

### GOOD MORNING!

As we look back at 2022, the impact of time is fascinating to observe. It is startling to notice both how slowly some things can progress and then just how quickly other things can occur. This principle applies to capital markets as well; a stock can trade within a defined range for a consistent and lengthy period of time and then seemingly overnight, there is an abrupt shift in pricing. And if you are like me, it likely means that you missed out on favorable timing!

I have personally observed this principle of time with interest rates as well. In 2005, my wife and I were seeking to purchase our first home. In the run-up to the purchase, I hypothesized that there was an overheated housing market driven by lower interest rates. I was convinced that our home purchase timing would be perfect as rates were starting to creep up and surely a deal was headed our way. Unfortunately, I was wrong and we did not benefit from a market correction in 2005 (with it ultimately occurring in 2007-2008). I learned through this experience that even though a thesis may have merit, it is challenging to time the market. It is with this learning in mind, as well as a quote attributed to economist John Maynard Keynes, "the markets can stay irrational longer than you can stay solvent," that we have sought to build Anchor in such a manner that our business is not dependent on timing the market. We accomplish this by ensuring we are well-diversified in service lines and product offerings, building capital relationships with long-term and open-ended capital and a variety of strategies. This approach has served us well as we have observed significant growth over the last several years.

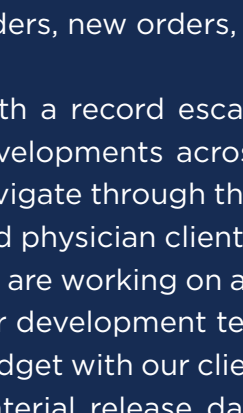
In 2022 we observed seismic shifts in the market, seemingly overnight. We started the year with certain plans and expectations, many of which changed - and did so quickly. Though capital markets have been challenging, we have continued to remain diligent and disciplined in our execution and have had a number of wins throughout the year. In addition to several updates you can read about below, we are pleased to share that in mid-September we accepted a minority investment in our operating company from affiliates of Stepstone Real Estate and one of their separately managed accounts.

Like the majority of capital that Anchor invests in healthcare real estate, the Stepstone affiliated investment is long term and well aligned with Anchor's goals and objectives for our future growth trajectory. Anchor remains majority owned and controlled by its employees, which was a key consideration as we contemplated accepting such an investment in the operating company. Combined with the volatility of today's markets, the timing worked out well and allows us to continue to lead from a position of strength in times of uncertainty, especially when significant changes occur seemingly overnight. We are grateful for Stepstone's partnership, which enhanced our balance sheet strength, facilitated growth capital for our operations, and enabled the continued maintenance and growth of our investment partnerships with best-in-class real estate investors across the country while we continue "pursuing better healthcare through real estate solutions on behalf of our clients."

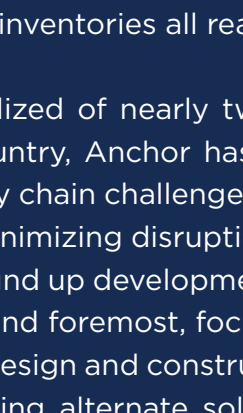
Yours truly,

*Ben Ochs*

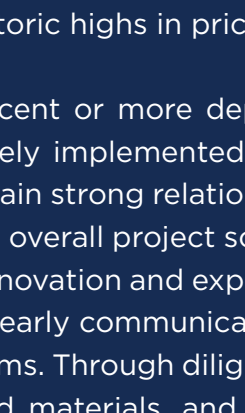
### IN THIS ISSUE



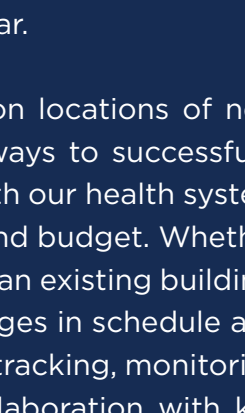
Development



Investment



Management



Company News

## DEVELOPMENT

### Developing in Difficult Market Conditions – Escalation and Supply Chain Demands

By Sean Miller, Vice President of Development

As we continue to experience on-going rising escalation and inflation, the increased demand and under supply for construction needs coupled with this significant price escalation has put a strain on project delivery. The latest data on construction materials and supplies suggest continuing challenges to supply chain and manufacturing of materials and equipment facing the construction industry with unfilled orders, new orders, and total inventories all reaching historic highs in prices this year.

With a record escalation realized of nearly twenty percent or more depending on locations of new developments across the country, Anchor has proactively implemented several ways to successfully navigate through these supply chain challenges to maintain strong relationships with our health system and physician clients while minimizing disruptions to the overall project schedule and budget. Whether we are working on a new ground up development or a renovation and expansion to an existing building, our development team, first and foremost, focuses on clearly communicating changes in schedule and budget with our clients, and design and construction teams. Through diligent price tracking, monitoring material release dates, sourcing alternate solutions and materials, and close collaboration with key stakeholders, our trade partners, and Authorities of Jurisdiction, we are able to effectively and efficiently respond to unexpected challenges and ultimately deliver dynamic healthcare facilities.

