

The Pascagoula Run



It was a lazy day of just kicking the tires on some Gulf Coast real estate out in the field in the summer of 2015. That was when MHA broker Craig Hey just happened to mention, "hey, you wouldn't happen to have any

interest in an off market portfolio of properties in Pascagoula, would you?" Within a few days, he called back and said, "I'm just running the numbers on these properties, and you'd better get down here and look at these right away!" And on November 5th, 2015, the Bandywood Apartments, Azalea Park and Autumn Trace all became a part of Chasseur Realty Investors, LLC.

The 104 unit Bandywood consists of a nice mix of one, two and three bedroom apartments located in one of Pascagoula's most desirable neighborhoods on the Northeast side of town. The property is spread over several lovely landscaped acres. The property presents itself as the perfect turnaround opportunity. That is because it already has lovely grounds, a favorable location, and a wealth of underutilized amenities. We have always said that one of the central planks in the Chasseur investment platform is to find assets which "can cost effectively be made into something that they are not. "Bandywood on Orchard," as we have renamed it is just what we look for!

At present, the property has a well located leasing center which overlooks the pool. However, the large club room goes almost entirely unused! Our plans call to convert this into a fitness center with tread mills which look out over the swimming pool! We also plan to install a wi fi café.

Under the direction of Gulf Coast Regional Vice President Melissa Daugherty, we plan to do a major renovation to the swimming pool. This will include the installation of a stamped concrete deck, the addition of new furniture, and we will also add a number of colorful umbrellas!

Not more than five minutes away is the 72 unit Autumn Trace Apartments. And just down the street is the 128 unit Azalea Park, which was in such impeccable condition that it did not require much in capital improvements. But we nevertheless attacked the swimming pool deck in order to create a much more festive atmosphere. The property was constructed with beautiful courtyards, so we did extensive power washing to enhance the appeal. In a city anchored by Ingalls shipbuilding and Chevron Oil, we suspect that the improved physical appeal combined with Chasseur management will give us a very successful group of properties in this seaside location. ♦

A New Day Dawns in Gulfport

It was a property that we picked up for a mere \$25,000 per unit. But in spite of the modest price which we paid, or should we say because of it, we had very big plans for the Hartford View Apartments at 3103 8th Ave. in Gulfport.



The opportunities to improve performance were obvious everywhere. The building exteriors were painted a faded yellow with emerald green trim. The two story townhomes were all finished with a cheap commercial grade blue carpet. Although the property overlooked Brickyard Bayou, not a single thing had been done to take advantage of that amenity. And even the name was taken from the home town of the ownership group in Connecticut, as if that would have a marketing appeal in a coastal town in Mississippi.

After closing on the property on June 26, 2016, we kicked off our \$600K capital improvement program to renovate and turn around this community. Our objective was to reposition the 120 unit property as two story villas in a coastal location in an area with that heavy New Orleans, French flair. Our first project was to repaint the building exteriors. Our designer, Erin Marshall Design, picked out three different colors for the building exteriors so that the property would be distinct from those properties with a very generic look.

We also installed a swimming pool at a property which previously had none. To address the issue of the townhomes lacking patios, we built patios throughout the property and installed white picnic tables with navy blue umbrellas. This not only created an amenity and enhanced the ambiance, but it also added to the French flair. After hiring new landscapers, the community now has a clean, crisp and inviting look.

We next addressed the reputational problems at the property. The complex was renamed "Villas sur la Riviere," or translated literally "villas on the river," which is what we are. We also changed the street address to "One Riviere Way."

Finally, we installed crack Sr. Property Manager Suzanne Slingby, drove out the rift raff, and have begun filling up the community once again with more desirable, and substantially higher paying clientele! The Villas is still a work in progress, but we like the direction it is heading! ♦

RMD: Refusing to Fail!!!



Robert M. Dominy
Chief Executive Officer

**“if I paid you a
million dollars
to accomplish
something,
could you
get it done?”**



Chasseur Sponsored Lightning!

I hit the fast forward button on my remote to find the scene at the end of the movie. One of my favorite scenes in one of my favorite movies, it highlighted Leonardo Di Caprio's as Jordan Balfort, the “Wolf of Wall Street”. The speech began as his explanation to the entire company of why he was going to be stepping down, and leaving Stratton Oakmont. But as he got into the speech, he explained, “I always taught you to never take no for an answer.” A few moments later he continued, speaking of himself, “what a hypocrite. I just realized that if I leave, I’ll be taking no for an answer. So you know what.....I’m not leaving!!!” The room just explodes into thunderous applause!

