

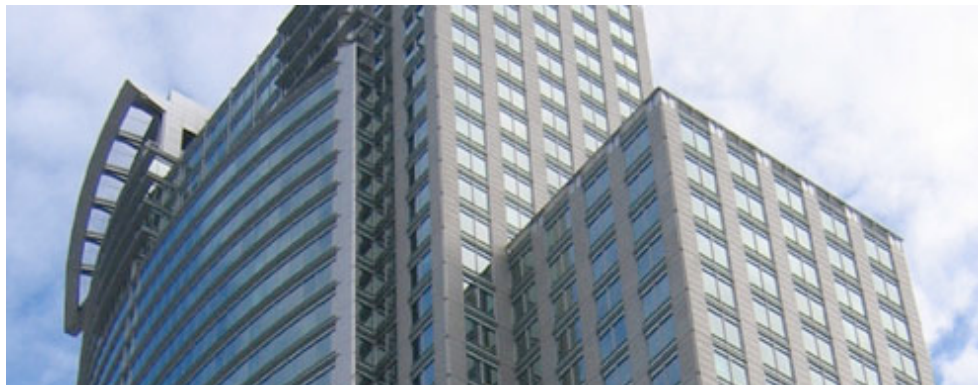
# Sample Report

[Body Corporate]

0 Queen Street  
Auckland City Centre  
New Zealand

Annual Report  
Including Sinking Fund Projections  
For 30 Year Period  
Report Period: 01.09.2009 – 01.09.2010

Report No. 0019508-1



18<sup>th</sup> August 2009



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## Introduction

### ***What is a Reserve Study?***

A Reserve Study is an independent, professional review of the assets that are owned by a Body Corporate and the funding required to maintain them. It provides Body Corporate members, owners and prospective owners with a means of anticipating upcoming maintenance and repairs and associated capital expenses, and allows them to ensure that Reserve Accounts (Sinking Funds) are adequately funded to meet future expenses.

This Reserve Study consists of two parts, a Physical Analysis and a Financial Analysis.

The Physical Analysis or Building Inspection is the process of compiling an accurate inventory of the common area components at the property and is undertaken by a qualified building surveyor. This inspection involves a condition survey of the building fabric and services installations, and an analysis of defects and shortcomings. It involves determining the useful life of components, their remaining useful life and the inflated cost to repair and/or replace the components in future years as required. It assesses the effect if maintenance is deferred and takes this into account in establishing the optimum point in time to complete repairs and maintenance, before establishing whether economies of scale can be achieved to group items of maintenance and repair together.

The Financial Analysis contains the organizations current Reserve Funding information, including current Reserve Fund (Sinking Fund) Balance and annual Contributions. Once the physical and financial information has been accurately collected we then assess the organizations financial situation and structure a New Recommended Funding Plan.

### ***Why do you require a Reserve Plan?***

A Body Corporate has responsibility for a range of management, financial and administrative matters relating to common property and a building as a whole.

The primary financial responsibility of the Body Corporate is to ***maintain the long-term value of the property and its respective assets***. 'For most New Zealanders the single biggest investment we will make is the purchase of a property'. Therefore Body Corporate members and property owners should have in place a detailed Reserve Plan to maintain (and where possible, enhance) the value of their investment.

### ***The benefits of a Reserve Plan:***

- It will help maintain the value of Unit Title owners' investments
- It improves the liquidity of Unit Titled property
- It allows you as a property owner to budget appropriately
- It sets maintenance priorities and opportunities for deferring costs appropriately
- It ensures maintenance is undertaken in a methodical, planned way
- It ensures that costs are distributed fairly amongst owners
- It reduces large unexpected costs and 'special assessments'
- It helps a Body Corporate meet its legal and fiduciary obligations

### ***Current legislation***

At present the Unit Titles Act 1972 is under review. A new Bill has been drafted and changes are expected during 2009.

One of the aims of the amended Act will be to:

"Encourage sound property management practices that will protect the long-term value of Investments by introducing **requirements** for long-term maintenance plans and long-term maintenance funds by the body corporate; and by broadening the role of the body corporate in relation to maintaining and managing the building as a whole".

So having a professional Reserve Study in place is not only fiscally responsible, it is legally wise!

## 1. Executive Summary

**Sample Report  
0 Queen Street  
Auckland City Centre  
New Zealand**

**Report period: 1 September 2009 through 1 September 2010.**

Sample Property is in a reasonable standard of repair and condition given its age and form of construction. Whilst this is the case, there are various defects and shortcomings within the building fabric, which will require attention. There are also a number of building components that will need to be replaced during the next 30 years. Service contracts exist for all services installations and the standards of maintenance are generally high. Again, there will be a need to renew certain services installation components during the course of the next 30 years.

There are repairs required during the next 6 – 12 months, which are not included within the Reserve Study as their costs are below \$1,000 and hence they are considered operational expenditure items. These are as follows –

- a) Repair rucked carpet (trip hazard) in Level 2 Corridor (\$1,000) - see site inspection below
- b) Clear manhole within front parking area of paper build up (\$250) - see site inspection below

We recommend that your operational maintenance and repair budgets are reviewed in the light of the above, and that your maintenance contractors are alerted to these issues.

The overall result of our recent visit to 0 Queen Street and Reserve Study computation shows Sample Report to have a fair funded status at 43%.

