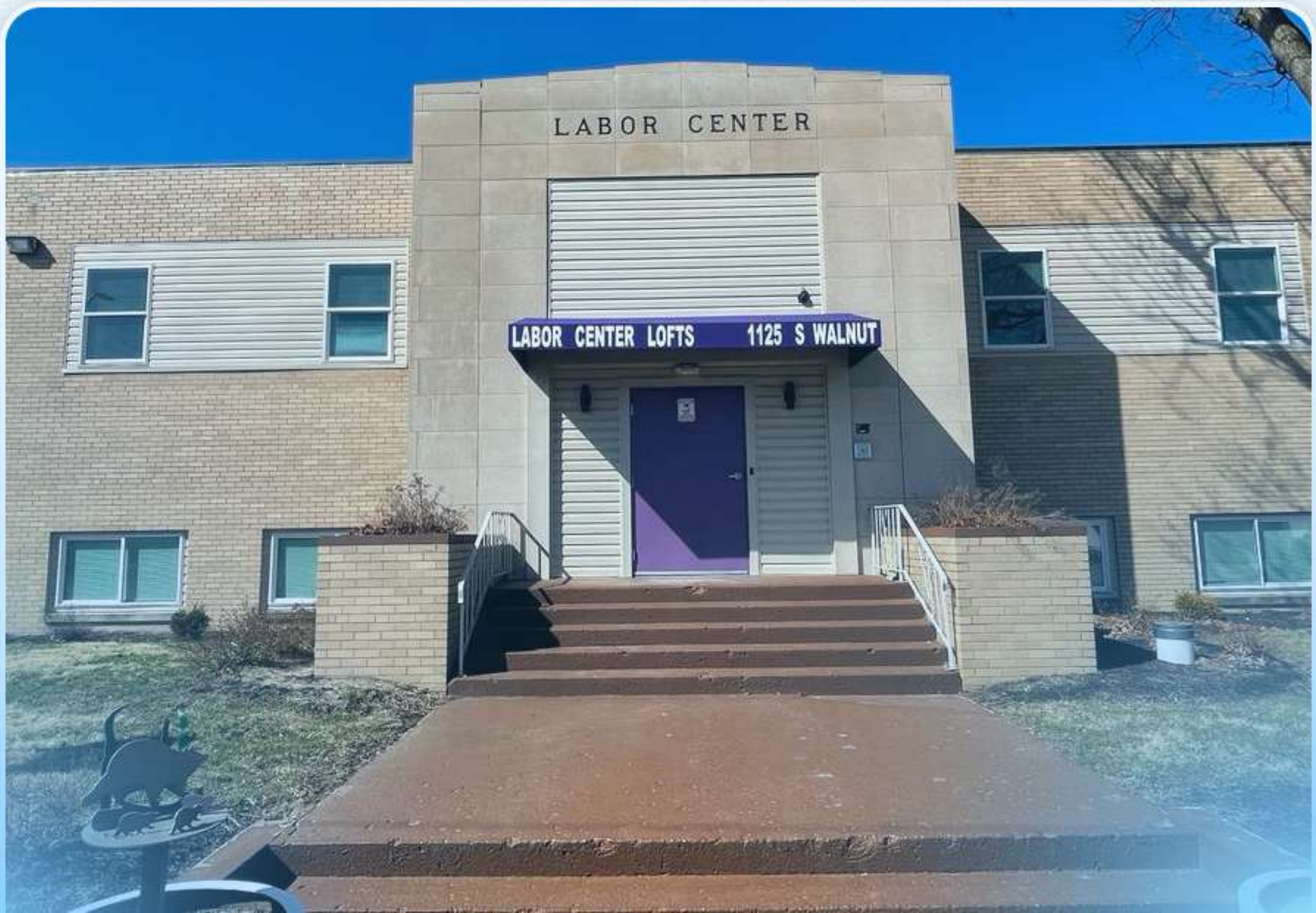


CASE STUDY

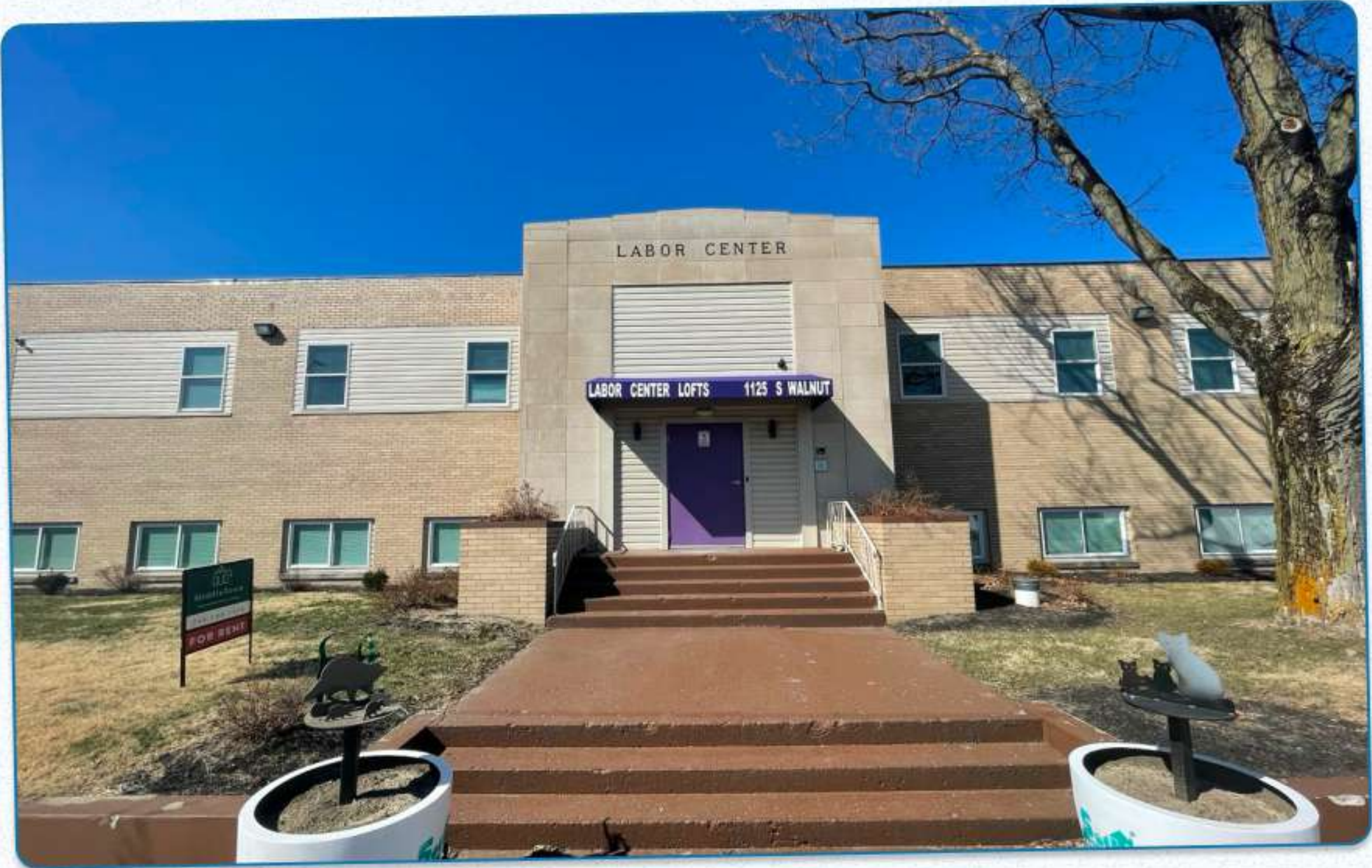
THE LABOR LOFTS
MUNCIE, IN
17 UNITS



INTRODUCTION:

- » This property was **acquired in July 2021**, making it the largest acquisition to date at that time. We purchased the property off-market from a local owner whose business was a regional commercial drywall company.
- » He took the property down to the studs and completely renovated **this old General Motors labor building**.
- » The seller's property management team had the **property at about 70% occupancy**, mostly with traveling nurses.





HIGH-LEVEL BUSINESS PLAN SUMMARY:

- » The plan was simple, keep what we could of the traveling nurses and move to normal market rate tenants.
- » These tenants would be at a lower rent rate with a utilities bill back.

OBSTACLES ENCOUNTERED | LESSONS LEARNED:

Execution and Property Management Makes or Breaks an Investment

- » Over the course of our first 30 months of ownership, we had three different property management companies.
- » The one we started with was in Muncie and grew too fast while also managing their own portfolio.
- » This property continued to be put on the back burner, and the results showed.
- » The second management company was experienced with single-family and small multi-family apartments, not apartment complexes.
- » Finally, we went back to the first company until we started our own property management company, Thrive Property Group.
- » Management and focus drive results, and due to the lack of that for 2.5 years, the financials suffered. This was one of the key reasons we created our own property management company.

UNDERSTANDING $\frac{1}{4}$ OF MILE CAN MAKE A DIFFERENCE:

- » Outside of management, we had to battle the location. Yes, it was a beautiful property, but it was $\frac{1}{3}$ of a mile over the “railroad” tracks, heading into a “rougher” part of Muncie.
- » Getting potential renters to the property was tough, but once they saw it in person, it was a much easier sell—something we did not anticipate when we purchased the property.



FINANCIAL RESULTS:

- » Purchase Price: **\$814K**
- » Sale Price: **\$990K**
- » Invested Capital: **\$199K**
- » Return of Capital & Cash: **\$332K**
- » Equity Multiple: **1.66X**
- » Average Annualized Return: **18.5%**