Circa mid-nineties.....yours truly was interviewing for one of my first senior level jobs based in Virginia Beach. When asked what my three greatest strengths were.....as point #3 I said, “....and I refuse to fail.” At that point, the interviewer stopped, put his pen down on his desk and just stared at me for a moment. And I thought to myself, “I guess I just connected with that answer!”

Fast forward again, this time to the summer of '15, and the Chasseur Realty Investors sponsored Lightning hockey team. The league was supposed to be rigged.....like playing against a stacked deck. Each team consisted of a “randomly selected roster to fill out the hockey team, but there was one which looked decidedly un-random, if that is a word. Coached by a league insider, virtually every player on the team was on the town ice hockey team. As the playoffs rolled around, the Lightning were an exceptionally mediocre fourth seed. But the Lightning by sheer force of will refused to fail! And at the end of the playoffs, they were league champions, having beaten the ‘Hawks not once but twice in the double elimination tournament, taking home the league crown after having gone undefeated.

Refusing to take no for an answer, and refusing to fail are two traits which go hand in hand at Chasseur Realty Investors, LLC. And we’re not talking a slightly above average effort here. We’re not talking working overtime a few nights, or putting in some time on a couple of weekends.

Here’s how we describe that standard. Not “is it difficult.” Not “will you have to try harder than everybody else.” But rather, “if I paid you a million dollars to accomplish something, could you get it done?” Almost every time the answer is a profound “yes.” So then, I guess that it really COULD be done if you really wanted to do it!!! And then if it doesn’t get done then I guess that you really just didn’t want to try hard enough!

Perhaps one of our more enlightening examples of refusing to fail in the face of adversity here at Chasseur has been the experience at Ashley Woods, our first investment. Soon after the takeover we found that we had a 60% occupancy rate, with all units in need of upgrade. At one point in the renovation process, we had 22 temporary workers employed. Many adjustments were made to the \$192K capital budget program. Instead of replacing paneling, we found a very thick paint which filled in the grooves at a far lower cost. Instead of painting cabinets through a contractor for \$350 per unit, was saved substantially by doing them ourselves. By making countless changes, we stretched the \$192K much further than others had expected.

But the marketing program languished too. Almost no one came into the office, and when they did, rarely did they rent. At one point, I took a broom, handed it to a part time office worker, and instructed her to go out and just sweep the pine needles off the patios and balconies. They were potentially one of our bestselling tools, but the units had been vacant so long, the pine needles had piled up!

But then one day things changed. The phones began ringing, and people began pouring in. By Wednesday of that week, I grinned at the marketing representative and said, “you know, this is really beginning to feel like a real marketing office.” And within 62 days, we had gone from 60% occupied to 100% occupied.

Most recently, our biggest challenge has been marketing the 120 unit Villas sur la Riviere in Gulfport. The clientele was so undesirable that we had to take the property down to just 50 occupied. But then we hired Suzanne Slingsby, the hottest leasing hand in the region, and we began chipping away. Next, I flew to Arizona to meet with the coaches of the Milwaukee Brewers minor league team, which is based in Biloxi and needs housing. Seriously.....who does that?!?!

So do you think you have a tough property? Do you think that this time, Chasseur has met its match? Well, we happen to think for about a million reasons, this time we will win again! ♦

Georgia's on Her Mind!



There may not be any Southern twang in her voice, but Alissa Marcolongo has taken this Southern city by storm! Alissa is a long-term veteran of the property management and leasing wars, and the challenges in Macon have been nothing new to her.

Alissa worked for Bob Dominy for five years in a previous life, and during that time was the Sr. Property Manager directing activities at five properties in Delaware and in Pennsylvania. Always a star performer when measuring financial performance, Chasseur jumped at the chance to bring her on board our young company and to assign her responsibility for Georgia.

Alissa is exactly the kind of personality that Chasseur seeks. A whatever it takes attitude drives her during the day, while she enjoys kick boxing classes by night. We're sure there is nothing too tough that she will face in the city which celebrates cherry blossom festivities like none other! ♦

And Mississippi's on hers!

