



THE CORNERSTONE

"The Newsletter So Good Someone Named A Company After It"

Volume 11, Issue I/II

PRG Real Estate Management, Inc.

Quarter 1&2 2010

Printing Green in the Blue Grass State

One year into our third acquisition in Lexington, Kentucky, the 356-unit Chinoe Creek Apartments property has outperformed even our most optimistic projections! When we first arrived at the community in early 2009 we were struck by (1) the neighborhood was one of the best in Lexington with excellent local schools (2) easy access to the University of Kentucky and (3) major employment centers nearby. Oddly, it was also adorned in an unsightly mustard and olive color scheme with a parking lot resembling a meteor shower fallout.

To others this would be a turn-off. Yet buying an ugly late-1980's vintage property in a great neighborhood at an 8.61% capitalization rate seemed like a home run strategy to Chief Investment Officer Sam Foster. So far, this has been a Grand Slam. The property has turned in a whopping \$1,660,000 in Net Operating Income, exceeding its previous NOI by \$186,000. Cap rates in Lexington, Kentucky for class B+ properties are now sub 8%. Conservatively, the property's worth today is around \$21,000,000. Having purchased the property for \$17,000,000, a \$4,000,000 increase in value in 12 months is certainly something to brag about!

However, it's never just about buying it right. It has to be run right too! "Chinoe Creek results are a perfect example of how PRG adds value in an acquisition," commented Chief Operating Officer Ron Monson. He explains, "we uncovered an undervalued asset in a terrific neighborhood, developed and executed an effective construction plan, installed an improved Property Management team and made necessary adjustments quickly when challenges were discovered." Jena Paulenich, a PRG Veteran who was previously assigned in Kentucky, returned from an assignment at Prentiss Creek to lead the effort as Senior Manager at Chinoe Creek. Jena made two key decisions: retaining Business Manager Kelsey Cantrell from the seller and promoting Lester Storms to Maintenance Supervisor. With a strong management and maintenance team in place, Chinoe Creek was up and running — and we've never looked back. Occupancy has consistently remained above 95%, rents have increased, resident turnover has reduced, and collections are regularly ranked in the top 5 performance for PRG properties.

Jena has recently been promoted to Regional Director in Florida. The responsibilities for this top performing PRG community were turned over to another proven PRG manager, Adam Dunn. Adam has successful prior stints as manager at Country Club and Tates Creek on his resume. Adam is excited about the opportunity and is confident that the best days at Chinoe Creek are still ahead.



Adam Dunn, Kelsey Cantrell, Rachel Baptiste

Please visit our website at www.prgrealestate.com



Ron Monson
Chief Operating Officer

Half Time 2010

As we enter the second half of the year, it's only fitting that we look back on the first six months to review what we have accomplished and assess our needs for the remainder of the year. From a "big picture" view, our results continue to improve at PRG. Our occupancies are generally 2 to 3 percentage points higher than last year at this time. Concessions are decreasing, rents are increasing, and NOI across the portfolio is on the up-

- they are the blueprint for success at any PRG property:
- A committed and dedicated Property Manager.
- Supported by an engaged and assertive leasing and customer service team.
- Expert Maintenance Supervisor and supporting staff.
- Focus on the basics of leasing, customer service, collections and maintaining the asset.

One of my favorite success stories for the year (among many choices) is the turnaround at Linkhorn Bay. At 864 units, it is the largest property in the PRG portfolio and one of Jon and Steve's earliest acquisitions in 1989. Under the leadership of Hollie Robinson and Tony Elliott, Linkhorn is becoming a better place to live every day. Occupancy has stabilized at 96% in large part due to Marketing Director Whitney Raffo's leasing and renewal efforts, collections are among the best in PRG, and the entire service team works together under the supervision of Tony Elliott to reduce both work order completion time and the days an apartment sits vacant between residents.

swing. While some progress can be attributed to the improving economy and recovery in the multi-family housing market, much of the improvement is a result of what WE are doing better.

In April, we held our Marketing and Leadership Conference during which PRG Managers from across the Company met and spent an action-packed two days brainstorming and collaborating to devise a comprehensive marketing plan. Every PRG Property Manager departed Chapel Hill, NC with a specific action plan to implement upon return to their property. We have since seen leasing activity soar and occupancy improve 2%.

