

## Same Store NOI Rises 21.2%!!!



In 2015 we made acquisitions our highest priority and invested in six communities in a single year. We followed that rapid fire pace with two more in 2016. But sometimes you need to take some time to consolidate your gains, and so beginning around the first of July, 2016, yours truly, RMD, shifted gears and began to focus more on the investments which we had already acquired to begin to build the legend of Chasseur.

And now, more than a year later, the results are beginning to roll in with the delivery of the September numbers. The Courtyards on Park is currently our leader, with NOI increasing by a hefty \$80,204 at a 56 unit community. The Villas, a 120 unit property in Gulfport, is not far behind, with NOI increasing 65,483! Autumn Trace in Pascagoula has seen its NOI increase by 67.8%. Only a 72 unit property, its NOI now stands \$47,321 ahead of 2016. Ashley Woods in Macon is next, with a 20.3% increase. And Whispering Woods, just down the street, has also recently turned positive and is now 4.8% ahead of last year.

Of course, any company is only as good as its people, and that holds true here at Chasseur as well. Our Gulf Coast communities are directed by Melissa Daugherty. She reported directly to our CEO for five years with another organization prior to joining Chasseur, and she continues to keep a challenging portfolio stable. In Georgia, we have a new sheriff in town with Lajuana Frost joining the organization. With a long and storied background prior to joining Chasseur, she is expected to keep the wins rolling in the Peach State.

And our accounting group continues to be anchored in Gulfport by Controller Dawn Petrovich. Every organization expects to be constantly making improvements; to be getting better all the time. And as the numbers show, we're living up to those expectations here at Chasseur! ♦

## Macon Becomes First Chasseur Refinance!!!

It may have been the longest refinance in recent history. But some things are worth the wait! We began working on the refinance of Ashley Woods and Whispering Woods in Macon,



Georgia, in October of 2016. But we never expected that we would not close the loan until August of 2017!

Our first interruption came with the election of a new president and a sharp rise in bond yields. Next came a quote from Fannie Mae which was attractive on the surface, but it was an 8 year loan with no guarantee of any supplemental financing. It was thought that this might depress the price that the communities could be sold for.

In February, we shifted gears and began the long arduous task of approaching individual local banks for financing. When that failed to achieve our objectives, we finally gained success with a conduit loan through CIBC which offered all of the elements which we were seeking. It was offered at a 4.97% rate, interest only for 12 months, with maximum cash out and only a five year term. And yes, it is assumable, so with the shorter term it should not depress sales value.

Our investors in Ashley Woods received 35% of their equity back 29 months after their initial investment. Those who invested in Whispering Woods received 18% back. And everyone will benefit from an investment with more favorable financing, and which will be in better physical condition due to funds escrowed.

We want to thank Real Property Capital for their diligence in obtaining this financing for us. And to our investors, we now prepare to go in for the kill. Ashley Woods was purchased for \$3.3M, and recently was appraised at \$4.4M. But using direct capitalization for our most recent one month period, the property has a value of \$5.3M. Whispering Woods was purchased for \$4.9M, was recently appraised at \$6.0M, and based upon our most recent one month performance is worth \$7.7M. Our job now is to capture those returns for our investors! ♦



**Robert M. Dominy**  
Chief Executive Officer

**“That’s the attitude that we here at Chasseur bring to the playing field every day! Nothing less than the gold medal will do!!! We play hard.....and we play to win!”**



## **RMD: They Left Nothing on the Rink.....and Nothing in the Locker Room!!!**

**H**ey...it’s kind of how we live life!!! On the hockey rink....at Chasseur....wherever!!! It was a holiday weekend, and the Quakes were playing in the Big Bear Hockey Tournament, with teams from Maryland, Pennsylvania, Long Island, New York and New Jersey. We had already gone 2-0-1 in the preliminary round. That put us in the final versus North Park, the team we tied in the prelims.

I walked into the locker room only to find Bobby fooling around with his stick. I violently yanked it out of his hands. “Hey!!! This is a championship game!!! How many times do you get to win a championship over the course of your life!!!” This is nothing but business. Three trips to Hatfield, PA. And I had already made up my mind. Nothing short of the gold medal would do! As at Chasseur....no fooling around! I like to win!!!

Before the game, I spent a lot of time on my wipe board, diagramming where different people should be in varying situations. At Chasseur, we understand that nothing beats instruction..... and good preparation!

The Quakes played a lackadaisical first period and fell behind, 2-0. This was not a good thing, because North Park’s goalie was sensational. As at Chasseur, we expect our competition to offer a formidable challenge!

In the second period, like second year operations at Chasseur, the Quakes came to life. Suddenly, North Park was the team on the defensive. It was apparent that we were not about to fall any further behind. And then, Bobby struck. Not our best player. Just our most opportunistic. We closed the second period down, 2-1.

