

ANCHOR HEALTH PROPERTIES

GOOD MORNING!



I believe it is fair to state that 2022 to-date has been anything but routine – although with how history will look back on 2020 and 2021, maybe I'm wrong. When we started the year, we were still wearing masks in public places, managing through assumed transitory elevated inflation and relatively stable markets, and what a difference a few months make. We have since observed the elimination of mask mandates, an invasion and drawn out land war, the peak of travel nurses and healthcare labor shortages, persistent supply chain disruptions, sustained inflation and turbulent markets as Fed speak continues to ramp up. Many businesses have had to adjust their business models to adapt to these challenges and their tangential impacts. We have persistently attempted to manage through these challenges with stability and solutions for our partners, clients, and employees as we seek to be the best healthcare real estate firm in the country while pursuing better healthcare through real estate solutions.

I believe that Anchor has not just managed through, but rather has excelled through each of these challenges, finding ways to solve for problems encountered along the way. We are a stronger organization today than we have ever been, and throughout Q3 we have been fortunate to receive a number of public recognitions, including achieving consistently high NPS scores, making the INC 5000 for the second straight year, being certified as an INC "Best Workplace", having several executives recognized as Women of Influence by Globe Street and Next Generation Leaders by Connect CRE. We have commenced development, completed construction and acquired a number of best-in-class healthcare facilities as well as continued to expand our property management services.

Please read below more about what we have been up to and feel free to reach out to any members of our team if you would like to discuss a potential project, recapitalization, management assignment or other initiative with your healthcare real estate. We are up for the challenge of another atypical year and we are grateful for the opportunity to serve and partner with friends like you!

Yours truly,
Ben Ochs

IN THIS ISSUE



Development

Investment

Management

Company News

DEVELOPMENT

Navigating "Chop in the Market"

by Conrad Wharton, Development Associate

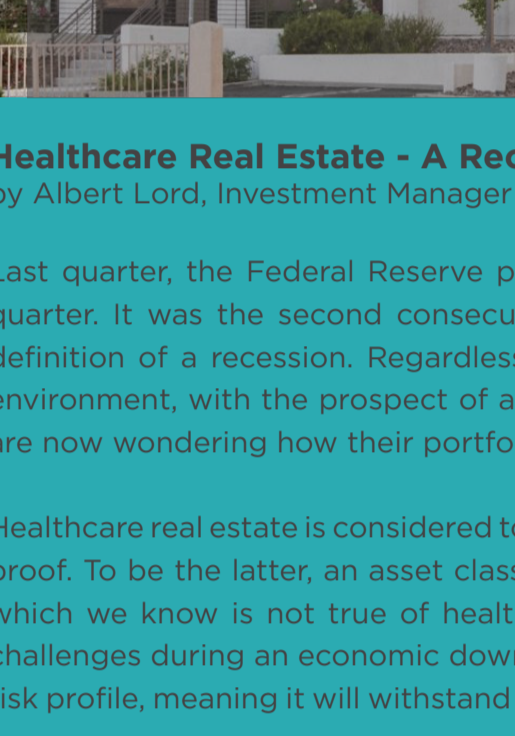
If you follow the news, you've probably read about "chop" in the markets. "Chop" is most commonly often accompanied by "volatility" and headlines such as "Interest Rate Volatility Reaches New Highs for 2022" are a fixture of choppy market conditions wherein pricing, news cycles, and public opinion are in a constant state of flux.

As it pertains to real estate development, market chop entails uncertainty and volatility in the areas of debt pricing, inflation expectations, capitalization rates, and buyer sentiment. Inflation is notoriously stubborn and continues to be driven by production constraints. Volatility is likely to remain elevated given the current macro backdrop. Markets have seen a "socialization of debt" following the great recession as unsustainable debt levels shifted from private sector balance sheets to the government sector, thereby increasing the probability of sustained inflation above the Fed's target of 2%.

Markets are likely to favor structural growth and investment in industries that are viewed as insulated from the overall business cycle, such as healthcare. Real estate is frequently cited as an inflation hedge, so health care real estate, often occupied by credit tenants providing essential services, may benefit from tailwinds as investors seek shelter from current market conditions. Most recently, we have observed a near inversion between interest rates and cap rates favoring participants that are not hamstrung by a reliance on leverage.

