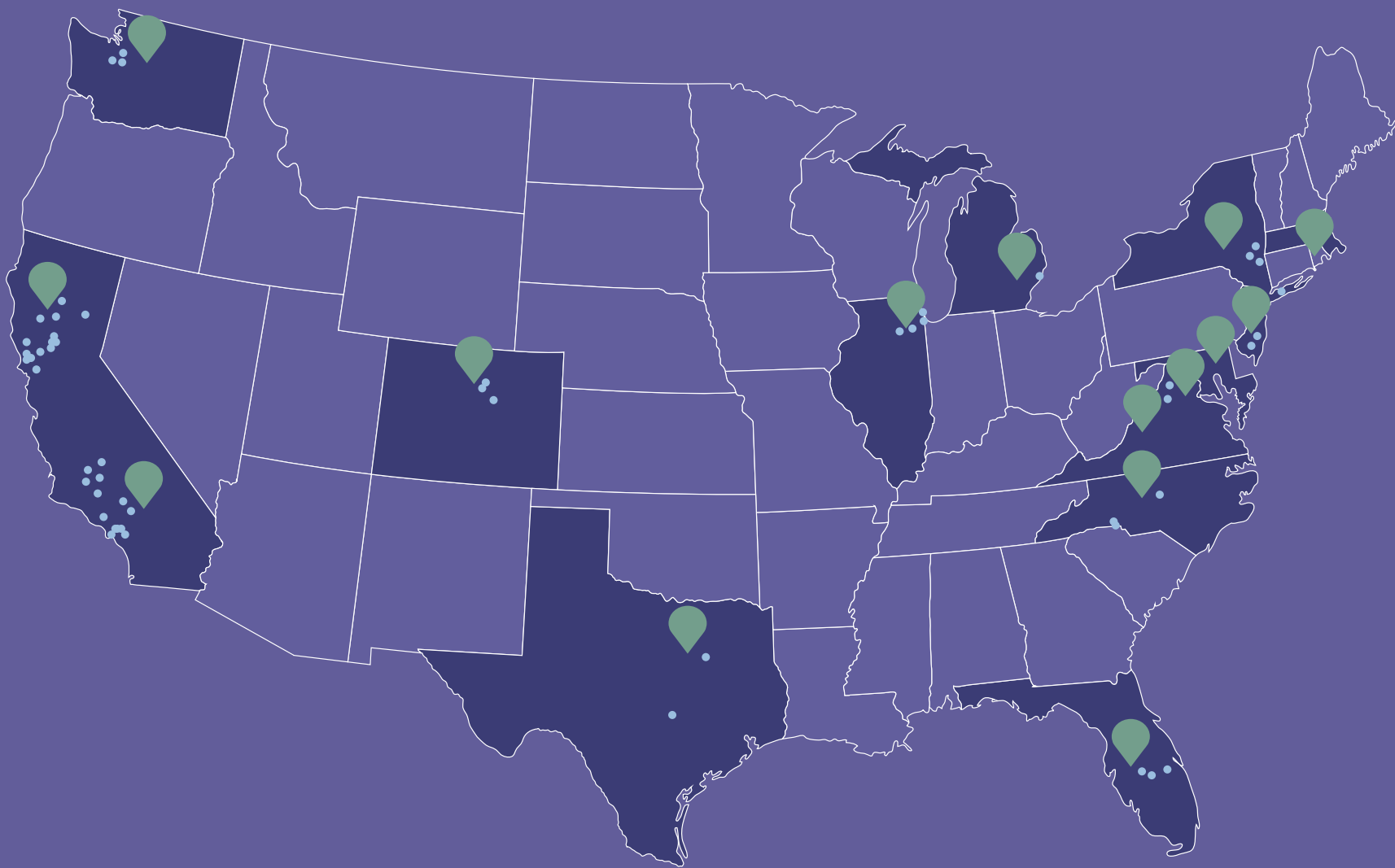
\$2.9B ASSETS UNDER MANAGEMENT

10.1M SQUARE FEET UNDER MANAGEMENT

360 EMPLOYEES

\$158M FULL-YEAR 2021 REVENUE

Our communities at the end of 2021



96
PROPERTIES

22,000
RESIDENTS
(approximate)

51
CITIES

11,535
RESIDENT UNITS

14
STATES

8,822
AFFORDABLE UNITS

Strong demographic trends

We select markets and specific locations for our communities that share strong demographic trends relative to job and population growth, are near employment and transportation centers, and have barriers to developing new multifamily opportunities.



Avanath is amplifying ESG

As a leader in the affordable housing industry, we believe prioritizing social equality, responsible investing, and a healthy environment supports greater prosperity for all. We are committed to integrating environmental, social, and governance (ESG) policies into our decision making, and we developed our *Amplify ESG* program to be the comprehensive ESG framework that guides our Mission Statement and operations.

OUR MISSION

To provide a *Lifestyle Within Reach* by amplifying our ESG impact for the shared benefit of our residents, our employees, our investors, our communities, and the environment.

OUR ESG STRATEGY

We incorporate ESG considerations throughout the lifecycle of each of our assets through the following initiatives:

- Set robust ESG targets, including an ambitious 50% carbon reduction goal by 2030 and net zero emissions by 2050
- Increase data coverage and tracking for energy, water, and waste
- Execute property level efficiency projects and train property management teams on maintenance best practices
- Track participation and improve efficacy of our resident social programs
- Report on our ESG performance through voluntary participation in GRESB and UN PRI
- Work towards certifications and awards in ESG, such as WELL Health and Safety and ENERGY STAR Partner of the Year
- Assess progress and continue to innovate our *Amplify ESG* program

Our ESG commitment and policy are publicly available for employees, residents, and stakeholders on our website.