We came out for the third, and coaching the offense, I watched as the seconds ticked down. Like the refinance in Macon....Valdosta....Gulfport.... I knew full well that time was precious. By the time the clock reached the 5:00 mark, it would be time for desperate measures. But then, with 7:26 to go, Bobby struck again!!! The game is tied, 2-2. And we’re going to overtime.

Like the extension of a loan, the overtime was scheduled for five minutes of 3 on 3 play. And like Chasseur’s vaunted operations in year three in Macon, Valdosta, and Gulfport, I sensed we were ready to go in for the kill. The clock wound down with no resolution to the conflict. But then....finally..... North Park gave up an errant pass which our best player picked off. He went five hole, and the Quakes won, 3-2 in an ESPN Instant Classic!!! There were gloves.....sticks.....helmets on the ice everywhere!!! A celebration truly fitting for Chasseur!

After pictures, the post-game celebration spilled over into the locker room. That’s where the team of 12 year olds danced and celebrated to the chords of the University of South Carolina “Sandstorm.” Google it!!! The players kept saying as I waved a white towel around my head.....”Look at Coach Dominy go!!!”

That’s the attitude that we here at Chasseur bring to the playing field every day! Nothing less than the gold medal will do!!! We play hard.....and we play to win! Often I wake up and think....I wonder if I can get in 16 hours today.

Chasseur made its first investment when it closed on Ashley Woods on April 8th, 2015. So it has been slightly over two years since we began operations. Ashley has been a sensational investment.....and it has gone remarkably smoothly.

Not all of our investments have turned around so quickly. But that does not matter! What matters is that we win!!! And in that regard.....we are leaving nothing on the rink....and nothing in the locker room!!! Hey....we’re up 21.2%!!! Winning is fun!!! ♦

# Cementing the Chasseur Footprint!



It's been a while since we made our last acquisition. It's not that the equity is not plentiful. We now have four groups seeking to make investments through Chasseur. But that speaks to the problem. It's just that the equity is TOO plentiful!!! And that makes investments very hard to find. Indeed...one contact we know within the industry recently has said, "people who have properties for sale are acting like they have gold!" He's right!

And in addition to investments being hard to find... beyond them being offered at a very high price...they are also being offered under extremely risky terms. Many sellers will only enter into a contract if you agree to offer non-refundable money, or if you agree to drop your financing contingency. Those are both things which Chasseur refuses to do! Incidentally, given that we own properties too, you can be assured that this all bodes well for us when acting as sellers!

So that has caused a shift in our investment strategy. Rather than looking expansively through many different regions of the U.S., we have made the decision to focus exclusively on Alabama, Georgia and Florida. And to be more specific, we now define our market as Sarasota to Orlando, up to Jacksonville, northward to Macon, then to Birmingham and Mobile. And by focusing on just that regional area, we feel that we can know the markets far better, and therefore continue to offer superior returns in spite of market conditions!

We have a number of irons in the fire. We are currently pursuing one asset in Ocala which is at the top of our list. We also have two assets in St. Mary's, Georgia which we are strongly in favor of. We are also pursuing a property which has just come onto the market in Largo, Florida. And in our boutique division, we have a small, 14 unit property in St. Petersburg, Florida which offers very high cash on cash returns.

We plan to strike soon, and will offer to as many as possible the opportunity to jump into the pool when we are finally good and ready to! ♦

# Valdosta is Next in Our Gunsights!!!

We only closed on our Valdosta asset known as Villas Valdosta on April 29, 2016. And when an investment does not follow the trajectory that we expect, it comes under the personal attention of RMD. That's Chasseur's "Good Housekeeping Seal of Approval" to you as investors.



The Courtyards, as it has been renamed, has been completely renovated and looks spectacular. The 56 unit property is built around a large courtyard which boasts large, majestic pines with hanging Spanish moss. The color design, created by Erin Marshall Design out of Wilmington, DE, is outstanding. We get many brokers and real estate professionals who say, "I love what you've done physically to the property. But I'm just waiting for it to show up in the financial performance."

All assets turnaround at different rates. But now in our 18th month of ownership, Courtyards has rocketed to the top of our NOI chart, \$80K ahead of where it was a year ago!!! Next comes a refinance, and then a decision regarding its eventual disposition! ♦

# Villas Income on the Rise!!!

A mile from the beach and overlooking Brickyard Bayou, The Villas sur la Riviere is extremely attractive on the exterior. So you would never have guessed that it would have become our most challenging asset to turn around. We've tried taking the



property upstream and making it more corporate by offering short term rentals. We've tried offering it to Section 8 only to find that our floorplans were not what that clientele was seeking. We have tried to make it "the casino property," by offering specials to dealers. All our endeavors were met with significant frustration.