As a developer, investor, and manager of health care real estate, Anchor is responding to market conditions by fortifying our balance sheet with ample "dry powder", approaching leverage with caution, and concentrating our efforts around proven operators. "You can't control the direction of the wind, but you can adjust the sails."

RECENT DEVELOPMENT NEWS



Grand Opening TGH Rehabilitation Hospital

Inpatient Rehabilitation Facility
87,649 SF | Tampa, FL

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Grand Opening HonorHealth Total Care

Provider Based Emergency & Urgent Care Facility
12,026 SF | Surprise, AZ

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Grand Opening OU Health & Intuitive Health

Provider-Based FSED & Urgent Care Center
10,865 SF | Oklahoma City, OK

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Construction Commencement Western Reserve Health Center

Multi-Tenant Specialty Care MOB
53,000 SF | Hudson, OH

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Construction Commencement Capital Health Surgical Hospital

Multi-Specialty Hospital Renovation & Expansion
53,220 SF Renovation | 19,000 SF Addition
Langhorne, PA

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Construction Commencement SERA Eye Care Center

Build to Suit Specialty Eye Care Center
15,000 SF | Maryville, TN

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INVESTMENT

Healthcare Real Estate - A Recession Resistant Investment

by Albert Lord, Investment Manager

Last quarter, the Federal Reserve published data showing a 0.6% decline in GDP from the previous quarter. It was the second consecutive quarter with negative growth, which to many is the official definition of a recession. Regardless of the definition, it is clear that we are in a strained economic environment, with the prospect of a severe downturn looming before us. Investors of all asset classes are now wondering how their portfolio will perform in the coming months.

Healthcare real estate is considered to be a recession resistant asset type, which is distinct from recession proof. To be the latter, an asset class would have to be entirely untouched by an economic downturn, which we know is not true of healthcare. Medical real estate will certainly experience some level of challenges during an economic downturn, as it has in the past. The benefit of healthcare is its low beta risk profile, meaning it will withstand recession-type headwinds far better than most other asset classes.

In trying times, the fundamentals become increasingly important. Is your tenant roster filled with credit rated health systems or medical groups with strong balance sheets? Is your building offering critical care to patients in the community? Is your portfolio concentrated in the best markets that are well equipped to withstand a downturn?

To a strong extent, Anchor can answer "Yes" to all of the above questions. And to the extent that opportunities that check those boxes continue to appear, Anchor will pursue them, regardless of what the economic tide looks like.

At the end of the potential downturn, and at the beginning of the next cycle, it is possible that healthcare would be positioned to attract capital at rapid pace once again, mirroring the post-covid torrent of 2021, where records were broken in sales volume, new entrants, valuations, and more. Expect to see the recession resistant qualities of healthcare real estate on full display once again, even as uncertainty abounds in the financial markets.

RECENT INVESTMENT TRANSACTIONS

California



Park Place Medical Center

60,000 SF
Institutional Quality MOB
Vallejo, California
Off-Market Transaction

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Agoura Hills Medical Plaza

50,000 SF
Class A Outpatient Facility
Agoura Hills, California
Off-Market Transaction

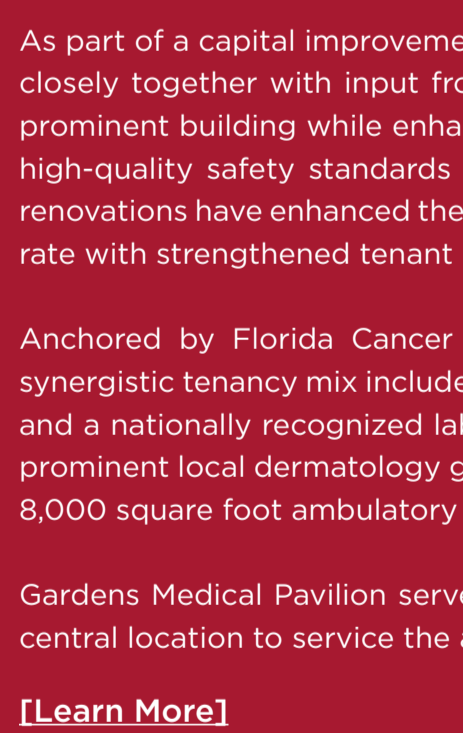
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Westlake Professional Center

