

Ashley Woods: The Picture Perfect Investment!

In the economic environment in which we find ourselves, characterized by an excess of liquidity, low interest rates and a dearth of viable investments, one has to search far and wide, with a creative perspective, to find an investment which will deliver extraordinary returns. But here at Chasseur Realty Investors, LLC, we're quite pleased with what we have found in the 96 unit Ashley Woods in Macon, Georgia.



Nowadays, it seems that we look at 20 assets before we find a single one we feel is worth more investigation. And behind every one there seems to be a story. With Ashley Woods, we were told that the property was inherited by the next generation of an owner and they simply did not want it. So the property just sat on the market, month after month, with occupancy spiraling downward. So finally, Chasseur acquired the community at about 60% occupied, at a purchase price of \$3.3M. And it put smile on our face when the appraisal came back with a valuation of \$3.6M!

Ashley Woods is just the perfect investment for Chasseur for a number of reasons. And a close examination will tell you a lot about what we look for. Macon is a second tier market, probably the fourth most prominent in Georgia, and for that reason is off the radar screen of many of the larger players. At 96 units, it is too small to be pursued by the larger REITs. Fewer bidders results in a lower purchase price and higher cash on cash returns! And the property is situated on the best side of town...we hate geographic risk because it's a factor outside our control!

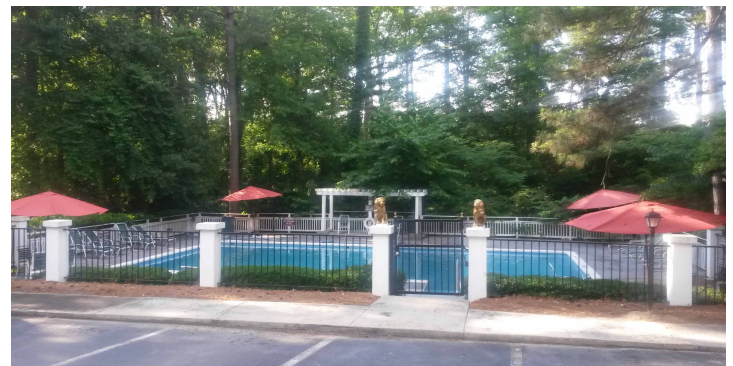
When we closed on the property on April 8th, we took over when the property was in a deep hole in more ways than one. The property was approximately 60% occupied, and in spite of a

penalty provision in the P&S, 22 units were completely in need of rehabilitation. The first three weeks told you all you needed to know about value add investing: units with lots of dark brown paneling, odd tones of green and blue carpet, lots of wallpaper completely outdated, and a leasing office that was just dead!

Less than two months later, we are well into our \$192K capital improvement program. New carpet has been installed in all units, all one bedrooms have had countertops resurfaced, cabinets have been painted white and brushed nickel hardware has been installed. We've also installed a new model, completely upgraded the leasing center, and installed bright red umbrellas as well as a sound system at the property's lovely pool. We've also painted the property's drab brown entrance sign and changed it to a more attractive green and gold. And we've repainted the property's quaint gazebo and trellises white.

And the City of Macon has taken notice! In less than two months, the community is now 97% pre-leased. The office is just buzzing with activity! In three days the property generated 16 pieces of traffic! A usual count for a property might be 7 in an entire week! An anchor from the local television news affiliate expects to move in soon. And we are in negotiations with the Macon Mayhem hockey team to take a number of units. The deal may even lead to the Ashley Woods logo at center ice!

Here at Chasseur, we never run out of fresh ideas. We are already contemplating screening in the porches, a very popular amenity here is Mid-Georgia, and we are also in negotiations with Cox cable to provide bulk cable to the property. This would be quite lucrative to Ashley Woods, and it would also enable us to offer a discount to our residents as well! Two months after closing on this very attractive property, we are exceptionally pleased to have discovered AshleyWood ♦





Robert M. Dominy
Chief Executive Officer

**“Just like Chasseur
...we will prevail
in the long haul.
We will not accept
anything less than
winning!!!”**



A Few Words from our CEO!

Game Face!

I watched quietly in the background as the rain fell all around me. Nothing but green, everywhere I looked. Green fairways.....green trees.....lots of them.....and of course... the greens were green as well. Only the skies were grey....everything else was green. It was a setting as attractive as Ashley Woods.

