

Sinking Fund Forecast

Sky Apartments



Scheme Number: 316227

COMPILED BY Sydney Lue

On October 26 2015

15 Years Starting at : Jul 01 2016

Reference Number V11: 80000

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INTRODUCTION

In accordance with your instructions we have carried out an inspection of the property in order to determine a Forecast to assist the managers and owners in setting the appropriate fees to cover the building maintenance costs.

LOCATION OF PROPERTY

Sky Apartments

PROPOSED LEVIES

We have estimated that the proposed levies in this report will be adequate to meet projected costs, not traditionally in the administration fund.

We recommend that the forecast be regularly updated to ensure that an accurate assessment of the building and facilities management and to incorporate into the forecast any major changes brought about by legislation, or pricing.

The Sinking Fund Levy per entitlement per annum already set is :	\$10.00
Number of Lot/Unit Entitlements:	500
Opening Balance	\$70,000
The Proposed Sinking Fund levy per entitlement per annum is :	\$10.00

METHODOLOGY

We have adopted a forecast period of this report for 15 Years. However, the items that have an effective life beyond the forecast period are taken into consideration in the calculation of the yearly estimated Sinking Fund Levy, as well as those items less than 15 Years. Sinking Fund Items that are identified in the report have been given a materially effective life at the time of inspection, that relates to its current condition compared to being replaced or painted. We also suggest that the committee review the forecast on an annual basis to take into account changes to the configuration of the building as the building ages.

The levy income has been determined by forecasting the expected expenditure to maintain the building and the effective life and making an allowance for those items that do not have a set lifespan. The levy income is initially adjusted to smooth the effects of major cost fluctuations given the initial fund balance and income depending on the financial position of the building. Levy income is then generally increased at a rate of 5.2% per annum over the remaining years of the forecast.

Interest receivable on the Sinking Fund Account has been allowed for in the calculation of funds available at a rate of 2.5%. The Interest receivable amount has been determined by using a net rate of 2.5% on the fund balance at the end of the preceding financial year and makes an allowance for charges that may arise. Where the rate is set to 0% it is not anticipated that sufficient interest will be accrued in the forecast period.

Replacement costs have been calculated by the current cost for each item to a standard, the same or better than the original at the time of inspection. These forecast costs are increased each year at a rate of 5.2% per annum, this rate is reflective of building price indices which are historically higher than the general inflation rate. A contingency of 10% per annum has been applied to the forecast costs, it is applied to each item cost in the year the cost that is forecast to occur for allowance of variations from quotations obtained in advance.

The effective life for each item identified is based on its materially effective life at the time of inspection, therefore no consideration has been made for the economic life of plant, equipment, finishes or upgrades.

This report assumes that all plant and equipment will be maintained under comprehensive maintenance agreements. Expenditure incurred for maintenance agreements is taken to be covered within the Administrative Fund Budget.

