

CASE STUDY

VALUE-ADD MULTIFAMILY INVESTMENT • 179 UNITS, SEATTLE MSA

\$5.2M
Investor Equity

22
Investors

Before, 2016



RESULTS

\$17.7M

Purchase Price July 2015
Per Unit: **\$99K**

\$34.6M

Appraised Value at Refinance May 2018
Per Unit: **\$193K**

100%

Investor Cash Distribution

9.0%

2016 Cash Flow on Investor Equity

11.2%

2017 Cash Flow on Investor Equity

13.6%

2018 Cash Flow on Investor Equity

IMG

INVESTORS MANAGEMENT GROUP

WWW.IMGRE.COM

Karlin Conklin

Executive Vice President
971.888.4010 ext 104
Karlin.Conklin@imgre.com

Dave Mikkelsen

Investor Relations Manager
971.888.4010 ext 108
David.Mikkelsen@imgre.com



After, 2019

OPPORTUNITY

Investors Management Group (IMG) acquired Foster Creek off-market as a value-add purchase based on its in-fill location and upside potential. The community, built in three adjacent phases between 1968 and 1978, exhibited poor street appeal resulting from years of deferred maintenance. Outdated unit interiors and passive management **prevented rent growth** to keep pace with the dynamic market. As strong tenants were moving to more affordable communities south of Downtown Seattle, the property was positioned to capture higher rents through a full-scale repositioning strategy.

EXECUTION

More than **\$1.5M in strategic capital improvements** were directed by IMG to refresh Foster Creek's aesthetics and modernize unit and community amenities. New property management staff worked with IMG's Asset Management team to competitively position the property and drive income growth through rent increases. From 2015 to 2018, rental income grew at an annual rate of 9.5% which steadily boosted investor cash-on-cash returns to a level of 13.6% by 2018.

PERFORMANCE

IMG and its partners capitalized on Foster Creek's performance gains by refinancing to a fixed-rate loan in May 2018. Cash-out proceeds from the refinance **returned the full amount of owner's original equity** invested three years earlier. The new loan, although larger than the prior loan, included attractive terms that preserved a 14% annualized cash return. Most of the investors directed their refinance cash into a subsequent IMG-sponsored acquisition.