What interesting times to be managing and leasing apartment communities! Like many of you, we have watched the freed citizens of Baghdad, with the help of our brave US soldiers, tear down the giant statue of Saddam Hussein! Another reminder that this world is filled with events that dwarf the importance of this letter regarding our EPMS Quarterly Shopping Report Performance Comparison.

Yet, while the situation in the Middle East is paramount, the war in Iraq is also a factor in our business! It has had a critical impact on our industry and on apartment leasing specifically. Continued sluggish traffic can be blamed in part to America’s distraction by the Iraqi conflict. Even our leasing professionals have one eye on CNN, watching the war reports, leaving less intensity and focus on their leasing presentation. But the apartment industry’s top tier companies such as the group included in our EPMS comparison have taken a lesson from our heroes fighting in Iraq and are incorporating it into their leasing presentations. It has to do with giving it all you have, making the best of a very challenging situation, and going the extra mile when it comes to helping the rental customer!

The EPMS Quarterly Shopping Report Performance Comparison: A Multifamily Industry Benchmark

This benchmark of leasing performance was created three years ago to answer the question that many of our EPMS shopping customers have asked us for years. "How do my on-site leasing professionals compare to those in other similar companies?" Our performance comparison serves as a benchmark and answers this question by allowing you to compare yourself to other national and regional operators.

EPMS has identified the ten leading and universal performance questions that are common to all telephone/on-site mystery shopping reports. The Quarterly Shopping Report Performance Comparison measures the affirmative answers to those ten key and universal shopping report questions.

23 Participating Companies Representing a Record 3,147 Total Shops

This quarter’s comparison represents a record 3,147 shopping reports; nearly 700 more shops than the largest previous quarter! As participation increases, our growing sampling of shopping reports makes the EPMS Quarterly Shopping Report Performance Comparison data more meaningful and significant. While it is true that this number of shops is minuscule compared to the number of apartment communities and leasing professionals throughout the entire country, this data is a credible benchmark for companies who actively seek excellence in their marketing and leasing efforts. Take a look at this “snapshot” of our participating companies:

- All participating companies have full-time trainers despite experiencing major cutbacks in their organizations.
- Many of these firms are using one-on-one training to achieve their performance level goals.
- Performance accountability is built into the company’s shopping program. Inconsistent or thoughtless leasing presentations are not tolerated.
- Recognition and rewards are equally important and a large cash bonus for a “perfect” shop is common.

We believe that the EPMS Quarterly Shopping Report Performance Comparison does not reflect the “average” American multi-family management company. Rather, it charts the leasing performance levels of the industry’s finest operators! With what higher standards would a motivated company want to compare itself? Yet, these are not “our” standards. It is the participating companies that set the standard and continually “raise the bar”! We simply report and compare the scores to provide you with the benchmark.

As always, we are indebted to the regional and nationwide management companies who allow EPMS to use their shopping scores for comparison. Participation in the EPMS Quarterly Shopping Report Performance Comparison is a benefit reserved for those companies who are frequent, long-term shopping customers. With the average number of shops per company at 137 this First Quarter 2003, a minimum of 40 shops during the quarter is required to be included. We want to identify and warmly thank the current companies who contributed their shopping data to this quarter’s Shopping Report Performance Comparison.
AIMCO    Fairfield Residential  RAM Partners, LLC
Amli Residential    Fogelman Management Group  Steven D. Bell & Company
BRE Properties     Forest City Residential ManagementTarragon Management
Capreit    Gables Residential Services  Trammell Crow Residential Services
CWS Apartment Homes    Greystar Management Services   Village Green
E & S Ring Corporation  Home Properties  Walden Residential
EPT Management    Lincoln Property Company  Windsor Communities
Equity Residential Properties  Post Properties

Lincoln Property Company Ranks #1 in Benchmark Comparison
Lincoln Property Company achieved the top position in our nationwide comparison for the sixth consecutive quarter. LPC’s first quarter average of 91.6% is both a company and benchmark all time record score. LPC continues to “go the extra mile” by pushing its company averages each quarter since the beginning of this shopping report score comparison.

LPC’s continued high benchmark scores are a direct result of their focus on performance. LPC’s commitment to training, especially sales and marketing training is evident in their consistently exceptional shopping report scores. Congratulations to the LPC team for their obsession with leasing excellence!

