

THE MANAGER

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NORTHTOWN SQUARE APARTMENTS LLC

Tough Property, Final Success

Daylon Cassel

Hoping to capitalize on the recent success, the owners listed the property with Wichita broker Paul Daemen who located Palm Creek, LLC, a California investment group. Through the hard work of Daemen, Ben Peck, Director of Acquisitions, and many others, the property sold in January of 2007.

Although Northtown Square Apartments, LLC (the entity which purchased the project in January 2000) didn't show much profit on the sale to Palm Creek LLC, all capital and losses were recovered!

In an article posted online January 26, 2007, Bill Wilson of The Wichita Eagle reported that "plans for Nomar [International Area] call for beautification projects on nearly a mile of 21st Street, anchored by a multicultural marketplace that would gather shops and restaurants near a market plaza." As such, Wichita will likely see further success for the property.

There is never a guarantee of success for any property and the lessons learned in the hardships can only be counted as valuable tools. "For a tough property, this has to be considered a success, and even a dollar of profit is ALWAYS better than any size of loss!" said David Atkins (Managing Member of Northtown Square Apartments, LLC) of the business venture.

Daylon Cassell, Contributing Writer
Magnus Enterprises, LLC

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Located in Nomar International, Wichita's North Market district, Northtown Square Apartments is a property that has had many challenges over the past seven years. Since its purchase in January of 2000: less than ideal residents left many units in need of repair, poor lighting presented a problem with safety, and derelict vehicles and other debris was an eyesore to potential residents. These problems and structural repairs on the buildings were troubles that faced manager after manager.

In the spring of 2006, Carmen Ruiz took over the Property Manager position. She and her husband, Jalil, who led maintenance, worked hard to make Northtown Square Apartments a safe and comfortable place for residents.

"When I began managing this property I wanted to clean it up," said Ruiz. "I started to fix anything that was broken as quickly as I could," she said. "I also fixed things that weren't pressing, but would just make it a nicer place to live." Ruiz also built strong relationships with residents and she is proud to have just three vacant units at the time of sale. Because of Carmen's hard work the property finally reached a level of solid operation and showed promise.

Monthly Collection Percentages:

	2007	2006
January	97.56*	101.20
February		97.73
March		103.00
April		100.46
May		102.18
June		105.15
July		106.44
August		103.79
September		102.10
October		100.57
November		88.17*
December		90.50*

*We have increased the collection goal by \$50,761 across all properties.

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Questions. Answers. Info!

From Scott
Wendland, Lakeview
Apartments and
Condominiums Manager

Manager Tip: Reducing the amount of time to turn an apartment comes from **PLANNING, PLANNING, PLANNING.** When I know a tenant will not be renewing, I plan out what needs to be done to turn the unit, and **ACT** accordingly **BEFORE THE TENANT IS MOVED OUT.**

All supplies are ordered and in stock before the tenant leaves. I schedule any and all outside vendors (for example, carpet) as to what day I need work done.

When the day comes, I complete the Move Out Report and go to work to turn the unit. In the meantime, I often have the unit pre-leased before the previous tenant has moved. This also means I put the pressure on myself and my team to complete everything like clockwork to get the unit ready in time.

As a thank-you for his contribution, Scott will receive \$200!

Send your questions/tips to:
newsletter@alexanderforrest.com

Snow and Ice Removal Plan

Richmond Wheeler

Over the last couple months many properties in our system experienced unrelenting snow and ice storms. During the cleanup, equipment failed scraping through 3-inch ice and 15-inch snow. The resolve of managers, however, never failed. Stairs, sidewalks, and drives were eventually cleared to the jubilation of tenants and being prepared really pays off.



BE PREPARED

Every property should have a plan for snow and ice removal that will ensure that ALL sidewalks and drives are cleared within 24 hours.

