

MONT CLAIR HOME UNITS PTY LIMITED
347 Liverpool Street Darlinghurst NSW 2010

Board of Directors

ANNUAL REPORT 2007/08

Financial Results

The financial reports have been prepared in accordance with accrual based accounting standards and circulated to shareholders with the AGM papers. The financial result for the year ended 30 June 2008 was a **surplus of \$31,118**.

The cash based financial results were as follows:

Admin Fund

Balance brought forward (01/07/07)	\$ 5,637.91
Income	\$ 98,626.24
Expenditure	\$113,006.95
Cash balance as at 30/06/08	\$ 8,742.80 (debit)

Sinking Fund

Balance brought forward (01/07/07)	\$ 16,069.00
Income	\$ 51,745.91
Expenditure	\$ 32,410.80
Cash balance as at 30/06/08	\$ 35,404.11(credit)

Total cash balance as at 30/6/08 **\$ 26,661.31 (credit)***

** includes \$1,800 in an investment account which has increased to \$42,800 since 30/06/08 with the deposit of special levy payments.*

It was resolved at the Board meeting held on 02.02.2009 that the Directors' Declaration in the Annual Financial Statements be signed by the Chairman, Wayne Priddle.

Budget

A relatively small increase in the sinking fund levy commenced from 01.07.2007. Special levies were called on 30.06 and 01.12.2008 to raise \$60,000 in each instalment for the window replacement project. A further instalment will be called on 01.04.2009 to raise \$60,000.

Shareholders

2 share transfers (Units 35 and 56) were approved during the year. Mont Clair extends a warm welcome to the new shareholders, Mr Burt and Mr Sommer.

Tenancy Agreements

14 tenancy agreements were approved during the financial year and a further 4 interviews since 30.06.2008. The interview fee for tenant interviews was increased from \$100 to \$150 where 5 working days notice is given; and from \$200 to \$300 where less than 5 working days notice is given.

Web Site

Mont Clair's web site (www.montclair.com.au) continues to be well received by all shareholders. The website holds important documents for shareholders and residents (such as the Articles of Association and the house rules). It also provides information to real estate agents, prospective

shareholders and tenants about the Company and how the building operates.

As part of this process and to reduce paper usage, important notices to shareholders and residents will be sent by email. For example, interruptions to water or electricity supply, major building works, fire safety inspections, security alerts and pest control.

This will make communication with shareholders and residents more effective and it will cut down on the Company's costs for mailing.

Emails will be blind copied to ensure that each person's privacy is respected. Only Fay McDonald and the Board will have access to the full listing. People without email or who do not wish to be included on the email list will still receive paper copies of notices.

Mont Clair's 70th Anniversary

On Sunday 19.10.2008, Mont Clair hosted a very successful art deco afternoon on the Violet Cowley Roof Terrace to celebrate our 70th anniversary. Many shareholders, residents, and neighbours attended including Ms Jane Doyle from Adelaide. In addition, we were honoured to host the President of the Sydney 20th Century Society and a former President of the World Congress of Art Deco (and her mother) who were visiting from Los Angeles.

To commemorate the occasion a cream bakelite and chrome 1930's wall clock was purchased and placed over the lift on the ground floor.

General Building Maintenance

Windows

Following an inspection and survey of all windows and arch bars conducted by Weir and Phillips Architects, windows will be replaced in parts of the building which are more exposed to the weather in South and North Eastern Courtyards and the top floor:

- 1 unit 61 bathroom window only
- 2 unit 63 all windows
- 3 unit 64 living room and bedroom
- 4 unit 65 all windows
- 5 unit 53 living room and bedroom
- 6 unit 43 living room and bedroom
- 7 unit 33 all windows.

Quotes were sought however only one manufacturer of steel framed windows in Melbourne (Skyrange Windows) responded and was engaged. Steel framed Windows have been supplied and are being prepared for outside putty and glazing. They will cost \$930 +GST for the smallest windows and \$2,550 + GST for the largest windows. Louvred windows will be installed in bathrooms to match existing louvred bathroom windows.

A quote (\$65,000) was accepted from Remedial Building Services and arrangements are being finalised for glazing, remedial work and installation. Scaffolding for the North and South Eastern courtyards and a swinging stage for unit 64 will be necessary. The project is anticipated to commence in late February or early March 2009 and be completed after 6-8 weeks.

