

TIMBERLAND PARTNERS

To: Timberland Kansas I, LLP

From: Laren Holcomb, Vice President of Asset Management

Date: February 9, 2008

Re:



January 2008 Operating Results
Claremont Apartments
440 Units
Wichita, Kansas

Enclosed please find the January operating statement for Claremont Apartments. The Cash Flow this month totaled \$35,600.40. Our occupancy averaged 93% in January and we are currently occupied at the same level.

In addition, we are enclosing a survey completed by The Wichita Apartment Guide. The survey indicates a 6.6% overall vacancy rate in the Wichita apartment market. Claremont is located in the Southeast quadrant of Wichita, which reported a 7.5% vacancy rate as of the survey date of January 10, 2008. The reported vacancy in our sub-market has improved by 1.8%, as compared to last year at this time.

If you have questions or concerns, please feel free to contact Laren Holcomb at 952-843-2038 or lholcomb@timberlandpartners.com.

**CLAREMONT APARTMENTS
OPERATING STATEMENT
1/31/2008**

	JANUARY	%	YEAR-TO-DATE	%
GROSS SCHEDULED INCOME				
Gross Potential Rent	195,920.00	97.27	195,920.00	97.27
Vacancy Loss	(12,526.13)	(6.22)	(12,526.13)	(6.22)
Loss to Lease	(1,559.00)	(0.77)	(1,559.00)	(0.77)
Corporate Income	673.07	0.33	673.07	0.33
Garage Rent	2,640.00	1.31	2,640.00	1.31
Garage Vacancy Loss	(688.39)	(0.34)	(688.39)	(0.34)
New Resident Concession	(80.00)	(0.04)	(80.00)	(0.04)
Lease Renewal Concession	(200.00)	(0.10)	(200.00)	(0.10)
Garage Concession	(917.42)	(0.46)	(917.42)	(0.46)
Other Concession	(75.00)	(0.04)	(75.00)	(0.04)
TOTAL RENT REVENUE	183,187.13	90.95	183,187.13	90.95
OTHER INCOME				
Water Recovery	5,367.76	2.66	5,367.76	2.66
Rubbish Recovery	1,726.33	0.86	1,726.33	0.86
Late Fees	3,550.00	1.76	3,550.00	1.76
Application Fees	1,575.00	0.78	1,575.00	0.78
Laundry Income	1,200.00	0.60	1,200.00	0.60
Retained Security Deposits	280.00	0.14	280.00	0.14
Non-Refundable Pet Fee	400.00	0.20	400.00	0.20
Lease Administration Fee	1,875.00	0.93	1,875.00	0.93
Month-to-Month Fee	621.92	0.31	621.92	0.31
Bad Debt Recovery	1,475.09	0.73	1,475.09	0.73
Miscellaneous Income	10.00	-	10.00	-
Legal Fee Income	150.00	0.07	150.00	0.07
TOTAL OTHER INCOME	18,231.10	9.05	18,231.10	9.05
EFFECTIVE GROSS INCOME	201,418.23	100.00	201,418.23	100.00
OPERATING EXPENSES				
REPAIRS & MAINTENANCE				
Electrical Expenses	563.83	0.28	563.83	0.28
Plumbing Expenses	1,966.09	0.98	1,966.09	0.98
Appliance Expenses	168.96	0.08	168.96	0.08
HVAC – Heating Expenses	316.00	0.16	316.00	0.16
Building Expenses	4,162.17	2.07	4,162.17	2.07
Janitorial Expenses	66.53	0.03	66.53	0.03
Turnover Expenses	7,112.28	3.53	7,112.28	3.53
Carpet/Flooring(Common Area)	738.00	0.37	738.00	0.37
Parking Lot Expenses	88.00	0.04	88.00	0.04
Lawn Expenses	3,731.50	1.85	3,731.50	1.85
Snow Removal Expenses	1,320.00	0.66	1,320.00	0.66
Pest Control	406.23	0.20	406.23	0.20
Misc. Repairs & Maintenance	77.63	0.04	77.63	0.04
TOTAL REPAIRS & MAINTENANCE	20,717.22	10.29	20,717.22	10.29
UTILITIES				
Electricity Expense	3,452.70	1.71	3,452.70	1.71
Gas	947.22	0.47	947.22	0.47
Water/Sewer Expense	7,713.50	3.83	7,713.50	3.83
Rubbish Removal	1,577.81	0.78	1,577.81	0.78
TOTAL UTILITIES	13,691.23	6.80	13,691.23	6.80
GENERAL & ADMINISTRATIVE				
Leasing & Advertising	4,215.44	2.09	4,215.44	2.09
Office Expense	132.16	0.07	132.16	0.07
Postage Expense	274.75	0.14	274.75	0.14
Telephone Expense	1,165.94	0.58	1,165.94	0.58
Management Fees	9,997.16	4.96	9,997.16	4.96
Legal Expense	750.00	0.37	750.00	0.37
Corporate Unit Expense	975.99	0.48	975.99	0.48
Computer Expense	2,359.58	1.17	2,359.58	1.17
Employee Incentives	177.45	0.09	177.45	0.09
Resident Screening	556.90	0.28	556.90	0.28
Training & Education	88.00	0.04	88.00	0.04
Bad Debt Write-offs	2,088.31	1.04	2,088.31	1.04
Insurance Expense	5,078.24	2.52	5,078.24	2.52
Real Estate Taxes	12,522.30	6.22	12,522.30	6.22
TOTAL G & A EXPENSES	40,382.22	20.05	40,382.22	20.05
PAYROLL EXPENSES				
Onsite Labor	29,867.21	14.83	29,867.21	14.83
TOTAL PAYROLL EXPENSES	29,867.21	14.83	29,867.21	14.83
TOTAL OPERATING EXPENSES	104,657.88	51.96	104,657.88	51.96
NET OPERATING INCOME	96,760.35	48.04	96,760.35	48.04
LESS DEBT SERVICE				
Mortgage Interest	40,808.31		40,808.31	
Mortgage Principal	-		-	
Note Payable Interest	12,866.69		12,866.69	
Note Payable Principal	2,186.43		2,186.43	
Partnership Expense	135.00		135.00	
Capital Improvements	5,163.52		5,163.52	
CASH FLOW FROM OPERATIONS	35,600.40		35,600.40	