Our financial successes can be seen in the "Show Me the Money" competition that reports year-to-date Net Operating Income variance for each Property Manager. Our three leaders at the halfway point of the year are Hollie Robinson at Linkhorn Bay, Adam Dunn (by way of Jena Paulenich) at Chinoe Creek, and Nikki Lowry at Staples Mill. These properties are ahead of budget by nearly \$400,000 and the best may still be ahead. When I look at what these properties have in common,

While we have accomplished much in the first half of the year, our intentions to build an even better PRG continue. We successfully deployed property level check scanning in the second quarter and have exciting purchasing and pricing tests underway. Under the watchful eye of Jon Chattley and Dilan DeSilva we are exploring methods to improve the way we purchase goods and services across the company and how to process payments to our vendors in the most cost-efficient way. Sam Foster and Kathleen Betz are conducting a 5-property pilot to evaluate a rent optimization product that determines the most effective rental rate for every vacant apartment. And Cynthiann King continues her efforts to build a marketing and training program that is second to none.

2010 has been a busy year for us thus far, and we are excited about the many opportunities on the horizon. We expect an equal, if not better, report after the next 6 months!

"Rock Star" Leasing at PRG

We will, we will ROCK you! The Challenge? Secure 300 Applications during the **PRG ROCK STAR SALE!** The Results? PRG collected **351 APPLICATIONS** while demonstrating amazing camaraderie between Property Associates and Corporate Office Employees



Laura and Brittani
Woodcreek

who lent enthusiastic support throughout the exciting 3-day event. Teams donned yellow (2010's marketing color), played rock music, and rolled in application after application – increasing traffic and occupancy at every site. Participants snagged intermittent and targeted prizes ranging from paid days off to Starbucks cards to Fandango tickets to cash! Overall Leasing Rock Star, **Brittani Patterson** of Woodcreek, personally rocked in and locked up 16 phenomenal applications! Besides her victory golf cart ride, Brittani won 3 days off, \$600 and dinner of her choice with Bunny Blake, her new Regional Director. Other record Rock Stars include: **Andy Singleton** (11 applications), **Anna Wyatt** (10), **Kira Atwell** (9), **Nayeli Lozada** (9), **Brett Harrell** (8), **Stephanie Rhodes** (8), **Allison Unumb** (8) plus additional Regional Winners **Kathleen Murray** (6) and **Ashley Wasicki** (6).



Thomas, Allison, Blanton, Jason, Chris
Glendare Park



PRG Marketing and Leadership Conference



Yellow and black balloons floated in clusters, tables littered with paper strips and play dough, lunch bags packed with healthy treats, shiny new gold name-tags glistened at every seat and all were permeated within an atmosphere of friendly, nervous anticipation. What's going on? Better to ask, WHAT'S IN?!



*Steven Berger and Jon Goodman
Town Hall Meeting*

targets. Creativity abounded! Innovation ruled! Friendships forged! Every minute was jammed with educational sessions, strategic planning and tactical considerations.

Day 1 Highlight: Town Hall Meeting with Principals Steven Berger and Jon Goodman who both frankly answered all questions posed by attendees and moderated by Ron Monson.

Sixty-eight of PRG's Managers, Directors, Executives and Principals, with the generous support of key vendor partners, gathered in Chapel Hill at the recent PRG Managers' Conference to learn, engage, identify, optimize and exceed our 2010 leasing targets: increase occupancy, retention, and NOI. How? By ditching What's Out — ineffective, same-old practices — and embracing WHAT'S IN — innovative tools and techniques!

Day 2 Highlight: Maintenance Supervisors Chad Cook and Tony Elliott present effective methods for managing maintenance and coordinating with the Property Manager and leasing teams for rapid turnaround time!

Day 3 Highlight: Cynthiann King closes the conference and asks attendees to "break OUT of the chains that bind you" and "stay chained to WHAT'S IN!"

2010 WHAT'S IN: leading edge, best practices in Marketing, Leasing, Renewing, Managing and Technology. Each attendee designed a professional Action Plan with specific steps to implement key strategies that best enhance their apartment community and business

Today the PRG Managers' Conference still effectively influences and impacts these attendees. Just ask any one of them – WHAT'S IN? Each PRG Conference attendee knows and shows it with their newfound tactics and improved competencies!