*The results of the study are as follows:*

Projected Starting Reserve Balance	\$280,000
Current Annual Reserve Contribution	\$50,000
Fully Funded Balance (Ideal Reserves)	\$654,515
Percent Funded	43%
Recommended Reserve Contribution for 2008	\$92,500
Recommended Special Assessments	\$0

*Economic Factors*

Net Annual Interest Rate	4.40%
Annual Inflation Rate	3.00%

Based on this financial information and the site inspection on the 10<sup>th</sup> of August, our recommendation is to collect a reserve contribution this year of \$92,500

We also recommend an increase in your annual reserve contribution of 4% per annum. This will allow you to build up your reserve fund at a steady rate and achieve our funding goal of 100% funded within the study period.

### **What will this equate to for Sample Report Owners?**

The annual contributions are divided among owners by their respective unit entitlement as shown below.

## Property Reserve Planning & Administration

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### Breakdown of Annual Reserve Contribution by Unit Entitlement for 2008

Unit	Unit Entitlement	Reserve Contribution
101	195	\$1,804
102	193	\$1,785
103	200	\$1,850
104	90	\$833
105	83	\$768
201	199	\$1,841
202	197	\$1,822
203	206	\$1,906
204	94	\$870
205	86	\$796
301	201	\$1,859
302	199	\$1,841
303	206	\$1,906
304	96	\$888
305	87	\$805
401	202	\$1,869
402	200	\$1,850
403	207	\$1,915
404	97	\$897
405	89	\$823
501	204	\$1,887
502	202	\$1,869
503	209	\$1,933
504	118	\$1,092
505	90	\$833
601	205	\$1,896
602	203	\$1,878
603	208	\$1,924
604	119	\$1,101
605	92	\$851
701	206	\$1,906
702	204	\$1,887
703	211	\$1,952
704	120	\$1,110
705	93	\$860
801	208	\$1,924
802	206	\$1,906
803	213	\$1,970
804	122	\$1,129
805	94	\$870

## Property Reserve Planning & Administration

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Unit	Unit Entitlement	Reserve Contribution
901	209	\$1,933
902	207	\$1,915
903	214	\$1,980
904	123	\$1,138
905	96	\$888
1001	211	\$1,952
1002	209	\$1,933
1003	216	\$1,998
1004	125	\$1,156
1005	98	\$907
1101	213	\$1,970
1102	211	\$1,952
1103	218	\$2,017
1104	127	\$1,175
1105	99	\$916
1201	238	\$2,202
1202	236	\$2,183
1203	240	\$2,220
1204	133	\$1,230
1205	123	\$1,138
<b>Total</b>	<b>10,000</b>	<b>\$92,500</b>

## 1.1 Component Inventory

Component	Quantity	Life	Age	Rem Life	Priority	Cost/unit	Total Cost
<b>Grounds</b>							
Outdoor Lighting - Replace	1	18	7	11	2	\$2,400	\$2,400
Asphalt - Reseal 40mm	920	20	7	13	2	\$32	\$29,440
Sewerage Pump	2	5	2	3	2	\$4,000	\$8,000
Sewerage Pump Controls	1	10	7	3	2	\$3,000	\$3,000
Sand Filter	2	30	7	23	2	\$33,000	\$66,000
<b>Subtotal</b>							<b>\$108,840</b>
<b>Recreation</b>							
Pool Resurface - Plaster	1	10	7	3	2	\$7,600	\$7,600
Pool Resurface - Tiles	1	20	7	13	2	\$6,800	\$6,800
Pool Filter - Replace	1	20	7	13	2	\$5,170	\$5,170
Pool Pump - Replace	1	10	7	3	2	\$2,250	\$2,250
Pool Heating - Replace	1	10	7	3	2	\$6,750	\$6,750
Pool Chlorinator - Replace	1	10	7	3	2	\$2,560	\$2,560
Pool Lighting - Replace	1	10	7	3	2	\$2,362	\$2,362
Cardio Equipment	1	8	7	1	2	\$18,375	\$18,375
Strength Equipment	1	20	7	13	2	\$9,500	\$9,500
Bathrooms - Refurbish	2	20	7	13	2	\$5,700	\$11,400
<b>Subtotal</b>							<b>\$72,767</b>
<b>Building Exterior</b>							
Roofing - Membrane	1	25	7	18	2	\$118,000	\$118,000
Scaffolding	1	25	7	18	2	\$9,400	\$9,400
Elastogum Paint	1	4	3	1	2	\$6,750	\$6,750
Air Con Unit	1	20	7	13	2	\$18,850	\$18,850
Air Con Controls	1	10	7	3	2	\$4,275	\$4,275
Windows - Restore	1	15	7	8	2	\$157,000	\$157,000
Scaffolding	1	15	7	8	2	\$14,000	\$14,000
Exterior Painting	1	7	7	0	2	\$80,000	\$80,000
Balustrade - Repaint	1	14	7	7	2	\$39,600	\$39,600
Exterior Tiles - Replace	1	20	7	13	2	\$62,500	\$62,500
Access Control	1	10	7	3	2	\$21,930	\$21,930
Access Control - Vehicle	2	10	7	3	2	\$4,720	\$9,440
Building Exterior Lighting	1	18	7	11	2	\$7,400	\$7,400
Signage	1	18	7	11	2	\$3,880	\$3,880
<b>Subtotal</b>							<b>\$553,025</b>

