

# THE CORNERSTONE



## PRG Real Estate Management, Inc.

Covering: Pennsylvania, Virginia, North Carolina, South Carolina & Florida

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Second Quarter 2001

### ***A Slowdown That Feels More Like Expansion!***

Jobless claims on the rise. Factory Orders are down. The NAPM index continues to show contraction. PRG occupancy tops 97% month after month. What!?!?



construction at Linkhorn Bay!

All across the world of PRG, occupancy levels edge close to property records. At the time of this writing, the entire stabilized portfolio had only 99 vacant units, and 24 of those were the units under construction at Linkhorn Bay!

No less than seven communities had occupancy levels above 98%. In Pittsburgh, Marilyn Fields and her marketing team achieved 98.6% at an all student property. Across town, Clarissa Prosser reached 99.3% at Cascades. Suzanne Nardini and Steven Wilder had an occupancy rate of 98.2% at Alcoma. Meanwhile, Garrett Wood and Joe Chernay achieved 98.4% at Pinewood. And demonstrating that Lancaster Green was not to be left far behind, Doug Scott had achieved 98.6% occupied at that community.

With the Fourth of July nearly in sight, the leasing continued to be as hot as a firecracker in Virginia Beach. At the Courtyards of Chanticleer, Karen Reid had achieved 98.7% occupied. Simultaneously, across town at the 864 unit Linkhorn Bay, Erin Murphy and Tina Kaster reached 96.1% occupied, with 24 of their 33 vacant units under substantial renovations!

But perhaps the best news of all comes from South Carolina. The weakest market in which we operate is in Spartanburg. But despite soft external conditions, Tonya Stephens and Craig Byrne achieved the highest occupancy rate in the company at The Corners, which reached 99.4%. With soft conditions like these who needs an expansion?

### **Florida Lease-Ups Head Down the Home Stretch**



As the second quarter approached a close, the Florida lease-ups which have dominated our attention were quickly coming to a close as well. In Sarasota at Gateway Lakes, the completion of the capital improvement program signaled that the end of our leasing program could not be far behind.

At the time of this writing, the building exteriors have been completely repainted, the stucco bands have been installed, and the clubhouse has been completely refurbished. The exterior landscaping program was almost complete, with plenty of new Augustine grass and lush palm trees throughout. A new well has been installed to keep the lakes filled and the fountains flowing, and the fresh seal coat has brought the drives back to life. Finally, dozens of units have been enhanced with new plush carpet.

And the impact upon the marketing program has been considerable as would be expected. Rentals increased from 19 in May to 60 in June, and occupancy soared to 79% at the time of this writing.

The story across state in Jacksonville at Silversmith Creek is similar. At the close of the second quarter the construction neared a close as well. The work on buildings 3, 4, 5 and 6 was almost complete. New carpet and vinyl was ready to be installed. And a gated entrance had been added.

At Silversmith, the occupancy jumped to 81%. And with a number of units pre-leased, only 14 remain to be rented before reaching stabilization. By the end of the summer, we expect to not only have two beautiful new properties, but also two fully occupied ones!

# ***We Need a Few RAF Fighter Pilots!***

## ***...A Few Words From Bob Dominy***



It has often occurred to me that throughout history, there is no greater drama than that of military conflict. It involves life and death. The fate of nations hinges upon the outcome. It brings out the best as well as the worst in personality characteristics. And it tests performance beyond any other event. In a comparable manner, although to a lesser degree, many of our most difficult business situations provide us with a similar test. Personal qualities are tested. The required response will be demanding. Most will have trouble rising to the occasion. But an outstanding few will excel.

One of the most gallant exhibitions of personal strength was seen in the Battle of Britain. Commencing on August 15, 1940, most observers expected that Germany would conquer England in a number of weeks, just as it had France. Initially, British losses measured in downed aircraft and a declining number of pilots were severe. However, the ever dwindling number of RAF fighter pilots flew around the clock, often with very little sleep, to save a nation and a continent. It was their performance which caused Winston Churchill to comment "never in the field of conflict was so much owed by so many to so few".

Fast forward to June, 2001. It is half-time, the mid point of the year. And thus far, the first six months of this year have produced results which are most impressive. As I look out across PRG globally, it is easy to pick out the successes. Let me check them off for you. A \$573K favorable variance to budget. A stabilized occupancy rate over 97%, and a delinquency rate of only 1.2%.

few dogfights. In Spartanburg, the market occupancy rate is extremely weak and the second half of 2001 will undoubtedly be tough. And in Raleigh, the market rate is only slightly better at 92%. While great progress has been made at Silversmith Creek, occupancy is only at 81%, and a good month of marketing remains. In Sarasota, we are still 60 days from stabilization.

Thus far in year 2001, we have had a few good examples of the property management equivalent to the RAF fighter pilot of 1940. At Linkhorn Bay, Erin Murphy has proven herself to be an exceptionally hard worker, and has racked up an impressive \$205K favorable variance. In Spartanburg, Mark Kirby has taken over the maintenance department and through an exhausting number of hours at work has catapulted The Corners and Magnolia maintenance programs near the top. In Pittsburgh, Clarissa Prosser has shown us a gritty determination in keeping Cascades and Governor's Ridge at, or near the top, in collections on a consistent basis.