For as many hurdles as the current development environment has produced, there are just as many opportunities for our team to be collaborative, transparent, and innovative. By assembling a strong team and planning ahead in the early stages of a project, we are able to creatively develop tailored solutions that achieve the vision of our client while delivering a patient- and community-centric facility that responds to the ever-changing healthcare landscape.

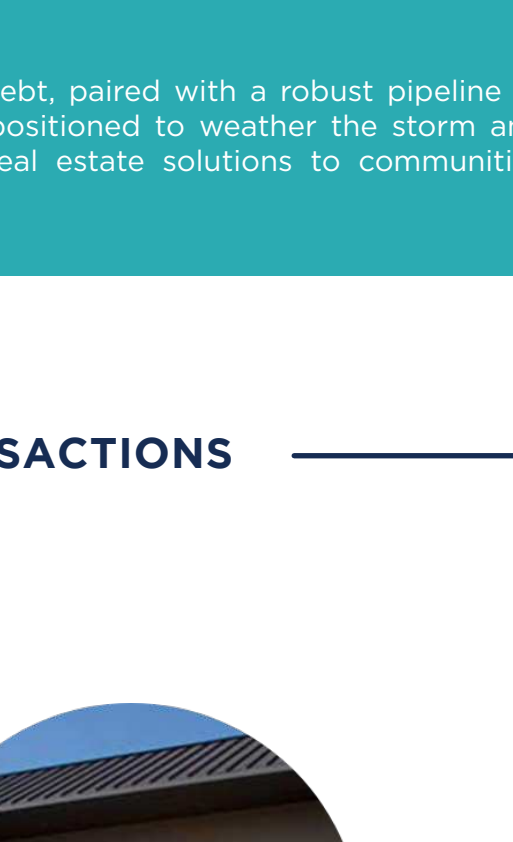
### RECENT DEVELOPMENT NEWS



#### Construction Commencement Jefferson Regional Specialty Hospital

Multi-Specialty Inpatient  
Rehabilitation & Behavioral Health Hospital  
85,000 SF | 76-Bed | White Hall, Arkansas

[\[Read More\]](#)



#### Grand Opening MetroHealth Behavioral Health Hospital

Inpatient Behavioral Health Facility  
100,000 SF | 112-Bed | Cleveland Heights, Ohio

[\[Read More\]](#)

## INVESTMENT

### Investing and Financing During Periods of Economic Turmoil

by Andrew Antognoli, Investment Associate

Just a year ago, if you were to ask each and every investor across the economic spectrum about the state of the market at the end of 2022, they would respond with a completely different story than the one we are witnessing today. The uncertainty of when the Fed halts rate hikes is creating market volatility, which forces many previously active investors to stay on the sidelines until there is much less perceived choppiness in the future of the market.

Arguably the most critical component for strong capital markets activity is the accessibility of debt. Many of the largest money center, balance sheet lending banks have received guidance from the Fed to halt most, if not all, new originations. Most leveraged buyers, even in strong asset classes like healthcare, who depended solely on these large national lenders, are forced to either be completely out of the market or to finance deals with a significantly higher cost of debt.

A few select firms, such as Anchor, have been able to successfully navigate the volatile debt markets by both leaning on existing relationships and garnering new ones with local and regional lenders, as well as working with debt funds for special projects as needed. Whether it is pitching and executing on programmatic debt facilities with regional lenders who haven't done so before or working with tenants to introduce local lenders they use for operating purposes to secure financing on the real estate when others couldn't, Anchor's ability in being creative across the capital stack turns what many consider as a challenging market into an opportunistic one.

Equipped with a diverse range of capital of both equity and debt, paired with a robust pipeline of opportunities across our integrated platforms, Anchor is well-positioned to weather the storm and continue its pursuit of providing better healthcare through real estate solutions to communities nationwide.

### RECENT INVESTMENT TRANSACTIONS

#### California



##### Chula Vista, CA

9,500 SF  
Class A Outpatient MOB

Off-Market Transaction

[\[Read More\]](#)



##### Menlo Park, CA

44,719 SF  
Class A MOB

Off-Market Transaction

[\[Read More\]](#)

#### Florida



##### Delray Beach, FL

31,886 SF  
Class A MOB

Off-Market Transaction

[\[Read More\]](#)

#### Massachusetts



##### Braintree, MA

47,000 SF  
Institutional Quality MOB

Off-Market Transaction

[\[Read More\]](#)

#### Pennsylvania



##### Quakertown, PA

32,891 SF  
Two MOB Portfolio

Off-Market Transaction

[\[Read More\]](#)

