The Science of Property Management
THE BIG IDEA

LEONARDO BRINGS TOGETHER A UNIQUE COMBINATION OF proprietary operations and reporting software, digital marketing expertise, unparalleled leasing training, acute financial acumen, and thoughtful investor reporting to produce a corporate culture that isn’t satisfied unless we blow the doors off your expectations.

We like doing this, and we love doing this better than anyone.

We have this down to a science.
LEONARDO
MANAGEMENT INC.

FOUR AREAS OF EXCELLENCE

1. SUPERIOR LEASING TEAMS
   - We lease better
   - We report more thoroughly
   - We monitor operations more tightly
   - We understand financials more deeply
   - We produce excellent results more consistently

2. RIGOROUS ON-SITE OPERATIONS OVERSIGHT
   (via Leonardo Intelligent Management Systems software)

3. ACCOUNTING ACUMEN/
   FINANCIAL REPORTING

4. ADOPTION OF THE
   LATEST, BEST-OF-BREED
   TECHNOLOGIES

OUTPERFORMING THE MARKET | OCCUPANCY RATES

LEONARDO vs MARKET COMPS
UNMATCHED WHERE IT COUNTS. HERE’S WHAT WE DO BETTER THAN THE REST.

1 Superior Leasing Teams
There is nothing we do every day that is more important than leasing. Great leasing can overcome poor property amenities, location, and achieve the top-of-market rents most owners need to achieve their targeted ROI. Conversely, poor leasing can stunt the performance of even the most beautiful, well-located property. Therefore, Leonardo has focused on building the best possible leasing program and we believe ours is unparalleled in the industry. Leonardo has annual, quarterly, monthly, weekly, and even daily leasing training activities. The results of this continuous focus speak for themselves; Leonardo–managed properties typically enjoy occupancies 1%–2% higher than market comps and we were recently ranked #1 in the entire country for customer services as measured by Ellis Partners in Mystery Shopping.

2 Rigorous On Site Operations Oversight
Leonardo Intelligent Management Systems is a proprietary, patent-pending software application that gives unparalleled oversight and control into day-to-day property operations. Through this web-based application, property managers are given detailed daily guidance as to which operations, maintenance, and training action items are a priority. Everything from performing annual roof inspections to the daily property site walk checklist is scheduled so that no detail ever goes overlooked. Loose oversight almost always equals loose local operations and our managers always have Leonardo Intelligent Management Systems looking over their shoulder, guiding them. Leonardo never takes a break, never goes on vacation, and never, ever forgets what needs to be completed. As a result our property operations are more detailed, systematic, and scrupulous.

3 Accounting Acumen/Financial Reporting
Leonardo cut its teeth overseeing an owner’s portfolio and we understand keenly the perspective of real estate investors looking to maximize NOI. The tools we developed to better analyze our own portfolio are now available to all of our clients. Weekly and monthly dashboards, marketing planning and assessment charts and web-based applications to project escrow account shortfalls or flag odd blips in the income statement are all proprietary tools Leonardo has developed over the years. As a result, investors get rich visual reporting data and meaningful variance reports that help assess the health of an asset at a glance.

4 Adoption of Best–of–Breed Technologies
The marketing playing field has changed substantially over the past few years with the influence of the internet. Print publications have become nearly irrelevant. Online advertising is the unquestioned king of driving leasing traffic to properties and once again, Leonardo has a cutting-edge platform to maximize a property’s online presence. Beyond Rent.com and Craigslist, there are Facebook strategies to implement, Youtube videos to produce, and online application and leasing programs that allow prospects to apply and place a deposit on an apartment without leaving their couch. We are always seeking the latest technologies for our clients, which maximize marketing exposure for their communities while helping to keep advertising costs low.
THE VERY FIRST TIME WE EVER participated in the national quarterly leasing secret shopping ranking under our Landmark brand, **OUR LEASING TEAMS RANKED #1.**

We scored better than every larger, more well-known management company in the country. Not only that, our teams scored the highest average score EVER recorded by Ellis Partners in Mystery shopping in over 15 years of measurement!

How much higher will occupancies be at YOUR community with this kind of leasing horsepower at your disposal?

How much will your cash flow improve with reduced vacancy loss? How can you afford not to find out?

