

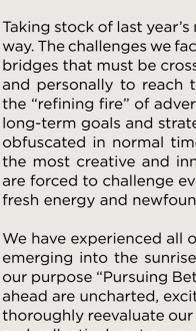
ANCHOR

HEALTH PROPERTIES

GOOD MORNING!

In the life of every organization and during the course of every professional career and personal journey, there are moments that test our resilience, push us beyond our comfort zones, and force us to ask ourselves questions such as “why are we doing this?” and “what are we all about?”

It is during these stressful times – often characterized by darkness and strife – that our true character is assessed, and our purpose is questioned. Will we power through? Do we have what it takes? Is our passion for purpose strong enough to navigate through the stormy seas? As the saying goes, smooth seas don't make a good sailor.



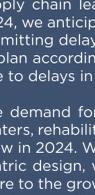
Taking stock of last year's market dynamics, our mettle was tested in almost every way. The challenges we faced in 2023 and even today are not roadblocks but rather bridges that must be crossed through our journey organizationally, professionally and personally to reach the next chapter. I find that it is in difficult times that the “refining fire” of adversity facilitates the opportunity to redefine and reorient long-term goals and strategies with newfound clarity and purpose that are often obscured in normal times. I also believe that those trying moments facilitate the most creative and innovative new ideas - the safety nets are gone and we are forced to challenge every assumption and brainstorm every opportunity with fresh energy and newfound awareness of the significant consequences.

We have experienced all of the above over the course of the last year and we are emerging into the sunrise of a new world of opportunity, driven by passion for our purpose “Pursuing Better Healthcare through Real Estate Solutions.” The seas ahead are uncharted, exciting, and daunting. We have recently asked our team to thoroughly reevaluate our defined objectives, adjust and/or confirm our priorities, and collectively set a new course for growth together. By embracing change and aligning our long-term goals with our purpose, vision, and core values, I am fully confident that we are better positioned today to capture opportunities that lie ahead.

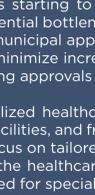
I am reminded of the adage “potential is not about where you begin, it is about how far you can go” and am excited that we are not “there” yet. Join us in celebrating our hard fought wins and embracing the possibilities in the year ahead! Welcome 2024!

Warm Regards,
Ben Ochs

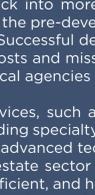
IN THIS ISSUE



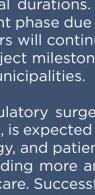
Development



Investment



Management



Company News

DEVELOPMENT

FutureRx: Predictions for Healthcare Real Estate in 2024

By Richard Paddock, Senior Vice President, Development & Partner

2024 promises significant advancements in healthcare real estate with a focus on financial resiliency and creativity, innovative construction approaches, and the expansion of specialized healthcare facilities. Navigating these elements requires a proactive and strategic approach on all fronts. By addressing opportunities head-on and leveraging the expertise of internal and external resources, HRE developers will ultimately be able to bring valuable healthcare facilities to the communities that need them.

On top of everyone's mind across the healthcare real estate industry for 2024 are capital constraints. The cost of debt has sharply increased, labor burden is becoming more expensive, and the cost of everyday consumables is staggering. Health systems are looking for capital solutions that provide favorable accounting treatment while simultaneously allowing for debt preservation strategies. These strategies are often complemented with the ability to maintain flexibility and control over their real estate. Successful developers this year will need to focus on leveraging a network of lenders and capital partners that remain active in the sector.

On a positive note, we see construction costs and supply chain challenges normalizing; however, we expect to experience continued delays with the permitting process. Construction costs are being impacted by a combination of slowdown in new construction starts, concerns over backlog in 2024, and supply chain lead times starting to pull back into more normal durations. In 2024, we anticipate potential bottlenecks at the pre-development phase due to permitting delays and municipal approvals. Successful developers will continue to plan accordingly to minimize increased costs and missed project milestones due to delays in obtaining approvals from local agencies and municipalities.

The demand for specialized healthcare services, such as ambulatory surgery centers, rehabilitation facilities, and freestanding specialty clinics, is expected to grow in 2024. With a focus on tailored care, advanced technology, and patient-centric design, we see the healthcare real estate sector responding more and more to the growing need for specialized, efficient, and holistic care. Successful developers will strike a balance between outpatient and inpatient expertise.

