



GUARANTEED ♦ QUICK ♦ COMPREHENSIVE

www.property-works.com.au

1ST February 2010

Owners Corporation
Unit Plan: 3333
'Smith Waters'
25 Smith Street
Smith Town ACT

Dear Executive Committee Members

Re: Sinking Fund Forecast for Unit Plan: 3333

Thank you for providing Property Works the opportunity to prepare your Sinking Fund Forecast. The attached report outlines your estimated maintenance & repair expenses over the next 10 years.

The Sinking Fund Forecast indicates that contributions need to be raised to \$2.00 per unit entitlement for the financial year starting 1/2/2010 and increasing the following year in order to cover predicted expenditure over the next 10 year period (please refer to *10 Year Sinking Fund Management Outline page*). Therefore the total recommended annual Sinking Fund contributions for the financial year starting 1/2/2010 is \$20,000.

It is recommended that this forecast be reviewed and updated every 2-4 years to take into account how the building ages, current maintenance prices, government legislation, and most of all to create assurance that you are remaining on target.

Property Works can also provide Building Defect reports, Sinking Fund Reviews, and Pest reports, please don't hesitate to call our office to discuss our services in more detail.

If you have any questions or would like to discuss any aspect of the report please do not hesitate to contact Alina on 02 6282 7143, or email strata@property-works.com.au.

Yours Faithfully

Sharlene Cohen

ACT

A First Floor, Unit 6, 31 - 37 Townshend Street, Phillip ACT 2606

P 1300 767 741 • **F** 02 6282 7163

E actsales@property-works.com.au

Property Works Pty. Ltd. Trading As
Property Works (ACT) ABN 72 107 817 121

NSW

A 45 Pyang Avenue, Malua Bay NSW 2536

P 02 4471 3175 • **F** 02 4471 1736

E southsales@property-works.com.au

Austco Building Services Trading As
Property Works (South Coast) ABN 81 097 333 849



GUARANTEED ♦ QUICK ♦ COMPREHENSIVE



Sinking Fund Forecast - Unit Plan: 3333

'Smith Waters' - 25 Smith Street, Smith Town

ACT

A First Floor, Unit 6, 31 - 37 Townshend Street, Phillip ACT 2606

P 1300 767 741 ♦ F 02 6282 7163

E actsales@property-works.com.au

Property Works Pty. Ltd. Trading As
Property Works (ACT) ABN 72 107 817 121

NSW

A 45 Pyang Avenue, Malua Bay NSW 2536

P 02 4471 3175 ♦ F 02 4471 1736

E southsales@property-works.com.au

Austco Building Services Trading As
Property Works (South Coast) ABN 81 067 333 648

General Information

Property Works has been instructed by your Executive Committee to conduct a sinking fund forecast on your behalf.

What is a Sinking Fund Forecast

A Sinking Fund Forecast evaluates the costs associated with maintaining or replacing common area building elements and associated property infrastructure for example

Class A Unit Complexes: fences, pools, spa, tennis courts, driveways, gardens and open space, service areas and rooms, roofing, car park areas and associated facilities, and the building fabric including windows, doors, walls, balustrades and stairwells.

Class B Unit Complexes: fences, driveways, gardens and open space, service areas and rooms, car park areas and associated facilities.

A Sinking Fund Forecast is not an all encompassing report designed for dealing with the building from every aspect. A sinking fund forecast aims to project a budget against each item so that the owners can continue to have the use and enjoyment from the property. Maintaining the property will ensure that it retains its future value. This forecast will also assist in reducing the number of special levies that sometimes occur due to unforeseen repairs not allocated for.

Planning ahead for regular maintenance allows time and finances to be effectively managed. It is ultimately left to the discretion of the Owners Corporation to determine how much maintenance they wish to carry out on a building, but when maintenance is carried out on a regular and orderly basis, the tasks become less onerous and the costs can be spread over time.

A sinking fund forecast does not deal with items that would be considered to be managed under an Administration Fund such as swimming pool cleaning, lawn mowing and any other annual or regular maintenance or replacement type costs.

A sinking fund forecast is just that, a forecast, and we seek to estimate rates of wear and tear as accurately and carefully as possible. We therefore recommend that all forecasts are reviewed every 2-4 years to ensure that the fund remains on track and if any adjustments need to be made that the forecast can be amended.