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**Landmark Property Management Group Wins ‘Ellis’ Mystery Shopping Award**

**THE FIRST TIME WAS THE CHARM**
for Landmark Property Management Group Inc. According to the Q1 mystery shopping “Ellis Benchmark Report,” which ranks onsite leasing performance for the nation’s leading multifamily housing management firms, Landmark placed No. 1 with an average score of 98 percent in its first year of participation.

“It was quite an honor to see Landmark take the No. 1 spot among such a well-respected group of management companies, especially for our first time ever participating,” says Daniel Cunningham, Managing Director for Landmark, a Beverly Hills, Calif.-based residential and commercial property management company with more than 1,200 units in Southern California. “We obviously strive to do our best in all things, but we take special pride in our exceptional focus on being the very best leasing organization possible. I’m pleased to see our efforts reflected in these Ellis Benchmark results.”

Atlanta-based REIT Gables Residential was a close second, also with a benchmark average of 98 percent. Despite having the same benchmark average as Landmark, the company earned the No. 2 spot through Ellis’ statistical tie-breaking methodology.

Sequoia Equities Inc., Sares-Regis Group and Post Properties rounded out the top five. Of Ellis’ 37 clients, the lowest average score was 77.45 percent.

Q1’s overall average was 91.7 percent—the highest overall Q1 average in the history of the benchmark, matching Q1 2010. Scores were based on the answers to 10 key questions—including the first impression, selling a community’s features and benefits, and asking for a deposit—on each full shop conducted during Q1.

—NAA’s Lauren Boston

Landmark’s Pegasus Apartments in Los Angeles

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*Primedia Apartment Guide*
→ **Experienced Senior Management**
Leonardo’s management staff has overseen portfolios exceeding 10,000 units including new and adaptive reuse product, affordable housing, and commercial and retail properties. Leonardo’s senior management also brings experience and expertise in acquisition and development across all product types allowing for a differentiated level of service and sophistication at project-level operations.

→ **Localized Market Expertise**
Leonardo senior management has established careers in Southern California and Arizona and therefore benefit from a deep understanding of market rents, occupancies, and the local demographic factors that affect these two markets.

→ **Focus On Service and Training**
Leonardo believes that superior service comes from the quality and training of its employees. In order to achieve top performance, we strive to hire only the best, smartest candidates and then invest heavily in them through constant and rigorous training programs.

→ **Track Record of Success**
Under the leadership of Leonardo staff, the current multifamily portfolio has a track record of outperforming market competitors in both price and occupancy while maintaining expense efficiency.

→ **The Latest Management Technologies/Techniques**
Leonardo recognizes the direct correlation between leveraging the latest technologies and increased operational efficiency, resulting in improved service to residents and value to owners. We utilize the latest release of Yardi Voyager, Onsite, LTS, InnerCircuit, Rentpayment.com Rainmaker LRO and Vaultware to manage day-to-day operations. These complement our own, unmatched proprietary reporting and performance monitoring tools.

→ **Risk Management Program**
Leonardo residential properties receive a scrupulous attention to risk management resulting in lower legal costs, higher resident satisfaction, and less time spent by on-site staff dealing with problems and more time focusing on operations.

→ **Asset Management Focus**
Third-party property management companies often find it hard to look past day-to-day operations. Leonardo also subscribes to an asset-management focus that provides attention to asset preservation, capitalization strategies, managing depreciation, tax appeals, and cost segregation in a way that optimizes long-term returns to property owners.

→ **Other Capabilities include:**
- Acquisition Due Diligence
- Pre-Development Design and Programming
- Construction Management and Renovation

Originally formed as part of highly-regarded developer and hotelier Kor Realty Group, Leonardo carries on the same tradition and pedigree of customer service which has made Kor and the Viceroy Hotel brand synonymous with exceptional client care.
As so many property management companies do a lackluster job, owners feel like selecting a management company is akin to trying to identify the least objectionable choice. We understand—we’ve been there as owners and Asset Managers ourselves overseeing portfolios of hundreds of properties. We used to feel lucky when we found a manager we could consider just consistently competent. But we’re here to tell you that what makes the difference in a well-run, highly-occupied property isn’t luck, and most of the time it isn’t even related to the physical property itself. The most significant factor, responsible for at least 90% of the success in this business, is the staff running operations. Behind every successful property is a manager who is passionate about the job and, even more important, is thorough and consistent in the day-to-day management—a manager who really sweats the details.