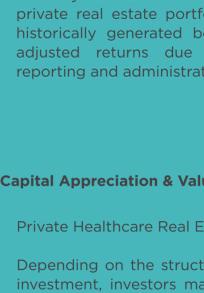
As these trends continue to shape the industry this year, it's critical to consider alignment with an experienced HRE developer to position projects for success. Implementation timelines need to appropriately balance design scheduling, permitting, construction durations, and financing to ensure anticipated timelines are achieved. Anchor Health Properties stands prepared to lean on our experience and expertise in uncertain times to deliver new development projects throughout the year ahead.

RECENT DEVELOPMENT PROJECTS

Construction Commencement HonorHealth Medical Campus at Peoria

Multi-Specialty Medical Outpatient Building
100,000 SF | Peoria, AZ

[\[Read More\]](#)



Grand Opening Specialty Eye Center

Build to Suit Specialty Eye Center
4,896 SF | Crossville, TN

Build Out Completion Ambulatory Surgery Center

Outpatient ASC
8,017 SF | Palm Beach Gardens, FL

[\[Read More\]](#)



INVESTMENT

Private vs. Public Healthcare Real Estate: Unveiling the Benefits of Ownership

By Rob Rumer, Investment Manager

In recent years, the healthcare real estate sector has become an increasingly attractive investment vehicle, drawing attention in both private and public markets. When considering investment options, the choice between owning private healthcare real estate and public healthcare REITs can significantly impact returns and long-term benefits with each offering distinct advantages. Let's explore some of the benefits of each.

Liquidity and Agency Costs

Private Healthcare Real Estate

Asset valuations in the private sector are often relatively lower beta and are not subject to stock market volatility that REITs are. Additionally, private real estate portfolios have historically generated better risk-adjusted returns due to lower reporting and administrative fees.

Public Healthcare Real Estate

Public ownership is the most liquid form of real estate investing. Investors can move in and out of their investment at any time by buying and selling shares leading to easier diversification across multiple public REIT portfolios. In turn, private real estate demands a liquidity premium. There is also substantial capital raising efficiency in accessing public market equity and debt.

Capital Appreciation & Value Creation

Private Healthcare Real Estate

Depending on the structure of the investment, investors may actively engage in value creation strategies to achieve long-term objectives rather than near-term price fluctuation and quarterly earnings. Strategic investments in property enhancements and technology integration can further drive long-term capital appreciation.

Public Healthcare Real Estate

Public REIT investors have limited influence over management, operations, or strategic direction since most are passive shareholders. REIT managers may also be constrained in their ability to implement value creation strategies due to quarterly public market earnings expectations and cost of capital. This can limit the potential for significant capital appreciation.

Accessibility

Private Healthcare Real Estate

Private real estate investments often require a substantial minimum investment, and may be restricted to 'Accredited Investors' as defined by the SEC. Further, capital commitment is often solicited based on relationships and not open to the public.

Public Healthcare Real Estate

Because traded REITs are available for purchase or sale on public stock exchanges they are easily accessible and the minimum investment is often one share.

With a positive outlook for 2024 and current market conditions, Anchor continues to source and execute on investment transactions aligned with strategic criteria in our investment thesis, including location, critical need, attractive demographics, among other key factors. With our ability to tailor deals for income stability, superior risk adjusted returns, and long-term value creation, we are able to selectively grow our portfolio with assets that will be accretive in the long-term.

MANAGEMENT

2024 Asset & Property Management: Balancing Regulations, Trends, and Tenant Needs

By Monrre, Executive Vice President, Property Management & Rebecca Monroe, Senior, Vice President, Asset Management

As we step into 2024, the healthcare landscape is poised for significant transformations driven by technological and governmental regulations, evolving healthcare delivery models, and implementation of sustainable practices. Adapting to these changes, healthcare real estate is at a crossroads of innovation – requiring a forward-thinking approach and prioritizing the dynamic needs of providers and patients. Let's take a look at several healthcare real estate management trends in the coming year and how Anchor is positioned to navigate these changes.

Alterations in the Regulatory Environment

Healthcare is a highly regulated industry, and staying compliant with evolving standards is imperative. In 2024, asset and property managers will need to stay agile to navigate changes in healthcare regulations and reimbursements, safety standards, and the fluctuating capital markets affecting interest and rental rates.

Creative lease terms and flexible lease agreements, amortization of tenant improvement allowances in rental rates, and addressing the minimum wage increase in many states are ways Anchor's management platform is ensuring operational efficiency and financial sustainability as changes in the economic landscape can affect provider business plans.