- Have a snow shovel ready and in good repair.
- Keep ice melt ready in sufficient quantity to treat all sidewalks, stairs and other commonly walked areas.
- Set up a contract for the clearing of parking lots or driveways unless you have a light duty snow plow. On properties with light duty snow plows a contract should be in place for snowfall or ice greater than the amount that you can remove in a single work day.
- Check the weather every day to make sure you know when bad weather is coming.
- Call the contracted snow removal company as far in advance as possible to ensure that they will be ready to clear the property.
- Spread ice melt before the precipitation starts to fall. Sidewalks should be kept absolutely clear of snow and ice.
- Plan for dirty hallway carpet by adding additional cleanings following the clearing of snow.



Richmond Wheeler, Director of Operations,
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Anytime Fitness Grand Opening at Two Columbia Locations: 24-hour Fitness Club Offers Convenience and Affordability!

Jessica Hudson

Anytime Fitness, the world's first 24-hour fitness, tanning, and reciprocal membership franchise, is pleased to announce it is open for business in two convenient locations serving both north and south Columbia. North residences have easy access to Liberty Square next to Home Depot, and south residence can go to the Village of Cherry Hill at the corner of Gillespie Bridge and Scott Boulevard.



At Anytime Fitness, members can workout any time of the day or night. They use a security-access card to enter the club, even when it is not staffed. Once inside, members have full use of state-of-the-art strength training and cardiovascular equipment. Also, unique to Anytime Fitness are round-the-clock tanning and membership reciprocity among clubs.

The layout of each club is designed for quick and effective exercise. The equipment options at Anytime Fitness include circuit and cross-training machines, free weights, stationary bicycles, and treadmills. All cardio equipment is fitted with personal view screens so users can enjoy full cable TV access while exercising. If desired, members can add a tanning option to their membership. Private showers and dressing areas are also available at the club.

The managers of Anytime Fitness, Jennie Kosmiski and Mark Hudson, are very enthusiastic about opening these two new clubs in Columbia. "The convenience and affordability of Anytime Fitness can't be beat," said Kosmiski. "Choosing this club makes it easy for members to stay committed to their fitness goals."

"Anytime Fitness clubs are pared down to the essentials necessary for a great workout," said Hudson. "Where we don't cut corners is in our personal service and commitment to our members. We are excited to serve both north and south Columbia," continued Hudson.

Club tours are available daily and by appointment. Membership information is available at the club, by calling (573) 777-7024, or by visiting www.anytimefitness.com/clubs/columbiaMO/.

Anytime Fitness began franchising in 2002 and now has more than 800 franchise locations. By 2007, Anytime Fitness projects at least 1500 franchises will be sold both in the U.S. and internationally. Within four years, it is projected to grow to the 2,500 mark. Each Anytime Fitness franchise is independently owned and operated. As an Anytime Fitness franchisee, you receive a wealth of experience and training from the corporate headquarters. Plus, a simplified turnkey package allows you to quickly open and operate your Anytime Fitness club. For more information or to find an Anytime Fitness near you, please visit: www.anytimefitness.com.



Anytime Fitness was chosen one of the **Hottest New Franchises of 2006** by Entrepreneur Magazine and one of the **55 Fastest Growing Franchises** by Franchise Times.

Jessica Hudson, Director of Commercial Properties
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Troubleshooting a Phone Line on a Series

Yousef Darkhalil

Picture this scenario: you go to make a phone call and find you have no dial tone. After trying the cord in a couple different jacks to no avail, you call the telephone company who says they will send a technician at a rate of \$75/hour. If your wiring is set up in a series (or loop) system, you can determine what is wrong with the line without having the telephone company make a trip to the property. The series method of wiring consists of one long wire linking all of the extensions in a series. As with the old type of Christmas lights, if one goes out, all of them go out.

1. Begin by checking that the problem is inside the building by accessing the Network Interface box located on the side of the building. See picture.
2. Use a standard phone cord to connect a phone to the jack for the phone line you are testing in the Network Interface box. If it is a multi-family building, each line will have a specific unit number; otherwise it will be the only line in the box. See picture where circled.

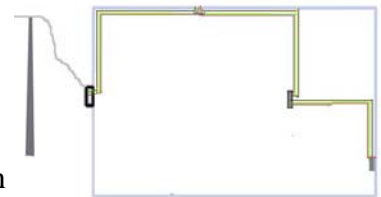


3. If there is no dial tone then contact the phone company as the problem lies on their side of the line. If you hear a dial tone then the problem is inside the building wiring.