2021-2022 ESG successes

✓ ACHIEVED

30%

REDUCTION IN ENERGY CONSUMPTION

Achieved 30% reduction in total energy consumption surpassing our short-term target of 10% reduction by 2025 over a 2020 baseline



✓ ACHIEVED

13%

REDUCTION IN WATER CONSUMPTION

Achieved 13% reduction in total water consumption surpassing our short-term target of 10% reduction by 2025 over a 2020 baseline



HEALTHY BUILDINGS - WELL PEOPLE

- Earned a WELL Health-Safety Rating across our entire portfolio.
- We are the first affordable housing company to earn this rating.
- A subset of the industry-leading WELL certification program, this evidence-based rating provides third-party validation of the health and well-being practices that we have adopted at our properties. It is the first step in our journey for eventual WELL certification for our buildings.



ENERGY STAR

- 2M Street Apartments received Energy Star Certification for their 2021 efficiency efforts.



GRESB is a voluntary, annual, industry standard, ESG reporting framework for real estate that allows us to measure our ESG performance, compare assets against our peers, and identify areas for improvement in our ESG strategies

62.3

2021 GRESB SCORE

averaged across our portfolios

This is almost a 10 point increase or 19% from our 2020 average GRESB score of 52.5.













We earned a two stars rating, which is an increase from 2020.

Building an a+ ESG program

We have long been a leader in the affordable housing industry when it comes to social programming. We partner with 50+ community organizations to bring programming and assistance to our residents. We have been offering health and wellness opportunities such as fitness classes, after-school programs, and financial literacy courses for years. In 2019, we successfully launched the Activate program to convert underutilized space into onsite medical facilities in our senior housing communities.

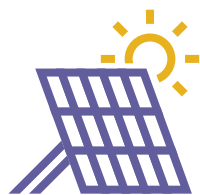
Building upon our early successes, in 2020 we hired RE Tech Advisors, a leading ESG consulting firm to help build out *Amplify ESG*, a vertically integrated, industry-leading ESG platform. Launched in 2021, *Amplify* formalized our ESG commitments including setting and tracking environmental goals and publicly disclosing our progress to our investors and lenders with measurable data in our quarterly reports and in this inaugural ESG report. We adopted the ambitions of the Paris Agreement to limit warming to 1.5°C and established a goal to reduce our emissions 50% by 2030 and achieve net zero emissions by 2050. We also implemented rigorous health and wellness policies, procedures, and operational protocols. It is our intent to create a best-in-class ESG framework that can serve as a model for the affordable housing industry.

OUR ESG PARTNERSHIPS

 A LEGENCE Company				 A LEGENCE Company
				

Amplify ESG initiatives in progress

2021 was a big year for ESG at Avanath, and 2022 has proven to be even busier. We are building a best-in-class ESG program, and to do that we need to keep driving, innovating, and refining our work. We are continuously seeking new opportunities to incorporate ESG principals into the daily operations and below are some of the currently in process initiatives.



UTILIZING SOLAR TECHNOLOGIES

We have engaged a specialized solar energy consulting firm to help us develop a portfolio wide solar strategy across our portfolio. By installing photovoltaic (PV) energy systems at our properties we will be able to generate clean power and bring down energy costs for ourselves and our residents. In addition, we will be eligible to apply for rebates through the Solar on Multifamily Affordable Housing (SOMAH) Program and other incentive programs.



FOCUSING ON CARBON REDUCTION

We are in the process of implementing a comprehensive carbon strategy to support our recently updated target of reducing carbon emissions 50% by 2030 and achieving net zero emissions by 2050. We will continue to work with RE Tech Advisors, our ESG consulting firm, to compute an annual GHG inventory that will include scope 1, 2 and 3 emissions. This analysis will enable us to measure future carbon reductions over time and offer insight into where the greatest emissions reduction opportunities are located within our portfolio. The Avanath Carbon Strategy uses the 1.5°C CRREM (Carbon Risk Real Estate Monitor) GHG and energy pathways as our benchmark for the performance of our communities. The CRREM pathways align with the goals that were established by the Paris Agreement.



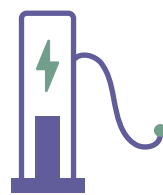
SOURCING GREEN POWER

To optimize our energy usage, it is our policy to procure green energy whenever feasible. We recently engaged Transparent Energy to help us create a renewable energy credit and offset strategy to aide in our green power procurement efforts.



FLUSH WITH WATER SAVINGS

We are piloting a program for a new water conservation product that we hope will reduce water usage by a minimum of 14% and prevent costly leaks at our properties. If the pilot is successful, we will begin rolling out this new technology across all of our properties. We are also using Smart Rain technology for efficient irrigation at our Southwest properties. Smart Rain measures the moisture in the ground and only waters when the moisture level falls below a set value, which helps to reduce unnecessary water usage.



INVESTING IN EV CHARGING

With the increasing availability and affordability of electric vehicles, we are seeking opportunities to install EV charging stations at properties across our portfolio.

Amplify ESG initiatives in progress



AIMING FOR ENERGY STAR PARTNER OF THE YEAR

We are expanding our partnership with ENERGY STAR this coming year, including the addition of staff trainings and property treasure hunts. Our first ENERGY STAR treasure hunt was conducted at Cascades Village in Virginia. It was a great success with staff identifying several ways to save energy and improve efficiency. Based on the success of this event, we intend to roll out this training to all of our properties. Additionally, we are in the process of obtaining ENERGY STAR Certification for a number of our properties and we anticipate being awarded the ENERGY STAR Partner of the Year by the end of 2022.



INTRODUCING AMPLIFY IN ACTION

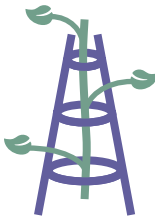
We are excited to launch a new thought leadership series focused on ESG topics on our website. Be on the lookout for our first installment coming in 2023.



PARTNERING WITH INDUSTRY ASSOCIATIONS

We are proud to be working in partnership with one of GRESB’s Industry Working Groups (IWGs) to improve their scoring methodology for multifamily properties. Our aim is to better reflect and weight the impact of social programs and standardize the reporting framework for multifamily and affordable housing organizations. We also joined the newly created Multifamily Impact Council, an organization of leading multifamily organizations and investors to discuss how ESG impacts the multifamily sector.

