THE PATHFINDER REPORT

March 2021

IN THIS ISSUE

2 **CHARTING THE COURSE**
Ten Lessons from the Pandemic

5 **FINDING YOUR PATH**
The Importance of Relationships

7 **GUEST FEATURE**
The Death of the City?

9 **ZEITGEIST: NEWS HIGHLIGHTS**

11 **TRAILBLAZING**
The Station, Littleton, CO

13 **NOTABLES AND QUOTABLES**
Adaptation

PATHFINDER PARTNERS INCOME FUND, L.P.

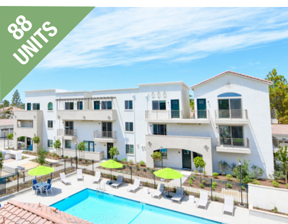
A Stabilized Multifamily Fund

$84,000,000+

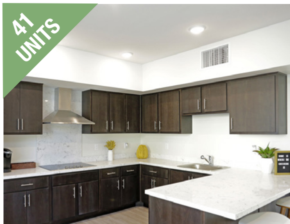
IN COMMITMENTS TO DATE

Echo Ridge at North Hills
Denver, CO

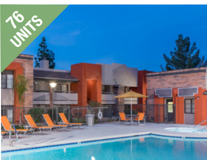
Highlands at Red Hawk Apartments
Denver, CO



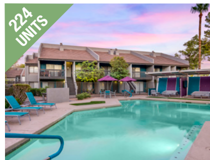
Breeze Hill Apartments
San Diego, CA



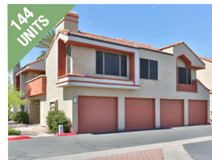
Vista Creekside Apartments
San Diego, CA



Aria Apartments
Phoenix, AZ



Maddox Apartments
Phoenix, AZ



Talavera Apartments
Phoenix, AZ

PATHFINDER INCOME FUND REMAINS OPEN TO NEW INVESTORS

ANY OFFERS TO BUY SECURITIES WILL BE MADE ONLY PURSUANT TO A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, WHICH WILL DESCRIBE IN DETAIL THE SECURITIES, INVESTMENT STRATEGY, AND RELATED RISKS.

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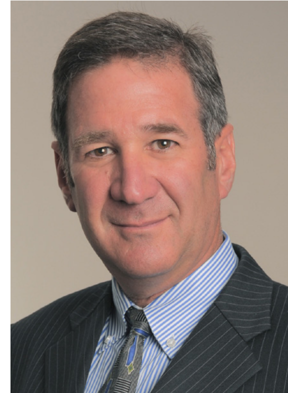
CHARTING THE COURSE

Ten Lessons from the Pandemic

By Mitch Siegler, Senior Managing Director



It has been a topsy-turvy year. Last March, we held our annual investor meeting and ten days later, our nation went into lockdown.

It has also been an extraordinary year of learnings. We learned that our multifamily business and the markets where we operate – which we always thought of as resilient – *may be even more resilient than we thought*. And while we knew we had a terrific team at Pathfinder and great technology, systems and processes, it's been amazing to watch how the team pulled together, shared information, documents and spreadsheets, worked from home, held Zoom meetings and oversaw nearly 40 properties and 3,000 apartments and basically reinvented elements of our business from top to bottom.

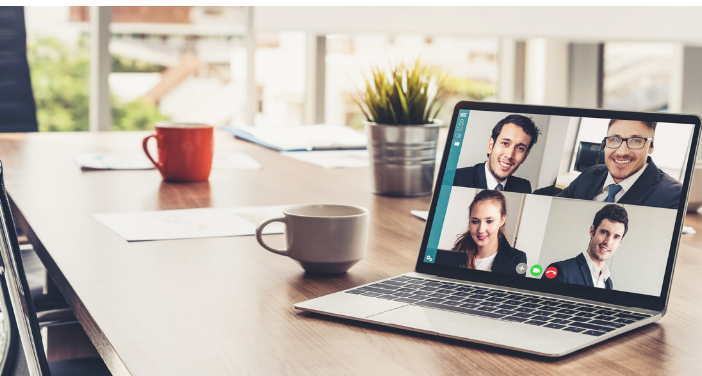
That is another learning – *yesterday's ways of doing things may not serve us well tomorrow.* Pathfinder has long had disaster recovery plans in place and robust file-sharing and cloud computing systems, which served us well when we went from the office to working from home on March 13. My partner, Brent Rivard's mantra – *"act quickly but decide slowly"* has become a rubric for decision-making. Last January, we read the tea leaves and purchased facemasks for our team and their family members. Last March 13, we closed our office, assembled our Crisis Response Team, and began reimagining many elements of our business.

