

September 22, 2015

CPI Reports Strong Return on Sale of Carnegie Park Apartments in Metro Detroit

Coseo Properties is pleased to announce the sale of Carnegie Park Apartments in Southfield, Michigan, a multifamily investment property that has produced results far exceeding our original investment projections.

When CPI first identified the property for potential investment, Carnegie Park Apartments was mired in an extended foreclosure proceeding. Distressed structures, weak tenant makeup, high delinquencies, bad debt, and vacancies added to its poor reputation.

CPI structured a purchase agreement between the owner and the lender and after six months of negotiations was finally able to close the transaction. We acquired the property in March 2012.

CPI immediately stabilized the rent roll and began a year-long, \$500,000 improvement program to restore buildings and landscaping with the goal of eventually selling the property in 2015. This process required further strengthening of the rent roll, aggressively leading the market in rent increases, and streamlining expenses.

The sale transaction results break down as follows:

Purchase Date: March 16, 2012

Sale Date: August 14, 2015

Purchase Price: \$7,000,000

Sale Price: \$15,800,000

Gross Profit: \$8,800,000

Sample \$100,000 investor:

Invested: \$100,000

Cash Flow During Holding Period: \$27,668

Return of Capital Upon Sale: \$100,000

Profit Upon Sale: \$133,913

Total Cash Returned: \$253,082

Investor Simple Return: 44.5 percent per annum



Renovated indoor pool at Carnegie Park Apartments (above) and clean, new exterior facades (left) on all buildings were just part of the many improvements made in the first year of CPI ownership.

Coseo Properties would like to acknowledge Northern Trust for its key support on this deal as well as more recent CPI investments in Michigan. When CPI began acquiring apartments in metropolitan Detroit, most US lenders would not consider financing real estate in the region. Our experience and sound relationship with Northern Trust from previous national projects proved invaluable and we are grateful that the Chicago-based global bank trusted our team's acumen in seeing the potential for Michigan's resurgent real estate market.

Coseo Properties and Coseo Enterprises (CEI) soon will offer a new investment opportunity through CEI Apartment Fund 3, LLC. This offering targets The Pines at Pennfield, a distressed multifamily property in Battle Creek, Michigan that will also require significant capital improvements and solid management. Despite its depressed condition, however, the property is well located and maintains 80 percent occupancy in a market where the average rate is over 95 percent.

The latest offering represents yet another opportunity to add substantial value, based squarely on the success and expertise of the Coseo team.

For more information, please contact Calvin Coseo at: 760-473-3833.