Collaborative Spaces for Multi-Disciplinary Care

The trend towards multi-disciplinary care will drive the creation of collaborative and turnkey spaces within healthcare facilities. Asset and property managers will help design spaces that facilitate communication and cooperation among various healthcare professionals, fostering a team-based approach to patient care.

Encouraging a diverse and complementary tenant ecosystem, Anchor's management platform has piloted speculative buildouts, creating turnkey suites within facilities across the company's portfolio. By providing clean and functional workplaces that incorporate adaptable spaces and advanced technology, providers can maximize efficiency while creating a more streamlined and integrated experience for patients.

Adoption of Sustainable Practices

Sustainability will play a more prominent role in healthcare real estate management. Developers and managers will emphasize eco-friendly construction materials, energy-efficient designs, and waste reduction strategies to ultimately optimize operational efficiencies, realize cost savings, and improve facility performance.

In support of this, Anchor's management team has implemented several sustainable practices supporting on-going ESG initiatives across its portfolio, including LED retrofits, and light sensors to help mitigate increasing energy consumption and reduce expenses, recycling, and waste minimization, as well as creating economies of scale resulting in a reduction of redundant services and promotion of responsible resource management.

RECENT REGIONAL SUMMITS



Northeastern
Regional Summit



Southeastern
Regional Summit



West Coast
Regional Summit

Fostering a collaborative environment where innovation and creativity thrives, team members gathered to share best practices, lessons learned, and valuable industry insights, encouraging each other to “think outside the medical office box” as we pursue better healthcare through real estate solutions.

COMPANY NEWS

OUR ANNUAL REPORT IS HERE!



Reflecting on a year filled with resiliency and adaptability, we are excited to announce the release of our inaugural annual report. Bringing to life our company milestones, key projects and transactions, and the impact of our initiatives on the communities we serve, this report highlights the innovation, creativity, and industry leading ownership mentality that defined our year. Thank you to everyone who played a role in making these achievements possible.

HAPPY RETIREMENT!

Extending our deepest gratitude for nine years of dedicated service and countless contributions, we wish a fond farewell to Mike Dossett, our Senior Vice President and Partner, as he begins a new chapter in his life and retires from our company.

Throughout his tenure, Mike played a significant role in helping us grow into the company we are today. From serving as a real estate advisor to fostering a collaborative and inclusive work culture, Mike's thoughtfulness, positivity, and depth of expertise touched the lives of many, leaving a lasting impression on the healthcare real estate industry.

Please join us in congratulating Mike on his well deserved retirement and celebrating the many accomplishments, milestones, and memories created together.



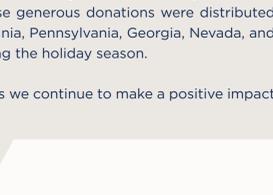
Mike Dossett
Senior Vice President, and Partner



11TH ANNUAL HREI INSIGHTS AWARDS FINALISTS

We had several projects that were selected as finalists in the 11th Annual Healthcare Real Estate Insights (HREI) Insights Awards program, the first and only comprehensive national awards program dedicated to recognizing the best in healthcare real estate.

Recognized for excellence in healthcare real estate development and executive leadership, nominations include, HonorHealth Complete Care - Paradise Valley in Scottsdale, Arizona in the Best New MOB & Other Outpatient Facilities (less than 25,000 SF) category, Bayhealth Total Care in Milford, Delaware in the Best New MOB & Other Outpatient Facilities (25,000 - 49,999 SF) category, and Anchor's Chief Executive Officer and Managing Partner, Ben Ochs, as Healthcare Real Estate Executive of the Year.



SUPPORTING OUR COMMUNITIES



Dedicated to creating value in and giving back to the communities where we live and work, our Employee Engagement Committee organized a company-wide food drive that collected over 400 items. These generous donations were distributed to local food banks across California, Virginia, Pennsylvania, Georgia, Nevada, and Tennessee, supporting those in need during the holiday season.

Thank you to everyone who participates as we continue to make a positive impact in our communities.

Welcome to Our New Team Members!

Continuing to embrace the entrepreneurial spirit, we encourage our professionals to actively find and pursue innovative, and 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.

Victoria Silva
Property Management Intern

Jack Tenney
RE Analyst Intern

Barry Travis
Developer Director

Tiffany Vu
Accounting Intern

I joined the Anchor team!
#WeAreAHP

Pursuing Better Healthcare through Real Estate Solutions