"Act quickly but decide slowly" has framed much of how we have operated. We immediately understood that *some of the old metrics needed to be updated* – like property occupancy rates were not nearly as important as actual rent collections. So, we created tools for tracking collections and incentivizing the leasing staff to collect rent on time and at maximum levels. We also needed to be able to understand our *"margin of safety"* – how far could collections fall with us still being able to pay all property and fund expenses and make mortgage payments? We developed a tool – Sustainable Economic Vacancy – to help us understand and manage to this margin of safety.

We managed Sustainable Economic Vacancy or SEV with a massive spreadsheet we created in 72 hours to track actual rent collections and compare this to operating expenses and debt service payments for each property, each fund, and the overall portfolio. SEV showed us that we had a substantial margin of safety – 20%-30% for four out of five properties. SEV also highlighted that 20% of our properties had a smaller margin of safety – 10%-15% – and if we suffered a dramatic falloff in collections at those properties, we could have a shortfall with respect to operating expenses or, worse, mortgage payments.

Now, some of these properties had cash cushions and most underlying funds had further cash cushions. We thought we were going to be okay, but nobody knew what tomorrow would bring a year ago – with the entire country locked down, tens of millions of Americans out of work and the stock market in free fall. So, we wanted both a belt and suspenders and reached out to our primary lender to lay the groundwork for interest-only payments, if needed, on a handful of the property loans. *It is always better to overcommunicate* – lenders appreciate hearing about potential issues early. While we did not need to pull this lever, it was good to know we could if necessary.

Excellent communication is always essential. We have always prioritized strong communication with our team and with our investors. But, *in times of crisis, the frequency and depth of communication really needs to be increased.* Here are a few ways we thought about internal and external communication a year ago.



When a team is physically together, the opportunities for communication are constant. You can gather in the conference room for a scheduled meeting, convene an impromptu meeting or even work through a problem for ten minutes at the water cooler. When people are working from home, the natural fabric of an organization can break down.

And it is complicated with a portfolio of 40 properties in six different cities with several property managers, scores of leasing agents and a dozen contractors and sub-contractors working at the properties at any time. Our Asset Management team held daily calls or Zoom meetings, generally multiple meetings each day. Members of this team engaged with each property manager and leasing manager and developed tools for having real-time visibility on rent collections at each property and overall – this all fed into a massive portfolio rent collections spreadsheet that they built and that they maintain still. Our Crisis Response Team spoke daily for several months, then three times/week, then twice/week.

And we took a similar approach to communicating with our investors. We issued a series of seven five to ten-page Special Communications to Pathfinder investors last year in addition to our regular quarterly updates for each Fund/property syndication. We felt additional communication was important because nature abhors a vacuum and it is natural for people to have anxiety in the absence of good, clear information.

A year ago, it seemed like "The Pandemic Would Change Everything". Covid cases were exploding. The stock market was in free fall. Most offices, stores, restaurants, and schools closed, and many remain closed a year later. Tens of millions of Americans shifted to working from home. Nobody knew how safe it was to visit a grocery store so many people shifted to having groceries delivered. New Federal, state, and local regulations prohibiting eviction moratoriums – our primary tool to enforce rent collections – were being issued every week.

What did this mean for our investors? We wanted to tell our investors what we were seeing and share with them how we were thinking about everything to help provide confidence that our business was strong, our team was on it and their Pathfinder investments were secure and in good hands. Many investors have told us that these communications provided some of the best information they received last year and gave them confidence not only about their Pathfinder investments but about how to position their overall portfolios, how to think about the future of travel, office work, transportation and

more. Most importantly, people told us the information inspired them that we needed to be patient and cautious and that we could get through this challenge and to the other side together.

It is said that in crises, *weak companies may fail, decent companies may flounder, and great companies may become stronger.* Pathfinder has been very fortunate. We received hundreds of calls and emails from investors who were amazed that we have been able to collect 97%-98% of the rents, boost portfolio occupancy from about 93% last March to 98% today and continue to renovate apartments and generate substantial rent premiums on renovated units.