In addition, we are members of the ENERGY STAR Affordable Multifamily Housing Leadership Group and the NMHC ESG Task Force.



EXPANDING OUR COMMUNITY GARDENS

Many of our newer communities maintain a community garden on the property. We plan to roll out more community gardens across our portfolio, as well as promote composting programs where applicable.



BEE INSPIRED

We recently began a pilot program to install bee colonies at our properties to help combat the ever-decreasing bee population in the United States. Through our partnership with Alvéole we will be able to track each colony’s biodiversity and measure the health of its bees, all while engaging our residents to make a positive impact on our environment. Based on the success of this pilot, we intend to roll out this program across our portfolio.



ELEVATING *the* ENVIRONMENT

At Avanath, we believe that our environment is the foundation upon which health, safety, and overall well being is built. We are committed to environmental stewardship, and we continually assess our impact at each of our properties. We have set data-driven goals and implemented policies, procedures, and upgrades to reduce our emissions and operating costs.



Environmental objectives

REDUCING:

- + Energy consumption
- + Greenhouse gas emissions (GHG)
- + Use of fossil fuels

INCREASING:

- + Waste diversion
- + Water efficiency

PERFORMING:

- + Energy audits or technical assessments
- + LED retrofits

TRACKING:

- + Energy, GHG, water, and waste data
- + Outcomes of ongoing conservation measures

OBTAINING:

- + Higher average ENERGY STAR® scores
- + Green building certifications

Demonstrating progress

Environmental responsibility starts and ends with proven, high quality measurable data that is produced and accessed through strong data management applications. We utilize industry-standard tools such as Yardi, Tableau, and ENERGY STAR® Portfolio Manager® for benchmarking and monitoring energy and water consumption. We created a proprietary ESG KPI dashboard that is used to analyze our portfolio and this data is used to set our reduction targets and track our progress.



We conduct quarterly energy, water, and waste audits at all our properties.

Demonstrating progress

GHG EMISSIONS

Our GHG emissions primarily come from the electricity and gas used in our buildings, and these emissions are being tracked and managed using US EPA emissions factors. We are in the process of aligning our greenhouse gas emission goal with the objectives of the Paris Agreement to fight climate change and limit global warming.

GOAL

Reduce Portfolio-wide GHG Emissions 50% by 2030 and net zero by 2050



TACTICS

- Sign a letter of commitment and submit a carbon target for approval by the Science-Based Target Initiative (SBTi)
- Completed a 2021 GHG inventory to including Scope 1, 2 and 3 emissions
- Developed and administered an energy conservation measure survey across the 90+ Avanath multifamily properties
- Create a procurement strategy for green sourced electricity, on- and off-site energy generation, and bundled RECs

2021 LOCATION BASED EMISSIONS

38,605 Metric Tons CO2e*

* Emissions are direct (scope 1) and indirect (scope 2 and scope 3 emissions from resident energy use) and include carbon dioxide, nitrogen oxides (NOx), and methane. Data includes both actual and estimated emissions for our operations.

Demonstrating progress

ENERGY MANAGEMENT

We actively monitor energy efficiency at each of our properties to reduce energy usage and identify property-specific opportunities for improvement.

SHORT-TERM TARGET

Goal Achieved: Reduce Portfolio-wide Energy Consumption 10% by 2025

✓ ACHIEVED



TACTICS

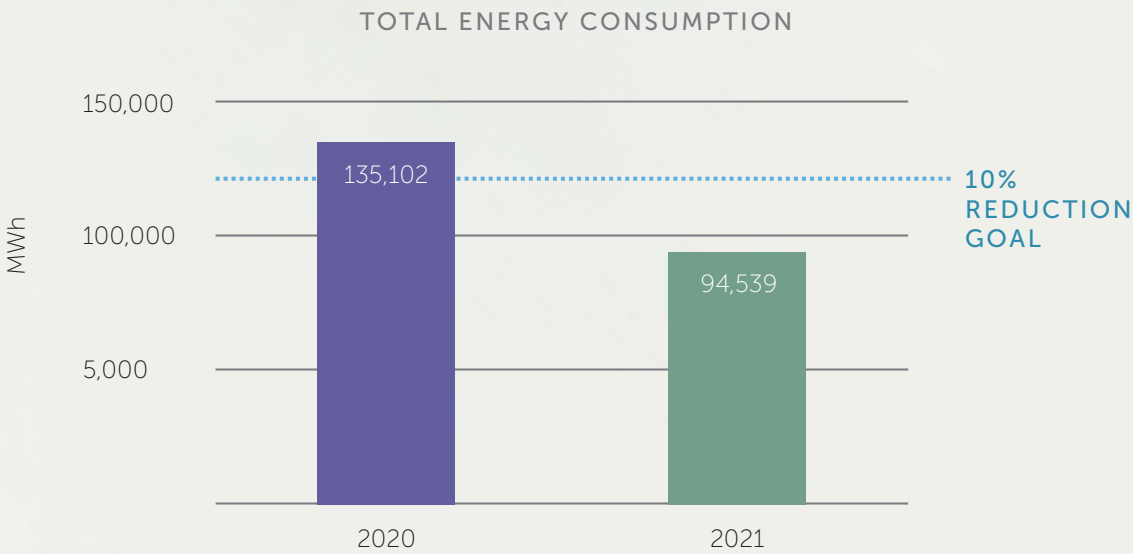
- Partnering with ENERGY STAR® to install ENERGY STAR certified appliances at our properties
- Retrofitting properties with LED lighting
- Requiring third-party energy supply to be produced from green sources

PROGRESS

- 94,539 MWh* Total Energy Consumption in 2021
- 30% decrease in total energy consumption



CONGRATULATIONS TO 2M STREET
APARTMENTS FOR RECEIVING
ENERGY STAR® CERTIFICATION FOR
THEIR 2021 EFFICIENCY EFFORTS!