Valuation Methodology

We base our sinking fund estimates on careful examination and measurement of the building and an evaluation of the condition of the visible building structure and its likely maintenance requirements over the next 10 years. This is based on a combination of the known rates of deterioration of building materials and the likely wear and tear from environmental and human factors. Ultimately, the costs of maintaining aspects of the building fabric increase with time and wear and tear, and a point is reached at which it may no longer be economical to maintain an item and it requires replacement – these costs are included in our Sinking Fund Forecast estimates.

The figures derived from the inspection are entered into our calculation program where they are adjusted for inflation and a suggested contribution per unit entitlement is calculated.

Authority/Origin of cost estimate bases

We base our cost estimates on pricing from industry sources such as Reeds Construction Data and Cordells Price Indices as well as our own experience with the costs of construction and repairs in the ACT region. Where relevant we obtain quotes for maintenance and repairs from trades to ensure that accurate prices are provided.

Elemental life-to-reinstatement

We base our estimates on a number of authorities, including our own experience in the building industry and observations of lifespan of building products, guides for building product lifespan issued by manufacturers and researchers, and where relevant, the effective cost-life of the product as determined by the Australian Taxation Office in its various depreciation guideline.

Property Overview

Unit Plan

No: 3333

Address

25 Smith Street
Smith Town

Date of Inspection

1st February 2010

Site Details

Front aspect: *East*

Number of stories: *Multi Level*

Approx age of complex: *11 years*

Cladding: *Brick*

Roof: *Tiled*

Floor: *Concrete Slab*

Garages: *Basement*

Fences: *Timber*

Other structures: *Barbeque and Pergola*

Class: *A*

Areas Inspected

External Common Areas, Carpark and Stairwells

Areas not Inspected/Restricted and/or Obstructed

Roof area as there was no safe access to the area from a 3.6m ladder.

Sinking Fund Overview

The complex is generally in good condition in comparison to similar buildings of approximately the same age that have been reasonably well maintained.

Significant/Immediate Issues: Nil

Additional information: Nil

Notable Items

<p>LOCATION: Central courtyard</p> <p>COMMENTS: An allowance has been provided for repairs to the timber pergola.</p>	
<p>PRIORITY: Medium Year 5</p>	
<p>LOCATION: Carpark</p> <p>COMMENTS: An allowance has been provided for maintenance of the carpark concrete areas.</p>	
<p>PRIORITY: Medium Year 5</p>	
<p>LOCATION: All Areas</p> <p>COMMENTS: An allowance has been provided for repairs (waterproofing) of decks</p>	
<p>PRIORITY: Medium Year 4</p>	
<p>LOCATION: Roof Areas</p> <p>COMMENTS: An allowance has been provided for roof inspections and repairs.</p>	
<p>PRIORITY: High Year 1 (Roof Inspection)</p>	

Repair/Replacement Priority Key

Immediate (0-3 months) – In the inspectors opinion the magnitude of the defect identified is very significant when compared with similar buildings of approximately the same age that have been reasonably well maintained.

High (1-2 years) - In the inspectors opinion the magnitude of the defect identified is significant when compared with similar buildings of approximately the same age that have been reasonably well maintained.

Medium (3-5 years) - In the inspectors opinion the magnitude of the defect identified is consistent when compared with similar buildings of approximately the same age that have been reasonably well maintained.

Low (6-10 years) - In the inspectors opinion the magnitude of the defect identified is low when compared to similar buildings of approximately the same age that have been reasonably well maintained.

**Building Data
For
Unit Plan 3333
25 Smith Street
SMITH TOWN ACT**

Strata Title Date OR Year of Construction	1999
Number of Unit Entitlements	10000
Number of Units	42
Assumed Rate of Inflation	5.00%
Assumed Interest Rate on Investment Funds	4.00%
Assumed Taxation Rate on Invested Funds	30.00%
Interest Rate x Taxation Rate	2.80%
Estimated Sinking Fund Balance	\$53,587
Start of Financial Year	1/02/2010
Sinking Fund Levy per Unit Entitlement (Inc. GST)	\$2.00
Contingency for Unforeseen Expenses	10.00%
Forecast Period (Years)	10