## Property Reserve Planning & Administration

Component	Quantity	Life	Age	Rem Life	Priority	Cost/unit	Total Cost
Building Interior							
Diesel Pump	1	20	7	13	2	\$35,000	\$35,000
Diesel Pump Controller	1	30	7	23	2	\$18,000	\$18,000
Sprinkler Valves & Switches	1	15	7	8	2	\$23,126	\$23,126
Fire Sprinkler Sys. - Refurbish	1	30	7	23	2	\$76,000	\$76,000
Hydrant System	1	30	7	23	2	\$42,000	\$42,000
Fire Alarm System - Refurbish	1	15	7	8	2	\$54,900	\$54,900
Lift Refurbishment	1	20	7	13	2	\$140,000	\$140,000
General fans	4	16	7	9	2	\$1,850	\$7,400
Car Park Fans - Replace	12	16	7	9	2	\$3,420	\$41,040
Supply Pump & Hydrovars	2	12	7	5	2	\$10,450	\$20,900
Sump Pumps	1	12	7	5	2	\$4,830	\$4,830
Hardware - Replace	1	18	7	11	2	\$46,320	\$46,320
Interior Repainting	1	8	7	1	3	\$68,000	\$68,000
Carpet - Replace	1	8	7	1	3	\$18,375	\$18,375
Interior Tiles - Replace	1	20	7	13	2	\$11,000	\$11,000
Interior Lighting - Replace	1	18	7	11	2	\$42,500	\$42,500
Surveillance Equipment	1	10	7	3	2	\$14,710	\$14,710
Soft Goods - Replace	1	8	7	1	3	\$6,475	\$6,475
Hard Goods - Replace	1	12	7	5	3	\$5,900	\$5,900
Letter Boxing	60	20	7	13	3	\$134	\$8,040
<b>Subtotal</b>							<b>\$684,516</b>
<b>Total</b>							<b>\$1,419,148</b>

*Table 1*



## 2. Objectives and Methodology

The objective of our Reserve Study is to assess the strength of the organizations Reserve Fund (Sinking Fund) and to put in place an adequate Long-Term Funding Plan to assure the fund meets future expenditure as far as is possible. *The Reserve Fund excludes the costs of routine maintenance and servicing of the mechanical, electrical, fire, security and other services installations at the property. These items are usually funded as Operational expenditure. We are able to undertake a review of your current service contract requirements if required.*

As explained earlier there are two parts to the Reserve Study, the Physical Analysis or Building Inspection and the Financial Analysis. The first step in our Reserve Study is to perform the Building Inspection and create our Component Inventory.

### **Building Inspection and Generating the component inventory.**

To enable us to create an accurate Reserve Plan we establish and inspect the Common Areas of the property. We review documentation from the Body Corporate, which outlines common areas and services to assist in this respect

We complete a professional Building Inspection of the common areas of the property and establish the scope and extent of repairs, maintenance and any other shortcomings that require or are likely to require attention over the Reserve Plan Period.

Components representing major predictable expenses are established. Any components with a Useful Life of one year or less should be included in the Body Corporate's operating budget and are therefore excluded from the Reserve Study and Fund.

One off repairs or maintenance that comprise costs below \$1,000 are also excluded as they form part of operational expenditure.

### **Quantifying the component inventory**

Once the specific components have been added to the inventory, the actual size and number of each component is quantified. For most components this involves counting the number of each specific sized component, such as streetlights. For other components such as roads, curbing and roofing etc it involves measuring the items concerned. Often development plans can be helpful for this process but when an initial Reserve Study is conducted for the property, it is essential that each component be visually inspected.

### **Determining the expected life of components**

The useful life of a component is defined as the approximate timeframe it is designed to serve its intended purpose. All components within this Reserve Study were professionally analysed using industry standards, historic information relating to the material or component concerned and references from a range of suppliers. Then an average expected and remaining useful life is established for each component. Generally the Remaining Useful Life of a component is equal to the overall life less its age (time spent in service). Factors taken into account include quality, standards of preventative and routine maintenance, exposure to the weather and the rate of wear and tear a component is subjected to.

We have advised where we believe standards of maintenance are poor and are having an adverse effect on a components' useful life.

### **Determining the estimated cost of components**

There are several ways to determine repair, maintenance and replacement costs. PRPA use a variety of methods to determine costs. These include one or more of the following to obtain the best estimate possible:

- Professional quantity surveying 'Price Books' (e.g. Rawlinson's)
- PRPA's database of maintenance and construction costs
- Manufacturer's pricing advice for major components

For components where a specific expertise is required, such as lift repairs a qualified technician or specialist contractor will be approached to assess the repair / replacement costs and remaining useful life.

Where a number of maintenance issues or repair items are required to a component (e.g. External redecoration and window seal replacement to an elevation), we have grouped works to achieve economies of scale (e.g. For scaffold costs), notwithstanding the fact that the priority and /or expected timescale for completing the works to each component may be different.

### **Determining the required amount of funds**

Although it is possible to view the balance of your Reserve Fund (Sinking Fund) as a dollar value, the only real measure of a Reserve Balance is as a percentage. Therefore your Reserve Fund is measured as 'Percent Funded'.

Your Percentage Funded is calculated by dividing your Reserve Fund Balance by your 'Fully Funded Balance' (FFB).

Your Fully Funded Balance or FFB is the total accrued balance of the deteriorated portion of all the common area components.

(See table below 'Fully Funded Balance breakdown for current year').

### **Creating a funding goal**

There are three basic funding goals that we can choose from:

- Full Funding
- Baseline Funding
- Threshold Funding

**Full Funding** is when the property owners aim to become Fully Funded within the study period (Reserve Balance equals Fully Funded Balance) or more quickly if cash flow permits.