I wondered if the participants were nervous. But if they were, their performance certainly did not give it away. It was round two of the PGA nationals best ball competition....and RMD III, age ten, was playing up a division against the 13 year olds. I wondered what was going through his mind as he stepped up to the first tee, and stroked one 175 yards down the middle of the fairway....a perfect drive.....only to come up 60 yards short of his playing partner. As the match moved on....I considered the brilliance of the Ryder Cup styled coach in making this pairing....Nick with his 235 yard drives....and Bobby's short game. And then on the 8th....there's Bobby with a 100 yard 9 iron to twelve inches from the pin....and the pairing takes the match 3-0....en route to a 6 ½ to 5 ½ victory for the local area tour. Precision.... just like Chasseur! We understand which angles we can cut....and which we can't.

As I watched, I thought of the parallels to Chasseur Realty Investors. We're young....true.... but that's undoubtedly a good thing. We look at things in new creative ways....and we're not boxed in by stodgy old ideas. A mind not cluttered with regimented thoughts can sometimes deliver superior performance. No thoughts of shots gone array into the briar patch in the mind of the golfers....and no thoughts of why things can't be done.

Standing in the parking lot doing some scoreboard watching, it dawned on me that this pairing had just shot a one under par round. Reminded me of Chasseur. Here....we like objective measurements and scoreboard watching too! We even refer to it as just "putting numbers up on the scoreboard." And we pride ourselves in producing superior results!

But after the victory in round two....there was a third round to be played in the rain with the bugs biting and with all the hills that day in Central Pennsylvania. And the comparisons to Chasseur Realty Investors continue. Two rounds walking up and down hills...pushing your own bag boy in adversarial conditions was exceptionally difficult. Just like Chasseur....we understand that in order to deliver returns that outperform, we know what we take on will be difficult. And we thrive on the challenge.

Around the green on the first hole of round three, I motioned to the head coach of the team, and told him, "Bobby's just fried. He's done....too long for a ten year old to concentrate." But just then, he walked up and chipped in from off the green. Not talking close....talking "in"!!! An outstanding score after a long time playing the game. Sort of reminded me of Chasseur.....with a 9.2% NOI increase over the past 20 years. And oh yes....we're back to our scoreboard which can be seen on page four.

The day moves on...and it increasingly becomes apparent that the opposition has thrown up their best tandem against the ten year old and his partner after having seen that they posted a 3-0 victory in round two. They're the best 13 year old team that I had ever seen! But then again....the opposition continuously throws up their best against Chasseur....and we win almost every time!!! Go right ahead...make our day!!!

I stood on top of a hill overlooking the 6th hole green. It was a long way down. I watched with admiration as the players, pushing bag boys which by that time must have seemed like they weighed 500 pounds, made their climb up the steep slope. Hats pulled down over their eyes to shield from the rain. Such perseverance....like Chasseur's early days at Ashley Woods. Just a battle every day! And never....ever....the thought to complain that "this is really hard." At Chasseur, we never feel sorry for ourselves. We only feel sorry for our competition.

The rain continues to pour. The "no see-ums" continue to bite. The juggernaut 13 year old team is getting the best of the 10 and 12 year olds. And I stand there on the 8th hole green....absorbing the greenery....the trees....the fairway....the green itself....and think to myself..."boy, am I going to miss this!!!

Just like Chasseur....when it comes to real estate investing....what we undertake is usually difficult....but we love what we do!!!

Just then the father of the 12 year old comes up to me and says, "this is a really good experience," reflecting upon the scoreboard, "they'll learn from this." He means learning to lose with grace....and learning to compete. And to that I replay, "no, this isn't just a good experience....this is preparation for next year!" I mean, we're here to win. We'll be back!!! To that response he flashes a big wide grin.

Just like Chasseur ...we will prevail in the long haul. We will not accept anything less than winning!!! ♦

Whispering Woods: the Perfect Bookend Investment!

Not content to own just one asset in Macon, on June 5th, Chasseur closed on its second investment on Northside Drive, the mostly town home community of Whispering Woods!

We like to think of Whispering Woods as the perfect bookend investment to Ashley Woods, acquired back in April. And that is because, while Ashley consists of 72 one bedroom unit and 24 two bedrooms the 108 unit, Whispering Woods has no one bedrooms and almost entirely consists of two and three bedroom townhomes!

The property, which was acquired for \$4.9M, is another great example of Chasseur's style of value add investing. Whispering Woods is situated on an attractive site plan which is characterized by rolling hills with a creek which runs through it. It's about a mile from Ashley Woods, and it is also located on Macon's preferred North side of town, another example of avoiding geographic risk.

At Whispering Woods, we're planning another capital spending program, in this case one which will cost \$350K. Most significant is the exterior repainting pro-

gram, always at the top of our list of things to do because it will enable us to reposition the entire property, and it will also offer the biggest bang for our buck! The buildings, surrounded by heavy woods, are now a bland, faded brown with a considerable amount of wood which will need to be replaced. However, we plan to come in with a bright, coastal color scheme which will be far more attractive and appealing to our target market. We also plan to vary to colors by buildings so that we achieve a more village like feel to the community, rather than the generic feel which presently exists.