But here at Chasseur we don't take "no" easily! In September, a crackerjack property manager in Deanna Turner and a mix of different promotional strategies began to jell, and the property earned over \$44K in income, the second best number we have ever achieved! Some recent promotions have caught fire, and the phones are buzzing. We also established a new record low for delinquency. And with the second best NOI increase in the portfolio, we can't wait to see what October looks like!!! ♦

## At Chasseur, we consistently outperform!

Historical Same Store NOI Increases		
Year	Increase	Comments
1995	15.5%	10,000 unit Mid-Atlantic Portfolio
1996	10.6%	4,500 unit East Coast Portfolio
1997	14.1%	4,500 unit East Coast Portfolio
1998	NA	Split Year, two different companies
1999	25.4%	3,300 East Coast Portfolio
2000	4.2%	4,000 East Coast U.S. Portfolio
2001	4.6%	5,000 Eastern U.S. Portfolio
2002	7.4%	6,000 Eastern U.S. Portfolio
2003	4.4%	7,000 Eastern U.S. Portfolio
2004	3.5%	8,000 Eastern U.S. Portfolio
2005	7.8%	9,000 Eastern U.S. Portfolio
2006	4.4%	10,000 unit Eastern U.S. Portfolio
2007	6.3%	11,000 unit Eastern U.S. Portfolio
2008	-2.4%	12,300 unit Eastern U.S. Portfolio
2009	NA	Split Year, two different companies
2010	10.6%	Privately Held Eastern U.S. Portfolio
2011	10.5%	Privately Held Eastern U.S. Portfolio
2012	11.3%	Privately Held Eastern U.S. Portfolio
2014	17.6%	Asset managed portfolio in AL and GA
2015	11.2%	Asset managed portfolio in AL and GA
2016	2.2%	Asset managed portfolio in AL and GA
2017	21.2%	Chasseur owned same store increase
Avg.	9.5%	

## On the Cover of the Rolling Stone!!!

Well....not quite that good! But appearing on nationwide television on CNBC on October 2nd was not half bad!!! The way it is SUPPOSED to work is that you submit the questions, then the interviewer, in this case Jill Malandrino, asks the questions that you gave her. She looks smart asking the questions. You, the guest sound really smart answering the questions that you provided!

But that's not how it worked in this case. This was a situation in which the interviewer wandered completely off the reservation! In fact, there WAS no reservation!!! Sooo.....instead of answering questions relative to how an asset management can add value to an investment, RMD found himself contrasting how the recent storms impacted the housing market in Houston versus South Florida!!! Fortunately.....no questions too difficult to answer so there were no uncomfortable pauses



and an answer or two even stumped the interviewer! A positive experience and great exposure for Chasseur....even if it wasn't quite on point relative to what WE do!!! ♦

## Visit [Chasseurrealtyinvestors.com](http://Chasseurrealtyinvestors.com) for Our Latest Information!!!

Next quarter:

Look for an update on Whispering and Ashley capital improvements, the refinance of Courtyards, third party management expansion in Florida and Pennsylvania, and our next acquisition!!!

## It's Nice to Feel Wanted!!!

We don't do it a lot, and we certainly don't solicit it. But from time to time, when asked, we do third party management for other companies. So it was nice in 2016 when Chasseur was asked to manage Lincoln Court, Parkside and Walnut for a company that we had managed for at a prior company.

Recently the third party management portfolio has grown! In June, a broker of national renown in Georgia saw what we were doing at Courtyards in Valdosta, and requested that we also manage a new investment of his! Consisting of 56 units, the property is currently undergoing significant renovations and adds to our Valdosta presence.

Our Pennsylvania portfolio is under the direction of Alissa Marcolongo, our Vice President of Third Party Management. And in the Philadelphia area, we will be taking over a new mid-rise building which has only recently come out of the ground! Nice when those around you like so much what you do that they ask if you will do the same for them! ♦

## Guidance Counseling

And so.....Mr. Patient....why don't you sit back, kick up your feet and make yourself comfortable for a while!!! While it may feel that way to us sometimes, to the patient we strive to ensure that they will leave with a warm and fuzzy feeling! That's because within Chasseur, we aim to please our clients and help them to walk away with a pocket full of dollars!!!

And thus far in 2017, that is exactly what we have been able to do! We perform asset management services for a company out of New England, and for them we supervise the property management company at a five property portfolio in Mobile, Alabama, which consists of over 2000 units. The portfolio was purchased in May of 2013, just over four years ago, for a cool \$98M. And just recently it was put under contract for.....well....if we told ya we'd have to kill ya!!! Let's just say somewhere in the mid-nine figures!!!

As if we were out to prove this was not a fluke, we did the same thing at a property for the same organization outside Atlanta! The community was only purchased in October of 2015. It also is now under contract for....shall we say....a mere number somewhere in the teens!!! As Yakov Smirnoff once said...."what a country!!!" ♦



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