But it is only half time, and there are so many dogfights remaining to be fought. Over the years, I have always been amazed at how much hard work can accomplish. I have always been impressed with how consistently the simple factor of time can overcome a problem.

We have some critical situations. And to be successful in confronting them, we need that pit-bull mentality, that refusal to fail that distinguishes the RAF fighter pilot from the mediocre soldier in the trenches far below. Which will you choose to be?

But in user inspection, we are certainly not without a



## **Acquisitions Update: Focus on the Southeast**

Will the new manager of our next acquisition be attending University of Alabama games in Tuscaloosa, watching the Masters first hand in Augusta, or visiting the state capital in Columbia? Mobile, Greenville, Gainesville, Greensboro, Raleigh...the list of cities with acquisition prospects goes on and on. It takes an incredible amount of work to make a new acquisition happen. But we want you to know that these are among the many cities in which we are presently considering which community will be the next to be added to our proud list of award winning properties.

There are a few people outside PRG who we would like to thank however for assisting us with our acquisition program. At First Union, Jim Smith and Craig Pelouze have been exceptionally kind in advising us on acquisition candidates within their portfolio. In fact, they were the ones who introduced us to Gateway Lakes.

At Colonial Bank of Birmingham, Rich Humphrey has not only presented us with opportunities in Alabama, but has also been a long standing friend of PRG in the area of finance. Finally, from M & T Bank in Philadelphia, Gino Martocci and Jeff Brusko have been exceptional friends in the area of corporate finance.

We know that so many star performers in the field recognize that growth within the PRG portfolio represents opportunities for personal growth themselves. And we want you to know that we're presently in the process of turning over a lot of stones, and expect some exciting announcements soon!



Silversmith Creek - Jacksonville, FL

# THE PRG HONOR ROLL



## Show me the Money!

### SECOND QUARTER, 2001

- |                |                |           |
|----------------|----------------|-----------|
| 1. Erin Murphy | Linkhorn Bay   | \$101,483 |
| 2. Karen Reid  | Chanticleer    | \$54,164  |
| 3. Joyce Kolk  | Flagler Pointe | \$41,988  |

For most of the first half of the year 2000, Linkhorn Bay had consistently been among our weaker financial performers. However, that began to change in September when Erin Murphy arrived from her Midwest home in Chicago. By December, Linkhorn was fourth in the company. And by the end of the first quarter 2001, Erin celebrated Linkhorn's financial turnaround by winning our Show Me the Money Award! Karen Reid from Chanticleer finished the quarter in second place, giving Virginia Beach the top two performers in the quarter. And Joyce Kolk from Flagler Pointe finished in third place.

## Top Gun Leasing Winners

### FEBRUARY

This was Dedeshia's first month employed at PRG. But you would have never known it based upon her outstanding achievement in leasing! She led the company with 32 deposits.

- |                      |              |    |
|----------------------|--------------|----|
| 1. Dedeshia Trammell | McKee Place  | 32 |
| 2. Daniel Dodson     | Linkhorn Bay | 21 |
| 3. Danyelle Evans    | Linkhorn Bay | 19 |

### MARCH

In March, Scott led the company with the most deposits for the third time in the past five months! But Scott had plenty of company at Linkhorn. Christina Kaster and Daniel Dodson, both co-workers at Linkhorn finished in a tie for second place!

- |                     |              |    |
|---------------------|--------------|----|
| 1. Scott Ferguson   | Linkhorn Bay | 35 |
| 2. Christina Kaster | Linkhorn Bay | 25 |
| 3. Daniel Dodson    | Linkhorn Bay | 25 |

### APRIL

In April, Scott Ferguson made it two in a row. However, this time it was by just a whisker over Michelle Riley from Lancaster Green. Tina Kaster from Linkhorn Bay also had over 20 rentals and finished in third.

- |                   |              |    |
|-------------------|--------------|----|
| 1. Scott Ferguson | Linkhorn Bay | 26 |
| 2. Michelle Riley | Linkhorn Bay | 25 |
| 3. Tina Kaster    | Linkhorn Bay | 21 |

## Top Gun Collections Winners

### FEBRUARY

By February Melissa Donecker finally got the opportunity to compete for best collections for the first time and she won! In fact, Melissa has yet to have even one delinquent dollar at her new property. But Clarissa Prosser from Cascades equaled her performance at zero delinquent!

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|---------------------|-------------------|--------|
| 1. Melissa Donecker | Silversmith Creek | \$0.00 |
| 2. Clarissa Prosser | Cascades          | \$0.00 |
| 3. Garrett Wood     | Pinewood          | \$0.33 |

### MARCH

We're beginning to sense a dynasty here. In March Melissa continued her amazing streak with zero delinquency!