30,000 SF
Outpatient MOB
Thousand Oaks, California
Off-Market Transaction

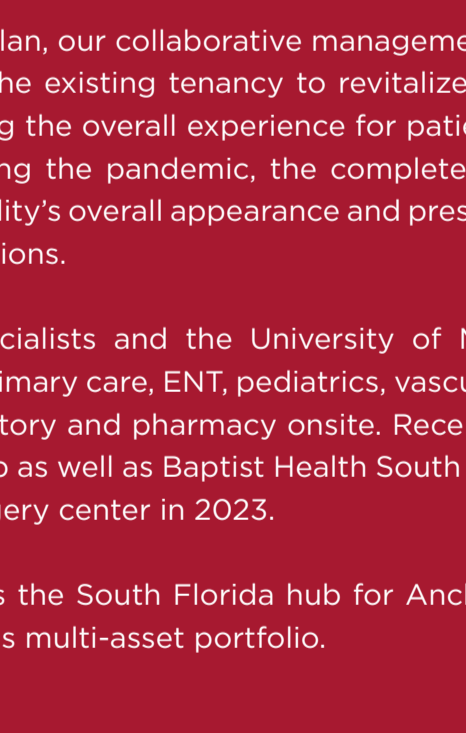
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Beverly Hills MOB

52,000 SF
Class A Outpatient MOB
Beverly Hills, California

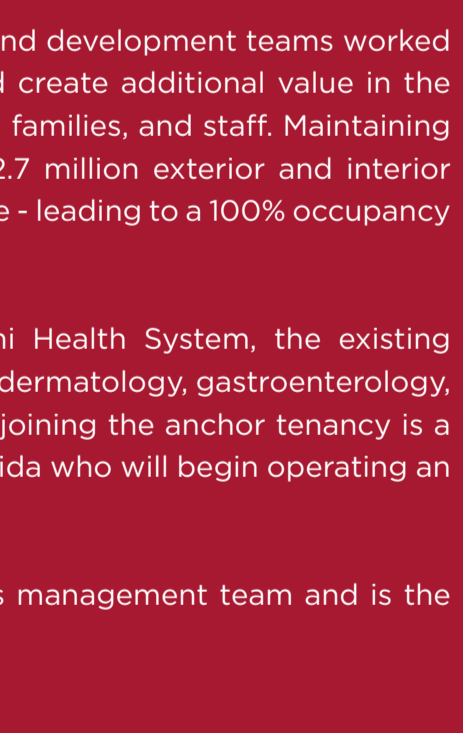
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Santa Monica MOB

55,000 SF
Class A Outpatient Facility
Santa Monica, California

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Woodbridge Square Medical

36,000 SF
Class A Outpatient MOB
Irvine, California

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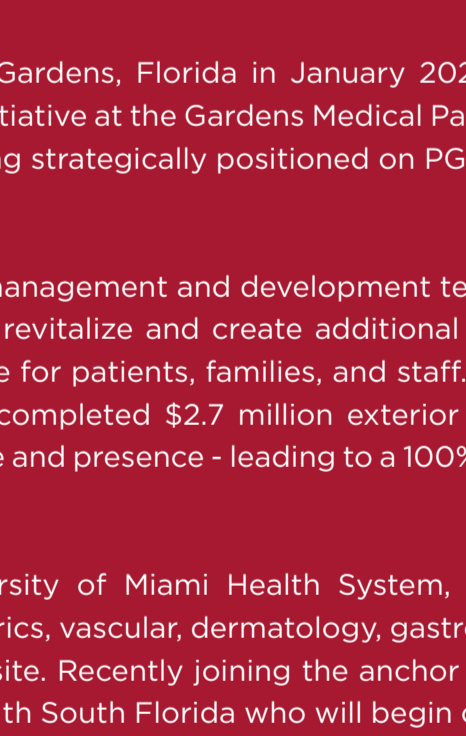
Georgia



Windy Hill MOB

90,000 SF
Outpatient MOB & ASC
Marietta, Georgia

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Dawsonville MOB

35,400 SF
Class A Outpatient MOB
Dawsonville, Georgia
Off-Market Transaction

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Brookside Parkway MOB

82,600 SF
Multi-Tenant Class A MOB
Alpharetta, Georgia

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Piedmont Surgical Specialties