New Quarterly Performance Comparison Record at 85.7%
First Quarter 2003 performance scores are up significantly! The average score of 85.7% not only marks the highest First Quarter overall average, but it is also a record score for the three-year history of the survey! Not only does this benchmark mark a record overall average score, the First Quarter 2003 Shopping Report Performance Comparison is the first in which the top three companies all earned average scores in the 90s!

Score High/Low Ranges – In addition to our record high company scores, the First Quarter 2003 also saw the highest low score at 76.6%. Like the trends the past few quarters in which the high/low ranges were narrowing, this quarter’s difference between the top and bottom average score narrowed the most since the beginning of the benchmark. Below are the average high/low First Quarter scores for the past four years:

<table>
<thead>
<tr>
<th>1st Quarter</th>
<th>Overall Average</th>
<th>Company Score – Average Ranges</th>
<th>Total Shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter 2003</td>
<td>85.7%</td>
<td>91.6%</td>
<td>76.6%</td>
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<tr>
<td>1st Quarter 2002</td>
<td>83.6%</td>
<td>88.8%</td>
<td>71.8%</td>
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<tr>
<td>1st Quarter 2001</td>
<td>82.1%</td>
<td>88.8%</td>
<td>66.3%</td>
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<tr>
<td>1st Quarter 2000</td>
<td>78.7%</td>
<td>85.9%</td>
<td>64.3%</td>
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We reported last quarter that the narrowing of the range difference between the high/low average company scores seemed to indicate a more competitive and level playing field. Participating companies in the Fourth Quarter 2002 report posted a 15.6 point gap between the top and bottom finishers. This quarter that trend continues as the top score breaks our performance benchmark record while the lowest company average is above the previous scores the past few quarters. This First Quarter 2003 benchmark shows a 15.0 point gap between the first and last place companies compared to a 17.0 and 22.5 point spreads in 2002 and 2001.
In addition to the narrowest spread ever, the overall score average is almost three points higher compared to one year ago, and the top tier companies continue to push their scores upward. With 23 management companies included in this report, three scored 90% or above, seventeen companies scored between 89.9% to 80.2% and three scored below 79%

Leasing "Performance Accountability" is the Watchword! - Despite the ailing apartment markets and depressed NOIs, there continues to be a tremendous focus on performance. Owners are keeping the on-site teams on the hot seat with rigid accountability to clearly defined leasing standards. Supervisors are not backing off from wanting credible feedback and critique about their leasing professionals’ sales skills.

This is evident from the continued increase in shopping activity in all regions. We are delighted to see the focus back toward a more simple and direct sales approach that realizes the importance of the presentation basics. Getting phone numbers, setting appointments, an immaculate environment, “creating relationship”, and asking for the sale are again the measure for success.

Rental Prospect Follow-Up
Today's rental prospect seems to be looking further in advance and at more community options. Even the best leasing professionals do not always make the sale on the prospect's initial visit. Therefore, following up is not just necessary but vital to a full circle leasing effort. So, how do your on-site teams follow up on rental prospects? Wouldn’t you like to know?

In a search of 4,896 separate shopping reports, we found these interesting statistics:

- 38% followed up by telephone
- 33% followed up by US mail
- 5% followed up by email

Our statistician tells us these percentages have a margin error of less than 5% due to the fact that a small percentage of shoppers do not report follow up. Yet, when follow up is NOT reported, that usually means there was none.

Unacceptable Leasing Practices!
Overall leasing performance continues to be lackluster considering the state of our industry! Remember, this Shopping Report Performance Comparison reflects only companies that choose to participate, have training as a priority, and make leasing excellence a corporate mandate! These benchmark scores are much higher than average shops because the participating firms focus on leasing and, frankly, scoring high on the EPMS Quarterly Shopping Report Performance Comparison.

- Less traffic is not translating into more attention to the prospect. In fact, our shoppers continue to report that the leasing professional "seemed rushed" or "distracted" and was anxious to get back to their paperwork.
- Apartment key given to the prospect! – We really thought the days were over when a leasing professional would give a key to a shopper. Yet, we still get reports that the prospect is sent to view an apartment because the on-site person is "too busy".
- Focus is on the process rather than the goal of more residents. – Several shoppers have noted managers and supervisors in adjacent offices failing to assist leasing professionals in the very busy leasing area. One leasing consultant was juggling FIVE rental prospects by herself while her manager and property supervisor watched through a window in the next office. This particular property had a critical occupancy challenge. Wonder why?
- Wacky Weekend Staffing – While we typically do not shop properties on the weekends, this is sometimes a client’s request. Often the shopper can never get through on the phone and visits the property only to find a leasing professional by herself with an office full of residents and rental clients! When will we begin fully staffing our offices with the entire "A Team" on these very busy leasing AND resident relations days?
- “What Do You Want to Know?” – That is the question that too many of our shoppers hear when they call on the phone to ask for information about a particular apartment community. How enticing!
Leasing Excellence Abounds!

