



SINKING FUND REPORT OF STRATA DEVELOPMENT

KNOWN AS

41-55 Terrigal Drive
Terrigal, NSW 2260
STRATA PLAN NO: 72924



UNDER INSTRUCTIONS FROM

Attention: Deb Couzens
Elite Strata & Property Services Pty Ltd
Suite 1a, 7 Anzac Road
TUGGERAH NSW 2259



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EXECUTIVE SUMMARY

Property Summary:	41-55 Terrigal Drive, Terrigal NSW 2260
Property Type:	Strata Title Residential Development
Date of Inspection:	20 February 2012
Date of Report:	7 March 2012
Purpose of Report:	To Prepare a Sinking Fund Forecast for the subject property.

Property Summary

Current Annual Contribution:	\$40,700
Proposed Sinking Fund Levy (First Year):	\$95,100

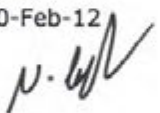
Summary Remarks

The current sinking fund contribution is set at \$40,700 pa. In order to achieve long term funding requirements it is recommended this amount be increased to \$95,100 with annual increases in accordance with the Sinking Fund Schedule.

There is a substantial increase in the proposed sinking fund contributions which has resulted due to the requirement of repainting in the near future. The costs allowed for relative to the painting have been estimated after reviewing quotes received from: Programmed Property Services, Bell Painting and Colonial Painting.

I have allowed for the painting to be carried out in stages with not all units requiring attention at the same time due to the differing construction periods. It is recommended that a review be carried out of the actual costs after stage 1 has been completed and adjustments can be made to the allowances if required.

Note: This Executive Summary forms part of the attached report document and must be read in the context of the full report. All comments and qualifications contained in the attached report relate directly to the above summary.

Valuer: Nick Cesta - Director
Qualifications: AAPI (CPV) AAVI Cert. No. 3324
Inspection & Valuation Date: 20-Feb-12
Signature: 



2. REPORT INSTRUCTIONS

Instructing Party:	Deb Couzens - Elite Strata & Property Services Pty Ltd
Purpose of Report:	<p>To prepare a Sinking Fund Forecast for the subject complex in order to assist the owners corporation to set an appropriate sinking fund levy for ongoing maintenance of the property.</p> <p>The Strata Schemes Management Act 1996 requires Strata Schemes to Plan or Sinking Fund needs for the following 10 years. The provisions stipulate the preparation of a ten year plan of anticipated Sinking Fund expenditure is to commence at the first Annual General Meeting. The plan is to be reviewed every 5 years.</p>
Inspection Date:	20 February 2012

3. PROPERTY SUMMARY

Property Address:	41-55 Terrigal Drive, Terrigal NSW 2260
Strata Plan No.:	72924
No. Of Units:	59
Total Unit Entitlement:	10,000
Sinking Fund Balance:	\$107,450
Building Age:	8 years (Stage 1)