29,000 SF
Class A Surgical MOB
Athens, Georgia

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Illinois



Northwestern Medical Deerfield

16,700 SF
Class A Outpatient MOB
Deerfield, Illinois

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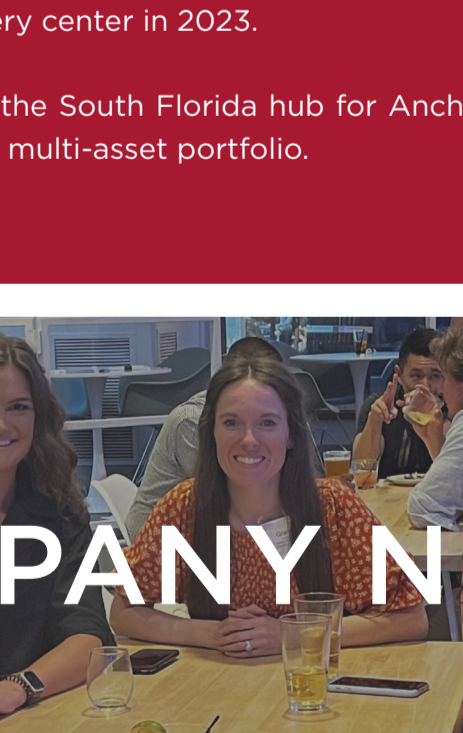


Forsyth Medical Park - Kernersville

36,400 SF
Class A MOB
Kernersville, North Carolina
Off-Market Transaction

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Tennessee



Atrium II Medical Plaza

42,099 SF
Outpatient MOB
Memphis, Tennessee

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MANAGEMENT

Revitalizing Healthcare Real Estate to Build Healthier Communities

by Rebecca Monroe, Vice President, Asset Management and Tammy Moore, Vice President, Property Management

Dedicated to pursuing better healthcare through real estate solutions, our collaborative, integrated team approach begins with understanding the local market and partnering toward an efficient and cost effective outcome. Our three platforms work alongside our tenants and clients to invest in and revitalize healthcare facilities while building healthier communities.

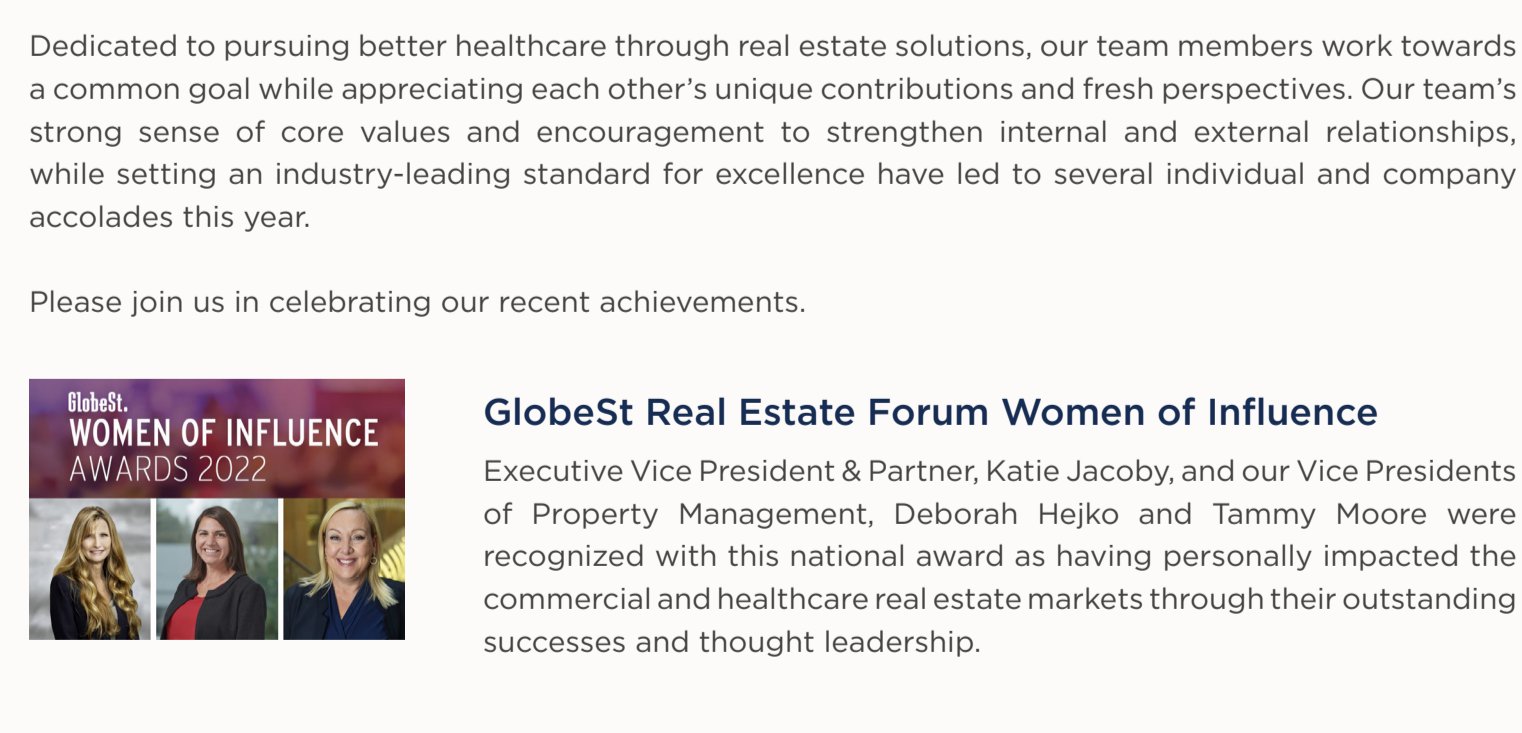
Investing in the high-growth submarket of Palm Beach Gardens, Florida in January 2020, Anchor's management team led a revitalization and repositioning initiative at the Gardens Medical Pavilion, a five-story, 75,000 square foot outpatient medical office building strategically positioned on PGA Boulevard off of the I-95 corridor.