**10 Year Sinking Fund Management Outline
For
Unit Plan 3333**

Year To	Opening Balance	Total Contributions	Interest	Anticipated Expenses	Closing Balance
31/01/2011	53586.67	20000.00	1780.43	927.39	74439.71
1/02/2012	74439.71	21000.00	2378.31	1530.19	96287.83
31/01/2013	96287.83	22050.00	3004.76	977.33	120365.26
31/01/2014	120365.26	23152.50	3694.36	13179.04	134033.08
31/01/2015	134033.08	24310.13	4093.27	22142.24	140294.24
1/02/2016	140294.24	25525.63	4285.60	0.00	170105.47
31/01/2017	170105.47	26801.91	5138.18	191973.35	10072.22
31/01/2018	10072.22	28142.01	676.01	1551.13	37339.11
31/01/2019	37339.11	29549.11	1459.18	11463.34	56884.06
1/02/2020	56884.06	31026.56	2027.13	0.00	89937.75

Planned Expenditures 10yr Summary

Items	To	To	To	To	To	To	To	To	To	To
	Jan-11	Feb-12	Jan-13	Jan-14	Jan-15	Feb-16	Jan-17	Jan-18	Jan-19	Feb-20
Walls	-	-	-	-	-	-	89,900	-	-	-
Decks	-	-	-	7,081	-	-	-	-	9,204	-
Balustrades	-	-	-	-	-	-	24,174	-	-	-
Shade Structures	-	-	-	-	1,085	-	-	-	-	-
Windows	-	-	-	-	4,477	-	-	-	-	-
External Doors	-	-	-	-	-	-	332	-	-	-
Gutter Areas	-	-	-	4,900	-	-	-	-	-	-
Paths/Driveways	-	1,391	-	-	5,119	-	-	1,410	-	-
Common Tiled Areas	-	-	-	-	3,441	-	30,492	-	-	-
Garage Doors	-	-	-	-	4,342	-	-	-	-	-
Roof	843	-	888	-	987	-	19,377	-	1,217	-
BBQ Areas	-	-	-	-	678	-	-	-	-	-
Specialty Items	-	-	-	-	-	-	10,246	-	-	-
Total (Inc. GST)	843	1,391	888	11,981	20,129	-	174,521	1,410	10,421	-
Contingency for Expenses (Inc. GST)	84	139	89	1,198	2,013	-	17,452	141	1,042	-
Total Expenses Per Year (Inc. GST)	927	1,530	977	13,179	22,142	-	191,973	1,551	11,463	-

Itemised Expenditure Report for Unit Plan: 3333

Items	Qty	Unit	Rate (\$)	Value	Next Due (year)	Future Value	Total Life (years)	Comment
<u>Walls</u>								
Render repairs	1800	m2	0.71	1278	7	1751	7	Repair render - Common fences at the front
Paint Finishes	1800	m2	35.75	64350	7	88149	7	Re-paint masonry surfaces as required
<u>Decks</u>								
Concrete	1	No	6050	6050	4	16285	5	Repair/waterproof affected decks
<u>Balustrades</u>								
Metal	750	m2	23.53	17648	7	24174	7	Prepare and re-paint balustrade
<u>Shade Structures</u>								
Frame	1	Unit	880	880	5	1085	6	Repairs to timber pergola
<u>Windows</u>								
Fittings	220	No	16.5	3630	5	4477	7	Maintenance/repair window fittings
<u>External Doors</u>								
Door	42	No		242	7	332	7	Re-paint doors
<u>Gutter Areas</u>								
Gutter	220	LM	19.03	4187	4	4900	7	Cleaning/Maintenance/Repairs/Re-paint
<u>Paths/Driveways</u>								
Paving	120	m2	8.14	977	8	1410	7	Maintenance/Repairs
Concrete	500	m2	8.3	4150	5	5119	7	Maintenance/Repairs
Engineer assessment	1	Unit	1320	1320	2	1391	10	Engineer assessment of cracking to carpark
<u>Common Interior Areas</u>								
Foyers (paint)	940	m2	23.68	22259	7	30492	7	Re-paint
Tiles	260	m2	10.73	2790	5	3441	6	Replace damaged tiles

Total life (yrs) = number of years from the time an item is services until it requires service again.
Items with total life (yrs) that fall outside the 10 year period are not calculated in the forecast figures.