And therein lies the problem. There are a LOT of details involved in running any apartment building, and trying to “sweat” all of them can cause burnout in even the best managers. An apartment building is a self-contained, (hopefully) self-sustaining business, and a complicated one at that. It has income and expenses, labor costs and marketing plans, budgets vs. projections, and human resources and legal matters that must be dealt with. There are a bazillion moving parts, hundreds of levers to manipulate to maximize profit, and dozens of distinct roles a manager must play throughout the week to get it all done. On any given day, an on-site manager may act as psychiatrist, counselor, contractor, lifeguard, janitor, police officer, accountant, salesperson, IT technician, gardener, cheerleader, marketing rep, and lawyer, just to name a few. Frankly, it’s more than some people can handle if they are unable to prioritize. It’s tremendously difficult to keep focused on what’s most important when there are so many demands on one’s time. And when an individual property can be worth tens of millions of dollars with revenues of several million dollars a year, losing focus for even just a short time can have serious financial ramifications.
AT FIRST THERE WAS A BOOK – “365 Days of Property Management” – a highly-acclaimed guide written by Leonardo Management’s founder Daniel Cunningham. This book is an exhaustive step-by-step outline for every action a manager and their maintenance staff/vendors must take over the course of an entire year to properly oversee an apartment community or commercial office space.

But as any property management company with a 4-inch operating manual can tell you, there’s no guarantee site staff is going to refer to a book for day-to-day guidance. In fact, most such manuals sit on the shelf gathering dust. We needed to get operating guidance in front of our field staff every day.

So we developed Leonardo Intelligent Management Systems (IMS) — our proprietary, patent-pending operations control software based on the book “365 Days”. Leonardo IMS provides constant direction to and oversight of site staff and real time, web-based tracking of operations and maintenance action items that are visible to any owner, anywhere, any time!

There is nothing else like it. And the difference it makes to operating efficiencies is stunning.
The Property Manager interface of Leonardo Intelligent Management Systems gives daily direction to on-site staff and tracks their progress.

Progress is tracked through a Regional Manager interface and every client of Leonardo is provided their own read-only access so that they can check on what's happening at their property. Everything from performing annual roof inspections to the daily property site walk checklist is completely scheduled throughout the year so that no detail ever goes overlooked.

The value of Leonardo IMS cannot be overstated. It is the great struggle of all property management companies to ensure that on-site operations are thorough and being completed in a timely fashion, even when a Regional Manager isn’t looking over the local manager’s shoulder. The Leonardo IMS never takes a break, never goes on vacation and never, ever forgets what needs to be completed. As a result, our Regional Managers actually get to focus more on creating value at your asset, and less about checking on the daily blocking and tackling.

In addition, the Leonardo IMS will reduce your risk management exposure as you will have a complete accounting of all maintenance performed on the property over time, and all notes that are kept about what was done. If you’ve ever been deposed in a lawsuit and asked to recount, for example, how often your manager walks the property to eliminate trip hazards, you can imagine how useful the historical data contained in Leonardo IMS would have been at that moment. Now you can provide a thorough accounting of all such actions with a click of a mouse.
ABOUT US

Daniel Cunningham, President
Daniel Cunningham founded Landmark Property Management Group in 2008 when he was serving as Managing Director under Kor Realty Group. Cunningham later purchased the company from Kor and re-branded it as Leonardo Management. As the author of 365 Days of Property Management Cunningham is a recognized expert in property operations and is the creator of a patent-pending program that automates the analysis of property financials. Prior to Cunningham’s involvement with Kor, he co–founded LivingHomes, a home–builder/developer where as Vice President of Operations he was responsible for internal operations of the company, as well as all construction project management efforts. Cunningham previously served as Director of Asset Management for AIMCO, the largest owner and operator of apartment communities in the United States where he was responsible for oversight of nearly 10,000 multifamily units between the Midwest and West regions. Prior to AIMCO, Cunningham was Managing Director for Westmark Harris Real Estate Investments, a private company that developed several mixed–use southern California properties under his leadership. Cunningham has a Civil Engineering degree from the University of Arizona.