4. PROPOSED SINKING FUND CONTRIBUTIONS

Contributions Per Lot **10 Year Forecast** **Unit Entitlement** **10000**

Lot No.	Unit Entitle.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
2	181	\$1,721	\$1,799	\$1,880	\$1,979	\$2,068	\$2,161	\$2,168	\$2,175	\$2,273	\$2,375
3	179	\$1,702	\$1,779	\$1,859	\$1,957	\$2,045	\$2,137	\$2,144	\$2,151	\$2,248	\$2,349
4	182	\$1,731	\$1,809	\$1,890	\$1,990	\$2,079	\$2,173	\$2,180	\$2,187	\$2,285	\$2,388
5	178	\$1,693	\$1,769	\$1,849	\$1,946	\$2,034	\$2,125	\$2,132	\$2,139	\$2,235	\$2,336
6	178	\$1,693	\$1,769	\$1,849	\$1,946	\$2,034	\$2,125	\$2,132	\$2,139	\$2,235	\$2,336
7	179	\$1,702	\$1,779	\$1,859	\$1,957	\$2,045	\$2,137	\$2,144	\$2,151	\$2,248	\$2,349
8	179	\$1,702	\$1,779	\$1,859	\$1,957	\$2,045	\$2,137	\$2,144	\$2,151	\$2,248	\$2,349
9	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
10	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
11	165	\$1,569	\$1,640	\$1,714	\$1,804	\$1,885	\$1,970	\$1,976	\$1,983	\$2,072	\$2,165
12	166	\$1,579	\$1,650	\$1,724	\$1,815	\$1,897	\$1,982	\$1,988	\$1,995	\$2,084	\$2,178
13	144	\$1,369	\$1,431	\$1,495	\$1,574	\$1,645	\$1,719	\$1,725	\$1,730	\$1,808	\$1,890
14	144	\$1,369	\$1,431	\$1,495	\$1,574	\$1,645	\$1,719	\$1,725	\$1,730	\$1,808	\$1,890
15	163	\$1,550	\$1,620	\$1,693	\$1,782	\$1,862	\$1,946	\$1,952	\$1,959	\$2,047	\$2,139
16	159	\$1,512	\$1,580	\$1,651	\$1,738	\$1,817	\$1,898	\$1,904	\$1,911	\$1,997	\$2,086
17	151	\$1,436	\$1,501	\$1,568	\$1,651	\$1,725	\$1,803	\$1,809	\$1,814	\$1,896	\$1,981
18	151	\$1,436	\$1,501	\$1,568	\$1,651	\$1,725	\$1,803	\$1,809	\$1,814	\$1,896	\$1,981
21	171	\$1,626	\$1,699	\$1,776	\$1,870	\$1,954	\$2,042	\$2,048	\$2,055	\$2,147	\$2,244
22	171	\$1,626	\$1,699	\$1,776	\$1,870	\$1,954	\$2,042	\$2,048	\$2,055	\$2,147	\$2,244
23	169	\$1,607	\$1,680	\$1,755	\$1,848	\$1,931	\$2,018	\$2,024	\$2,031	\$2,122	\$2,218
24	169	\$1,607	\$1,680	\$1,755	\$1,848	\$1,931	\$2,018	\$2,024	\$2,031	\$2,122	\$2,218
25	181	\$1,721	\$1,799	\$1,880	\$1,979	\$2,068	\$2,161	\$2,168	\$2,175	\$2,273	\$2,375
26	179	\$1,702	\$1,779	\$1,859	\$1,957	\$2,045	\$2,137	\$2,144	\$2,151	\$2,248	\$2,349
27	169	\$1,607	\$1,680	\$1,755	\$1,848	\$1,931	\$2,018	\$2,024	\$2,031	\$2,122	\$2,218
28	169	\$1,607	\$1,680	\$1,755	\$1,848	\$1,931	\$2,018	\$2,024	\$2,031	\$2,122	\$2,218
29	171	\$1,626	\$1,699	\$1,776	\$1,870	\$1,954	\$2,042	\$2,048	\$2,055	\$2,147	\$2,244
30	181	\$1,721	\$1,799	\$1,880	\$1,979	\$2,068	\$2,161	\$2,168	\$2,175	\$2,273	\$2,375
34	175	\$1,664	\$1,739	\$1,817	\$1,913	\$1,999	\$2,089	\$2,096	\$2,103	\$2,197	\$2,296



PROPOSED SINKING FUND CONTRIBUTIONS (continued)