The window lintels look to be reasonable condition, however, should any lintels be found to need replacing when more closely inspected from the scaffolding, the cost will be approx \$1,400 each. Spot priming and painting to prevent rusting of eight drain/sewer pipes and exiting steel framed windows in the North and South Eastern courtyards will also be completed while the scaffolding is erected (\$15,000).

Back Stairs

The back stairs in the South Western courtyard have been found to have concrete cancer and require remedial work to prevent further deterioration. The Board has received two quotes (approx cost \$35,000 to be updated). This work will be funded from the above mentioned special levy and is likely to be carried out in the second half of 2009.

Noise Abatement Order

As a result of a repeated complaints by a tenant to the City of Sydney Council that the hot water pump is offensively noisy, on 16.12.2008 the Council issued a noise abatement direction to the company to switch off the pump from 10.00 pm to 7.00 am for a minimum period of 28 days. Failure to comply with this direction would risk the company being fined \$3,300.

After careful consideration, the Board decided not to switch off the pump for the following reasons:

- 1 In the opinion of the Board, the pump was not offensively noisy because any noise emitted by the pump was not sufficient to interfere unreasonably with the comfort of any resident.
- 2 Switching off the pump would most definitely interfere with the comfort of every resident for at least 28 days.
- 3 The Direction was given without any prior consultation or discussion with the Company and without any attempt to mediate a settlement.
- 4 No council officer visited Mont Clair to determine whether the pump was offensively noisy. In giving the Direction the Council relied upon the opinion of the tenant who complained; and
- 5 Shortly after the pump was installed, the Board spent in excess of \$2,000 to reduce the noise the pump was emitting. This work did reduce the noise considerably. Since then the Board made several enquiries to see whether the noise could be further reduced without success.

The Board immediately contacted the Lord Mayor' Office to request a review of the Council's decision and to withdraw the noise abatement direction to enable a reasonable outcome to be achieved through consultation.

The Council immediately withdrew the noise abatement direction and arranged a site inspection with a Council Officer.

In early January 2009, a proposal was accepted for \$2,000 from Acoustica Engineering Services to carry out sound proofing to further reduce the pump noise levels. This work was completed in early February 2009 and has successfully reduced noise levels by approx 12 decibels. The Council has now closed the complaint.

Violet Cowley Roof Terrace

Residents are reminded that functions on the Violet Cowley Roof Terrace for more than a few guests require the Board's approval before invitations are issued. Where approval is granted, the house regulations for the Roof Terrace must be complied with, including no amplified music, to ensure that the comfort of other residents is not affected.

It is not appropriate for approved Roof Terrace parties to go on for more than 3 hours because they unduly restrict other residents from using the Roof Terrace. Therefore the Board proposes to amend the House rules to restrict approved Roof Terrace parties to no more than 3 hours.

The Board is also obtaining proposals to install low voltage night lighting to ensure that safety is improved after dark. This work is anticipated to be carried out during 2009.

Herb Garden

A shared herb garden has been established on the laundry roof terrace and is thriving. It has been a very popular addition and contributed much to the community spirit of the building. Several new shareholders and tenants have said that the herb garden significantly contributed to their decision to buy or rent in Mont Clair as it is rare to see a community herb garden in an inner city apartment building for everyone to enjoy. The trend is fast catching on and many new buildings are establishing roof gardens to reduce a building's carbon footprint.

Bike Racks

Three secure bike racks (for six bikes) have been installed (cost \$841) in the garbage room adjacent to the South Western Courtyard. Residents are encouraged to use them to minimize carrying bikes in the lift and through public areas.

Laundry Facilities

Following negotiations with MiniMat Laundry Services, two compact clothes dryers have been installed in one of the laundry rooms. The dryers are coin operated and MiniMat agreed to pay half of the cost of electrical works necessary to install them (cost \$1,375). The Board is monitoring electricity usage to ensure that operating costs are not excessive. MiniMat also replaced two washing machines with new more compact and water efficient ones.

Thank you

The Board thanks Wayne Priddle for successfully carrying out the role of Chairman; and Fay McDonald, Company Secretary/Managing Agent, for carefully managing the company's day to day activities.

Board of Directors

19.02.2009