"Award-winning" leasing presentations are the norm for companies who have remained dedicated to having the finest sales force on their communities. Friendliness, exceptional people skills, and strong communication expertise separate the great performers from the good. There is definitely an elite level of leasing professionals who are rising to the top in our industry. These individuals who choose "leasing" as their career are in great demand and earn top dollar in their on-site positions. With bonuses and commissions, these leasing warriors often make more money than the manager! Some of the "best practices" we have observed include:

- The Leasing Professional using the term "you must have" this or that amenity or benefit when selling the property to a client.
- Asking the kinds of personal questions that reveal the real motivation for the prospect’s decision to move AND contribute to a more trusting relationship between all parties.
- After creating the right relationship with the prospect, asking for the commitment (CLOSING!) three or more times.
- More gracefully and genuinely selling to the telephone rental prospect.

Understanding the importance of getting the telephone prospect to the rental office. In fact, out of 3,147 recent EPMS shopping reports, 86.5% attempted to schedule an appointment and 68.1% got the prospects' telephone number so they could follow up!

The EPMS Shopping Report Performance Summary is an excellent tool to help you shape your company training programs to address specific strengths and weaknesses of your Leasing Professionals.

Ellis Property Management Services (EPMS), AMO, has been providing comprehensive, executive-ready shopping reports nationwide for more than 18 years. Our references include some of the largest and most well-known property management companies in the country. Shopping reports are the foundation of our company! EPMS also provides an array of training seminars, education curriculum design, and consulting that can impact leasing performance and effectiveness. For more information on EPMS' services, please contact Joanna Ellis, CAPS at (972) 256-3767 or by email, jellis@epmsonline.com. You can also visit our web site, www.epmsonline.com.
### TELEPHONE PRESENTATION

<table>
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<tr>
<th>QUESTION</th>
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<tr>
<td>1. Did the consultant attempt to set an appointment with you?</td>
<td>86.5%</td>
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<td>2. Were you asked for your telephone number(s)?</td>
<td>68.1%</td>
<td>83.7%</td>
<td>79.5%</td>
<td>72.0%</td>
<td>77.0%</td>
<td>81.3%</td>
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<td>70.4%</td>
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### ON-SITE PRESENTATION

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<tr>
<td>3. Did the consultant make a positive first impression on you?</td>
<td>94.4%</td>
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<td>4. Did the consultant determine if you had any specific needs or preferences?</td>
<td>88.1%</td>
<td>93.2%</td>
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<td>5. Did the consultant discuss and/or point out amenities and facilities of the property?</td>
<td>94.7%</td>
<td>97.8%</td>
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<tr>
<td>6. Did the consultant show you an apartment that was clean, made ready, and comfortable in temperature?</td>
<td>95.1%</td>
<td>97.1%</td>
<td>95.9%</td>
<td>99.1%</td>
<td>97.5%</td>
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<tr>
<td>7. Did the consultant sell benefits for the features discussed in the apartment?</td>
<td>90.3%</td>
<td>91.0%</td>
<td>93.2%</td>
<td>95.4%</td>
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<td>96.9%</td>
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<tr>
<td>8. Did the consultant effectively overcome any objections you raised?</td>
<td>95.1%</td>
<td>97.1%</td>
<td>95.9%</td>
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<tr>
<td>9. Did the consultant ask you to leave a deposit?</td>
<td>58.2%</td>
<td>79.7%</td>
<td>72.6%</td>
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<td>75.5%</td>
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<td>39.2%</td>
<td>50.8%</td>
<td>38.9%</td>
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<tr>
<td>10. Based on the consultant's presentation, would you have leased the apartment?</td>
<td>86.6%</td>
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### CLIENT OVERALL AVERAGE

<table>
<thead>
<tr>
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<td>76.6%</td>
</tr>
</tbody>
</table>

* Representing 3,147 shopping reports

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Ellis Property Management Services, Inc.  
2916 W. Story Road  
Irving, Texas 75038  
Joanna Ellis, CAPS  
Vice President of Operations  
972-256-3767