As part of a capital improvement plan, our collaborative management and development teams worked closely together with input from the existing tenancy to revitalize and create additional value in the prominent building while enhancing the overall experience for patients, families, and staff. Maintaining high-quality safety standards during the pandemic, the completed \$2.7 million exterior and interior renovations have enhanced the facility's overall appearance and presence - leading to a 100% occupancy rate with strengthened tenant relations.

Anchored by Florida Cancer Specialists and the University of Miami Health System, the existing synergistic tenancy mix includes primary care, ENT, pediatrics, vascular, dermatology, gastroenterology, and a nationally recognized laboratory and pharmacy onsite. Recently joining the anchor tenancy is a prominent local dermatology group as well as Baptist Health South Florida who will begin operating an 8,000 square foot ambulatory surgery center in 2023.

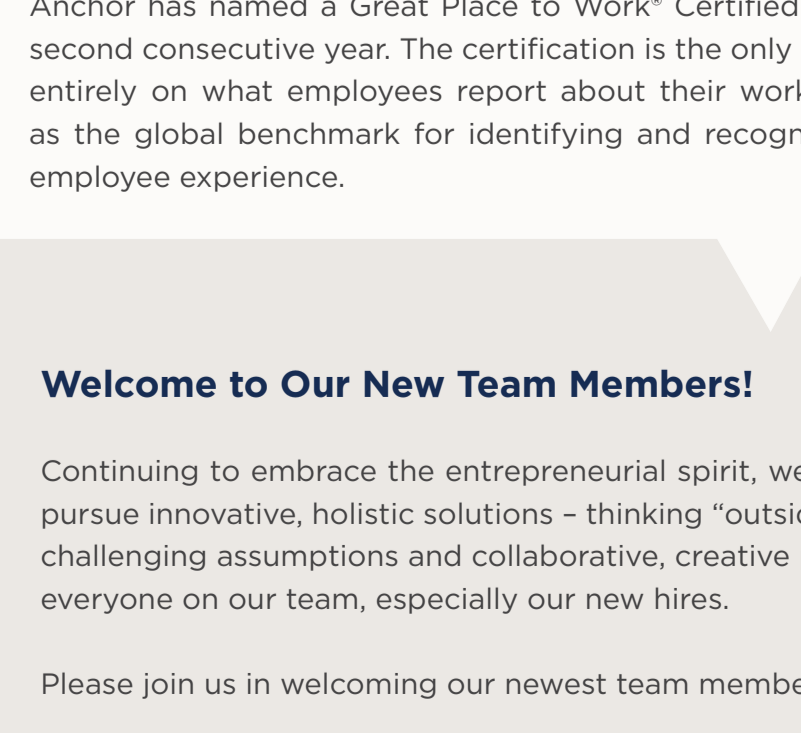
Gardens Medical Pavilion serves as the South Florida hub for Anchor's management team and is the central location to service the area's multi-asset portfolio.