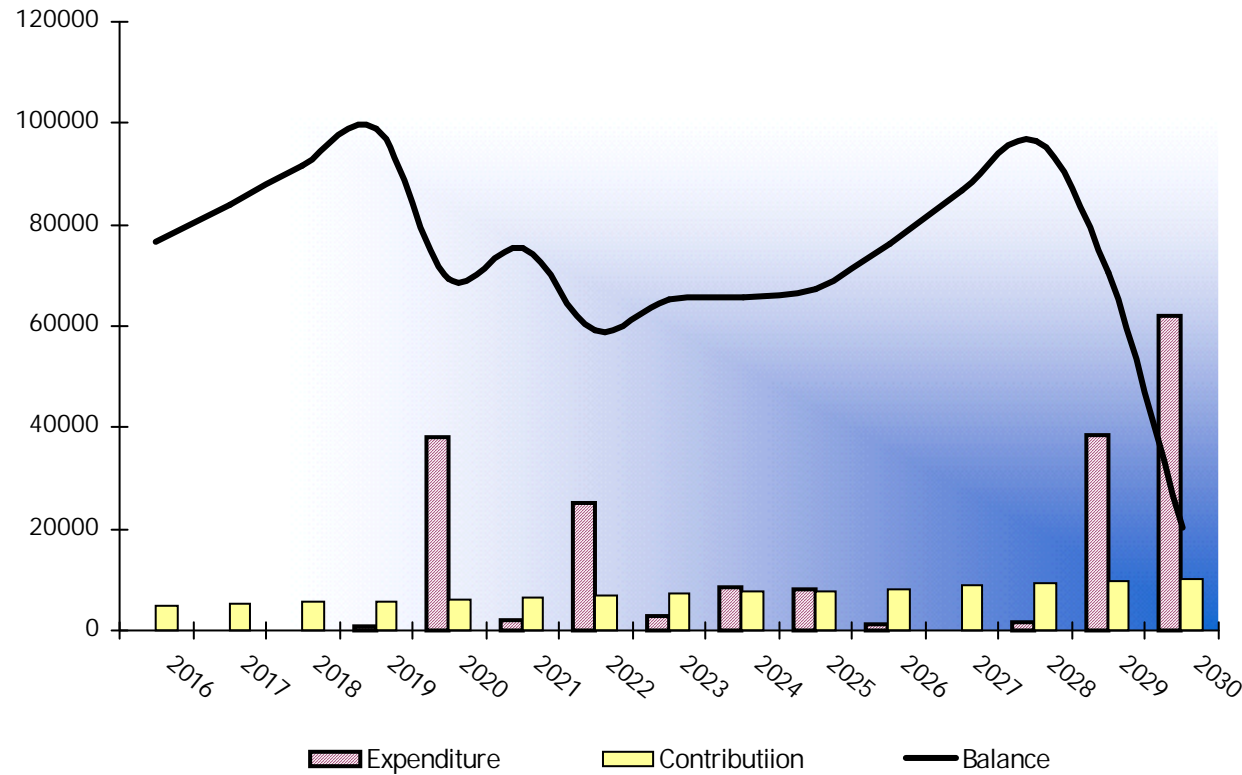
GST has been incorporated to the financials

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ANNUAL BALANCE FORECAST,EXPENDITURE AND CONTRIBUTION

Year		Costs	Income		Annual Fund Balance		Per Entitlement Levy
Life Years	Financial Year Starting	Estimated Expenditure (Inc GST)	Contribution Total F.A. Inc	Bank Interest at 2.50%	Opening Balance (Beginning of Year)	Closing Balance (End of Year)	
1	Jul 16	\$0	\$5,000	1750	\$70,000	\$76,750	\$10.00
2	Jul 17	\$0	\$5,260	1919	\$76,750	\$83,929	\$10.52
3	Jul 18	\$0	\$5,534	2098	\$83,929	\$91,561	\$11.07
4	Jul 19	\$889	\$5,822	2289	\$91,561	\$98,783	\$11.64
5	Jul 20	\$38,035	\$6,125	2470	\$98,783	\$69,343	\$12.25
6	Jul 21	\$1,968	\$6,444	1734	\$69,343	\$75,553	\$12.89
7	Jul 22	\$25,019	\$6,779	1889	\$75,553	\$59,202	\$13.56
8	Jul 23	\$2,677	\$7,132	1480	\$59,202	\$65,137	\$14.26
9	Jul 24	\$8,402	\$7,503	1628	\$65,137	\$65,866	\$15.01
10	Jul 25	\$8,035	\$7,893	1647	\$65,866	\$67,371	\$15.79
11	Jul 26	\$1,057	\$8,303	1684	\$67,371	\$76,301	\$16.61
12	Jul 27	\$0	\$8,735	1908	\$76,301	\$86,944	\$17.47
13	Jul 28	\$1,637	\$9,189	2174	\$86,944	\$96,670	\$18.38
14	Jul 29	\$38,382	\$9,667	2417	\$96,670	\$70,372	\$19.33
15	Jul 2030	\$61,850	\$10,170	1759	\$70,372	\$20,451	\$20.34

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FORECAST OF COSTS,INCOME AND BANK BALANCE



The Expected Costs (Expenditure) are a summary of the Yearly Expenses expected in the Forecast Year.

The Income represents the Proposed Levies (Contributions) for Each Financial Year.
The Closing Bank Balance is at the end of the Year, After Costs have been taken Out.