* Since 2020 baseline the Avanath portfolios have changed in size and location due to acquiring and selling of properties, risk tolerance, growth, economic factors. Total energy data coverage area for 2021 was 43% of portfolio and water data coverage was 66% of the portfolio and those numbers were externally verified using AA1000AS.



Demonstrating progress

WATER CONSERVATION

We optimize water efficiency across our portfolio by monitoring usage and implementing cost-effective strategies, fixtures, and technologies.

SHORT-TERM TARGET

Goal Achieved: Reduce Portfolio-wide water consumption by 10% by 2025

✓ ACHIEVED

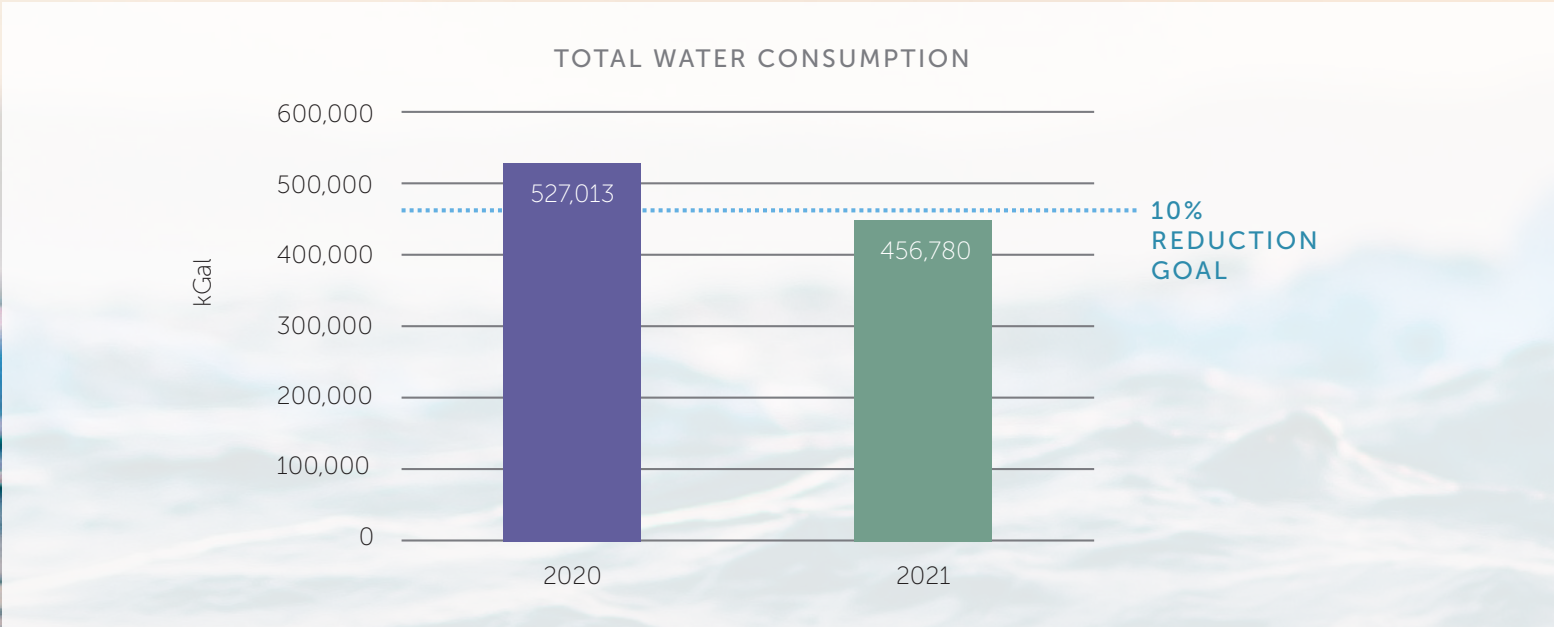


TACTICS

- Installing drip-smart irrigation or planting drought-resistant vegetation using Smart Rain technology
- Piloting Aqua Mizer technology at select properties
- Installing aerators, low-flow toilets, and showerheads at select properties

PROGRESS

- 456,780 kGal* total water consumption in 2021
- 13% decrease in total water consumption



* Since 2020 baseline the Avanath portfolios have changed in size and location due to acquiring and selling of properties, risk tolerance, growth, economic factors. Total energy data coverage area for 2021 was 43% of portfolio and water data coverage was 66% of the portfolio and those numbers were externally verified using AA1000AS.

Demonstrating progress

WASTE REDUCTION

We reduce the amount of waste sent to landfills in our communities through waste management strategies that improve our diversion rate.

TACTICS

- Educating and building resident awareness around waste tracking and reduction
- Utilizing recycling opportunities and encouraging residents to do the same
- Requiring measurable landfill weight contributions for all trash contracts with private vendors
- We are in the process of signing a national contract with a national hauler to track our contributions to the landfill



Addressing environmental issues in 2021

PREVENTING WILDFIRES WITH HUNGRY GOATS

With damaging wildfires sparking throughout California and the western United States it has become increasingly important to clear away dead brush and excess weeds on our properties to prevent wildfire spread. Clearing brush can be expensive and bad for the environment when hiring a vendor to spray chemical herbicides to kill the vegetation.

We have found a more sustainable alternative: hungry goats. Through a partnership with local ranchers, a heard of goats was brought out to clear the brush at The Terraces in Escondido, CA. Three hundred goats can clear about an acre of brush per day, making them a fast and effective brush removal alternative that protects the environment from harmful chemicals.



300 GOATS CAN
CLEAR ABOUT AN ACRE
OF BRUSH PER DAY

CLIMATE CHANGE & SOCIAL JUSTICE

The world is not always fair, especially for people in low-income and disadvantaged communities, but it is not only the financial strains that are affecting these populations. In a recent report from the Environmental Protection Agency, disadvantaged populations are facing a greater burden than the rest of the United States from loss of income due to climate-driven increases in high-temperatures days, as well as increased mortality and childhood asthma rates from particulate air pollution associated with climate change.