Lot No.	Unit Entitle.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2019-20	2019-20	2020-21	2021-22
35	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
36	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
37	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
38	175	\$1,664	\$1,739	\$1,817	\$1,913	\$1,999	\$2,089	\$2,096	\$2,103	\$2,197	\$2,296
39	175	\$1,664	\$1,739	\$1,817	\$1,913	\$1,999	\$2,089	\$2,096	\$2,103	\$2,197	\$2,296
40	157	\$1,493	\$1,560	\$1,630	\$1,717	\$1,794	\$1,875	\$1,880	\$1,886	\$1,971	\$2,060
41	150	\$1,427	\$1,491	\$1,558	\$1,640	\$1,714	\$1,791	\$1,797	\$1,802	\$1,883	\$1,968
42	150	\$1,427	\$1,491	\$1,558	\$1,640	\$1,714	\$1,791	\$1,797	\$1,802	\$1,883	\$1,968
43	150	\$1,427	\$1,491	\$1,558	\$1,640	\$1,714	\$1,791	\$1,797	\$1,802	\$1,883	\$1,968
44	150	\$1,427	\$1,491	\$1,558	\$1,640	\$1,714	\$1,791	\$1,797	\$1,802	\$1,883	\$1,968
45	150	\$1,427	\$1,491	\$1,558	\$1,640	\$1,714	\$1,791	\$1,797	\$1,802	\$1,883	\$1,968
46	183	\$1,740	\$1,819	\$1,900	\$2,001	\$2,091	\$2,185	\$2,192	\$2,199	\$2,298	\$2,401
47	171	\$1,626	\$1,699	\$1,776	\$1,870	\$1,954	\$2,042	\$2,048	\$2,055	\$2,147	\$2,244
48	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
49	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
50	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
51	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
52	176	\$1,674	\$1,749	\$1,828	\$1,924	\$2,011	\$2,101	\$2,108	\$2,115	\$2,210	\$2,309
53	174	\$1,655	\$1,729	\$1,807	\$1,902	\$1,988	\$2,077	\$2,084	\$2,091	\$2,185	\$2,283
54	176	\$1,674	\$1,749	\$1,828	\$1,924	\$2,011	\$2,101	\$2,108	\$2,115	\$2,210	\$2,309
55	178	\$1,693	\$1,769	\$1,849	\$1,946	\$2,034	\$2,125	\$2,132	\$2,139	\$2,235	\$2,336
56	178	\$1,693	\$1,769	\$1,849	\$1,946	\$2,034	\$2,125	\$2,132	\$2,139	\$2,235	\$2,336
57	178	\$1,693	\$1,769	\$1,849	\$1,946	\$2,034	\$2,125	\$2,132	\$2,139	\$2,235	\$2,336
58	181	\$1,721	\$1,799	\$1,880	\$1,979	\$2,068	\$2,161	\$2,168	\$2,175	\$2,273	\$2,375
59	166	\$1,579	\$1,650	\$1,724	\$1,815	\$1,897	\$1,982	\$1,988	\$1,995	\$2,084	\$2,178
60	166	\$1,579	\$1,650	\$1,724	\$1,815	\$1,897	\$1,982	\$1,988	\$1,995	\$2,084	\$2,178
61	166	\$1,579	\$1,650	\$1,724	\$1,815	\$1,897	\$1,982	\$1,988	\$1,995	\$2,084	\$2,178
62	166	\$1,579	\$1,650	\$1,724	\$1,815	\$1,897	\$1,982	\$1,988	\$1,995	\$2,084	\$2,178
63	170	\$1,617	\$1,689	\$1,765	\$1,859	\$1,942	\$2,030	\$2,036	\$2,043	\$2,135	\$2,231
64	170	\$1,617	\$1,689	\$1,765	\$1,859	\$1,942	\$2,030	\$2,036	\$2,043	\$2,135	\$2,231



5. IMPROVEMENTS

Erected upon the land and constructed over 5 stages is a residential resort style development comprising 59 x 2 and 3 level attached dwellings together with associated ground improvements.

Improvements Summary:

External Walls:	Feature block, weatherboard	Roof:	Colourbond metal
Flooring:	Timber	Windows:	Aluminium

6. GROUND IMPROVEMENTS

The development provides well presented fully landscaped grounds including concrete driveways and walkways, pebblecrete swimming pool with paved surrounds, common pool amenities, brick, lapped paling and chainwire fencing, automatic security gates, bollard lights.

7. ASSESSMENT APPROACH

This report has been prepared to assist the Owner's Corporation in the preparation of a Sinking Fund budget with the nominal forecast period for this report being 20 years. The time frame takes into account that the life of many elements of a building extends beyond a 10 year period. The estimated costs take into account typical usage for buildings of a similar nature and are made on the basis that the improvements receive regular ongoing maintenance and that all plant and equipment be maintained under maintenance agreements. Expenditure for maintenance agreements does not form part of this assessment and is understood to form part of the Administration Budget. The replacement period of some items can vary considerably and replacement can be carried out in stages. Items such as fencing can be replaced gradually with ongoing maintenance extending the lifespan.