When corporate bodies become Fully Funded (at or near 100%) they are essentially taking responsibility to replace the deteriorated portion of all components as they accrue. As we believe Full Funding to be the fiscally responsible choice, we advise all clients to aim towards eventually becoming Fully Funded.

**Baseline Funding** is essentially having the bear minimum in reserve. Although this method budgets to replace all components as necessary, without the Reserve Balance becoming completely depleted, it leaves absolutely no room for error. Corporate Bodies choosing this method must understand that even minor reductions in a components remaining life or a slight over spend will result in a cash deficit and or special assessment.

**Threshold Funding** is based on the Baseline-Funding concept, however a predetermined cash amount or funding percentage is chosen. Threshold funding allows corporate bodies to customize there funding goals to suit. For example we may aim to have a Reserve Balance minimum of \$10,000 at all times.

No matter which funding goal we eventually choose we still need to establish how our annual contributions to the Reserve Fund will occur. Ultimately we need to have sufficient reserves in place to carry out maintenance as required. From experience we know that fiscally responsible corporate bodies will aim at becoming Fully Funded over the study (or shorter) period. Set a stable contribution rate and try to avoid unplanned special assessments where possible.

### **Deferred maintenance**

During the building inspection process we have prioritised each item of work required and given them a priority ranking from 1-3. The ranking system is explained below.

#### **Priority 1. Urgent.**

Works needed as a result of current or predicted failure, or to ensure the health & safety of building occupants and users - including work to prevent serious disruption of building activities.

#### **Priority 2. Routine Maintenance.**

Works required to ensure effective operation of the asset. Normally affect the operational capacity of the building, are likely to lead to serious deterioration and higher future costs of repair if deferred.

#### **Priority 3. Cosmetic.**

Works that could arise and are subject to standard of maintenance. Works can be deferred without seriously disrupting the function of the building and are desirable to maintain the environmental quality of the asset and its surroundings.

In our Reserve Plan detail below (Table 4) we show each components priority ranking as colour coded above, with the year the component will require attention. Each priority is subtotalled at the bottom of each year allowing committee members to easily assess where funds should be allocated first and in the unlikely event there is a shortfall in funding which maintenance items can be deferred.

### 3. Building Inspection

Inspection Date: 1.1.10

Weather Conditions: X ° C, sunny and clear

Inspected By: .....BSc MRICS

An inspection of the full exterior of the property and internal common parts only was undertaken. Due to access constraints we were only able to inspect the balconies within a selected number of units on each floor. We inspected plant rooms, services risers and the lift motor room.

We consulted the following organizations and individuals to obtain information relating to the current maintenance contracts and service activities:

- S Muktar – Pacific Services Consultants
- P Taylor – Airpro Limited
- H Dewar – Total Fire Protection Limited
- J Hunter – Schindler

We also interviewed the Body Corporate Secretary and Building Manager.

#### **Brief Description**

Sample Property was constructed approximately 7 years ago and comprises a large 13-storey apartment development with 60 apartments and an external heated pool and recreation facilities.

#### **Grounds**

The grounds comprise a large asphalt courtyard and parking area and gardens (Photo 01). These areas are generally in good order and condition and well maintained. The asphalt areas (Photo 02) to the front and rear will require resurfacing in 13 - 15 years and allowances are required to replace the exterior lighting, sewerage pump and sand filter.

#### **Recreation Facilities**

The property has a heated outdoor pool and small gymnasium (Photo 03). These are in reasonable order, although at the time of our inspection, the pump equipment was turned off. We understand from the Building Manager that the pool is currently undergoing routine maintenance and that this is why the pump was not running.

The pump filters, heating and chlorinating equipment currently require an increasing amount of servicing and will require replacement in 2-3 years time. There is some cardio equipment (Photo 04) that is no longer working and this ideally requires replacement now. There is an area of cracked plaster to one side of the pool (Photo 05) that will require repair in 3-5 years time.

The general finishes (Photo 06) will need to be renewed in 10-15 years.

### **Exterior**

**Roofs** – The roofs are laid to falls and covered with a 2 layer felt system with solar reflective finish. Rainwater heads and gutters are lined with butyl rubber membrane and fall to proprietary upvc downpipes. The rainwater heads have good overflows. The roof coverings and rainwater goods are generally in good repair, with some patch repairs evident to upstands and gutter linings. The membrane is performing well and has a 25-year life span. It will need to be replaced in approximately 18 years. (Photos 07,08)

**Walls** – The walls are clad in precast concrete panels with some timber clad reveals. External timber cladding is in good order. Minor repairs are necessary to one cracked section of concrete panel (Photo 09) and external redecorations are also required now to areas (Photos 10,11)

**Balconies** – These are formed from cantilevered precast concrete slabs and are generally in good condition. The balustrades will require redecorating and exterior tiles will crack over time and will require replacement. (Photo 12)

**Windows** – Aluminium singled glazed window units are installed and these are in reasonable condition. Repairs are required to one window unit in Apartment XX (Photo 13). The windows will require redecoration in 8 - 10 years. (Photo 14)

**Doors** – The external doors are aluminium framed, glazed units and all are in good order. An allowance for overhauling these is included within the overhauling allowed for the window units.

### **Interior (Common Parts Only)**

**GF Entrance Lobby** – The lobby has ceramic tiled floors, plastered and painted walls and feature lighting (Photo 15). This area is in good repair. Cyclical internal redecorations should be undertaken in a year's time.