At Avanath, we are tackling this injustice by providing safe and healthy housing options for people of all communities. We have committed to doing our part to reduce our environmental impact through emission and energy reduction goals and are actively implementing efficiency projects across our portfolio. We strive to ensure that our buildings are healthy and safe for all our residents. Increasingly damp conditions due to the changing climate may increase mold growth in many areas of the country, especially in the East and South. We regularly monitor indoor air quality and humidity to prevent mold conditions, and avoid air pollution in our buildings by using no or low VOC (volatile organic compound) paints and finishes instead of products that are known to be harmful to human health. We are also actively working towards WELL certification of our properties and in doing so have adopted a number of policies and procedures to ensure the health and wellbeing of all our residents.





SOCIAL *is* OUR STRENGTH

We recognize that social change represents both risks and opportunities for our company, and we understand the role that safe, affordable housing plays in the social fabric of the communities we serve. For over a decade, we have been a leader in social programming for the affordable housing industry, and we continue to demonstrate how impactful our social programs and policies are to the health and wellness of our residents. We promote positive social change with programs for our residents and our communities that offer methods to stay active, opportunities for learning, ways to participate and engage, and inclusive services and assistance for those who need it most. We seek to create relationships with local and diverse social organizations. In the past year, Avanath has worked with close to fifty community organizations throughout the markets that it operates in.

Social objectives

INCREASING:

- + Engagement in our programs and community initiatives
- + Health and wellness of our buildings through air and water quality testing
- + Partnerships with local non-profits, agencies, and churches

PERFORMING:

- + Biennial Resident Satisfaction Survey

TRACKING:

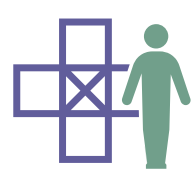
- + Attendance and Participation in our programs
- + Employee volunteering
- + Charitable giving

OBTAINING:

- + Third-party validation through certification of our buildings

Resident engagement

The programs outlined below are designed to offer methods to stay active, opportunities for learning, ways to participate and engage, and inclusive services and assistance for those who need it most. We are tracking attendance and participation data for these programs and using it to set goals and determine efficacy and that money invested in these programs is being well invested. Programming varies by property.



ACTIVATE HEALTH AND WELLNESS

Program to establish on-site wellness facilities in our senior housing communities that can administer health exams and offer health education classes.



AFTER SCHOOL PROGRAMS

Mentorship, STEAM enrichment, annual Summer Youth Program, and tutoring opportunities are provided for our young residents.



ARTS AND CRAFT CLASSES

Fun classes for residents that help to develop new skills, encourage engagement, and spark creativity.



COMPUTER TECHNOLOGY TRAINING

Training classes for our senior population to introduce technology tools and assist with set up of new computers, iPads, and cell phones.



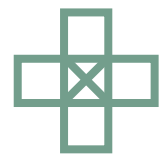
FINANCIAL LITERACY AND WELLNESS

Financial and vocational training offered to adult residents to help develop a resume, prepare to buy their own home, or start a small business.



LANGUAGE TRANSLATION SERVICES

Written and verbal communication assistance for residents for whom English is not their first language.



RESIDENTS AND COMMUNITY HEALTH AND WELLNESS PROGRAM

On-site activities such as resident socials, mobile health units, and resident community meetings.



TRANSPORTATION SERVICES

Free transportation services to assist senior and disabled residents getting to doctor appointments, the grocery store, and community events.



WELLBEATS

Access to 1,000+ wellness classes including virtual fitness, nutrition, and mindfulness for all ages and ability levels.

HOSTED

200+

RESIDENT EVENTS/SOCIALS/ACTIVITIES

SUPPLIED

2,000+

RESIDENTS WITH RESOURCES AND
REFERRAL SUPPORT

PROVIDED

320+

RIDES THROUGH OUR SHUTTLE SERVICES
(4 properties)



RESIDENTS ENJOYED
BINGO NIGHT AT VISTAS
AT LAKE LARGO

#FRI-YAY

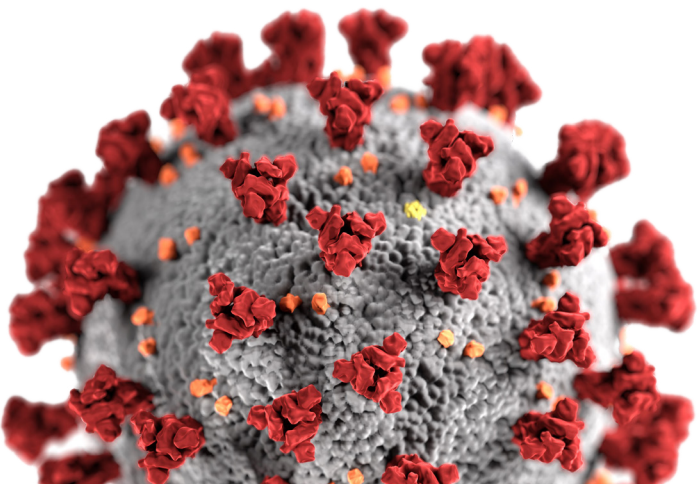
Throughout the summer, Avanath properties host fun Friday activities or “Fri-YAYs” for their residents and the community. Events and activities vary widely by location, but some of our favorites in 2021 were the “Italian Soda Bar Party” at the Lodge at Peasley, “Bingo Night” at Vistas at Lake Largo, and “Breakfast on the Go” at Depot Square.

ACTIVATE HEALTH AND WELLNESS

In 2019, we launched our *Activate* Program and began converting underutilized spaces within our senior communities into state-of-the-art wellness facilities. These new screening areas were furnished with the medical supplies and equipment necessary to administer health exams, give flu shots, check cholesterol, and more for our senior residents. During the global pandemic, we pivoted and provided residents with virtual classes, health education materials, and COVID-19 vaccinations.