Itemised Expenditure Report for Unit Plan: 3333

Items	Qty	Unit	Rate (\$)	Value	Next Due (year)	Future Value	Total Life (years)	Comment
<u>Garage Doors</u>								
Panel Lift	1	No	3520	3520	5	4342	6	Motor replacement & door repairs
<u>Roof</u>								
Tiled	1000	m2	3.88	3880	7	5315	7	Maintenance/Repairs
Roof inspection	2000	m2	0.4	800	1	5031	2	Inspection by qualified roofer
Bed & point	160	LM	59.16	9466	7	12966	7	Re-pointing and bedding
<u>BBQ Areas</u>								
BBQ	1	Unit	550	550	5	678	6	Repair/Replace BBQ Unit
<u>Specialty Items</u>								
Cherry picker Hire	10	days	748	7480	7	10246	7	for repairs and painting

Total life (yrs) = number of years from the time an item is services until it requires service again.
 Items with total life (yrs) that fall outside the 10 year period are not calculated in the forecast figures.

Important Information

The inspector who conducted your Sinking Fund Assessment was Richard Konarski.

This sinking fund forecast has been prepared on the understanding that full disclosure of all facts and information which may affect the report has been detailed to Property Works. We do not accept any responsibility or liability whatsoever for the forecast if full disclosure has not been made. It is for the benefit of all parties that all information is disclosed to ensure the most accurate forecast for the owner's corporation.

Important Information

Any person who relies upon the contents of this report does so acknowledging that the following clauses, which define the Scope and Limitations of the inspection, form an integral part of the report.

Disclaimer of Liability

No liability shall be accepted on an account of failure of the Report to notify any problems in the area(s) of the subject property physically inaccessible for inspection, or to which access for Inspection is denied by or to the Inspector (including but not limited to or any area(s) or section(s) so specified by the Report).

Disclaimer of Liability to Third Parties

This report is made solely for the use and benefit of the owner's corporation named on this report. No liability or responsibility whatsoever, in contract or tort, is accepted to any third party who may rely on the report wholly or in part. Any third party acting or relying on this report, in whole or in part does so at their own risk.

Scope and Limitations

This Sinking Fund Forecast report is NOT an all encompassing report dealing with the building from every aspect; the report is to evaluate the costs associated with maintaining or replacing common area building elements and associated property infrastructure for example: **Class A Unit Complexes:** fences, pools, spa, tennis courts, driveways, gardens and open space, service areas and rooms, roofing, car park areas and associated facilities, and the building fabric including windows, doors, walls, balustrades and stairwells.

Class B Unit Complexes: fences, driveways, gardens and open space, service areas and rooms, car park areas and associated facilities.

A sinking fund forecast does not deal with items that would be considered to be managed under an Administration Fund, for example items of a re-current nature such as swimming pool cleaning, lawn mowing, lifts, fire compliance, mechanical services and any other annual or regular maintenance or replacement type costs are not included in the scope of this inspection. However; if any costing reports relating to these services have been made available they may be included as part of this forecast; otherwise they won't have been included.

This is a visual inspection

A visual inspection is limited to those areas and sections of the property fully accessible and visible to the Inspector on the date of Inspection. The inspection DID NOT include breaking apart, dismantling, removing or moving objects to include, but not limited to,

foliage, mouldings, roof insulation/sisalation, floor or wall coverings, sidings, ceilings, floors, furnishings, appliances or personal possessions. The inspector CANNOT see inside walls, between floors, inside skillion roofing, behind stored goods in cupboards and other areas that are concealed or obstructed. The inspector DID NOT dig, gouge, force or perform any other invasive procedures. Visible timbers CANNOT be destructively probed or hit without the written permission of the owner's corporation. It should be noted that in many cases no access will be available to upper floors and the inspection of the upper floor building fabric has been undertaken from ground level – on this basis only those defects or maintenance issues that are clearly visible from ground level or accessible upper levels can be included in the sinking fund.

This Report does not and cannot make comment upon: defects that may have been concealed; the assessment or detection of defects (including rising damp and leaks) which may be subject to the prevailing weather conditions; whether or not services have been used for some time prior to the inspection and whether this will affect the detection of leaks or other defects; the presence or absence of timber pests; gas-fittings; environmental concerns; the proximity of the property to flight paths, railways, or busy traffic; noise levels; health and safety issues; heritage concerns; security concerns; fire protection; site drainage (apart from surface water drainage); swimming pools and spas (non-structural); detection and identification of illegal building work; detection and identification of illegal plumbing work; durability of exposed finishes; neighborhood problems; document analysis; electrical installation; any area(s) or item(s) that could not be inspected by the inspector.