**Stairwells** – Staircases are of concrete construction on steel framed supports with carpeted treads and risers. The stairwells have plaster and paint finishes. Cyclical redecoration will be necessary in a years' time. The carpet is becoming heavily worn in areas and we recommend replacement next year. (Photos 16, 17, 18)

**Corridors** - Generally have similar finishes to the stairwells and require similar treatment (Photos 19, 20). There is an area of 'rucked' carpet presenting a trip hazard on Level 2, which requires repair as soon as possible. (Photo 21)

**Plant Rooms** – There are three plant rooms, one housing the main HVAC equipment, one housing the fire sprinkler pump and the other a lift motor room. The plant rooms are all in reasonable order with no major maintenance requirements. (Photos 22, 23, 24)

### **Services Installations**

HVAC Services – There is limited air conditioning within the property in the main entrance lobby. This is provided by Carrier split air conditioning with wall mounted units and condensers mounted externally. Natural ventilation is provided through opening windows. Supplementary heating is by way of wall mounted electric heaters. Mechanical ventilation exists to corridors via an arrangement of inline electric fans connected to external inlets and proprietary grilles. There are separate fans and ducting providing fresh air to the car park at ground floor level. All installations are in good repair, although the service manuals on site have not been kept up to date (the last entry being in 2007). The air conditioning units, electric fans and heaters will require replacement over time and require a good level of servicing – we advise that the maintenance contracts are reviewed to ensure that the required level of servicing is being undertaken. One air conditioning control unit is a second hand unit and will require replacing over the next 3 - 4 years.

Electrical Services – A standard single-phase 240V electricity supply serves the building. The switchgear and distribution boards are mounted within services riser cupboards at each floor level and are appropriately labeled. Each apartment is separately metered. Lighting is by way of recessed ceiling mounted down lights. There is an emergency lighting system. The electrical installations serving the common parts are in good condition.

Fire Engineering Services – The property is sprinklered and is equipped with fire hose reels and a fire alarm system. Sprinkler pumps are located within the ground floor plant room (Photo 25). The systems are well maintained and have recently been inspected by the Fire Maintenance contractor. There is a diesel generator and pump, which form part of the sprinkler installation – these will require replacement in the long term.

Refurbishment and replacement of component parts will be required over the course of the next 15 years.

Lifts – There are two hydraulic elevators, manufactured and installed by Schindler, who have a fully comprehensive maintenance contract covering all major expenditure except for the refurbishment of lift cars. An allowance has been made for the refurbishment of the lift cars in Year 13.

Plumbing and Drainage – Plumbing and drainage services are proprietary PVC / polypropylene and all fittings and pipe work is in good order. There are no reports of any issues with the drainage installations. However, on lifting one manhole within the car parking area to the front of the building, we noted a significant build up of paper blocking part of the foul water sewer (Photo 26). We strongly advise that this is cleared.

There is a sump pump and water supply pumps forming an integral part of the water supply and discharge systems and these will require replacement in approximately 5 years.

### **Other**

Allowances have been made for replacement of fixtures and fittings within common parts including letter boxing, hard and soft furnishings, surveillance equipment, signage, access control and door hardware.

#### 4. Projected Expenses

The figure below shows the projected Annual Reserve Expenses for your organization. The expenses have been projected into the future using the current inflation rate shown in the executive summary. As with all projections this is an estimate of your annual expenses, as some projects may not take place as anticipated. Note the large expense for refurbishing the lift along with the exterior tiling and recreation area in 2021. Then the aluminium joinery, fire protection system and sand filters in 2031.

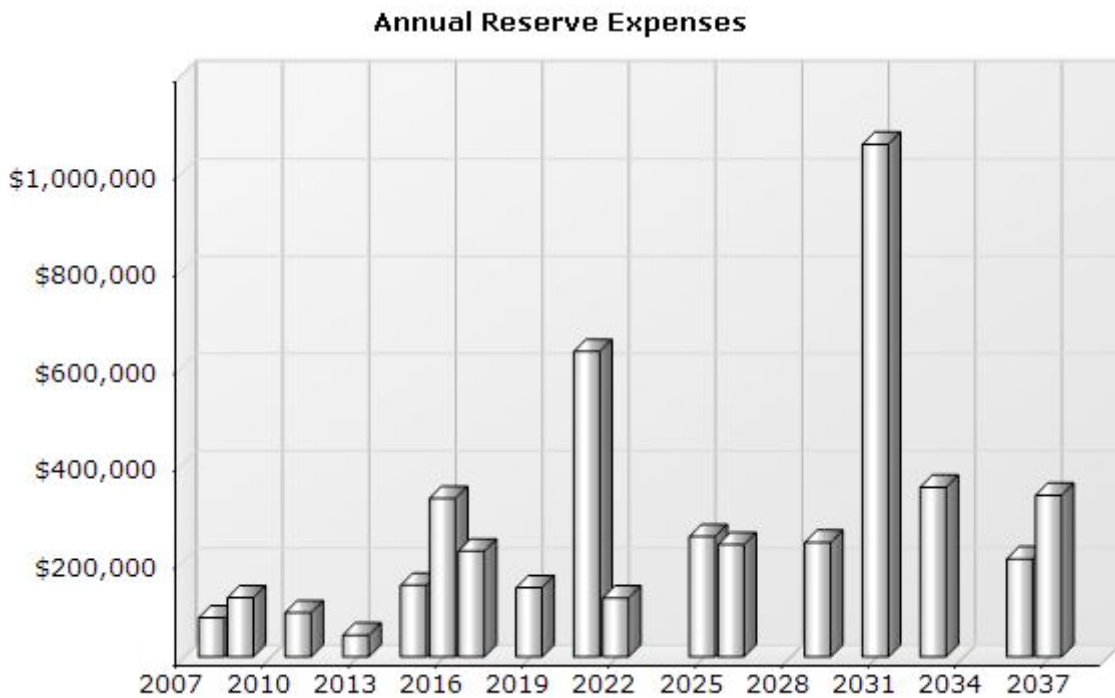


Figure 1

A detailed breakdown of these expenses is shown in Table 4.

