

Twenty Macleay Street Limited

Report to Shareholders: 2023

This year's Report sets out the major achievements, activities and financial performance of the last financial year and provides guidance on the budget and plans for the year ahead.

Board meetings

During the financial year, four meetings of directors were held. Attendance as follows:

Director	Eligible to Attend	Number Attended
Manos Chatznikoloau	2	2
Will Mathers (appoint 23.6.23)	0	0
Barbara Stewart	4	3
Amy Rose Sadubin	4	4
Bruce Miller (Chair)	4	4

Board meetings were held on 29 August 2022, 11 November 2022, 27 February 2023 and 22 May 2023. The Board also met informally during the year as all members are either resident in Twenty or live nearby.

Many tasks have been carried out by one residential director, Barbara Stewart, particularly in recent months as we have geared up to replace or repair window frames on the south, north and eastern facades. The Board acknowledges Barbara's energy and commitment to Twenty and its shareholders and residents and notes that her voluntary contribution has meant that we have been able to keep costs lower than they might have been.

Building management

The Board has reviewed the workload associated with managing Twenty Macleay St, including a review of shareholder and resident feedback, as well as the current workload on directors, and formed the view that our interests would be better served by engaging a provider that has greater scale, a higher level of technological capability and other specialist resources to support us.

As a result, we terminated our current contract with Company Title Management on 7 July providing the necessary three months' notice as required under the terms of our 2018 contract. We have timed the AGM to coincide with the pending change in managing agent. We have engaged Jamesons Strata Management at similar rates to CTM, and with Mr Kinen Lau as responsible manager. Longstanding shareholders will recall that Mr Lau supported Twenty for a number of years.

The Board thanks Danielle Marchand and the CTM team for their support and welcomes the constructive spirit in which CTM is engaging in the handover.

Financial Performance

Costs continue to rise for utilities and building maintenance, and, most recently, for insurance, but the Company has operated within the agreed budget. At this time, the Board proposes no change in the budget as set at last year's AGM but will ask our new managing agent to conduct an early review of the budget and our capital works plan.

FY23 Budget	Actual	Proposed Budget
	\$	\$
Maintenance Levy	260,000	270,000
Special Levy	0	0
Other income	15,200	10,000
Total Income	275,200	280,000
Other building maintenance	58,520	60,000
Fire protection/ monitor	14,300	16,000
Legal and accounting	9,142	10,000
Utilities	75,000	75,000
Management fees	23,900	23,000
Cleaning	32,600	32,000
Insurance	42,500	44,000
Consultant's fees	9,800	10,000
Other admin costs	12,000	10,000
Total Expenses	277,762	280,000
Surplus/(Deficit) for Year	(2562)	0

Capital works, renovation and ongoing maintenance upgrades

The Board is pleased to advise that

1. We have made progress on capital works, in particular, planning for replacement and repair of windows on the north, east and south facades. We intend to commission a new ten year

capital works plan once we shift managing agents.

2. With prompting by CTM, we have made significant progress towards finalising the 'Phase 3 Electrical Works' within each apartment and are happy to report that only three apartments (18, 25 & 26) remain non-compliant. The Board needs certificates to be satisfied that apartments are in full compliance with regulations and to maintain our insurance coverage. 'Phase 3' involves replacing the outdated cloth-covered wiring with new wiring that meets modern standards within each apartment and a certificate of compliance issued to the Board.
3. We have commenced a major refurbishment of the laundry, which is in dire need of sprucing up. This follows, at resident request, the installation of a credit card-reading facility for washing machines and dryers.

The Board continues to take a vigorous due diligence process in assessing renovation applications for compliance with our rules and adequacy of insurance cover. These have been embedded in our Rules. Prior and post inspections by our resident plumber and electrician may be carried out as part of the renovation process.

House Management

Interview of new Shareholders and tenants

This activity has been primarily undertaken by CTM's Danielle Marchand. Twenty welcomed 1 new Shareholder: Apartment 1. A total of 4 tenancy interviews were conducted. Approvals were granted for Apartments 1,2, 6 and 15.

Noise and Damage to Property

We are happy to report that there have been many fewer complaints about breaching our House Rules, which may reflect the end of the pandemic and associated pressures on mental health. Residents still need to be mindful of the fact that we are living in close proximity, and that noise carries throughout Twenty. Many apartments have exposed floorboards, TV sets are audible in adjoining apartments given volume especially with open windows in the warmer months, all of which affect fellow residents' quiet enjoyment of their own apartment.

Airbnb

We remind all shareholders that we do not allow Airbnb leases. The House Rules clearly state that apartments may not be rented for short durations. Furthermore, occupants unless residing casually with the approved Shareholder or resident must be interviewed by the managing agent on behalf of the Board. The Directors continue to monitor rental and short-term letting websites, including Airbnb. We take this opportunity to remind Shareholders that residency at Twenty is reserved exclusively for Shareholders, their immediate families and, in approved cases, for other, longer term residents approved by the Board, in apartments where rental has been authorised.

Fire safety

We continue to place a high priority in ensuring our compliance with fire safety regulations, as required by law. Synergy Fire finalised the 2023 Annual Fire Safety inspection with the Sydney City Council.

Emergency Access Keys

The emergency access keys have been used on a limited number of occasions during the year, always with one director at least present. These occasions were to facilitate access for the mandatory Annual Fire Safety inspection or emergencies e.g., storm water penetration. These keys are used as a last resort as the Board would much prefer Shareholders were present for inspections. Fire inspections are a legal requirement and we have no choice but to comply for all apartments in Twenty.

Strategic Planning

We have been successful in increasing the number of board members to five since the last AGM, with the addition of Manos Chantzinikoloau and Will Mathers. But succession planning remains a big issue. The Chair flagged at the last AGM that he would serve for another year maximum but has indicated that he is willing to remain for a further six months, subject to AGM support, to see through the transition to our new agents. We encourage shareholders to consider nominating for a position on the Board.

Other matters:

1. We have renewed insurance cover, but at a significantly higher premium, reflecting an industry-wide increase in costs and reappraisal of risks in relation to older buildings. The policy is assessed as appropriate with the status of the electrical wiring upgrade disclosed and noted by the insurers.
2. We have received advice that the proposed development at 1 Onslow Place will proceed. We lodged an objection on the grounds that it could impede light and views from apartments on the eastern and southern sides of the building and likely bring further sources of noise pollution such as rooftop compressors close to apartments. Council at first rejected the application, but after litigation between Council and the developer in the Land and Environment Court, parties agreed to a modified plan which addresses some of our concerns.

Annual General Meeting

The Annual General Meeting of Twenty Macleay Street Limited will be held on 5 October 2023 by video link **commencing at 6:00pm (18:00)** when a quorum is confirmed. We will dispatch video link closer to the time.

The Board
Twenty Macleay Street Limited