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YEARLY PROJECTED FORECAST SUMMARY

Year Starting July 2019 Expense

LANDSCAPING

- Maintain Pathway / Paved Areas \$889

Total Forecast Expenditure for year commencing: **July 2019** **\$889**

Year Starting July 2020 Expense

DRIVEWAY /CAR PARK & PAVING

- Maintain Driveway Area \$2,339

EXTERNAL FACADE

- Repaint Building \$12,473

- Repaint Soffits \$3,555

- Repaint Door Face \$1,169

FIXTURES/FITTINGS

- Maintain outdoor/indoor furniture \$780

LANDSCAPING

- Remove trees/roots \$1,247

LOBBY

- Repaint Walls \$2,962

- Repaint Ceiling \$2,962

- Repaint door face \$1,754

STAIRWELL

- Repaint Walls \$4,740

- Repaint Ceiling \$1,481

- Repaint door face \$702

RECREATION AREAS

- Maintain BBQ Area \$1,871

Total Forecast Expenditure for year commencing: **July 2020** **\$38,035**

Year Starting July 2021

Expense

FIXTURES/FITTINGS

- Maintain Signage \$1,148

- Maintain Lighting \$820

Total Forecast Expenditure for year commencing: **July 2021** **\$1,968**

Year Starting July 2022

Expense

EXTERNAL WORKS

- Maintain Jetty \$6,039

ROOF

- Maintain Guttering and Downpipes \$3,451

- Maintain Metal Sheetting Roof over 30 Years \$15,529

Total Forecast Expenditure for year commencing: **July 2022** **\$25,019**

Year Starting July 2023

Expense

EXTERNAL FACADE

- Maintain Pathways \$408

FIXTURES/FITTINGS

- Maintain Switchboard/ Electrical \$1,452

- Maintain Fire Protection Systems \$817

Total Forecast Expenditure for year commencing: **July 2023** **\$2,677**

Year Starting July 2024

Expense

EXTERNAL FACADE	
-Repaint verandah ceilings	\$7,256
LANDSCAPING	
- Maintain Pathway / Paved Areas	\$1,146
Total Forecast Expenditure for year commencing:	July 2024
	\$8,402

Year Starting July 2025

Expense

DRIVEWAY /CAR PARK & PAVING	
- Maintain Driveway Area	\$3,013
FENCING	
- Maintain Colorbond Fencing - over 20 years	\$1,004
LANDSCAPING	
- Remove trees/roots	\$1,607
RECREATION AREAS	
- Maintain BBQ Area	\$2,411
Total Forecast Expenditure for year commencing:	July 2025
	\$8,035

Year Starting July 2026

Expense

FIXTURES/FITTINGS	
- Maintain outdoor/indoor furniture	\$1,057
Total Forecast Expenditure for year commencing:	July 2026
	\$1,057

Year Starting July 2028

Expense

FIXTURES/FITTINGS

- Maintain Signage

\$1,637

Total Forecast Expenditure for year commencing:

July 2028

\$1,637

Year Starting July 2029

Expense

EXTERNAL WORKS

- Maintain Jetty

\$8,611

FIXTURES/FITTINGS

- Maintain Lighting

\$1,230

LANDSCAPING

- Maintain Pathway / Paved Areas

\$1,476

ROOF

- Maintain Guttering and Downpipes

\$4,921

- Maintain Metal Sheetting Roof over 30 Years

\$22,144

Total Forecast Expenditure for year commencing:

July 2029

\$38,382

Year Starting July 2030

Expense

DRIVEWAY /CAR PARK & PAVING	
- Maintain Driveway Area	\$3,883
EXTERNAL FACADE	
- Repaint Building	\$20,707
- Repaint Soffits	\$5,901
- Repaint Door Face	\$1,941
LANDSCAPING	
- Remove trees/roots	\$2,071
LOBBY	
- Repaint Walls	\$4,918
- Repaint Ceiling	\$4,918
- Repaint door face	\$2,912
STAIRWELL	
- Repaint Walls	\$7,869
- Repaint Ceiling	\$2,459
- Repaint door face	\$1,165
RECREATION AREAS	
- Maintain BBQ Area	\$3,106
Total Forecast Expenditure for year commencing:	July 2030
	\$61,850

Item	Cost ** (Ex GST)	Replace In	Remain Life/Int Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
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EXTERNAL FACADE

- Repaint Building	\$8,000	2020	10					12473										20707
-Repaint verandah ceilings	\$3,800	2024	10									7256						
- Repaint Soffits	\$2,280	2020	10					3555										5901
- Maintain Pathways	\$225	2023	8								408							
- Repaint Door Face	\$750	2020	10					1169										1941