#### 5. Reserve Fund Status

The results of our financial analysis show your projected Reserve Fund Balance at the start of the fiscal year to be \$280,000

Your Fully Funded ideal Reserve Balance for the year is calculated at \$654,515

This represents the deteriorated portion of the value of your components.

In comparing the projected Reserve Fund Balance to your Fully Funded Balance, we calculate the body corporate Reserve Fund to be 43% funded.

The Table below shows a detailed breakdown of your Fully Funded Balance for 2008.

## 5.1 Fully Funded Balance

### Breakdown for Current Year (2008)

Component	Life	Age	Total Cost	FFB
Grounds				
Outdoor Lighting - Replace	18	7	\$2,400	\$933
Asphalt - Reseal 40mm	20	7	\$29,440	\$10,304
Sewerage Pump	5	2	\$8,000	\$3,200
Sewerage Pump Controls	10	7	\$3,000	\$2,100
Sand Filter	30	7	\$66,000	\$15,400
<b>Subtotal</b>			<b>\$108,840</b>	<b>\$31,937</b>
Recreation				
Pool Resurface - Plaster	10	7	\$7,600	\$5,320
Pool Resurface - Tiles	20	7	\$6,800	\$2,380
Pool Filter - Replace	20	7	\$5,170	\$1,809
Pool Pump - Replace	10	7	\$2,250	\$1,575
Pool Heating - Replace	10	7	\$6,750	\$4,725
Pool Chlorinator - Replace	10	7	\$2,560	\$1,792
Pool Lighting - Replace	10	7	\$2,362	\$1,653
Cardio Equipment	8	7	\$18,375	\$16,078
Strength Equipment	20	7	\$9,500	\$3,325
Bathrooms - Refurbish	20	7	\$11,400	\$3,990
<b>Subtotal</b>			<b>\$72,767</b>	<b>\$42,647</b>
Building Exterior				
Roofing - Membrane	25	7	\$118,000	\$33,040
Scaffolding	25	7	\$9,400	\$2,632
Elastogum Paint	4	3	\$6,750	\$5,062
Air Con Unit	20	7	\$18,850	\$6,598
Air Con Controls	10	7	\$4,275	\$2,992
Windows - Restore	15	7	\$157,000	\$73,267
Scaffolding	15	7	\$14,000	\$6,533
Exterior Painting	7	7	\$80,000	\$80,000
Balustrade - Repaint	14	7	\$39,600	\$19,800
Exterior Tiles - Replace	20	7	\$62,500	\$21,875
Access Control	10	7	\$21,930	\$15,351
Access Control - Vehicle	10	7	\$9,440	\$6,608
Building Exterior Lighting	18	7	\$7,400	\$2,878
Signage	18	7	\$3,880	\$1,509
<b>Subtotal</b>			<b>\$553,025</b>	<b>\$278,145</b>



## Property Reserve Planning & Administration

Component	Life	Age	Total Cost	FFB
Building Interior				
Diesel Pump	20	7	\$35,000	\$12,250
Diesel Pump Controller	30	7	\$18,000	\$4,200
Sprinkler Valves & Switches	15	7	\$23,126	\$10,792
Fire Sprinkler Sys. - Refurbish	30	7	\$76,000	\$17,733
Hydrant System	30	7	\$42,000	\$9,800
Fire Alarm System - Refurbish	15	7	\$54,900	\$25,620
Lift Refurbishment	20	7	\$140,000	\$49,000
General fans	16	7	\$7,400	\$3,238
Car Park Fans - Replace	16	7	\$41,040	\$17,955
Supply Pump & Hydrovars	12	7	\$20,900	\$12,192
Sump Pumps	12	7	\$4,830	\$2,818
Hardware - Replace	18	7	\$46,320	\$18,013
Interior Repainting	8	7	\$68,000	\$59,500
Carpet - Replace	8	7	\$18,375	\$16,078
Interior Tiles - Replace	20	7	\$11,000	\$3,850
Interior Lighting - Replace	18	7	\$42,500	\$16,528
Surveillance Equipment	10	7	\$14,710	\$10,297
Soft Goods - Replace	8	7	\$6,475	\$5,666
Hard Goods - Replace	12	7	\$5,900	\$3,442
Letter Boxing	20	7	\$8,040	\$2,814
<b>Subtotal</b>			<b>\$684,516</b>	<b>\$301,786</b>
<b>Total</b>			<b>\$1,419,148</b>	<b>\$654,515</b>

*Table 2*

**6. Recommended funding plan**

In order to establish our recommended funding plan the following criteria were evaluated and various contribution rates were tested. These criteria included setting an equitable spread of the contribution load over current and future owners, with the view of ultimately becoming Fully Funded within the study period.