However, if you do hear a dial tone, call your cell phone to verify you found the correct line. This narrows the problem down to your internal wiring because the telephone company lines are good.

Fixing the interior line

1. Disconnect the red and green wires from the posts in your network interface box. Twist the end of the red wire to the green wire and go back inside.
2. Take apart the main interior telephone jack and disconnect the wires. This is likely to be the outlet nearest to the exterior wall or the main telephone box on the outside. Attach an Ohm tester (see picture) to the end of the red and green wires inside and test for a solid connection. If you get an open reading, your wires are likely cut. Repeat the process with the Black and Yellow wires.
3. Check your jack for a dial tone then connect the other jacks to it and check each one. If a single jack is not working, repeat the process to verify that pair of wires is connected all the way to the jack. If not, switch to the other pair of wires.



If you get to the end and determine the whole cable was cut, you will need a new cable to be run from the main to the nearest telephone outlet.



Yousef DarKhalil, Construction & Renovation Supervisor
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Have Interest Rates Really Had an Effect on Multifamily Real Estate Values?

Ben Peck

One of the discussions we regularly have is what effect the increasing interest rate environment will have on real estate investment, specifically in the multifamily sector. It would seem logical that as interest rates increase they would create downward pressure on prices as commonly measured by CAP rates. The CAP rate is simply Net Operating Income (Income – Operating Expenses) divided by your total price. CAP rates allow for “apples to apples” financial comparisons of the value of income producing properties.

CAP rates do not directly account for debt service as mortgage payments are not included in your NOI. An increase or decrease in the cost of borrowing money will not directly affect the CAP rate but it should indirectly affect the price that someone can pay for the asset. In an increasing interest rate environment it will cost more to service a debt on the same price thereby consuming more of that NOI and diminishing the final return to the investor. It would make sense then that in order to maintain a minimum return, the purchase price for an asset must go down.

From January 2005 to July 2006 (Prime has held steady since that time) the Prime Rate has increased from 5.5% to 8.25%. In other words the Prime Rate has risen approximately 66% from the start of 2005 until the end of 2006. There is no question that this trend has been felt across all borrowing types and it is safe to say that it costs more to borrow \$1 or \$1,000,000 now than it did at the start of 2005.

What effect has this increase had on the CAP rates in the Kansas City Metro real estate market? According to Real Capital Analytics data, the *Reported Closed* or *Under Contract* multifamily properties in the Kansas City market did change substantially but not in the direction we would expect. In 2005, according to this same report \$83.4 million of total volume closed at a median CAP rate of 8.37% while in 2006 a total volume of \$146.8 million closed at a median CAP rate of 7.81%. There are sure to be numerous reasons for this change but the fundamentals remain the same. Although it cost substantially more to borrow money during that period prices and total volume actually increased. I believe that at some point there must be a market correction for this but I think that it simply shows that the diminished returns that investors are seeing in the real estate market are still outpacing the return that investors can find with other investment vehicles.



Ben Peck, Director of Acquisitions
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Interested in our Business?

Our readers frequently contact us curious about what we do.

We would be happy to speak with you.

We work on:

- Developing new properties
- Purchasing land for development and farms
- Redeveloping distressed properties
- Managing commercial and multi-family real estate

If you would like to know more call Ben Peck at (573) 268-0015 or email at ben.peck@alexanderforrest.com

Display Units

Mary Hawkins

Recently some team members from ALCO and I had the opportunity to create a Display Unit in one of our property's studio apartments. A good display unit instantly provides a prospective tenant with a favorable and flattering visual of what it will look like to make their home with your property. I will walk you through this simple and inexpensive process to set your Display Unit.

Kitchen: Pictures and a wall clock give character to blank walls. If there is a breakfast bar, set up two place settings and set a table with mats, napkins, and inexpensive glasses and utensils. Tie the accents in the kitchen together with the colors in the main living area.



Bathroom: Easy decorations make a big difference. Place a shower curtain with matching towels and washcloths. Add a matching soap dish and cup with a basket of potpourri on the back of the stool. Unify the colors and décor throughout the unit.