ROOF

- Maintain Guttering and Downpipes	\$2,000	2022	7							3451							4921	
- Maintain Metal Sheetting Roof over 30 Years	\$9,000	2022	7							15529							22144	

LOBBY

- Repaint Walls	\$1,900	2020	10					2962										4918
- Repaint Ceiling	\$1,900	2020	10					2962										4918
- Repaint door face	\$1,125	2020	10					1754										2912

STAIRWELL

- Repaint Walls	\$3,040	2020	10					4740										7869
- Repaint Ceiling	\$950	2020	10					1481										2459
- Repaint door face	\$450	2020	10					702										1165

Item	Cost ** (Ex GST)	Replace In	Remain Life/Int Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
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DRIVEWAY /CAR PARK & PAVING

- Maintain Driveway Area	\$1,500	2020	5					2339					3013					3883
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EXTERNAL WORKS

- Maintain Jetty	\$3,500	2022	7							6039							8611	
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FENCING

- Maintain Colorbond Fencing - over 20 years	\$500	2025	15										1004					
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LANDSCAPING

- Remove trees/roots	\$800	2020	5					1247					1607					2071
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- Maintain Pathway / Paved Areas	\$600	2019	5				889					1146					1476	
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RECREATION AREAS

- Maintain BBQ Area	\$1,200	2020	5					1871					2411					3106
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FIXTURES/FITTINGS

- Maintain outdoor/indoor furniture	\$500	2020	6					780						1057				
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- Maintain Signage	\$700	2021	7						1148							1637		
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- Maintain Switchboard/ Electrical	\$800	2023	9								1452							
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- Maintain Fire Protection Systems	\$450	2023	15								817							
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- Maintain Lighting	\$500	2021	8						820								1230	
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\$46,470

			889	38035	1968	25019	2677	8402	8035	1057			1637	38382	61850
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REPORT NOTES -

The replacement costs included in the report are for budgeting purposes and have been obtained from a number of sources including building cost information guides, painting contractors, plant and equipment suppliers, manufactures and installers and working knowledge of each buildings configuration at the time of inspection.

Every effort has been made to accurately estimate the costs of the items identified in this report, however if there items were put to tender, it would be expected that the quotations would vary and it is recommended that quotations are sourced as in advance of any anticipated sinking fund maintenance costs as possible.

The estimated life of each item is made at the time of the site inspection and the life cycles of each of the items having regard to where the building is located, as buildings in a salt environment tend to have a lesser life cycle and a higher maintenance requirement.

This sinking fund is not a building condition survey. We recommend that a periodic survey be carried out by qualified building contractors to assess the building condition, if required. The inspection of the common property of the scheme is a visual inspection only limited to those areas of the common property that are fully accessible and visible to the inspector from floor or ground level at the time of inspection.

COMPILED BY: Peter Greenham

Peter Greenham's Qualifications include:

Associate Diploma (Laboratory Operations), Diploma (Civil Engineering), Diploma (Quality Management), Diploma (Business), Diploma (Training and Assessment), Diploma (Laboratory Technology), Lead Environmental Auditor, National Association of Testing Authorities Technical Assessor for Construction Materials. Member of the Australian Organisation for Quality.

READILY ACCESSIBLE AREA INSPECTED

The inspection covered the Readily Accessible Areas of the property including:

Building Interior, Building Exterior, Roof Exterior, Driveway Areas, The grounds including, landscaping, retaining walls, fences within the property boundaries.

The inspection did not include areas which were inaccessible, not readily accessible or obstructed at the time of inspection. Obstructions are defined as any condition or physical limitation which inhibits or prevents inspection of the property.

Other Comments

GENERAL CONDITIONS OF ENGAGEMENT

1 CONSULTANT'S RESPONSIBILITIES AND OBLIGATIONS

1.2 Independent Inspections Pty Ltd ("Consultant") will:

- (a) perform the services ("Services") which it has agreed to perform for its client ("Client") including any variations with due care, skill and diligence;
- (b) comply with the requirements of all legislation, statutory instruments, codes and mandatory standards applicable to the performance of the Services; and
- (c) perform the Services in a timely manner or within an agreed program for the commencement and completion of the Services to the extent that it is within the Consultant's reasonable control to do so

2 PAYMENT

2.1 The Client will pay to the Consultant the agreed fee for the performance of the Services plus related disbursements. If no fee or basis for calculating the fee has been agreed, then the Consultant is entitled to be paid a reasonable fee taking into consideration the Consultant's Schedule of Hourly Rates, By Category, For Fees on a Time Basis, current at the time the Services are performed, a copy of which shall be provided by the Consultant to the Client upon request.