As a result, given your annual cash flow requirements and your current percent funded, we are recommending a Reserve contribution of \$92,500 this fiscal year. This represents the initial contribution of your multi year funding plan and nominal increases of 4% should be added annually to account for our inflationary environment.

Our recommended multi-year Funding Plan is shown below. Note the annual increase of 4% per annum to contributions.

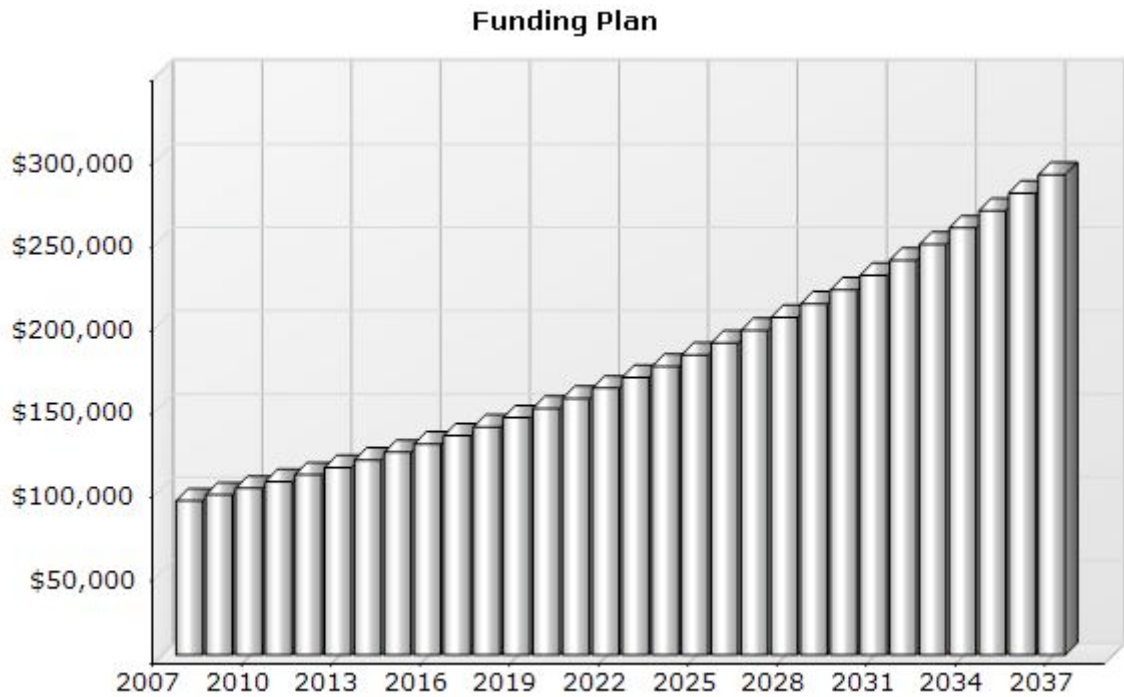


Figure 2

**Annual Cash Flow (Period)**

Shown below is the projected effect of our proposed funding plan. It compares your Annual Cash Flow Balance to your required Fully Funded Balance. As this projection accounts for an inflation factor approaching years may seem high, however it clearly shows your Reserve Fund progressively drawing closer to your Fully Funded Balance over the study period.