RESPONDING TO COVID-19

Avanath was able to quickly pivot and provide virtual resources for our residents and employees during the global pandemic. We launched WELLbeats a virtual active and wellness platform for our residents. We also partnered with healthcare organizations to provide on-site clinics for COVID-19 testing and vaccinations. In 2021, we facilitated 45 onsite clinics with over 500+ people participating across our portfolio.



2021 Engagement

COMMUNITY PARTICIPATION AND SUPPORT

We encourage community engagement and education in the following ways:

COMMUNITY FORUMS

Hold community meetings on wellness and community engagement topics that are open to the public.

VOTER ENGAGEMENT

Hosted voter registration drives prior to the 2020 election.

YOUTH SPORTS

Provide facilities and funding for youth sport teams to engage children and parents within our communities.



OUR SOCIAL PARTNERSHIPS

We collaborate with the following agencies:

COMMUNITY PARTNERSHIPS

Kaiser, portfolio-wide
Dignity Health, portfolio-wide
YMCA, TX, IL
Cottonwood Church, CA
Oakstreet Health, MI
City of Escondido, CA
8th District City Council Long Beach, CA
Eskaton, CA
Omni-Go Health, portfolio-wide
University of Chicago, IL
University of Maryland Health, DMV
United Health, DMV
Boston Hoarding Task Force, MA
City of Boston, MA
Yellow Basket, CA
Women in Action Reaching Out, CA
Blue Rock Healthcare, DMV

Giant Pharmacy, DMV
CVS Pharmacy, portfolio-wide
Public Library, TX, CA, DMV, IL
Adult Protective Services, CA
Eskaton
Settlement House Food Bank, CA
Boulder Transportation Connection, CO
Boulder BCycle, CO
Camp Bowwow, CO
Placer County Seniors Lunch Program, CA
Department of Transportation, DMV
Department of Aging and Disabilities, DMV, CA, TX
Community Action Agency, DMV
Department of Assessment & Taxation, DMV
Senior Centers, portfolio-wide
County Foodbanks, portfolio-wide
Health Education Council, CA

Health and Human Services, CA
Placer County, In-Home Support Services, CA
The Community House, IL
St. Vincent De Paul, IL
Loaves and Fishes, IL, TX, CO
Du Page County Community Services, IL
People’s Recreation Center, IL
Long Beach Unity Festival, CA
Watch It Grow, CA
Catholic Charities, IL
Parks and Recreation, portfolio-wide
Salvation Army, DMV
Various Bank Institutions
County Rental Assistance programs, portfolio-wide

PARTNERED WITH

50+
COMMUNITY ORGANIZATIONS

PROVIDED YOUTH PROGRAMMING FOR

170+
CHILDREN EVERY MONTH ON AVERAGE
(10 properties)

GAVE AWAY

4,000+
TOYS, SOCKS, AND HOLIDAY MEALS

SERVED

17,000+
MEALS THROUGH MEAL PROGRAM PARTNERSHIPS



GUIDED *by* GOOD GOVERNANCE

Averaging 25 years of real estate investment and operating experience, our diverse management team is focused on creating an inclusive, diverse, and highly trained workforce dedicated to integrating ESG into everyday procedures and processes.

Avanath’s leadership team

PARTNERS



DARYL J. CARTER
Chairman and CEO

40+ years of experience



JOHN R. WILLIAMS
President and
Chief Investment Officer

40+ years of experience



JUN SAKUMOTO
Chief Compliance Officer and
Chief Operating Officer

30+ years of experience



WESLEY WILSON
Chief Financial Officer

10+ years of experience

59%
DIVERSITY IN LEADERSHIP

SENIOR LEADERSHIP



PATRICIA GAUDIN
EVP – Human Resources



KEITH HARRIS
EVP – Acquisitions



ELLEN GUCCIONE
EVP – Chief Administrative Officer



CARLY STEVENSON
EVP – Property Management



SAUL MCDONALD
SVP – Acquisitions



MADELINE HALL
SVP – Asset Management



KEN MCMACKIN
SVP – Asset Management & FP&A



DAVID NATT
SVP – Asset Management
& Sustainability



JESSE GRASER
SVP – Accounting



KELLY MCBRIDE
SVP – Property Compliance



ANDREW MACKAY
SVP – Acquisitions



RICK VILLEGAS
VP – Construction



KELLY JACKSON
Marketing & Community
Engagement Director



DHARA PATEL
Senior Associate, Investor Relations



KANIESHA WASHINGTON
Resident Services Director



Governance objectives

FOSTERING:

- + Diverse and inclusive communities
- + Partnerships with community partners and industry associations

INCREASING:

- + Diversity and unconscious bias training
- + GRESB scores across all of our funds

PERFORMING:

- + Climate and transitional risk assessments
- + Biennial Employee Surveys

TRACKING:

- + Employee demographics and diversity
- + Employee training and development

Our ESG Council and Advisory Committee

Avanath formed an ESG Council to lead our efforts towards enhanced ESG performance. Comprised of senior leaders from all departments and geographic regions in the organization, the Council meets quarterly to discuss strategic direction, policy creation, and ESG priorities. The Council is assisted by an ESG Advisory Committee, a rotating group of high-performing employees across departments, geographies, and seniority levels who communicate property-level needs to the Council. The Advisory Committee is responsible for implementing policies and ESG initiatives at the property level.

Stakeholder Engagement

Engaging with our key stakeholders is critical to the business and the sustainability of the organization. We have identified the following key stakeholders and engagement strategies.



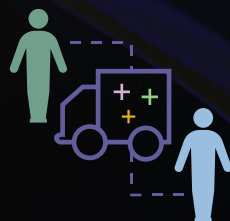
- EMPLOYEES**
- Training and career development tools
 - Town Hall meetings
 - Employee satisfaction surveys



- RESIDENTS**
- Satisfaction surveys
 - Appreciation events
 - Newsletters
 - Support programs



- INVESTORS**
- Annual and quarterly publications
 - Meetings and reporting channels



- SUPPLY CHAIN**
- Code of conduct
 - Responsible Contractor Policy



- COMMUNITIES**
- Community events
 - Giving back program
 - Employee volunteer efforts
 - Social media



- BUSINESS PARTNERS**
- Regular meetings
 - Business agreements

Demonstrating leadership

Our leadership team is committed to ESG and positively impacting our stakeholders and the environment. The following practices and policies demonstrate our commitment to integrating ESG principals into every facet of our company.