[\[Learn More\]](#)



COMPANY NEWS

Introducing Students to the Dynamic World of Healthcare Real Estate



As healthcare real estate leaders and innovators, we are passionate about our jobs and this commitment shines through in the relationships we forge with each other and those in our communities. Helping students expand the skills and knowledge base needed to reach their full potential, our team members actively participate in mentorship programs.



Sharing insights into their own careers while providing hands-on knowledge to the wide range of career path opportunities available in healthcare real estate, two team members introduced students to the dynamic world of business and business careers.

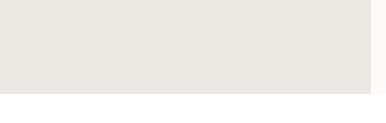
Elaine White, Property Manager, spoke to an energetic student audience during Careers Day at Strawberry Mansion High School in Philadelphia, Pennsylvania.

Mervyn Alphonso, Executive Vice President & Partner, engaged a diverse group of high school students at the Virginia Tech Pamplin College of Business PIP Summer Academy in Blacksburg, Virginia.

And The Award Goes To...

Dedicated to pursuing better healthcare through real estate solutions, our team members work towards a common goal while appreciating each other's unique contributions and fresh perspectives. Our team's strong sense of core values and encouragement to strengthen internal and external relationships, while setting an industry-leading standard for excellence have led to several individual and company accolades this year.

Please join us in celebrating our recent achievements.



GlobeSt Real Estate Forum Women of Influence
Executive Vice President & Partner, Katie Jacoby, and our Vice Presidents of Property Management, Deborah Hejko and Tammy Moore were recognized with this national award as having personally impacted the commercial and healthcare real estate markets through their outstanding successes and thought leadership.

Connect CRE's Next Generation Award
Jon Nelson, Senior Vice President & Partner, and Elliott Sellers, Vice President of Investments & Partner were recognized among the most talented young professionals in the Washington, DC area - rising stars bringing the commercial and healthcare real estate sectors to new heights through their dedication and remarkable achievements.

Kingsley Excellence Award
As a way to gauge and benchmark management satisfaction, optimize retention, and help identify our tenant's priorities and facility improvement opportunities. KingsleySurveys are the industry's most proven and trusted tenant survey program. In 2022, our overall management portfolio exceeded the regional Kingsley Index with thirty-six of our properties nationwide receiving the 2022 Kingsley Excellence Award.

Inc. 5000
For the second consecutive year, we have been named to the Inc. 5000 list, the country's most prestigious ranking of its fastest growing private companies. For four decades, this recognition represents a unique look at the country's most successful private businesses and is a key benchmark for entrepreneurial success.

Inc. Best Workplace
Joining the top companies across the United States who are creating exceptional workplaces and strong company culture, Anchor joins its fellow honorees this year who best represented dedication to "redefining and enriching the workplace in the face of the pandemic."

Great Place to Work
Anchor has named a Great Place to Work® Certified Company for the second consecutive year. The certification is the only recognition based entirely on what employees report about their workplace and serves as the global benchmark for identifying and recognizing outstanding employee experience.

Welcome to Our New Team Members!

Continuing to embrace the entrepreneurial spirit, we encourage our professionals to actively find and pursue innovative, holistic solutions - thinking "outside the medical office box." Guided by a mindset of challenging assumptions and collaborative, creative problem solving, we value the talents and ideas of everyone on our team, especially our new hires.

Please join us in welcoming our newest team members nationwide.

Pursuing Better Healthcare through Real Estate Solutions

ANCHOR HEALTH PROPERTIES

Development
Ian Larson

Management
Boyd Alexander
Carlos Alvarez
Kim Cort
Brooke Doswell
Kayla Gonzalez

Corporate Operations
Lauren Crane
Sarah Craddock
Lindsey Moore
Luke White

Management
Mariangela Maloney
Cyd Marino
Tom McClain
Liz Soria
Laura Youngblood