And we didn't just survive, we thrived. Last spring, we launched Pathfinder Income Fund with five properties in Phoenix and San Diego from legacy Pathfinder funds and acquired a sixth property last fall in Denver. The Income Fund received more than $20 million in new investments in its January 2021 closing and will be closing on two more property acquisitions in the next two months in Denver. Last year, we also launched Pathfinder Opportunity Fund VIII to take advantage of multifamily distress precipitated by the pandemic – we received $50 million in commitments, closed our first acquisition, in Portland, this month and have several other potential acquisitions in the queue. Multifamily is a healthy real estate food group and likely won't suffer nearly as much as hospitality, retail or office. But, if opportunities in this sector present themselves in our target markets, we will likely find our share.

Of course, we had no idea that a pandemic was coming. But the last real estate up-cycle began in 2009 and after a decade, we suspected the cycle could turn. *Trees don't grow to the sky*. That's why we began preparing many years ago to prune our portfolio of all but multifamily assets. During the past five years, we have sold retail centers, office buildings, a hotel, land, condos – prior to the pandemic, 95% of our portfolio was apartments and it is nearly 100% today. We were fortunate to enter the pandemic in a strong position, with solid properties in excellent markets. Our Class-B suburban properties in mid-tier cities may have benefited from an exodus from gateway cities to these mid-tier cities and from urban areas to the suburbs. The rents on our properties represent a good value for residents. We are also fortunate to have a great team at Pathfinder and a very supportive group of investors. We are certainly grateful for that! Gratitude – another very important lesson from the past year.

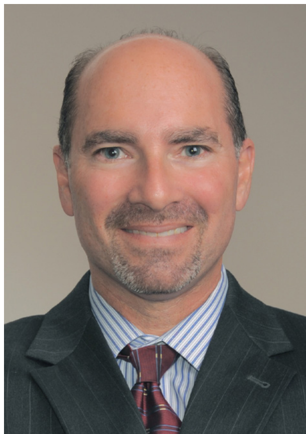
As we approach Spring, there is a greater sense of optimism about vaccinations/impending herd immunity, learning to live with the virus and a rebounding economy. Let's all be careful out there and continue to look forward to more sunshine and better days ahead.

Mitch Siegler is Senior Managing Director of Pathfinder Partners. Prior to co-founding Pathfinder in 2006, Mitch founded and served as CEO of several companies and was a partner with an investment banking and venture capital firm. He can be reached at msiegler@pathfinderfunds.com.

FINDING YOUR PATH

The Importance of Relationships

By Lorne Polger, Senior Managing Director



"Where are you guys finding deals these days?"

"Boy, it's a competitive landscape out there, how are you still finding things to buy?"

"How do you win the day on a deal and feel that you are not overpaying?"

Good questions all. Those and similar ones have been posed to us by our investors on a regular basis since we started our company back in 2006.

If you asked me those questions ten or 15 years ago, my answer would be quite like my response today. Relationships account for much of our deal flow.

When we started Pathfinder in 2006, I had a long history of work with lawyers, investors, lenders, bankruptcy trustees, real estate brokers, title insurance executives, receivers, and other influencers. When we started looking for distressed deals back then, I pulled on those relationships to source deals. It was not easy at that time. Most lenders were in complete denial over the extensive problems in their portfolios. And the regulators at that time were quite lax in their oversight, so the banks were not feeling the pressure to sell or mark to market any troubled loans (boy did that ever change a few years later).

But the landscape evolved. During our period of distressed asset buying from 2006-2012, many deals came to us through a casual "catch up" phone call or lunch with an old acquaintance ("if that is what you are looking for, I may have an interesting deal for you"), a dinner that we hosted at a conference, a referral from an investor or someone that we worked with, a person who was on our newsletter distribution list, a broker that Scot or Brent worked with in their prior work lives, someone who may have heard Mitch or me speak at a conference, or even from someone who read about us in an article where we were quoted.

Mitch and I had (and have) similar philosophies when it came to general business principles. First and foremost, treat people with respect. Don't step over a dollar to save a nickel. Create alignment of interests. Be opportunistic, but don't swing for the fences. Do what you say and say what you mean. Stay disciplined and focused. And value relationships.

All of those came into play over the years as our business grew. We've bought more than 125 commercial properties since 2006 (mostly apartment projects – plus around 125 single-family homes we purchased in San Diego through our Raintree program from 2009-2012). I shake my head at those numbers sometimes.

Over time, more equity capital has come into the market. The level of competition has increased. It has become harder to win deals. The importance of relationships has increased.