DIVERSITY, EQUITY, AND INCLUSION

At Avanath, we foster, cultivate, and preserve a culture of diversity, equity, and inclusion (DEI). We have an ethnically diverse team of employees, including 59% diversity in our leadership team, and we are all working together to serve a diverse resident population. We hold our staff responsible for always treating others with dignity and respect. Our diversity initiatives include practices and policies related to recruitment and selection, compensation and benefits, and training and professional development.



EMPLOYEE DEVELOPMENT & TRAINING

We foster a culture of education and career growth by investing in career development opportunities and training for our staff. We offer employees access to the Avanath University, an online platform with more than 180 training modules on topics from ESG to Section 8 housing, and utilize a formal performance evaluation and goal setting process to help them progress in their careers.

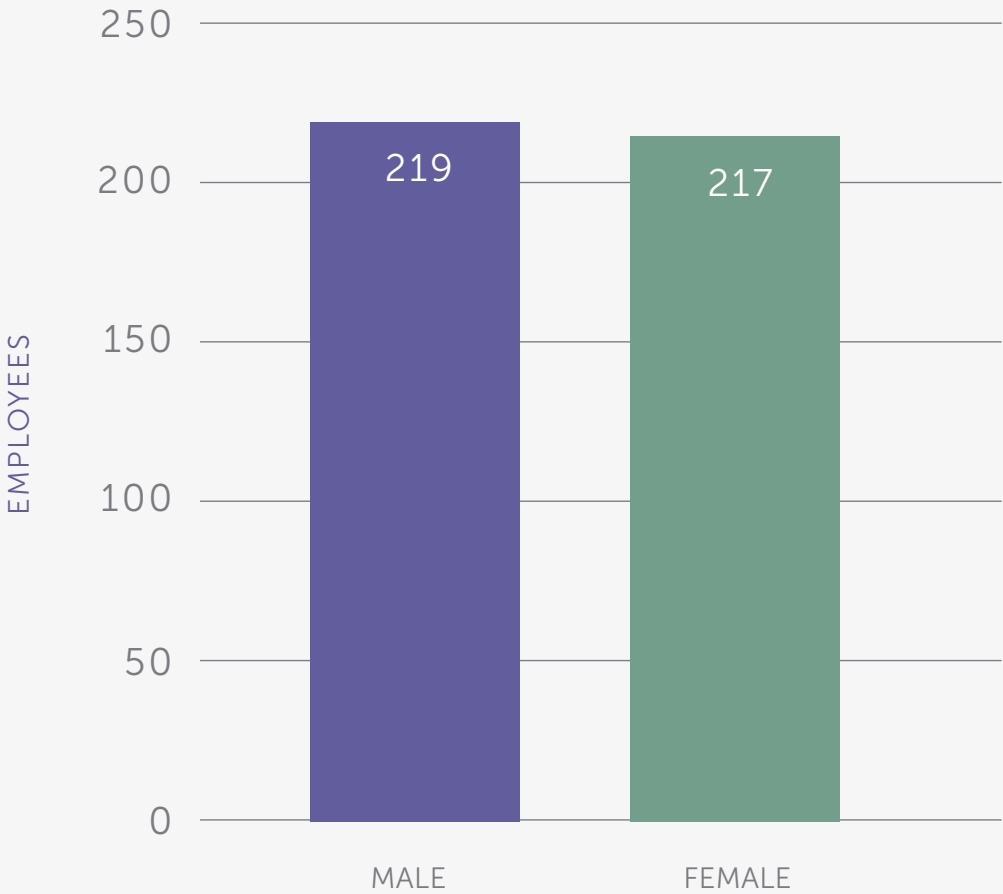


2022 LEADERSHIP CONFERENCE

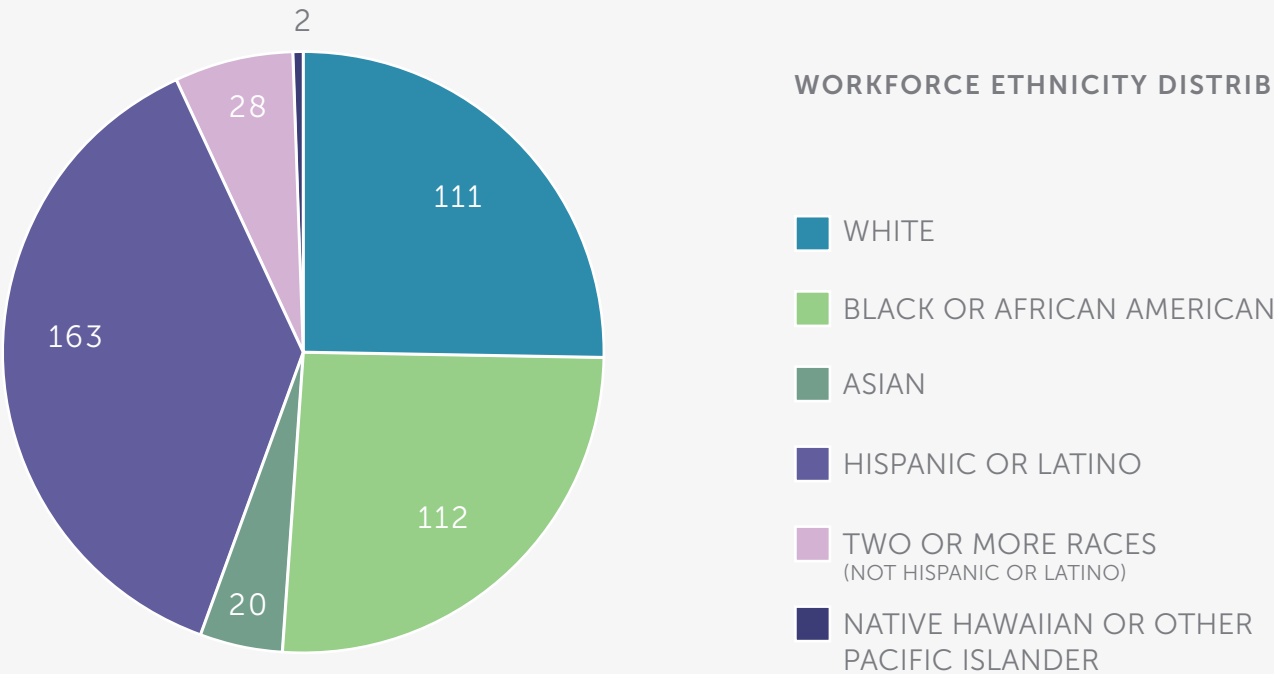
In June 2022, we hosted Avanath’s Leadership Conference, bringing together leaders from across our organization to discuss how we can continue to make our residents’ lives better.

