

Note to Self

5<sup>th</sup> June 2013

Dear Owners and Investors,

I was going to write a serious email tonight, but it is just too hard!!! I do have to write to you all as it is coming up to the End of Financial Year and I want to tackle a few things - depreciation reports, pest inspections, improvements and rental increases. I am hoping to be at home most of Thursday to be able to write a Special Edition, then write to each of you individually. I need to be super organised, because on the 17th June the ceremonial turning off of the mobile shall occur as we cruise out of Sydney Heads and out to the South Pacific - did I mention we are going on a cruise in 12 more sleeps?

We recently had an owner settle on a beautiful two bedroom villa at Trinity Beach. The rental market is great, particularly when you have a really well presented property - you can push for that little bit more. I figured I had nothing to lose so we put it up for rent at \$270 per week. Within 24 hours I had two great people that wanted to have a look at it. Both were just fantastic and believe it not both applied that evening for the property.

We have a saying at the office "until the money is in the bank and the lease has been signed - it isn't rented." I have been doing this a very long time and I would have put money on one of the two taking the property - my preference was the couple but would have been just as happy to take the single lady. Both pulled out and I was stuck with no one to take the unit. The phone and email enquiries had been huge so I knew it would only be a matter of time until someone great would come along.

On Monday morning I got a call from a lady that sounded brilliant. I arranged to meet her at the property that night at 6pm after she finished work. She presented fantastically and I knew she would be a great tenant. There are days that I truly struggle and it takes all my energy not to blurt something out - Monday night was one of those nights. This unit is big for a two bedroom unit. Not only is it long, but it is wide and it has a good sized patio area with a lovely garden.

Out of all our two bedroom units, including the duplexes it really would be one of the biggest. I don't believe you will get any bigger unless you go to a two bedroom house. She walked in and looked around then came to me to tell me what furniture she has. She has a three seater lounge, with two recliners, two book cases and at this point I am sure my eyes glazed over - UNTIL - I heard her say she couldn't possibly take this unit because her furniture just won't fit in no matter how much she tries. Seriously, I was biting my cheek so I wouldn't blurt out "Are you kidding me, you are not going to take this beautiful unit that is just fantastic because your lounge won't fit in - how about buying another lounge?" That was about the time the automatic property manager kicked in and smiled as I started to turn off the lights and walk out the front door, telling her that if she would like to inspect again or had any other questions just to call me - grumble, grumble, grumble I wasted a trip all the way out here for nothing.

It didn't matter because as I was driving out and back to the office, I got another call from a lady.

I do get a bit antsy when they say they are calling on behalf of someone else. I get even antsier when they say it is for their adult children - if you can't live with them why on earth would I want your problem living in one of our properties? I dug deeper and they are retired and their son has Autism and currently lives on his own in the City. They want somewhere that is quiet, clean and where he will be safe.

They drove in to see the property first thing Tuesday morning, and when they came back to the office (yeah bet you thought it was me that met them first thing in the morning - that is a job for Maureen) any reservations I had melted away. We now have a great tenant paying \$270 per week that will look after the place incredibly well - and best of all the Mum is a cruise junkie like me!

In the past few weeks, we assisted Australian Property Investor magazine on doing a feature article on Cairns which should be out any day now. They highlighted that the prices are low and the rental returns are high - and to prove this point the property above was purchased for \$165,000 and renting for \$270 per week!

I know that we are different to your normal property management company and it is only when you look back that you realise just how different we are. There are some that believe our fees are "high" when compared to other agencies - but the question is do they get the best possible rent, the most out of the maintenance dollar spent and minimal vacancies? We also do so much that you will never hear about or ever be charged for.

Yesterday we got a call from one of the tenants that happens to be a Policeman at Tropic Gardens. He locked himself out of the unit and called to see if I could drop off spare keys to him at work. I love having a Policeman at our complex - it helps to keep the riff raff in line. I dropped it off with a business card for the key tag and on the back I asked he drop it back to the office with the cost of the call out service being one bottle of Merlot. The owner has a happy tenant, the tenant is happy because it didn't cost him \$100 to get a locksmith and I have a lovely bottle of Merlot - oh no I sound like that beer commercial where I trade in alcohol currency!

Last year we "lost" a client to another large company in town. I had to go to a Beaches agency to pick up the keys for the Trinity Beach property when it settled. I have never been to the office and just to be nosy I picked up a copy of their available rentals. I can't tell you the smile - actually it was a Cheshire Grin with a twist of smirk in there when I saw they had the property I "lost". The owner had change agencies again, but best of all the property had been vacant for over a MONTH!!!