Deals were not necessarily won because we had money in the bank or an outstanding track record. We did, but so did many others. Moreover, deals were not necessarily won because you were willing to offer the highest price. That was the case sometimes, but not always. Often, we got the nod because of relationship intangibles. We built a positive reputation in the business community by operating with integrity and following the business principles outlined above. We followed through on our commitments. We were "good guys", heavily active in the community (both philanthropically and with our time). Influencers knew that we would perform on our commitments, honor agreements, pay commissions and make everyone look good.

We've stayed in regular touch with our relationships through personal contact, our newsletters, investor reports, and speaking engagements. We attend conferences to both learn and engage. We pick people's brains, and perhaps as importantly, allow people to pick ours. We mentor others and are still in regular touch with those who mentored us.

Today, as we seek investments for Pathfinder Partners Opportunity Fund VIII and Pathfinder Income Fund, we find that the level of competition has increased again,

and as a result, the importance of our relationships is more meaningful than ever. Last month, we won a deal for the Income Fund, in part, because of a 40-year relationship that I had with the seller. We won a deal for Fund VIII last month, in part, because of the strength of our reputation in the brokerage community. We continue to field calls from relationships relating to off-market opportunities for both funds. And we remain fully engaged with our relationships across the board through calls, Zoom meetings, webinars, and this newsletter. We hope that later this year, we will be able to safely return to enjoying more personal relationships over a meal or a glass of wine.

I've learned many lessons from various real estate mentors over the years. But among the most valuable was never burning a bridge (i.e., ruining a relationship). My mentor during my legal career told me to negotiate hard, but close harder; make everyone feel like a winner at the end and you will endear yourself to your clients/investors/business partners/counterparties for the long term. Perhaps that is why I started my career in transaction law instead of litigation. My personality fit better with a win-win dynamic, as opposed to a win-lose one.

In some respects, the more things change, the more things stay the same. Relationships are as important as ever. And deep relationships are incredibly valuable. We treat them as such. It has allowed for our steady growth over the last 15 years, and we believe it will enable our continued growth for the next 15 years.

For our many friends, business partners, investors and influencers reading this: Thank you – we value our relationship with you!

Lorne Polger is Senior Managing Director of Pathfinder Partners. Prior to co-founding Pathfinder in 2006, Lorne was a partner with a leading San Diego law firm, where he headed the Real Estate, Land Use and Environmental Law group. Reach him at lpolger@pathfinderfunds.com.

GUEST FEATURE

The Death of the City?

By Scot Eisendrath, Managing Director

Pre-pandemic, the urban core of our cities was all the rage and the place to be. That is where the cool people hung out. If you did not live there, you may have been going there on nights or weekends for business functions, to see a play or concert, or enjoy a new restaurant. There was nightlife, bars, restaurants, shopping, entertainment, arts and culture, not to mention the proximity to major employers and all the small businesses and ancillary services that support them. The combination created an attraction and buzz that enticed those young and old.

Millennials found the attributes of these areas so appealing that they would push off age-old life milestones such as marriage, having children and buying their first home. Recent college graduates aspired to live in the dense urban core submarkets even if it was a challenge to afford the nose-bleed rents. Many would sacrifice to make it affordable, doubling or tripling up with roommates, foregoing luxuries found in larger apartments in the suburbs, like open spaces, and common area amenities, such as a pool, clubhouse or fitness center. Forget conveniently parking your own car, that could run you an extra $200 to $300 per month, or more.

It was not that uncommon for Baby Boomers to sell their suburban homes and rent or buy a residence closer to the entertainment and cultural attractions that the cities offered. Residential developers tried to meet the off-the-chart demand by building higher-end, luxury product with astronomical rents. These class-A properties were the only type that could "pencil" as economically feasible in an environment with skyrocketing land prices and building material costs, not to mention long and costly entitlement processes and regulations in NIMBYism (not in my backyard) areas.

Then came the pandemic in the spring of 2020, followed by an ugly summer and fall filled with social and political fallout. The epicenters of these crises were found in urban areas around the country. As bars, restaurants and small business were shut down, and the work from home phenomenon took hold, many people were rethinking their attraction to inner city areas and what brought them there in the first place. Avoiding density and things such as crowded offices, elevators and mass transit became a priority, as opposed to placing a premium on being close to the office and being able to walk to nearby restaurants and bars. In response, many flocked to the suburbs for cheaper housing and more space. Others chose the opportunity to relocate to smaller, secondary, or tertiary cities, or even resort towns.