Acquisitions in the Sunshine State

In June, PRG placed two properties under contract in Florida; the 416-unit Sandpiper Cove in Boynton Beach and the 292-unit Huntington at Sundance Station in Lakeland. PRG is certainly no stranger to the Sunshine State, already owning seven properties across Tampa/St. Petersburg, Orlando, and Jacksonville. We are very excited to be adding two additional Florida cities to that list.

Sandpiper Cove is PRG's first acquisition in Southeast Florida. Its superb location in southern Palm Beach County provides easy access to very high quality retail, employment centers, and, of course, the beach! Built in 1989 and being purchased from the original owner, the property presents an opportunity for PRG to add value by installing new landscaping, adding a new and larger sign package, and completely overhauling the main drive path into the community. We are also pleased to have Wells Fargo Real Estate Capital as our equity partner in the deal. This is the second acquisition for which PRG has partnered with Wells Fargo, the first being The Villages of Lake Boone Trail in Raleigh, North Carolina.



Huntington at Sundance

Huntington at Sundance Station is an "A" class apartment property built in 1998 and located in Mulberry, Florida, a southern suburb of Lakeland, Florida. Lakeland is the second largest non-coastal city in Florida and is located approximately 35 miles northeast of Tampa and 45 miles southwest of Orlando. This central location allows residents to work for one of the several large corporations headquartered in Lakeland, such as Publix Supermarkets, or commute to the larger Tampa Bay and Orlando Metro areas. Huntington at Sundance Station represents an opportunity to purchase a high quality product from a distressed seller for a good price and with limited equity. It also doesn't hurt that there is a strong immediate cash flow, a limited new apartment inventory in Lakeland, an increasing population, and declining unemployment! Argosy Real Estate Capital continues its long partnership with PRG as our equity partner in the deal.



Sandpiper Cove

*****The Raving Fan Award*****

Robert Parker is the winner of the Raving Fan Award for the second quarter of 2010. Robert is the Property Manager at Hilton Village and was nominated for this award by his supervisor, his colleagues, and by three residents of Hilton Village. The Raving Fan Award is granted to an employee who goes above and beyond the call of duty and creates loyalty to their property or department and builds long term value for PRG through excellent customer service. Each nomination praised Robert for his always-caring attitude, his prompt response to issues, and consistent follow through. His actions and leadership have resulted in a huge turnaround at Hilton Village, and an average occupancy of 97% for the quarter! Robert's hard work is a true demonstration of the effort desired by all employees. Congratulations Robert and thank you! Keep up the good work!

*Robert Parker
Hilton Village*



*****The PRG Excellence Award*****



*Rachel Papa
Ambassador and Pinewood*

Rachel Papa is the Assistant Manager at Ambassador Apartments and Pinewood Apartments in Pittsburgh. Both Ambassador and Pinewood have been top performers for PRG in the last twelve months and Senior Manager Kami Poole gives Rachel credit for much of the success. Both properties have maintained occupancy between 95 and 100 percent and collections are always near the top of the PRG rankings. An employee promotion left the properties short-staffed in January, and

Rachel quickly filled in the gap to ensure residents were serviced, leases were closed and rents were collected. Rachel's efforts "above and beyond" ensured property performance continued at one of the highest levels in the Company.

Shelly Drumheller joined PRG in June 2009 as a Property Accountant at our Home Office. Since that time, Shelly has consistently maintained a "can do" attitude and readily taken on more responsibility. In addition to handling the accounting and reporting for 13 properties in Florida, South Carolina and North Carolina, Shelly completely re-engineered our investor reporting process which increased the quality and decreased the production and distribution time. Recently she created an audit process for monitoring compliance with certain policies and procedures, and she did this all while assisting with year-end audit and tax work.



*Shelly Drumheller
Property Accountant*



*Ben Nicastro
Flagler Maintenance*

Ben Nicastro is the Maintenance Supervisor at Flagler Pointe Apartments in St. Petersburg, Florida. Flagler Pointe is often recognized as one of the best managed properties in PRG because of the seamless cooperation between the Leasing Staff and the Maintenance team. Ben makes this internal collaboration seem effortless, impressing both the residents and the rest of PRG. Ben leads by example and is always looking for ways to provide a permanent solution at an efficient price. In addition to his work as Maintenance Super-

visor, Ben has helped perform due diligence at acquisition properties and is always willing to lend his advice, support, or manpower to other properties in need.