Main living area: Put in some simple furniture, such as a futon and small chest of draws from a local discount store, a mirror and a few pictures. Select throw pillows and a window scarf with bright colors to make it look bright, comfortable and welcoming.

It may take a little elbow grease but the unit must be very clean throughout. Keep your own cleaning supplies on hand in a bucket for easy access, as you would with your tool bucket as this makes it much easier to clean.



As with any unit ready to rent, the idea of the Display Unit is that once you close the door, the unit is ready to be opened to a new tenant.



Mary Hawkins, Asst. Director of Accounting
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Manager/Property Key

Property	Manager	Location	Property	Manager	Location
BBC Buttonwood Bus Ctr	Jamie Cooper	Columbia, MO	MRM Mora Mi Apartments	Jill Morgan	Paducah, KY
CF Claiborne Fox	Andy Mullins	Marshall, MO	RA Riviera Apartments	Stewart Naidesh	Paducah, KY
CI Chateau Imperial	Jeff Hodson	Hastings, NE	RPT Ridge Pointe Apts	Steve Ipock	Kansas City, MO
CIM Cimarron Apartments	Jose Diaz	Independence, MO	S24 Sterling 24 Apts	Kit Hicks	Independence, MO
ENA Eagles Nest Apts	Toni Quinonez	Kansas City, KS	SB Stoney Brook East	Shaun Strawser	Independence, MO
GW Ridgetop, Windsor Gables Apartments	Ray Moody	Martin, TN	SP Sterling Price	Tom Evans	Moberly, MO
HILL Hillside Apartments	Maria Cuevas	Independence, MO	WDA Wyandotte Apts	Juan Veleta	Kansas City, KS
LP Library Park	Graham Dixon	Topeka, KS	WMP Williamsburg Place	Ben Fisher	Middletown, OH
LVC Lakeview Apartments	Scott Wendland, Aaron Kennedy	Kalamazoo, MI			

Monthly Collection % Goal: 100%	
SB	119.29%
WDA	117.90%
CI	116.30%
MRM	114.09%
ENA	110.91%
BBC	108.05%
RA	106.49%
LP	103.07%
SP	101.96%
WMP	100.31%
HILL	91.18%
S24	90.57%
CF	80.54%
CIM	67.68%
RPT	60.20%
LVC	32.28%

Renewal Average by Year Goal: 100% Renewal	
MRM	94.44%
SP	68.85%
CI	56.79%
BBC	53.13%
HILL	43.64%
CIM	42.35%
SB	35.29%
RA	32.99%
LP	32.86%
S24	29.82%
ENA	29.31%
CF	26.67%
WDA	25.00%
WMP	11.39%
LVC	6.41%
RPT	0.00%

Paperwork Proficiency Previous Month	
BBC	Master
CI	Master
CIM	Master
CF	Master
ENA	Master
GW	Master
HILL	Master
LVC	Master
RPT	Master
RA	Master
SP	Master
S24	Master
WDA	Master
LP	Paper Knight
MRM	Paper Knight
WMP	Paper Knight
SB	Trainee

Paperwork Proficiency Key:

Master: Mistakes are rare. Little to no time wasted in corrections. Perfect understanding of the system.

Paper Knight: Very good on the paperwork. Time is occasionally wasted on corrections. Excellent understanding of the system.

Paper Journeyman: Average on paperwork. Expect regular interruptions for corrections. Still a novice.

Paper Cut: Poor paperwork skills. Paper work is as likely as not to have errors or be incomplete resulting in much wasted time for corrections. Doesn't understand the system.

Paper Dysfunctional: 'nough said. 40 lashes

Trainee: Self-explanatory

Every project referenced in this publication is individually owned and operated.

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February 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 Rent Due	2 Rent Late	3
4	5	6 Late Fees	7	8	9	10
11	12	13 Late Fees	14 Valentine's Day	15	16	17
18	19 President's Day	20 Late Fees	21	22	23	24
25	26 Scott Wendland's Birthday!	27 Late Fees	28 Scott Stout's Birthday!			