As residents fled, many urban submarkets in dense cities became the hardest hit multifamily segment due to the pandemic. The mass exodus from cities is showing up in key apartment market metrics. According to a recent CBRE report, in 2020, rents in urban submarkets declined 12.1% year-over-year, and vacancy increased 190 basis points from 4.2% to 6.1%, while in suburban submarkets rents were generally flat year-over-year and vacancy held steady at 4.2%. While those are the averages, some urban markets have been decimated – such as San Francisco, where rents have dropped 25.5% and vacancy has risen 630 basis points, from 4.4% to 10.7%. In these hard-hit areas, as owners battle for occupancy, it is not uncommon for landlords to be offering two, three, maybe even four months free rent on a 12-month lease as a concession to attract or retain residents. As property revenues declined precipitously, transaction activity also fell, as the bid/ask gap between buyers and sellers widened. The lack of liquidity is an issue for those without staying power and facing other financial pressures, such as a looming debt maturity.

U.S. Urban-Suburban Performance

Fourth Quarter 2020

	All	Urban	Suburban
Effective Rent ($)	$1,668	$2,189	$1,502
Change Y-o-Y (%)	-4.6%	-12.1%	-0.4%
Vacancy (%)	4.5%	6.1%	4.2%
Change Y-o-Y (bps)	40	190	0

Source: CBRE Research

The question has become whether residents who left would ever return to the cities? As I get older, and hopefully somewhat wiser, I realize that history does repeat itself, and that we all have seen this movie before. Maybe it is a sequel, not quite the same story, but the ending is usually somewhat similar to the original.

I read a recent *Forbes* multi-part series that addressed this issue. Throughout history, our cities have dealt with far worse circumstances, and each time bounced back stronger than before. We have dealt with pandemics, natural disasters, war, and economic crashes. While Covid-19 is terrible, in the early 1900's the Spanish Flu killed as many as 50 million people in a three-year period, and that's on a world population of under two billion people. Each time, cities have bounced back stronger than before. As we of course know, past disasters did not lead to the downfall of our world's greatest cities, such as Paris, London, San Francisco, and New York – following devastating wars, floods, fires and terrorist attacks.

Although we are far from being out of the woods yet, there are the beginning signs of stabilization and the early indications of recovery in our cities. The CBRE report referenced above noted that an analysis of 36 urban submarkets in January 2021 saw stabilizing rents in 50% of the markets, while 19% experienced some rent growth. Furthermore, 22% had a declining percentage of properties offering concessions to lure new residents or keep existing ones, and 28% of the submarkets analyzed showed lower average rent discounts, as defined as both the dollar amount and percentage of the rent discount (as compared to the total rent). These "green shoots" at the beginning of the recovery, as CBRE defines rising rents, fewer properties offering concessions and lower discounts, are signs that we may be on the brink of a comeback for our cities. As of mid-February, the office utilization rate in the country's ten largest markets was still only about 25%. As workers return to the office and businesses return to something approaching normal, this should begin to draw people back to urban areas and points to continued improvement in the apartment fundamentals in urban submarkets.

Summary of Recent Movement in Key Metrics in 36 Urban Submarkets

	Green Shoots	Stable	Unfavorable
Effective Rents	19	50	31
Properties Offering Concessions	22	39	39
Average Discount	28	39	33

Source: CBRE Research, Real Page, Q1 2021

Opportunistic investing is never easy, whether you are talking about stocks or real estate. To borrow a saying from hockey great Wayne Gretzky, to be successful you need to "skate to where the puck is going to be, not where it has been." It is important to have the foresight that urban areas will come back as the vaccine gets distributed, and our lives get back to normal.

At Pathfinder, we are excited to be in escrow with our first acquisition for Pathfinder Partners Opportunity Fund VIII. It is a newly constructed apartment project located near downtown Portland, OR. The property has struggled with lease up after being completed in late 2019 (terrible time to be leasing up a new project!), and we are excited to own it at what we believe is a significant discount to the cost to replace today. We are currently underwriting several similar acquisition targets – great properties, close to or in urban core markets, that have suffered because of the issues we have encountered over the past year. We feel that these assets will have bright prospects as the world gets back to a new normal.

Scot Eisendrath is Managing Director of Pathfinder Partners, LLC. He is actively involved with the firm's financial analysis and underwriting and has spent 20 years in the commercial real estate industry with leading firms. He can be reached at seisendrath@pathfinderfunds.com.