Driveways that have been cracked can also remain serviceable for extended periods and the life span of balustrading can also vary considerably depending on maintenance and original quality.

Contingency amounts have been allowed for unforeseen repairs and for areas which are not visible such as hidden pipework where the condition can not be determined. It is left to the discretion of the owner's corporation on whether gradual or total replacement is carried out at the time when sufficient funds have been accumulated.

The estimated cost estimates and annual increases have been determined utilising recognised building price guides however actual future costs can vary significantly depending on unforeseen circumstances. Where considered necessary additional information has been obtained from enquiries with relevant trades. The costings provided are to be utilised as a budget amount for allocation of fund purposes and it is recommended that at the relevant time at least three quotes be obtained to complete the required work.

Light fittings contained within private balcony areas have been assumed to be the responsibility of the unit holders and have not been included in the assessment. Should the Owners Corporation wish to have these items form part of the assessment, the valuer should be notified in writing and the relevant adjustments will be made to the report. It is also understood that the individual unit holders are responsible for maintaining the deck areas.



8. PROPOSED FUTURE COST SUMMARY

The following costs have been estimated by increasing current prices by escalation factors utilising historical increases in building costs as a guide. It is recommended these figures be reviewed on a regular basis.

Expected Expenditure	Yr 1 2012-13	Yr 2 2013-14	Yr 3 2014-15	Yr 4 2015-16	Yr 5 2016-17	Yr 6 2017-18	Yr 7 2018-19	Yr 8 2019-20	Yr 9 2020-21	Yr 10 2021-22	Yr 11 2022-23	Yr 12 2023-24	Yr 13 2024-25	Yr 14 2025-26	Yr 15 2026-27	Yr 16 2027-28	Yr 17 2028-29	Yr 18 2029-30	Yr 19 2030-31	Yr 20 2031-32
Main Building																				
Allow Painting 18 Units + Common Areas		\$185,000										\$310,000								
Allow Painting 18 Units + Common Areas			\$205,000										\$320,000							
Allow Painting 10 Units + Common Areas				\$115,000										\$190,000						
Allow Painting 13 Units + Common Areas						\$160,000										\$260,000				
Replace Garage Doors															\$105,000					\$130,000
Maintain Garage Doors										\$4,500										
Roof																				
Replace Guttering and Downpipes																				\$450,000
Maintain Roof Sheetling					\$7,500					\$9,800					\$12,000					\$15,000
Electrical																				
Replace Bollard Lighting										\$14,000					\$26,000					
Replace Pool Pumps										\$2,300										\$3,700
Replace Auto Gate Openers					\$3,000					\$3,800					\$4,800					\$6,000
Maintain Intercom										\$6,000										\$9,500



	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Expected Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
External Works																				
Reseal Driveway and Paths										\$33,000					\$150,000					
Maintain Driveway and Paths					\$3,000					\$3,800					\$4,800					\$6,000
Maintain Boundary Fencing					\$1,800					\$2,200					\$2,700					\$3,500
Maintain Pool Fencing and Gate																				\$33,000
Replace Letter Boxes																				\$15,000
Maintain Retaining Walls																				\$15,000
Maintain Gardens and Landscaping					\$1,800					\$2,200					\$2,800					\$3,500
Replace Sand in Pool Filter					\$1,900					\$2,400					\$3,000					\$3,800
Replace Drain Grates																				\$6,000
Replace Pool Surrounds																				\$35,000
Maintain Swimming Pool Surface										\$2,200										\$3,500
Misc.																				
Contingency	\$5,900	\$6,183	\$6,480	\$6,791	\$7,117	\$7,459	\$7,817	\$8,192	\$8,585	\$8,997	\$9,429	\$9,882	\$10,356	\$10,853	\$11,374	\$11,920	\$12,482	\$13,052	\$13,720	\$14,379
TOTAL	\$5,900	\$191,183	\$211,480	\$121,791	\$26,147	\$167,459	\$7,817	\$8,192	\$8,585	\$95,197	\$9,429	\$319,862	\$330,356	\$200,853	\$332,474	\$271,920	\$12,492	\$13,092	\$13,720	\$752,879