Douglas Mellen, Vice President
Douglas Mellen oversees all aspects of client development for new management engagements as well as Leonardo’s due diligence consulting services for clients contemplating acquisition and development opportunities in Leonardo’s select markets. Mellen comes to Leonardo with a background combining a blend of asset management and acquisition experience within private equity and institutional real estate and finance. He has taken lead in underwriting, due diligence, deal execution, and investor reporting for approximately $680MM of core, value–add, and more opportunistic investment strategy projects nationwide for companies such as Capmark, Buchanan Street Partners, and StarPoint Properties. As such, Mellen brings a keen sense for identifying project–level operational inefficiency and value–creation potential for Leonardo’s clients. Mellen began his career as an Asset Manager for Apartment Investment Management Company (AIMCO) where he oversaw property operations for a multifamily portfolio for the company’s Midwest portfolio. Mellen has an Arizona Real Estate License and received a Bachelor of Arts in Economics from the University of Washington.

Mikhail Chervonyy, Controller
Mikhail Chervonyy oversees all property accounting efforts and investor reporting for Leonardo. Prior to joining Leonardo, Mikhail was an accountant for Brentwood Asset Management responsible for property accounting, investor reporting, and generating monthly capital calls for a highly–distressed portfolio. Chervonyy has over 7 years of broad–based accounting work and besides his BS in accounting from the University of Phoenix, he holds two other Bachelors Degrees in computer programming and engineering.

Michael McCune, Investment Manager
Michael McCune has regional oversight responsibilities for the Arizona portfolio. McCune has been involved in Arizona real estate for over 13 years, and founded Arizona Certified Appraisals, a company which he operated for several years before becoming involved in property management. McCune attended the University of Arizona and is a candidate for a BS in Business Administration from Northern Arizona University.
Leonardo’s Founder
Daniel Cunningham


Yes, I literally wrote the book on Property Management. The book grew out of my experience in founding and operating Landmark Property Management Group for a Los Angeles Developer named Kor Realty Group. In late 2008 I was head of asset management for Kor, a prolific developer located in downtown Los Angeles headed by Bradford Korzen, a visionary real estate investor who at one time had assembled a portfolio of over 10,000 apartment units. As the Asset Manager, I was focused on reporting, refinancing, forecasting cash flows, and of course interfacing with the managers on a regular basis to review performance. When one of the principals at Kor came to me one day with the idea of starting an in-house property management company and taking over the properties ourselves, I didn’t hesitate. Although I had never been a property manager, I had been Director of Asset Management for AIMCO, a publicly-traded REIT that controlled the largest portfolio of apartments in the country. In that role, I had over 10,000 units in my portfolio and I had seen my fair share of apartment operations. Running the actual day-to-day operations would be easy—or so I thought.

I couldn’t have been more wrong. The year we took over property management turned out to be one of the most challenging of my career. My prior high-level “asset management” experience had imprinted a hands-off instinct that left too many details to the on-site staff, and things unraveled. For every process that lacked a solid, well-documented procedure in place, the managers would quickly default to whatever habits they had developed under a previous company or whatever process was easiest. Even when we did have a defined process I found that if we didn’t constantly audit compliance with the procedure, invariably it would be neglected in practice. We adopted a very “reactive” mode of management whereby we would get one problem under control just as the next one would arise, with no opportunity to plan and get ahead of the game.

I felt overwhelmed by the vast field of operational problems that kept popping up daily like malicious, destructive gophers. Out of sheer self-preservation I started taking time at home late in the evenings to...
document where things had gone wrong and what we could do to correct the issue in the future. I amalgamated these ideas into a rough personal operations manual comprised of procedures we needed to follow, coupled with a schedule for auditing these procedures to ensure they were being implemented properly. I then started implementing these ideas back at Kor. Over time, a pattern began to emerge in my little ad hoc operations manual. Some procedures required action just a couple of times a year—scanning for roof damage, for example. Other procedures needed to be implemented monthly or even weekly. Then there were procedures that needed to be followed every day, such as walking the property to look for trash or checking rent-ready units for tour suitability.

This was the beginning of what I call the “Nested Action Cycle” (NAC) approach to property management. Ultimately I produced a clockwork-like conductor of management activity that covered the gamut of everything a manager needs to think about to efficiently and effectively operate an apartment community. Taken as a whole it actually provides an entire year’s worth of explicit day-by-day activities that, when followed in a regular, disciplined fashion, without question will result in a meticulously managed property that will enjoy higher occupancy, lower expenses, and better resident satisfaction than neighboring competitors, with the end result being a more profitable business for our clients.

Girded by this amazing tool, we purchased that management company I started for Kor, re-branded it “Leonardo Management” and set out to bring our highly successful scientific approach to management to other real estate investors. We deploy “The Science of Property Management” like no other. We’d like to bring that winning formula to your portfolio.