

Note to Self

5<sup>th</sup> February 2012

Dear Owners and Investors,

The Parliamentary Inquiry held the public forum in Cairns on Monday afternoon. What a fantastic turn out by the people of Cairns. We had over 200 people, which when you consider it was at 2.30pm on a working day, that is a great turn out. I did get to speak on all of your behalf, and I think we got the message through that it isn't just about the people of Cairns - it affects people Australia wide. There were a lot of people telling their stories, and the message is getting through loud and clear.

The committee will hand down its recommendations in April, which isn't that far away. Hopefully some sense will come into the market and we can all get on with being investors again.

If you missed out on sending in your submission, they have extended the times for a further week. If you need the details again just let me know.

I mentioned last time that the rentals have been going fantastically - well they have continued on strongly. Each property we have rented for more and almost no down time. The biggest increase in rent is \$25 per week which is more than a 10% increase on the last rent. Ramon and I never have chased the big rents that some other agents chase, our strategy is to get 52 weeks rent at the best rent you can get at the time. It is all about cash flow. There is a bedsit with another agent in a complex we have quite a few rentals in. This vacated just before Christmas and they originally had it advertised at \$160 per week. An issue has come up inside with the water pipes and body corporate has become involved. It is still vacant and they have dropped it down to \$140 per week. This means it has been vacant for five weeks.

Without blowing my own trumpet, on Thursday we had one in the same building vacate. The tenant was paying \$145 per week. On Thursday afternoon we had three prospective tenants go through. On Friday morning we received the application, processed it and at 6.30pm on Friday night the new tenant moved in at \$150 per week. Pretty happy with that.

For the first time in a very long time I am starting to have a choice of really good tenants, and even better the rents are rising. I had a town house go onto the internet at \$10 per week high than what we are currently getting, and a week before she is due to move out I have an application from a fantastic tenant wanting to move in as soon as it is free. If this keeps on going, when the wet season is out of the way I will look at all the rentals we have and see where we can raise the existing rentals. It may not be a lot, but it will help to cover some of the increases we have had to bear over the past four years.

The latest Herron Todd White report for Cairns is

<http://www.rjnewdevelopment.com/htw/2012.01%20Full%20Report.pdf>

It continues to show we are at the bottom of the market but it also agrees that rents are going up.

This week was one year since Tropical Cyclone Yasi hit and in this email I would like to go away from property and recount the days up to Yasi as I didn't do it back then. Ramon and I have been living in Far North Queensland for just over ten years now, and this really was the first BIG cyclone that we thought could affect us. TC Larry was big, but we weren't going to be severely affected here in Cairns so although we were worried, we weren't really if that makes sense.

As Yasi was getting bigger and bigger and it really looked like Cairns was going to take a direct hit, I have to tell you the knot in the stomach was getting bigger and tighter with each weather report that came out. Two days out from the storm hitting we spent trying to get all the rental properties as prepared as possible. We tied everything down that could be, packed everything away that could go inside and as we were heading home took a last look at the properties and hoped they would be standing in a few days time. I have been here for some time and never have I seen people worried like they were in the lead up. We all knew it was going to be big, but how much damage it was going to do was unknown. The lovely part is the incredible feeling of community where everyone pulls together and tries to look out for each other.

The day the cyclone was due to hit Ramon and I spent at home. For those of you that haven't been to our house, it is a two storey timber pole home. Over the past eight years we have brought all sorts of stuff home - some of it just too good to throw out, some just because it was too hard to get rid of and then there is all the junk we brought up from Mission Beach and then just to make life interesting all the stuff we took off the boat when we sold it. We have managed to move all the fridges and washing machines to the office, but there is still a lot of stuff from the rental properties. There are boxes, racks and even a ride on mower - so much stuff and all open and exposed. There is no way we can tied down all this lot, so we did the best we could.

We have a wrap around veranda around the house and outside we have the outdoor table and chairs, a bed, more chairs and even the fridge. You don't realise just how much stuff you have until you have to move it all inside the lounge room.

Up until the morning of the cyclone crossing, we thought it could be bad - I mean they evacuated everyone from the hospital so even the Government thought it could be bad. It was time to be sensible and work out what I needed to save in case everything was blown down. I needed the computer brain, the backup boxes, my tax records and photos. I had brought it all up from the office below the night before and had it in the living room, but then the brain started to go into over drive. What if the house loses the roof? The papers will get wet or blow away - that isn't going to work. I will take them all down stairs and put them into the back of the car - what if all the stuff down stairs starts to blow around and breaks the window to the car? That isn't going to work either. I will put them all into the cupboard in the lounge room - if the roof blows off, then the wind will open the timber door and it will all blow away or get wet - that isn't going to work either. Will put that in the too hard basket for now.