Adam Dunn was recently promoted to Property Manager at Chinoe Creek in Lexington, KY. Adam joined PRG as an MIT in 2008 and successfully managed Country Club and Tates Creek before moving to Chinoe Creek. On top of his daily duties as a Property Manager, Adam completed the requirements for his ARM designation during evenings and weekends. Furthermore, he is currently pursuing his CPM designation. Adam has proved time and time again that he is a smart, strong, and effective manager. Thank you Adam for all of your hard work and congratulations on receiving this well-deserved award!



*Adam Dunn
Chinoe Creek*

THE PRG HONOR ROLL

SECOND QUARTER 2010

Top Gun Collections

April

Our top three finishers this month all exceeded the collection goal of 1%. Brandy collected every penny and Kami and Danielle were so close!

1. Brandy Schultheis	Cascades	0.00%
2. Kami Poole	Pinewood	0.01%
3. Danielle Porche	River Oak	0.01%

May

Brandy did it again this month, finishing with a 0% delinquency rate! And again, she is followed closely by Danielle at River Oak and Kami at Pinewood.

1. Brandy Schultheis	Cascades	0.00%
2. Danielle Porche	River Oak	0.11%
3. Kami Poole	Pinewood	0.25%

June

Again Pittsburgh rounds out the top 2 with Brandy in first place at 0% and Kami at 0.68%. Great work! Matt from Hyde Park takes the number 3 spot with delinquency at 0.87%.

1. Brandy Schultheis	Cascades	0.00%
2. Kami Poole	Ambassador	0.68%
3. Matt Sugg	Hyde Park	0.87%

Show Me The Money!

Q2 Variance

1. Hollie Robinson	Linkhorn Bay	\$97,789
2. Adam Dunn	Chinoe Creek	\$85,269
3. Meschelle Roten	Lancaster Green	\$47,411

The 864-unit Linkhorn Bay in Virginia Beach is in our top spot this quarter, beating quarterly budget by more than \$97,000. Together, Property Manager Hollie Robinson and Maintenance Supervisor Tony Elliott are leading this property to success. The combination of stellar leasing and carefully planned maintenance enabled Linkhorn Bay to reach an occupancy of 98% this quarter!

In a close second for the quarter is the 356-unit Lexington property, Chinoe Creek. Jena Paulenich got Chinoe off to a great start this quarter before handing over the reins to Adam Dunn and Kelsey Cantrell who are continuing the success!

The Villages of Lancaster Green rounds out the top three with a positive variance of \$47,411 for the 2nd quarter. Property Manager Meschelle Roten also leased this property to an occupancy high of 99%!

Razzle Dazzle Leasing

April

Elizabeth at Linkhorn Bay is number one in April with 27 applications, followed closely by Kim and Nayeli, each with 22 applications for the month.

1. Elizabeth Herrell	Linkhorn Bay	27
2. Kim Richardson	Tates Creek	22
2. Nayeli Lozada	Villages of Lake Boone	22

May

Matt McClintock and Jonathan Shelton both had 22 applications in May, helping each of their properties increase occupancy 3%! Hannah at Linkhorn Bay was only one lease away from first place with 21 applications.

1. Matt McClintock	Tuscany/Sawgrass	22
1. Jonathan Shelton	Hyde Park	22
2. Hannah Gordon	Linkhorn Bay	21

June

With the most applications in 2010 is Matt McClintock at Sawgrass and Tuscany! Brittani won the Rock Star Leasing contest this month, obtaining 37 applicants for the month! Also at Sawgrass, Katie had 35 applicants in June!