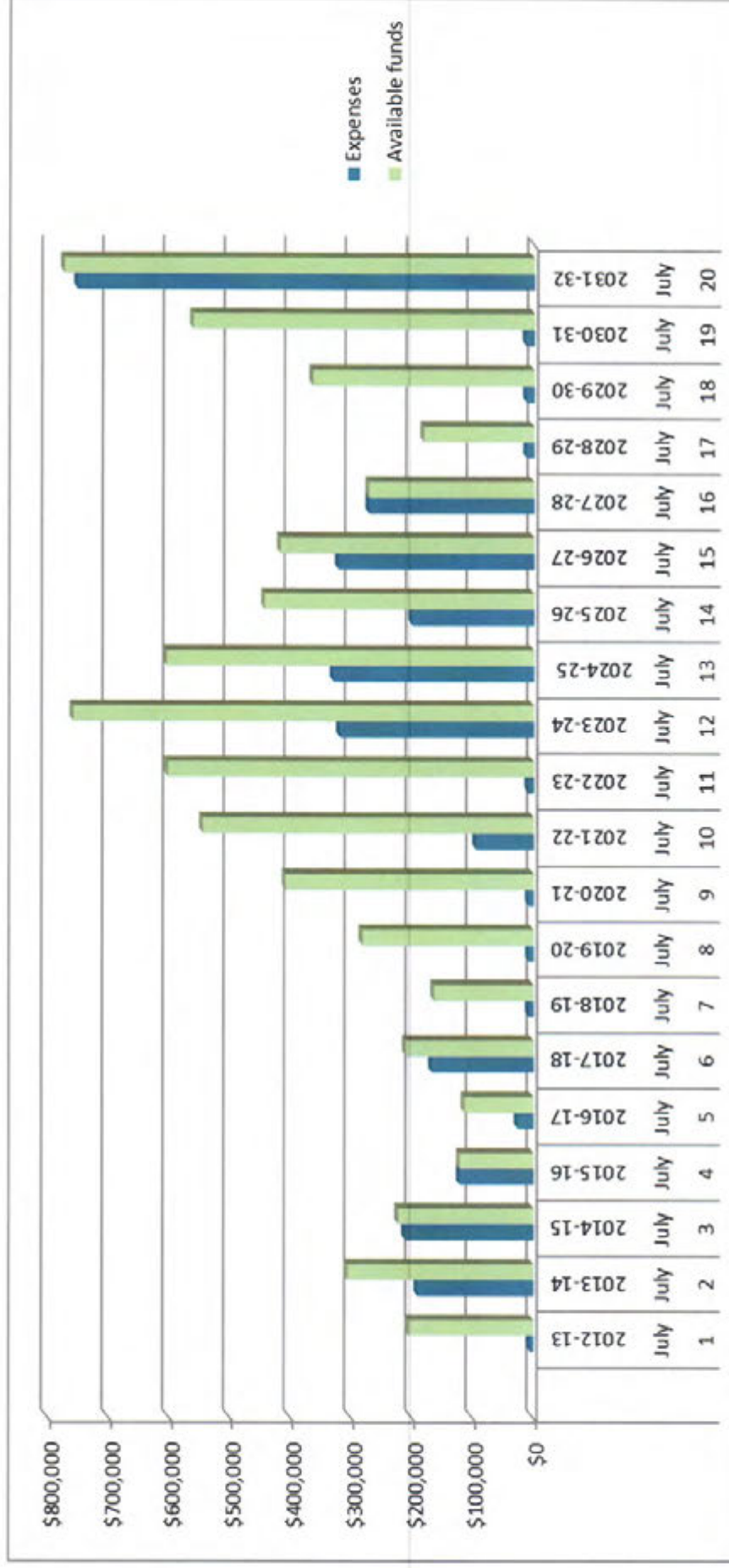


9. SINKING FUND FORECAST

Year	Month	Date	Expenses	Annual Contribution	Interest on Savings	Opening Balance	Closing Balance	Contribution per unit Entitlement
					3.50%			
1	July	2012-13	\$5,900	\$95,100	\$3,761	\$107,450	\$200,411	\$9.51
2	July	2013-14	\$191,183	\$99,380	\$7,014	\$200,411	\$115,621	\$9.94
3	July	2014-15	\$211,480	\$103,852	\$4,047	\$115,621	\$12,040	\$10.39
4	July	2015-16	\$121,791	\$109,335	\$421	\$12,040	\$5	\$10.93
5	July	2016-17	\$26,147	\$114,255	\$0	\$5	\$88,113	\$11.43
6	July	2017-18	\$167,459	\$119,396	\$3,084	\$88,113	\$43,135	\$11.94
7	July	2018-19	\$7,817	\$119,769	\$1,510	\$43,135	\$156,597	\$11.98
8	July	2019-20	\$8,192	\$120,159	\$5,481	\$156,597	\$274,045	\$12.02
9	July	2020-21	\$8,585	\$125,566	\$9,592	\$274,045	\$400,618	\$12.56
10	July	2021-22	\$95,197	\$131,217	\$14,022	\$400,618	\$450,659	\$13.12
11	July	2022-23	\$9,429	\$137,121	\$15,773	\$450,659	\$594,124	\$13.71
12	July	2023-24	\$319,882	\$144,492	\$20,794	\$594,124	\$439,529	\$14.45
13	July	2024-25	\$330,356	\$150,994	\$15,384	\$439,529	\$275,550	\$15.10
14	July	2025-26	\$200,853	\$158,989	\$9,644	\$275,550	\$243,330	\$15.90
15	July	2026-27	\$322,474	\$166,143	\$8,517	\$243,330	\$95,516	\$16.61
16	July	2027-28	\$271,920	\$173,619	\$3,343	\$95,516	\$558	\$17.36
17	July	2028-29	\$12,492	\$181,432	\$20	\$558	\$169,518	\$18.14
18	July	2029-30	\$13,092	\$189,597	\$5,933	\$169,518	\$351,957	\$18.96
19	July	2030-31	\$13,720	\$198,129	\$12,318	\$351,957	\$548,684	\$19.81
20	July	2031-32	\$752,879	\$207,044	\$19,204	\$548,684	\$22,054	\$20.70

NOTE: All figures include GST

Expenses – Available Funds Chart





10. GENERAL REMARKS

This report is not a structural inspection or Asbestos assessment on the building and does not cover costs relative to structural defects which require rectification. Any structural issues should be referred to a structural engineer for comment and rectification costs. This assessment is based on available information at the time of inspection and is based on a visual inspection of common property readily accessible and does not make comment on pest infestation, heritage issues, site damage, fire protection, non conforming building work, and subfloor and roof space issues.