2.2 Tax invoices issued by the Consultant for payment for the Services performed must be paid by the Client within 14 days of receipt, unless otherwise agreed.

2.3 If the Consultant's fees exclude any goods and services tax or the like tax ("GST"), the Client shall also pay to the Consultant the GST applicable to those fees.

2.4 Late payment of fees shall constitute a default and the client shall be a default interest on overdue amounts from the date of payment at a rate of 10% of the amount due each 7 days overdue.

3 VARIATIONS/DOCUMENTS

3.1 The Consultant shall be entitled to be paid a reasonable fee or compensation (including related costs, expenses, loss or damage) for any change required or performed to the Services, unless it is due to a default of the Consultant, as well as a reasonable extension of time to complete the Services as a consequence of the change

4 CLIENT'S RESPONSIBILITIES AND OBLIGATIONS

4.1 The Client agrees prior to placing the order that they have read and agreed to the conditions of engagement and by the placement of the order by phone, fax or email is liable for charges incurred.

4.2 The Client will provide the Consultant with all relevant information and documents relating to the Client's requirements;

4.3 promptly and satisfactorily answer all reasonable enquiries and furnish information requested by the Consultant;

4.4 take all reasonable steps to avoid doing or omitting anything which may delay the Consultant in performing the Services;

4.5 bear the costs of all fees and charges in connection with the performance of the Services including those associated with complying with statutory and regulatory requirements such as permit or approval fees; and

4.6 discharge its obligations reasonably and in good faith.

4.7 An instruction by the Client to vary anything in drawings, specifications or other documents issued previously by the Consultant and complying with this Agreement or where amendments to such documents become necessary or desirable because of circumstances beyond the reasonable control of the Consultant, such instructions or amendments shall be considered to be a change to the Services.

4.8 The Client accepts the risk of using drawings, specifications, reports or any other documents issued by the Consultant in electronic form without requesting and checking them for accuracy against an original hard copy version.

5 DELAY AND EXTENSION OF TIME

5.1 The Consultant will be entitled to a reasonable extension of time for the performance of the Services if the Consultant is delayed in performing the Services

by an act, omission or event beyond the reasonable control of the Consultant.

5.2 If the Consultant is delayed in performing the Services by the Client or its contractors or agents, the Client will pay to the Consultant such costs, expenses, loss or damage incurred by the Consultant or for which the Consultant is liable due to the delay

6 TERMINATION AND SUSPENSION OF SERVICES

6.1 Where either party commits a breach of this Agreement, the other party may give the defaulting party written notice specifying the breach and the period for its rectification, which shall not be less than 14 days from the date of service of the notice. If the defaulting party fails to rectify the breach within the period specified

in the notice, the other party may, without further notice, suspend or terminate this Agreement.

6.2 Either party may suspend or terminate this Agreement by written notice to the other party:

(a) Where a party, in the reasonable opinion of the other party suffers or may potentially suffer an adverse or potentially adverse alteration in its financial capacity to function as a solvent business or entity

(b) In the event of any occurrence or threat made by anyone in that is connected with Terrorism or War and in connection with this Agreement.

7 LIABILITY

7.1 The Consultant accepts responsibility for the performance or non-performance of the Services to the extent provided in this Agreement.

7.2 Consultant shall have no liability to the Client for or in connection with any indirect, economic, special or consequential loss or damage including without limitation; loss of actual or anticipated profit or revenue, business interruption or shutdown, loss of production, delay costs, loss of opportunity, income or rent, financing and holding costs in connection with the Services.

7.3 Notwithstanding any other provision of this Agreement,

(a) to the extent permissible by law, the Consultant will only be liable to the Client whether under contract, in tort, under statute or otherwise for any loss, damage or injury to the extent and in the proportion to which such loss, damage or injury is caused by the fault of the Consultant; and

(b) unless the Consultant's liability is limited under subclause 7.4, the Consultant's aggregate liability to the Client arising out of the performance or nonperformance of the Services, whether under the law of contract, tort (including negligence), statute or otherwise, shall be limited to the extent permissible by law to the fee payable to the Consultant under this Agreement (excluding GST and reimbursable expenses) or \$100,000, whichever is the lesser

7.4 This subclause 7.4 only applies if the law governing this Agreement is that of an Australian State or Territory and/or the Commonwealth of Australia. The liability of the Consultant for breach of any term, condition or warranty under or implied by the Trade Practices Act 1974 ("Act") shall be limited, at the option of the Consultant, and to the extent permitted by the Act, to:

(i) the supplying of the Services again; or

(ii) the payment of the cost of having the Services supplied again.