But we have a lot more in mind! We plan to revitalize the leasing center and to install a model. This has done wonders to our marketing program at Ashley Woods! We also plan to com-

pletely renovate the pool area, which leaves a lot to be desired at present. On the interiors, we plan to install new carpet in many town homes, paint cabinets white with brushed nickel hardware, and to resurface countertops.

We're taking over the property at 93% occupied, but by the time we are through, we are confident that residents will be willing to pay a substantially higher rent to live in such a lovely community! ♦



Down on the Bayou!

So after successfully consummating two investments in Macon, Georgia, what comes next, you might ask? Not ones to let any moss grow for too long under foot, Chasseur has not one but four deals under contract in Bayou Country!

In late June we expect to close on the Hartford View Apartments in Gulfport, Mississippi. The community consists of 120 town homes and was acquired at an extremely attractive price. The property is in a favorable location perhaps a mile from the beaches and a similar distance from the down town area, consistent with Chasseur's preference to purchase properties in desirable areas.

We expect to kick off a substantial capital improvement program once the investment has closed. Our plan includes the replacement of many roofs, and we will also change the color scheme at the property, which is presently green and yellow. We also plan to sealcoat and stripe the parking lots, and we will install a swimming pool and deck. And oh yes....a name change and new

signage is certainly in order at this community!

But in addition to what we have cooking in Gulfport, we also have three investments that we are particularly enthusiastic about in Pascagoula, Mississippi! ♦



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
Avg.		9.2%	

Wolf of the Gulf of Mexico!!!



The former "Wolf of the Chesapeake" is quickly becoming the "Wolf of the Gulf!!!" In the good ol' days, we used to cruise the waters off Maryland's Eastern Shore. Nowadays, we spend more time cruising the waters of the Gulf of Mexico off

Louisiana, Mississippi and Alabama, where we are striking gold in terms of finding value add investments, of both the "on market" as well as the "off market" variety! That's a bit of a prelude and a teaser of what to expect in the next edition of Courageous!!!

"Chasseur," The Pride of Baltimore!!!

For our first time readers, here's a bit of history! This is "Chasseur," a 40' sloop which we sail out of Oxford, Maryland. The name is taken from a famous privateer, which sailed out of Baltimore in the War of 1812, and which went 17-0 in the war, returning to port to a ticker tape parade. We use Chasseur for many corporate events and to celebrate our many corporate accomplishments, of which it appears that Ashley Woods will be the next! The word "Chasseur" also means "hunter" in French. And here at Chasseur, that has special meaning, since hunting for superior and hard to find investments is in large part what we do!!!

Just Another Blowout Performance!



Here at Chasseur, we don't just find great investments and manage them to substantially increase valuation! We also have an asset management department, and we do the same for third parties.

For the past year, we have been asset managing a portfolio of five properties consisting of 2,013 units in Mobile, Alabama. And we have also been asset managing 270 units in a suburb just south of Atlanta. And the financial performance has been very reminiscent of that which our management has achieved at many different portfolios over the past 20 years, up and down the East Coast and as far west as Texas and Illinois!

In 2014, our first year overseeing this portfolio, proved to be one of stellar performance, and it was the second greatest increase in NOI which our management team

has ever achieved. In Mobile, a second tier market with five value add investments, we achieved a 17.2% increase. We have always relished the opportunities available with large, older assets, and at a 500 plus unit community, we achieved a 22.8% increase. Our other four properties achieved increases of 21.2%, 17.5%, 14.2%, and 11.2%. Not a single one in single digits!!!

Outside of Atlanta, we had another blowout performance, achieving a 19.9% increase. Across the entire portfolio, our increase was 17.6%. That's our second best financial performance ever, beaten only by 1999, when we achieved a 25.4% increase with the PRG portfolio.

Never ones to rest on our laurels, in 2015 we have seen much of the same! Through April, in Mobile our net operating income increased by 8.3%. And in Atlanta, we improved by another 19.9%. That was good enough for a 9.8% increase overall. How did we accomplish this? It's the same old Chasseur recipe of improved performance resulting from both physical improvement in value add assets, and substantially better management. At Chasseur, these big time returns are almost becoming habit forming!!! ♦

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Next quarter:

Look for an update on Whispering Woods, a preview of our Gulf Coast investments, and an introduction to Chasseur's growing list of blue chip management professionals!!!



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