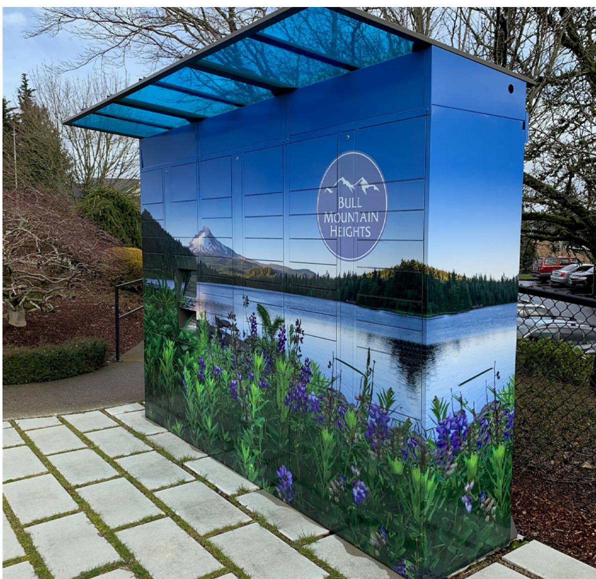
ZEITGEIST – SIGN OF THE TIMES

Apartment Owners Adjusting to the Home Office

It's now been a year since employees across the U.S. were sent home to work. As we reflect on the changes in the workplace and look toward the post-pandemic normal, many employers are considering some form of flexibility for employees to continue to work remotely. According to an October 2020 survey by S&P Global Market Intelligence, 64% of companies expect having employees work from home – at least part of the time – will be a permanent change. And because homes are now becoming semi-permanent offices, apartment owners and operators must also adapt. We've summarized some of these adaptations below:

Internet – Among the highest priorities for owners is providing quick and consistent internet service. Multifamily operators are increasingly bringing fiber optic and other forms of premium internet service to properties to meet the growing demand. If done correctly, this can be a win-win as owners often receive profit-sharing from the service provider and residents receive best-in-market internet service.

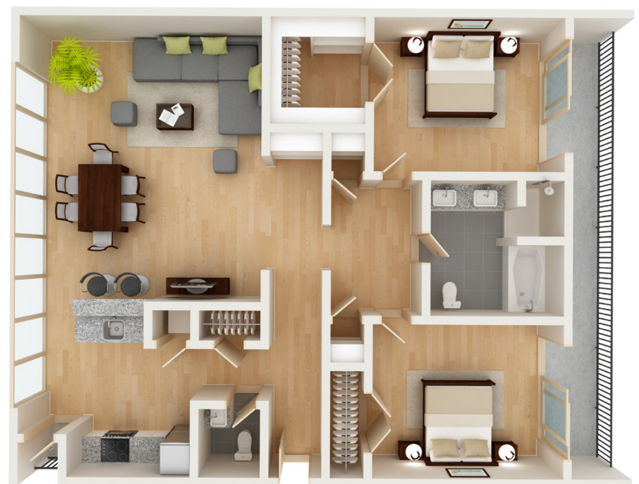
Utilities – With more residents at home during the day, utility bills and frequency of trash collection have increased substantially. Landlords without programs to bill-back utility charges to tenants are facing drastic cost increases. Tenants in buildings with old-school owners who pay all utility costs should expect this perk to go away soon.



Packages – If the proper systems are not in place, the coordination of package deliveries at large apartment communities can be a full-time job. Automated package lockers – now ubiquitous with institutional apartment owners – relieve the staff of package handling duties and allow residents to securely receive packages 24/7 with digital delivery notification. Like internet service, this amenity can be billed back to the residents and create a small profit center for owners.

With the implementation of these amenities and operational strategies, apartment owners can provide value to the work-from-home cohort and differentiate themselves from the competition while increasing revenue.

(Editor's note: Pathfinder has been implementing these initiatives throughout our portfolio. At The Station Apartments in Littleton, CO – featured in this issue's "Trailblazing" section – we are designing our first rentable co-work space.)