They say the safest place in the house is normally the bathroom. Ours probably isn't as it has a huge window. If the storm gets nasty and all the junk from down stairs starts to blow around, there is a chance the window will blow out and shower us with glass. We put a mattress up against the window and tied it as best as we could, but it still wouldn't be safe in there. The mattress would at least stop any glass from going everywhere.

Armed with the masking tape I put crosses on each window. I have no idea what it does but they say to do it - I think it helps keep the glass together. First I had to take down all the hanging things in my window - and there are alot of them. More stuff to find a home for in the very cluttered house.

The next thing they say is to fill the bath tub with water as you may lose water after the cyclone. We did that and ticked that from the list. A few hours later whilst down stairs we discovered that there must be a crack in one of the pipes for the spa and it was leaking down stairs - have to go to plan B. We fill every water bottle we have and put it in the freezer so that when we loose power the freezer will stay frozen for longer. We can also drop these down into the fridge to keep that food for longer.

Where are we now going to shelter? Our bedroom is at the back of the house right up against the mountain. They actually blasted the rock face to make enough room for the house. Through the bedroom window I can touch the cliff face. From our bedroom window you can see up the hill a boulder that would be bigger than our four wheel drive. It has probably been there for a thousand years, but with the potential wind and torrential rain I wasn't going to take a chance. I can just see the headlines now - couple found squashed under boulder!

Our lounge room is now full of everything from the balcony and you can barely walk around. I still had the issue of how to secure the papers and photos. We decided to put a mattress up against the cupboard, then push the big heavy timber dining table up against this. This way the mattress will cushion us from the roof falling or things blowing and keep the door shut on the door with all our treasures safe. Now to tackle the other side. We put the other mattress up against the other side of the dining table and then slid the three seater lounge next to it to hold our nest together. The space under the dining table was too small to slide another mattress on the floor so I piled all the pillows under there.

We knew we would lose power so we had to have the candles and other light sources ready. I brought in all the solar garden lights inside and they dotted the already cluttered lounge room - really effective! At this point we were about as ready as we could be - now we just had to wait for Yasi. It is hard to explain just how still and quiet it was in the afternoon. You knew it was coming but it was hard to picture how it could change so quickly in just a few short hours. As night fell, it started to get a bit blowy but nothing really bad. As the night went on, and we could see the reports that the storm was over the top of us I was surprised at just how well we were fairing. We are high up in the mountain, and fortunately it was going right over the top of us. We can see down into the inlet and all the lights of Cairns and as the storm got bigger we could see the flashes of the power poles going up and the bangs when the main power stations were going out. It was about midnight now and the eye was over the coast. This is when the wind changes direction and then we started to get blown around. Ramon got bored with it all and went to bed in the bedroom, I sat up for a bit longer and then when it got a bit too blowy I went into the nest - didn't fancy a boulder dropping on top of me.

You all know the end of the story and the damage that was done. I have to tell you in the morning we came down expecting the entire contents of the underneath of the house to be gone - not a single thing moved. I was secretly hoping it would have all blown down the hill into the bush - now we still have to sort through all the junk!

We did learn from Yasi and when we finally do the extensions and enclose underneath the house we will make the laundry room the cyclone bunker. I just hope that we don't have to use it any time soon.

Now this will test how many of you actually read my emails. The office of Property Ladder Realty is going to move. We shall be relocating from the 14th February to the 28th February to.... I am so excited.... I can see your eyes about to roll back.... THE QUEEN MARY!!!! Ramon got an email from Princess cruises offering him a fantastic deal on the cruise. We have since figured out that they only sent it to people over 60 that have done a few cruises with Princess to try and entice them to over to Cunard. The deal was so good that it took us all of 60 seconds to decide - let's do it!

<http://www.cunardline.com.au/Ships/Queen-Mary-2/About-Queen-Mary-2/>

It is a bit posh and Ramon has to wear a jacket to dinner every night! We have to go shopping this week as he has a total of one jacket in his wardrobe. The cruise is around Australia so we will still be in contact by email and phone. We do have a new addition to the Property Ladder Team. His name is Clinton Dembowski and I think this time Ramon and I have backed a winner.

He is young, enthusiastic and knows where he wants to be financially in 15 years for him and his family. Although he has only been with us for a few short weeks, he has slotted in really well and learning just how interesting life can be with tenants around. I will write more about Clinton next email.

This doesn't mean that we will be off on a cruise ship never to return, it just means that hopefully we don't have to work such long hours and do everything ourselves. The rental properties, your investments and your tenants are the core of our business and they way we look after them will not change. It just would be so nice to be a couch potato for just a few hours without feeling guilty or the phone driving me nuts. We may even finally get the extension done on the house.

I hope you are happy and well in your world.

Linda