I couldn't help myself and on Saturday I called the agency - with the number blocked of course! I asked if the property was still vacant, which it was. I asked if I could arrange a time to view it, but I did work full time so it would have to be either before work or after. The earliest viewing was 8.45am and the latest was 4.30pm Monday to Friday. I asked if they could show me on Saturday as I don't work on that day - but they don't do viewings on Saturday mornings any more. It has been known for us to show properties at 7am (well not me but Maureen) and as late as 7pm - even later if they call and we happen to still be in town. If it happens to be on a Sunday, we do it before we go to dinner.

We take the SLK in to town, but I make Ramon drop me off around the corner so they don't see the car. Whilst a property is vacant, we will show it at any time we can to get it rented. I really am stressed if it vacant and will do everything possible to rent it quickly. That is the difference between us and most other agencies - well one of the differences.

You know I do love our tenants, and I have to share the call I got from Ms K on Saturday morning. She wanted to ask if she paid us a few more dollars next rent if I would send Bart out. She admitted to having far too much to drink on Friday night and as she was going for the telephone to God she broke the plastic thingy on the toilet. For those that need it translated let me know. It ended up being the toilet seat which you can buy for about \$10 at Bunnings.

What can I say - I love my tenants. I love that they feel the need to ring and tell me, rather than go to Bunnings and buy a new \$10 toilet seat and I need never know.

I had to go and have a meeting with the tenant that I am tossing up to move on - yes the one that told me to get out of my Barbie High Heels. Well just because I could, not only did I wear my high heels, but my super high heels with the inch platform. They are now known as my Super Barbie High Heels. She is looking after the place well, not as well as we may do but no damage is being done. I know that I will have to move her on eventually but the softie in me won. To be honest if she didn't have the kids I would have not given her the property in the first place.

We recently picked up a loft town house in Whitfield. It has taken a bit of effort to get it ready for rent but it we got it over the line earlier this week. It is only a one bedroom unit, but it has been renovated inside nicely. The kitchen and bathroom have been renovated and it has nice touches to it. It happens to be unfurnished as well - but I thought well you never know unless you give it a try so I loaded it up at \$230 per week.

If you had of told me I would get \$230 for a two bedroom unit that is fully furnished two years ago I would have said you were nuts as the highest we have ever achieved was \$220 per week. I showed through a lovely couple on Wednesday night who applied for it immediately. They will be just great and they move in on Friday - at \$230 per week. Even now I am shaking my head as I can't believe the increase in the rents.

I am going to finish off not with a tenant story, but a tenant turned owner occupier, and now turned investor. Mr M came to us originally as tenant and he has been on this email list for some time now. He now has his own home and a few weeks ago settled on his very first investment property. It is a great two bedroom unit on Hoare Street that he picked up for \$110K - when you consider these were selling for \$220K at the peak of the market he has done exceptionally well on the price.

Ramon and I when showing a property to investors ask them to put "their vision goggles on". This isn't an easy thing and there are many that can't see past what is in front of them. The unit was in original condition - lovely mint green walls that are now dirty and depressing. The carpets were at the oh my goodness stage as was everything else in the property. Most will see a daggy, run down unit but after doing so many upgrades I can see the finished product.

I try my best to encourage each of you to do something that will make a difference to your lives financially. Each of us must find a way to financial freedom - and for Ramon and I it has been through our property investments. When I see someone learning, then taking the steps to buy that investment I can't tell you how proud I feel. We didn't get in there and paint, or spend night after night in the unit - all we did was make the list of what needed to be done and Mr M did it - and Mum and Dad of course. I went to the unit today and in just three short weeks - remember he works full time - the transformation has been incredible.

Yes it has the signature finish of all our units - walls painted in Star Bright, the lights, the fans and even the curtains - but it all works and doesn't cost a lot to do if you can get in there and do the work yourself. The hard work has been done now and he shouldn't have to do anything internally for the next 3 - 5 years. Even better we have just found him a great tenant at \$250 per week. If my calculator is working correctly, this property will be paying for itself - now we just have to wait for the market to turn, the property value increase to give him equity - and then we start the search for property number two.

Again just to highlight how good our properties will be to "investors" this unit was bought for \$110,000 and now renting at \$250 per week. That is pretty good returns in any ones book - and I really don't believe it will be long before investors will start to come back to Cairns.

If I ever need a reason as to why I push so hard, or work such long hours or why we have a debt of a small nation - I get to see it each time we visit Ron from Sheridan Street. Will write more about him one day soon, but we have managed to get him into a brilliant nursing home in Whitfield. It is one thing to be old, but to be old and poor is something I never want to experience - and for that reason I will continue to do what I do for the next 3 to 5 years. After that this email will be all about cruise ships of the world!

I hope you are happy and well in your world.

Linda