Leadership by the numbers

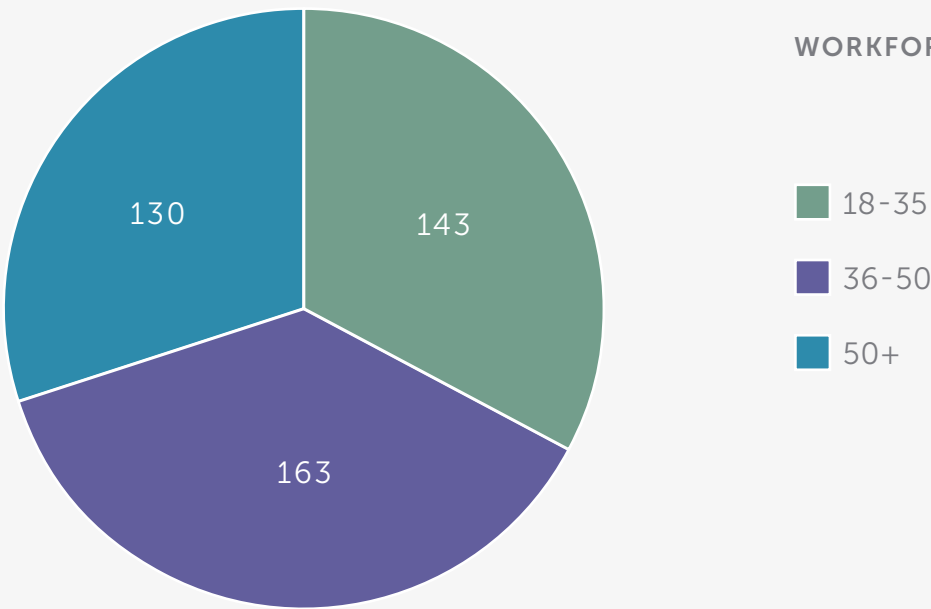
WORKFORCE GENDER DISTRIBUTION



WORKFORCE ETHNICITY DISTRIBUTION



WORKFORCE AGE DISTRIBUTION



Our policies

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE POLICIES

Integrating environmental, social, and governance (“ESG”) policies into our decision-making expands opportunity for our residents across the United States. *Amplify ESG* represents a comprehensive ESG framework that guides Avanath’s operations.



DIVERSITY AND INCLUSION POLICY

All employees of Avanath have a responsibility to treat others with dignity and respect at all times and are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. We also require all employees to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

SUSTAINABILITY RISK POLICY

We consider and manage sustainability risk throughout the investment lifecycle through due diligence, asset management, renovation and maintenance, and sale. Our risk assessment happens on an asset-by-asset basis, typically during due diligence and acquisition. Any identified issue is addressed through corrective action to mitigate any unforeseen risk. An enhanced framework is being developed to appropriately evaluate relevant climate related risks such as sea level rise, droughts, floods, and technological change.

APPLIANCE REPLACEMENT POLICY

As a mean to reduce Avanath’s carbon footprint and to conserve water across our entire portfolio, best efforts are to be made to install water saving devices, LED lighting, and to procure energy efficient appliances that have ENERGY STAR® certification.

RESPONSIBLE CONTRACTOR POLICY

We recognize that many parties are involved in the responsible management of our high-quality assets. Our commitment to employee health, wellness, and safety extends to the vendors, suppliers, and contractors hired by Avanath. Our Responsible Contractor Policy details our commitment to fair wages, fair benefits, and appropriate working conditions for all contractors who work with us.

UNIT AFFORDABILITY

As part of our dedication to providing our residents *Lifestyle Within Reach*, we regularly monitor our unit affordability by assessing the area median income (AMI) and affordability restrictions on each asset.

Reporting and affiliations

We include our ESG commitments in our investor reporting and we comply with local benchmarking regulations that require some properties to report their energy consumption on an annual basis. We also report annually to:

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

We are a signatory of and report annually to the United Nations Principles for Responsible Investment, a network of international investors working together to implement the principles of ESG throughout our organizations.



ENERGY STAR®

We are a proud partner of ENERGY STAR and are using ENERGY STAR Portfolio Manager® to collect and track our energy and water data. Also, in May, we completed our first ENERGY STAR Treasure Hunt at one of our properties and we are applying for ENERGY STAR Partner of the Year at the end of 2022.



GRESB

GRESB is a voluntary, annual, industry-standard, ESG reporting framework for real estate that allows us to measure our ESG performance, compare assets against our peers, and identify areas for improvement in our ESG strategies.





"Through our holistic approach to responsible property management, we are building a best-in-class ESG program — delivering long-term value for our investors, the environment, and the communities in which we serve."

DARYL CARTER, CHAIRMAN AND CEO

For more information visit:
avanath.com

avanath+