**CLAREMONT APARTMENTS
BALANCE SHEET
1/31/2008**

ASSETS

CASH

Checking - Operating	93,800.52
Checking - Deposit	88,768.93
Petty Cash	500.00
Checking - Security Deposits	43,877.00
TOTAL CASH	226,946.45

CURRENT ASSETS

Rent Receivable	7,717.38
Prepaid Insurance	25,391.23
Tax Escrow	17,590.37
Insurance Escrow	13,214.44
Replacement Reserve Escrow	11,001.64
TOTAL CURRENT ASSETS	74,915.06

PROPERTY & EQUIPMENT

Carpet	601,044.53
Appliances	1,011,170.56
Furniture & Fixtures	12,949.91
Equipment	6,430.49
Building	8,282,200.00
Land Improvements	98,097.02
Building Improvements	43,404.70
Land	1,075,000.00
Accumulated Depreciation	(1,993,042.00)
TOTAL PROPERTY & EQUIPMENT	9,137,255.21

OTHER ASSETS

Loan Costs	112,178.00
Closing Costs	201,384.02
Accumulated Amortization	(138,165.00)
Utility Deposit	7,500.00
TOTAL OTHER ASSETS	182,897.02

TOTAL ASSETS **9,622,013.74**

LIABILITIES & PARTNERS' CAPITAL

CURRENT LIABILITIES

Prepaid Rent	28,434.64
Security Deposits	41,047.00
Laundry Lease Income	29,749.94
Accounts Payable	31.43
Accrued Real Estate Taxes	12,522.30
TOTAL CURRENT LIABILITIES	111,785.31

LONG-TERM DEBT

Note Payable - Mortgage	8,858,000.00
Note Payable	2,471,648.46
TOTAL LONG-TERM DEBT	11,329,648.46

PARTNERS' CAPITAL

YTD Earnings	(11,977.98)
Partners' Capital	(1,807,442.05)
TOTAL PARTNERS' CAPITAL	(1,819,420.03)

TOTAL LIABILITIES & PARTNERS' CAPITAL **9,622,013.74**