- |                     |                   |        |
|---------------------|-------------------|--------|
| 1. Melissa Donecker | Silversmith Creek | \$0.00 |
| 2. Clarissa Prosser | Governor's Ridge  | \$0.60 |
| 3. Clarissa Prosser | Cascades          | \$0.62 |

### APRIL

In the month of April we had a new winner! Clarissa Prosser from Cascades had a zero delinquency rate to lead the company. And at neighboring Alcoma on the Green, Suzanne Nardini finished in second!

- |                     |          |        |
|---------------------|----------|--------|
| 1. Clarissa Prosser | Cascades | \$0.00 |
| 2. Suzanne Nardini  | Alcoma   | \$2.38 |

## Superstar Award Winners

### FEBRUARY

Max Maxfield, Chanticleer

In February, Max Maxfield from The Courtyards of Chanticleer did an outstanding job in reducing the outstanding work order count from 0.65 to 0.03! In addition to this, Max also completely redesigned the maintenance shop to enable his staff to become more productive. He also did a terrific job in his supervision of the maintenance of the property exterior, and even did an outstanding job in financial performance.

### MARCH

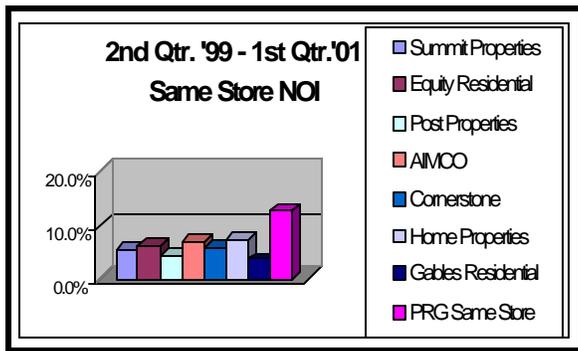
Karen Reid, Chanticleer

In March The Courtyards of Chanticleer produced it's second straight winner in Karen Reid, manager of that property. For the month, Karen's numbers were spectacular no matter what category you considered. Karen finished the month an outstanding \$54,264 ahead of budget. She also successfully reduced her delinquency rate to \$3.92. As a result of her marketing prowess, her community entered the month of April with a 98.36% occupancy rate. Finally, her maintenance department achieved an outstanding work order count of 0.02! These are certainly numbers which anyone would envy!

### APRIL

Michelle Riley, Lancaster Green

Michelle Riley won in her very first month as a property manager! Despite being short staffed, Michelle single handedly rented 25 apartments, and still had time to deliver a spectacular financial performance. She completed the month \$17,521 ahead of budget! What a performance in spite of adversity!



## ***PRG versus the REITs***

As the first quarter of Year 2001 came to a close, your winning streak continued! You began thrashing the REIT's with your financial performance in the fourth quarter of '98. And now, over two years later, your spectacular streak continues! One might think that those rumbling, bumbling REITs would catch on! But that is the penalty which they pay for not logging on to [prgrealestate.com](http://prgrealestate.com)!



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### ***She's the Driving Force for Home Office Organization!***

Those in the field who have called the home office in recent days may have found themselves speaking with a new voice which they did not recognize. To end any mystery, allow us to introduce to you Honor Weber, our new executive assistant and the driving force to keeping senior level management organized and productive!



Honor is a Philadelphian, born and raised. And she is well prepared for her current position as a result of her past working experiences. In one of her more unusual positions, she worked as the Public Relations Director for Lower Bucks Christian Academy. During her tenure there, she organized a variety of new and unusual promotions, involving everyone from professional sports figures to the Philly Phanatic!

And what else could be better preparation for a career with PRG than to have had experience in property management. For two years, Honor served as assistant manager at a senior citizen high-rise community owned by AIMCO.

Following that experience, she served as the assistant to the Director of Tenant Coordination as well as the assistant to the COO of Federal Realty Investment Trust, the owner and management company of many shopping centers and the second largest REIT in the country.

And what about her time away from the office? Singing and composing is where her heart is. And she is also proud to tell you about her three children, two daughters who are in college and her son who is in the military and on his way to Bosnia this Spring.

Since Honor's arrival, those in the field will not only appreciate the enhanced level of home office organization, but will also benefit from speaking to someone who really has been in your shoes before!

### ***McKee Place Maintenance Team Wins Service Request Competition***

It brings us great pleasure to announce that the winner for the first quarter of our "Who Are Those Guys" award goes to the team at McKee Place! Richard Haskey and his team turned in the fastest work order completion record in the company.



Over the first quarter, McKee averaged 0.06 days outstanding work orders for each week. This is an amazing performance at an all student property!

But the team at McKee was certainly not the only one which excelled. The Linkhorn Bay maintenance team was the second fastest in the company with an average of only 0.13. They were closely followed by Fred Saunders and Alcoma Green at 0.17, while Max Maxfield and the Chanticleer maintenance team were fourth at 0.23.

For PRG, the company average over the first quarter was 0.78, meaning that an average work order is completed in 0.78 days, or less than one day after it is called. Spectacular!