Tenants/Developers Gravitating Towards Larger Apartments

As Americans are spending more time at home – a trend that is expected to continue with the ongoing work-from-home movement – an apartment's size is more critical than ever. As a result, larger apartment floorplans are becoming more desirable and smaller units are seeing significantly less demand and higher turnover rates. Prior to the Pandemic, "micro-units" was a major buzzword and developers were prioritizing location and neighborhood amenities over livable space. Today,

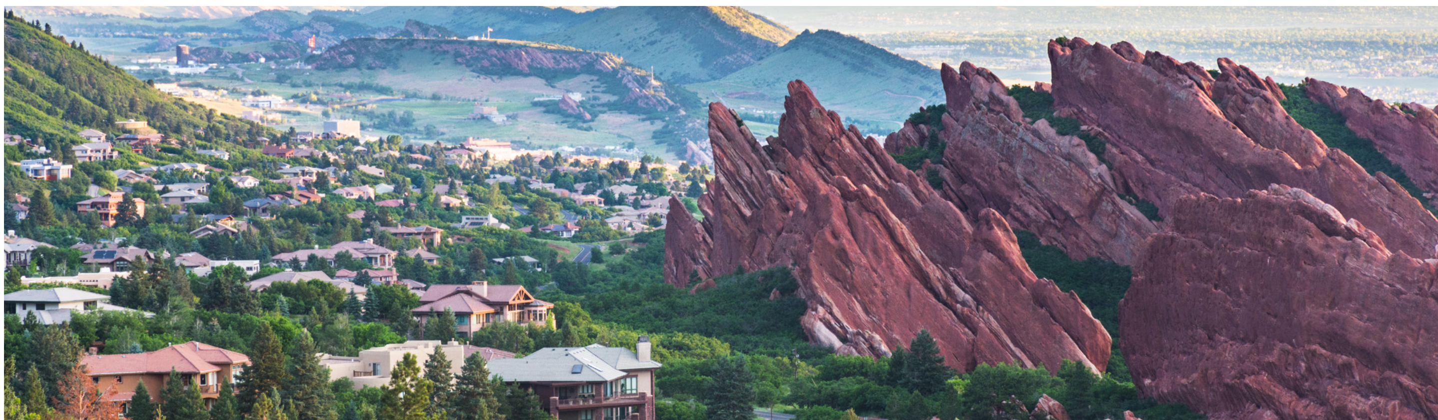
studios and micro-units in urban locations are oftentimes sitting vacant and/or seeing drastic price reductions. Meanwhile, tenants who previously were satisfied with one-bedroom units now want the additional space from a two-bedroom unit.

Apartment developers are taking note and starting to incorporate fewer studios (or shifting to larger studio units) and more one-, two-, and even three-bedroom apartments into their designs. This represents a major shift in development trends and is forcing developers to reexamine their expense structures and financial forecasts, especially land acquisition costs, since larger units were generally less profitable. Looking ahead, the premium rents possible from larger units may turn this equation on its head.

When it comes to designing smaller units, developers are focusing on layouts that are conducive to living, working and working-out all within the same space. Concepts like yoga-mat, stationary bike and office nook placement are now a focus when designing studio or one-bedroom apartments. Dens, previously thought to be obsolete, are becoming increasingly popular as they provide flexible, in-home workspace. Likewise, business centers and co-workspaces with access to scanners and copy machines are being incorporated into apartment clubhouse designs. Similarly, apartment investors have noted the decrease in demand for and increase in turnover of their smaller units and are adjusting their investment parameters accordingly.

TRAILBLAZING: THE STATION, LITTLETON, CO

"Anything but Little"



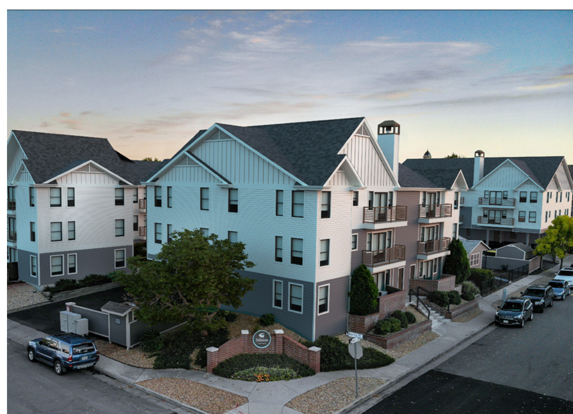
Littleton, Colorado – a suburb of Denver – is consistently ranked one of the best places to live in the country. Its tagline of "Anything but Little" pays homage to the City's big plans while acknowledging its small-town charm. In the summer of 2019, we were charmed by Littleton's quaint atmosphere and excited with the big possibilities of The Station, a 97-unit apartment community 20 minutes from downtown Denver.