1. Matt McClintock	Tuscany/Sawgrass	58
2. Brittani Patterson	Woodcreek	37
3. Katie Day	Sawgrass	35

“The Titanium Tool Belt”

<u>Maintenance Supervisor</u>	<u>Property</u>	<u>Open Work Orders</u>
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1. Chad Cook	Glendare Park	0.02
1. Ben Nicaastro	Flagler Pointe	0.02
1. Margie Zakkour	Lakecrest	0.02

We have a three-way tie this quarter, with Glendare Park, Flagler Pointe, and Lakecrest Apartments closing almost all open work orders each week. These properties had at least two out of three perfect months this quarter. Kudos to Chad Cook, Ben Nicaastro, and Margie Zakkour for leading their respective properties to success!

The hard work of the Maintenance Supervisor and maintenance teams make it possible for our leasing teams to lease ready apartments and keep all current residents satisfied customers.

Other properties that consistently complete work orders are Jim Gantz at the Villages of Lancaster Green, Jonathan Milton at Tates Creek, and Ed Cousins at Staples Mill.

PRG Welcomes Three Regional Directors in 2010

In April, we welcomed **Bunny Blake** to the PRG team as Regional Director responsible for the North Carolina region. Bunny joins us with almost thirteen years of experience in the multi-family industry, with a focus primarily in the Raleigh-



Durham area. Most recently, Bunny held the position of Senior Asset Manager at McDowell Properties during which time she traveled extensively and had responsibility for 18 properties. Prior to McDowell, she spent 9

years with Drucker & Falk as a Regional Property Manager. Bunny's expertise is in operations and effective management and collaboration with on-site property management teams.

Bunny graduated from East Carolina University, currently holds a North Carolina Real Estate Broker license, and has her CPM, CAPS, and CAM certification.

Bunny's initial responsibilities with PRG were expanded in June to include 3 additional properties in Charlotte and Winston Salem. She now oversees 12 PRG properties and is currently stationed at Cary Pines where she is working with Property Manager Jason Weaver to oversee our million dollar renovation project.

Outside of work, Bunny is the proud new mom of 6-month-old daughter Willow, loves sushi and is an outdoor enthusiast who enjoys golfing, running and biking.

Promoted from within the company, PRG is pleased to announce that **Jena Paulenich** has assumed the Florida Regional Director position, overseeing seven properties in Jacksonville, Orlando, and St. Petersburg. Jena joined PRG in 2007 as a Manager-in-Training at Linkhorn Bay in Virginia Beach after graduating from Radnor University with a degree in marketing.

After six months as an MIT, she was promoted to manager at Hilton Village where she led this property to one the top NOI Variance positions in the portfolio. At the end of 2007, Jena relocated to Kentucky to oversee PRG's newest acquisition – Bates Creek, where she reduced delinquency to 2nd best in the company. Proving to be an asset at any assignment, Jena moved yet again in 2008 to Chicago to oversee Prentiss Creek where she increased occupancy to 94% and beat her first quarterly budget by \$67K, earning her the PRG Excellence Award. In 2009 Jena was promoted to Senior Manager in Kentucky at a new PRG acquisition, Chinoe Creek, which quickly became another success story. Jena also stays busy outside of work, volunteering at the humane society and spending time at the beach, fishing, and boating. She is a huge Dallas Cowboys fan and former college Division I field hockey player.

Since moving to Florida in April 2010, the Florida portfolio has increased occupancy 5% and performance continues to improve. We expect to see great things in Florida under Jena's leadership!



Chari Satterfield joined PRG in March of 2010 to assume the role of Regional Director, overseeing 10 properties across Tennessee, Georgia, Texas, and Kentucky. Chari is based in Nashville at Bavaria Apartments where she is currently managing the renovation of 41 apartments with Property Manager, Alberto Suastegui.

Chari began her career as a leasing agent and has held various positions in the multi-family housing industry. Most recently, she spent 7 years as a District Manager at Milestone Management where she was responsible for almost 3,000 units in four different states. Chari attended the University of Tennessee and also holds her CAM and CAPS certification.

Chari is actively involved in the multi-family housing industry. She has been on the Board of the Greater Nashville Apartment Association for 7 years during which time she chaired numerous committees and most recently served as the 2009 President of the Greater Nashville Apartment Association. Chari is passionate about education within the industry; she is a NAA Leadership Lyceum graduate and a NAA Advanced Instructor Course graduate.

Chari is an avid runner who completed her first half marathon this past April. Currently she is training for the Denver half marathon which will be held in October.



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