## MANAGEMENT

### Strategic Collaboration Led to Successful \$1 Billion in Debt and Equity Recapitalization

by Jon Nelson, Senior Vice President, Development & Asset Management & Partner

As one of the country's leading full-service healthcare real estate firms, we understand the intricacies of maximizing an asset's value for the many stakeholders we manage for - from the health systems and providers that provide care from the properties we own and manage to the patients receiving care, to the capital partners and investors seeking a predictable investment. After experiencing significant growth over the past year and realizing our broader portfolio's robust performance and unique positioning, our management team led a substantial and cross-collaborative \$1b recapitalization effort, including 55 assets and nearly three million square feet. By refinancing debt and attracting new capital partners with longer-term investment horizons, we took nearly all debt maturity risk off the table for the coming years, allowing us to focus on improving each asset's quality without significant capital or timing constraints or concerns while adding strategic interest rate hedges where necessary.

The collaboration and integration of our platforms support this long-term, synergistic approach. Leveraging our collective experience and resources, the company-wide effort included support from asset and property managers, our financial and legal team, and members of the development platform to provide input on budgets and capital planning to improve the physical characteristics of the facilities further.

Given the success of this broad recapitalization and debt hedging initiative, as we enter the next economic cycle, our management team will continue to focus on maintaining and improving our stabilized portfolio's quality and unique characteristics, mindful of, and better positioned to navigate, the threat of a recession or economic turmoil. Addressing practical financing and capital needs, we can instead concentrate on delivering tailored, innovative healthcare real estate solutions. Guided by our purpose statement - Pursuing Better Healthcare through Real Estate Solutions - and defined by our core values, we can confidently look ahead to create a better healthcare experience for patients.

## COMPANY NEWS

### StepStone Real Estate Makes Significant Investment

We are pleased to announce StepStone Real Estate has made a significant strategic equity investment in our operating platform. The investment supports Anchor's planned future growth as we continue to pursue better healthcare through real estate solutions across our three major service lines.

As we continue to expand our development, management, and investments reach and capabilities, we are looking forward to collaborating with StepStone Real Estate on dynamic approaches to achieving our growth objectives.

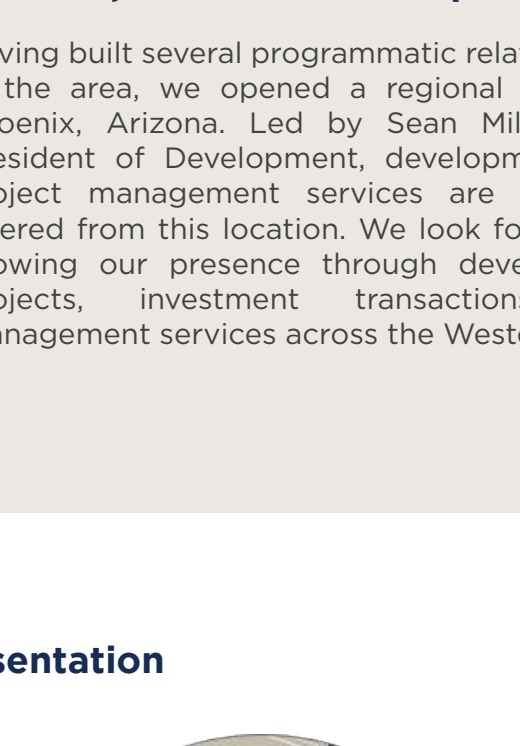
[\[Read More\]](#)

### New HQ location at 402 Park in Charlottesville

We are excited to announce the opening of our additional location in Charlottesville, Virginia. Our continued investment and subsequent renovation of the old SunTrust Bank branch at 402 Park essentially creates a campus headquarters for us in the downtown area.

Leaning on our in-house development and property management expertise as well as our local relationships, our new building has undergone major interior renovations to modernize the space to fit our needs while maintaining the unique character of the building - including repurposing the bank vault.

We are looking forward to making great memories (and healthcare spaces) in our new office.



### Phoenix, Arizona Office Opening

Having built several programmatic relationships in the area, we opened a regional office in Phoenix, Arizona. Led by Sean Miller, Vice President of Development, development and project management services are primarily offered from this location. We look forward to growing our presence through development projects, investment transactions, and management services across the Western US.

### Rowan University Real Estate Group Presentation

As healthcare real estate leaders and innovators, we are committed to mentorship and helping others expand their skills and knowledge base to reach their full potential. In support of this, team members from the Media, Pennsylvania office recently presented to the Rowan Real Estate Group at Rowan University.

Jill Higgins, Albert Lord, Ana Lord, and Stacy Selznick provided insights regarding their careers and introduced the students to the wide range of career path opportunities available in healthcare real estate, including asset and property management, development, and investments.



### Welcome to Our New Team Members!

Continuing to embrace the entrepreneurial spirit, we encourage our professionals to discover and pursue innovative, holistic solutions actively - 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.



**Development**  
Cullen Flake

**Management**  
Harold Loveless