Like many cities on Colorado's Front Range, Littleton can trace its roots to the gold rush of the 1860's. Its 13 square miles is home to over 46,000 residents and the City embodies a strong sense of community through its historic downtown, turn-of-the-century buildings and the independently owned shops, galleries, eateries and bars. Families are drawn to the area's top-ranked schools and outdoor enthusiasts enjoy the City's 200 miles of trails and 1,400 acres of parks and open space.

Littleton is known for its high-quality of life and was ranked one of the "Best Small Cities in America" by *Wallethub* (2018), "Safest Cities in Colorado" by *National Council for Home Safety* (2018), "Best Places to Retire in Colorado" by *SmartAsset.com* (2019) and "Best Places in the State to Visit" by *Dream Vacation Magazine* (2021).

The Station apartments, built in 1983, is situated on a 1.9-acre parcel and includes a mix of studio, one- and two-bedroom apartments averaging 736 square feet. The property features covered and surface parking, 24-hour card-operated laundry facilities and an on-site leasing office. The property is located within Littleton's historic downtown and is walkable to retail, entertainment, employment hubs and a light rail station offering access throughout the Denver metro area.

Rendering of New Clubhouse Building



Rendering of New Exterior Upgrades

Included in our purchase of The Station was a one-story single-family home with a detached garage in the center of the property and an additional parcel currently being used for excess parking, located across the street. We quickly realized that the existing single-family home was a great opportunity to build additional apartments and create a clubhouse with common area amenities – attributes the property was currently lacking. Our plans for redeveloping the house include a new three-story building with a ground floor leasing office, gym, lounge

area, shared office spaces and an outdoor barbeque, fire pit and seating area. The design also includes six additional apartments on the second and third stories. We anticipate starting construction later this year and completing the project in 12-15 months.

Our plan for the additional parcel, currently used for excess parking, is to sell the land and use the proceeds to offset the cost of the new clubhouse building. We also plan to improve The Station's exterior facade by replacing the single-pane, aluminum windows with dual-pane, vinyl windows and enhancing the "curb appeal" with new siding. We plan to commence construction next month and anticipate completing the project later this year. Additionally, we are in the process of renovating the apartment interiors – all of which were in original condition – and have upgraded 33 apartments (34%) to date.

People move to Littleton to seek a higher quality of life and we are thrilled to deliver that to our residents at The Station. We plan to further elevate that lifestyle with the exciting changes we have in process – changes that we believe are "anything but little".

Denver: Did you know?

Denver Housing Market Very Strong Despite Pandemic: Strong population and personal income growth along with low for-sale inventory continue to benefit the Metro Denver housing market. According to U.S. Census Bureau's December 2020 data, Colorado grew by roughly 50,000 residents in 2019-2020 despite U.S. overall growth slowing to its lowest level in 120 years. The state added 760,000 people since 2010, the eighth highest in the country. During the pandemic, 1.34 people moved to Denver for every resident that moved-out, also #8 in the country.

The Bureau of Economic Analysis recently reported that the Denver metro saw the second highest jump in personal income among large cities between 2018-2019 at 4.0%. Experts predict a 5.4% increase in personal income in 2021.

The average price of a single-family home that closed in January 2021 rose 2.9% from December 2020 to a record $629,000 with annual price appreciation at a staggering 18.7%. Inventory of homes are at an all-time low with only 2,541 listings available today, a 26% decline from November 2020 and a nearly 50% drop from December 2019. The Denver housing market remains strong with record-high home prices, low inventory, increasing demand and a continuously strong economy.

NOTABLES AND QUOTABLES

Adaptation

"It's not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."

- Charles Darwin, *English biologist*

"The great mystery of adaptation is that true fidelity can only be achieved through lavish promiscuity."

- David Hare, *English playwright*

"The art of life is a constant readjustment to our surroundings."

- Kakuzo Okakura, *Japanese scholar*

"Adaptability is not imitation. It means power of resistance and assimilation."

- Mahatma Gandhi, *Indian spiritual leader*

"A wise man adapts himself to circumstances, as water shapes itself to the vessel that contains it."

- Chinese Proverb

"Those who cannot change their minds cannot change anything."

- George Bernard Shaw, *Irish playwright*

"Adapt or perish, now as ever, is nature's inexorable imperative."

- H.G. Wells, *English author*

Intelligence is the ability to adapt to change."

- Stephen Hawking, *English physicist*

"All failure is failure to adapt, all success is successful adaptation."

- Max McKeown, *English author*

IMPORTANT DISCLOSURES

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