Having grown up and attended college just an hour east of Pascagoula in sunny Pensacola, Melissa Daugherty was a natural choice to take over our portfolio in Mississippi! But what has made her an even better fit is the exceptional background which she brings to the table!



Melissa has over ten years experience in property management. In the early days, she managed first a 152 unit C+ community, and later was promoted to a 184 unit A property that under her direction was an absolute outperform. Melissa repositioned the property and directed the marketing program to university students by staging things like pool events and a luau. As a consequence, average rents exploded and her community became "the place to live!!!"

Melissa also worked for Bob Dominy for five years, first as a single property manager, next as a multi-site manager, and later as Sr. Projects Manager. With all of the capital improvements that we have had going in Pascagoula, how could you find a better choice? ♦

Macon Mayhem

It may be the name of the new, local hockey team. But it's also a phrase that accurately describes our last 12 months in the city of Macon.

We closed on the quaint 96 unit Ashley Woods on April 8th, 2015, so it has been just over one year since Chasseur opened its first property. And since that time, there is much which has been positive to report coming out of Macon. When we opened the doors of Ashley Woods for the first time, it stood at a mere 60% occupied, and to our surprise, most of the vacant units were not renovated, the Seller electing to incur financial penalty rather than perform any work whatsoever. But things did not stay that way long! We immediately kicked off a \$192K capital improvement plan, and ran most of the projects in-house to save on the cost of improvements. We also made numerous changes to the plan along the way as we found a substantial number of ways to increase efficiency to our plan to remodel all interiors. The final result was a vastly improved product, and a community which reached 100% occupancy in 62 days.

The sister property to Ashley is the 108 unit Whispering Woods, and we closed on that community on June 9th, 2015. Both properties are located on what is considered the highly desirable Northside Drive, and they are approximately one mile apart. Even better, Ashley

consists of 72 one bedroom units and 24 two bedrooms, while Whispering Woods has 8 studios, no one bedrooms, and mostly two and three bedroom townhomes. So the properties work well in making referrals to one another.

We concluded 2015 slightly ahead of budgeted NOI at Ashley Woods, and substantially ahead of budgeted NOI at Whispering Woods. Even better, at the time of this writing Ashley Woods is 100% occupied, while Whispering Woods is projected to reach 96% by late April. Finally, average rents have increased an impressive 10.7% annualized at Whispering in the ten months which we have owned the community. ♦



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
Avg.	9.3%	

At Chasseur, we transform assets, both physically and financially!!!



“You Like That!!!”



That phrase, which is now copyrighted, was beamed all across America when Kirk Cousins, quarterback for the Washington Redskins, screamed the words into the camera after leading an exhilarating come from behind victory.

And now here at Chasseur, with the historical chart shown at the top of the page for reference purposes, is beginning to feel like we are developing a nasty little reputation for doing the same thing.

As many may know and as is discussed on our web site, “Chasseurrealtyinvestors.com,” Chasseur is divided into four departments, and one of those is our asset management division. We asset manage a portfolio of properties which consists of six communities, 2,200 units, located in Alabama and in Georgia.

At a prior company which our founder created, we achieved three consecutive years of double digit NOI increases. It’s a feat which is incredibly difficult to do. And that is because rarely is there an opportunity to achieve increases that large, and rarely is there that much slack which can be absorbed.

But in 2015, we’re pleased and proud to tell you that we did it again! After having achieved a 17.2% increase in 2014 over the previous year, in 2015 we came back with an 11.2% increase to make it two in a row!

At a 384 unit class “A” asset, we achieved a 6.4% increase. At a 587 unit class “A-” asset, the increase was 8.2%. We were also responsible for a 253 unit class “A-” town home community. There the NOI increase was 9.7%. At a disadvantaged location at a class “C” property, the increase was a whopping 18.3%. And at a 545 unit class “C” community in central, we increased NOI by 23.3%. You like that?!?! ♦



**Suzanne Slingsby,
Sr. Property Manager**



**Dawn Petrovich,
Controller**



**Jenny Higgs,
Senior Accountant**

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Next quarter:

Look for an update on Whispering and Ashley Woods, completion of capital improvements in Pascagoula, enhancements at Villas, management expansion and future acquisitions!



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