

CASE STUDY

\$4.8M

Investor Equity

11

Investors

VALUE-ADD MULTIFAMILY INVESTMENT • 108 UNITS, SEATTLE MSA

Before, 2016



After, 2019



RESULTS

\$11.4M

Purchase Price, 2016
Per Unit: \$106K

\$17.8M

Appraised Value at Refinance, 2019
Per Unit: \$165K

51%

Return of Investor Equity from Refinance

6.4%

2017 Cash Flow on Investor Equity

8.5%

2018 Cash Flow on Investor Equity

OPPORTUNITY

Investors Management Group, Inc. (IMG) acquired Valley Vista as an under-performing asset with upside potential at an attractive price below market. The neighborhood, located in the city of Tacoma on Seattle's Interstate 5 corridor, benefited from its competitive appeal to the expanding renter-by-necessity segment. Valley Vista's outdated condition and a history of passive owner-management provided an excellent value-add proposition in a quickly appreciating market.

EXECUTION

Unit interior and community amenity upgrades commenced upon takeover, funded from an \$800K renovation budget. IMG's Asset Management team worked together with the new property management company to bring lease renewals to market rates and capture premiums for rehabbed units. A broad marketing plan increased the property's exposure to draw an elevated resident profile. The value-add strategy and strong market delivered immediate, positive results, with income collections increasing by 17% over the first year and an additional 10% in the second year of ownership.

PERFORMANCE

With a goal to maintain consistent cash flow and lock in low financing rates, IMG and its partners refinanced the property in March 2019. Market appreciation and rapid NOI growth captured through IMG's value-add program produced a 19% annualized appreciation rate over the 30-month ownership period. The new loan resulted in lower debt service and yielded refinance proceeds totaling more than half of the investors' original equity.

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