



We purchased Chamberlayne Gardens on September 29, 2006. It is a 216 unit garden style complex on 11 acres in Richmond, VA. The property had 72 owners and the partnership required a 50% vote for any improvements to be completed at the property; therefore not much got improved over the previous 25 years. The property was highly distressed. Quite a few apartments were condemned by the City of Richmond. Crime was rampant with drug dealers, prostitutes and shootings on a regular basis. The property had the original gas boiler system that costs the owner \$400,000/year in gas bills. The roofs were leaking everywhere.

We immediately evicted 62 problematic tenants, hired armed security, worked side by side with the local police and eliminated 100% of the crime within 5 months. Old Homes, Inc. functioned as General Contractor and completed a \$4.2 million renovation in seven months. Construction costs came in \$300,000 under budget. 218 HVAC units were installed and the boiler system was removed. The electrical was updated in all 216 apartments. Two laundry rooms were renovated, new roofs were installed and the slate roofs had major repair work completed. Asbestos was properly abated from under all 216 apartments. Security locks were added to all exterior entrance doors, all front entrance hallways were renovated, firewalls were built in the crawl spaces and attics, rotten windows were rebuilt, all the storm windows on the front side of the 52 buildings were removed and painted, all the main windows on the front were painted, new signage was developed and installed, the rental office was renovated and professionally decorated, deferred landscaping and trimming was completed, pot holes every where were filled, the four parking lots were paved and striped, the condemned units were gutted and renovated and over 50 heavy turns were completed.

On the financial side, we increased rents from an average of \$420/month to \$590 month. Some tenants had not had a rent increase for 18 years. Approximately 100 tenants were replaced. The other tenants renewed at a \$50/month increase in rent. The boiler expense, management fee, and overall operating expenses have been decreased substantially. Twelve months after purchase, the property was 92% occupied and ready for refinance to permanent debt. We also got the property listed as a National Historic Landmark and received \$2.3 million in State and Federal Historic credits that we syndicated to Foss & Company for \$1,993,000. The end result is the property generates cash flow of \$250,000/year after reserves, \$2.5 million in equity in addition to \$2 million in tax credit income within 1 year of purchase. Net operating income increased a little over \$101,000 from January 2007 to January 2008.

Old Homes, Inc. is a diversified real estate development and construction company that teams with institutional capital sources to acquire and operate apartment communities and generate exceptional returns. The investment properties we pursue include those where quality and location have the potential for increased occupancy and rental rates through renovations and correction of operating inefficiencies. We select growth markets where rental housing is in demand and demographics are healthy. For more information, please contact Jonathan Bell at 804/344-7095 or jbell@oldhomesinc.com.