The costings provided have been calculated to include GST and no allowance has been made where strata schemes are able to claim tax credits.

The life expectancy utilised has been determined based on normal use and utilising published depreciation schedules in addition to enquiries with relevant trades. The future replacement cost has been estimated having regard to the replacement of each item to a standard similar to that noted at the time of inspection.

This sinking fund report should be updated on a regular basis to reflect for ongoing changes including condition of improvements, movement in building costs and changes in legislation.

It is recommended a fire safety report be carried out by a suitably qualified inspector and any improvements required should be added to the sinking fund costings. The sum insured in this valuation is made on the basis that all units are of a similar standard of finish to those units previously internally inspected. The values set out in this report do not include the values of any structure or fixtures made after the registration of the Strata Plan.

The assessment is current as at the date of report only. The figures assessed herein may change significantly and unexpectedly over a relatively short period. We do not accept liability for losses arising from such subsequent changes in costings. Without limiting the generality of the above comments, we do not assume any responsibility or accept any liability where this report is relied upon after the expiration of 3 months from the date of the report, or such earlier date if you become aware of any factors that have any effect on the assessment.

Valuation Date: 20 February 2012
Valuer: Nick Cesta - Director
Qualifications/Re.#: AAPI (CPV) AAVI Cert. No. 3324

Signature:

11. PHOTOGRAPHS