7.5 Any liability which the Consultant may have in connection with the Services, whether under the law of contract, tort (including negligence), statute or otherwise, shall be deemed to have been discharged at the expiration of 2 years from the completion of the Services and the Client is thereafter barred from commencing any action or making any claims against the Consultant in connection with the Services, unless legal proceedings are issued and the associated formal documentation served upon the Consultant within that period

8 ASBESTOS, MOULD TERRORISM

8.1 Notwithstanding anything else in this Agreement or any document or representations made by anyone and to the extent permitted by law, the Consultant shall not be liable or held responsible whether under the law of contract, tort (including negligence), statute or otherwise for any loss, damage, cost or expense of whatsoever nature (including personal injury and death) directly or indirectly caused by, resulting from, based upon, attributable to, in consequence of or in connection with asbestos or Mould or any act of Terrorism or War regardless of any other cause or event contributing concurrently or in any other sequence.

8.2 The Client releases the Consultant from all causes of action, proceedings, claims, demands, liabilities or rights which the Client has or may have had but for subclause 8.1 above and this subclause 8.2 and is barred from commencing any proceedings against the Consultant for any loss or damage caused by anything in connection with asbestos, Mould, Terrorism or War.

8.3 For the purposes of this clause:

(a) "Mould" means fungi, moulds, spores or mycotoxins of any kind;

(b) "Terrorism" means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public in fear; and

(c) "War" means war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition of, or damage to, property by or under the order of any government or public local authority.

9 MISCELLANEOUS

9.1 If the Consultant began to perform the Services before this Agreement was agreed to by all the parties, the terms of this Agreement shall apply retrospectively from when the Services began to be performed.

9.2 If the whole or any part of a clause in this Agreement is unenforceable for any reason, it shall be severed from this Agreement so that the remaining part of the clause or Agreement continues to operate as if the severed part had never been included in this Agreement.

9.3 Any conditions identified as Special Conditions shall take precedence over any other clause in this Agreement.

9.4 The Agreement shall be governed and construed in accordance with the laws of the Country, State or Territory where the majority of the Services are performed.

9.5 The Consultant shall retain copyright of all the intellectual property prepared by the Consultant. The Client shall be entitled to use them or copy them only for the works and the purpose for which they were intended. The ownership of date and factual information collected by the Consultant and paid for by the client shall, after payment by the Client, lie with the Client. The Client may reproduce drawings, specifications and other documents in which the Consultant has copyright, as reasonably required in connection with the project but not otherwise. The Client shall have no right to use any of these documents where any or all of the fees and expenses payable to the Consultant have not been paid in accordance with this agreement

FORECAST EXPENDITURE BY BUILDING AREAS

Tuesday, October 27, 2015

Area	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
DRIVEWAY /CAR PARK & PAVING	0	0	0	0	2339	0	0	0	0	3013	0	0	0	0	3883
EXTERNAL FACADE	0	0	0	0	17197	0	0	408	7256	0	0	0	0	0	28549
EXTERNAL WORKS	0	0	0	0	0	0	6039	0	0	0	0	0	0	8611	0
FENCING	0	0	0	0	0	0	0	0	0	1004	0	0	0	0	0
FIXTURES/FITTINGS	0	0	0	0	780	1968	0	2269	0	0	1057	0	1637	1230	0
LANDSCAPING	0	0	0	889	1247	0	0	0	1146	1607	0	0	0	1476	2071
LOBBY	0	0	0	0	7678	0	0	0	0	0	0	0	0	0	12748
RECREATION AREAS	0	0	0	0	1871	0	0	0	0	2411	0	0	0	0	3106
ROOF	0	0	0	0	0	0	18980	0	0	0	0	0	0	27065	0
STAIRWELL	0	0	0	0	6923	0	0	0	0	0	0	0	0	0	11493
				889	38035	1968	25019	2677	8402	8035	1057		1637	38382	61850