Accordingly this Report is not a guarantee that defects and/or damage does not exist in any inaccessible or partly inaccessible areas or sections of the property. **(NB such matters may upon request be covered under the terms of a Special-purpose Property Report.)**

Estimates & Figures

Calculations in this sinking fund are based on the average effective life of components as indicated by manufacturers or as commonly experienced in the building industry. There are however wide variations in component life as a result of component quality, breakage, application and installation issues and exposure to varying environments. No allowance has been made for these factors. Similarly, no consideration has been given to the economic life of plant, equipment, finishes or upgrade. No allowance has been made for items that with proper maintenance have indefinite lives such as sanitary fittings, lift interiors etc.

The figures used in the forecast are typical for this type of building and normal wear and tear. Cost estimates are derived from existing industry cost references and are as accurate as possible; however due to fluctuating prices and wide variations in the industry it is recommended that the Owners Corporations obtain quotes well in advance of anticipated works to allow for any possible shortfalls in funds.

This inspection only addresses items that will require repair or maintenance within a 10 year time frame and does not address items with indefinite lives if properly maintained e.g. sanitary fittings.

It is recommended that this forecast be reviewed and updated between 2-4 years to take into account how the building ages, current maintenance prices, government legislation, and most of all to create assurance that you are remaining on target.

Asbestos

No inspection for asbestos was carried out at the property and no report on the presence or absence of asbestos is provided. If during the course of the inspection asbestos or materials containing asbestos happened to be noticed then this may be noted in the summary of the property section of the report. Buildings built prior to 1982 may have wall and/or ceiling sheeting and other products including roof sheeting that contains Asbestos. Even buildings built after this date up until the early 90s may contain some asbestos. Sheeting should be fully sealed. If concerned or if the building was built prior to 1990 or if asbestos is noted as present within the property then you should seek advice from a qualified asbestos removal expert as to the amount and importance of the asbestos present and the cost of sealing or removal. Drilling, cutting or removing sheeting or products containing Asbestos is a high risk to peoples' health. You should seek advice from a qualified asbestos removal expert.

Mould (Mildew and Non-Wood Decay Fungi)

Mildew and non wood decay fungi is commonly known as Mould. However, mould and their spores may cause health problems or allergic reactions such as asthma and dermatitis in some people. No inspection for mould was carried out at the property and no report on the presence or absence of mould is provided. If in the course of the inspection, mould was noticed it may be noted in the report. If mould is noted as present within the property or if you notice mould and you are concerned as to the possible health risk resulting from its presence then you should seek advice from your local Council, State or Commonwealth Government Health Department or a qualified expert such as an Industry Hygienist.

Fences

Fences are covered under the Dividing Fences Act 1991, which explains that neighbouring properties have equal responsibility for dividing fences. Therefore, a rate of 50% is used if a repair of fences is applicable.

Cleaning

No monies have been allocated for general cleaning; however where it is considered that washing down of certain materials will assist in extending its lifespan, this will be noted and funds allocated accordingly. Where pressure cleaning of brickwork or paths or driveways has been included in the costing, it should be noted that such cleaning can contribute to wear and tear of the surface and in the case of brickwork to premature failure of brick and mortar work.

Salt Environments

If the property is located in a salt environment it is most important that the state of repair of the building is closely monitored on a regular basis. Any problems should be assessed for repair as early as possible and monies budgeted for such repair as far ahead as possible.

Building Defects

Major defects noted during the inspection process may require a further inspection by a relevant expert in the field e.g. Electrician, Engineer, Builder or Plumber. The costing of

immediate repairs has been estimated where possible; however quotations should be sought from the relevant expert in the field.

Appliances & Equipment

Items such as hot water units, air conditioning units, lifts, pumps, filtration systems, drainage pipes and electrical wiring have not been tested as part of this sinking fund forecast.

Contingency

A contingency of 10% has been allowed for any unforeseen expenses.

Interest

An allowance has been made for interest received on funds invested less tax at company tax rate – 2.80%

Safety/OHS

This inspection report does not cover safety or Occupational Health and Safety issues. This type of report can be requested separately.

Consumer Complaints Procedure

In the event of any controversy or claim arising out of, or relating to this report, either party must give written notice of the dispute to the other party. If the dispute is not resolved within (10) days from the service of the notice then the dispute shall be referred to a mediator nominated by the Inspector. Should the dispute not be resolved by mediation then either party may refer the dispute to the Institute of Arbitrators and Mediators of Australia for resolution by arbitration.