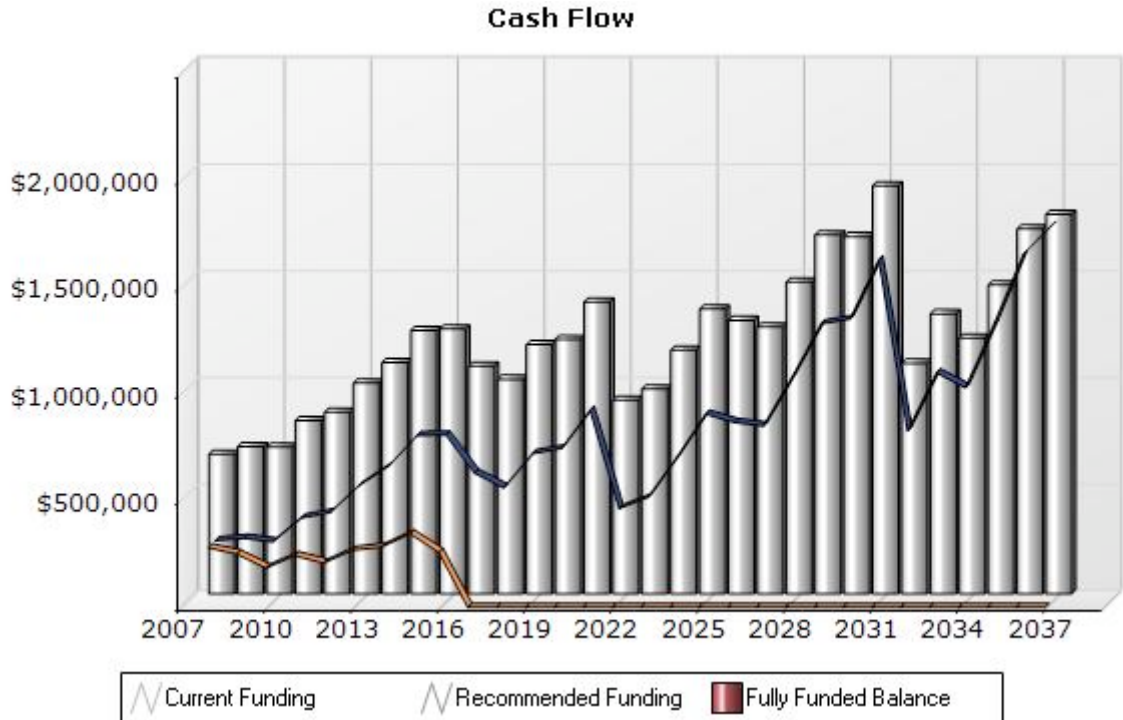
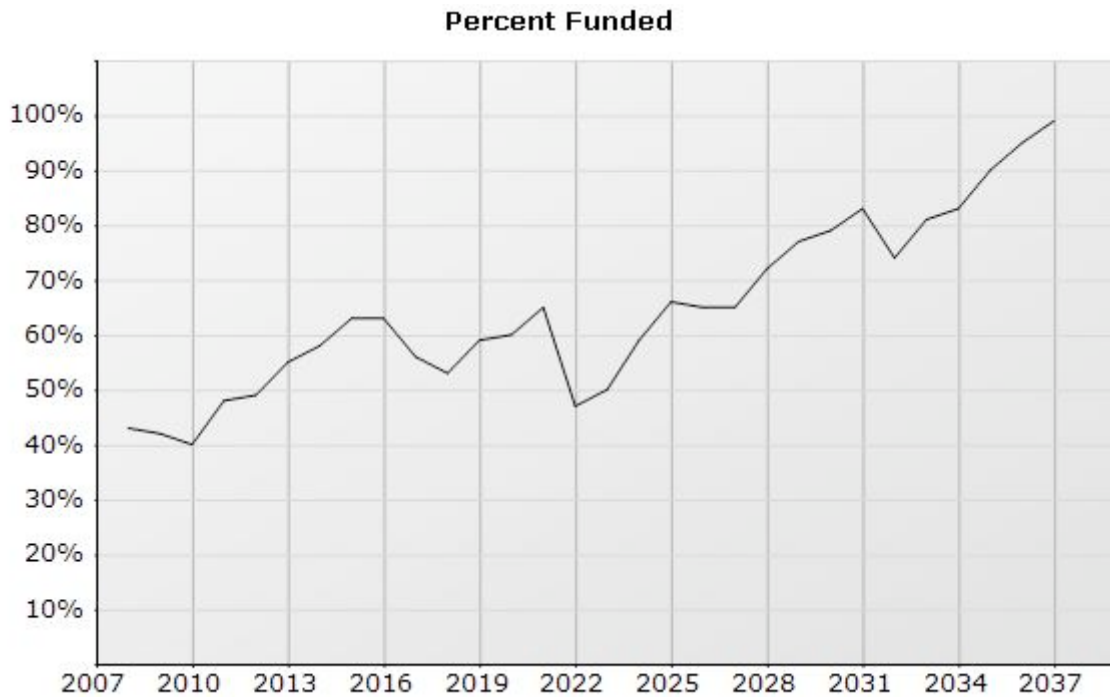


Figure 3

**Percentage Funded**

As mentioned earlier, the only real measure of your Reserve Balance is expressed as a percentage. Shown below is your projected Reserve Balance compared to your ideal Fully Funded Balance of 100%. This demonstrates how your Reserve Fund gradually achieves your funding goal within the period.



*Figure 4*

7. Reserve Plan Summary

**[30] Year Period**

YEAR	PROJECTED RESERVE BALANCE	ANNUAL RESERVE CONTRIB.	INTEREST	SPECIAL ASSESS.	FULLY FUNDED BALANCE	PERCENT FUNDED	RESERVE EXPENSES
2008	\$280,000	\$92,500	\$0		\$654,515	43%	\$80,000
2009	\$292,500	\$96,200	\$7,523		\$690,225	42%	\$121,513
2010	\$274,710	\$100,048	\$12,087		\$687,211	40%	\$0
2011	\$386,845	\$104,050	\$13,036		\$812,297	48%	\$90,563
2012	\$413,368	\$108,212	\$18,188		\$850,998	49%	\$0
2013	\$539,768	\$112,540	\$21,792		\$987,364	55%	\$44,492
2014	\$629,608	\$117,042	\$27,703		\$1,085,319	58%	\$0
2015	\$774,353	\$121,724	\$27,599		\$1,235,465	63%	\$147,093
2016	\$776,583	\$126,593	\$19,843		\$1,242,136	63%	\$325,595
2017	\$597,424	\$131,657	\$16,733		\$1,068,786	56%	\$217,131
2018	\$528,683	\$136,923	\$23,262		\$1,005,691	53%	\$0
2019	\$688,868	\$142,400	\$24,067		\$1,168,204	59%	\$141,880
2020	\$713,455	\$148,096	\$31,392		\$1,193,428	60%	\$0
2021	\$892,943	\$154,020	\$11,678		\$1,369,637	65%	\$627,537
2022	\$431,104	\$160,181	\$13,644		\$908,978	47%	\$121,006
2023	\$483,923	\$166,588	\$21,293		\$960,569	50%	\$0
2024	\$671,804	\$173,252	\$29,559		\$1,142,807	59%	\$0
2025	\$874,615	\$180,182	\$27,603		\$1,335,118	66%	\$247,274
2026	\$835,126	\$187,389	\$26,603		\$1,283,246	65%	\$230,507
2027	\$818,611	\$194,885	\$36,019		\$1,251,975	65%	\$0
2028	\$1,049,515	\$202,680	\$46,179		\$1,462,214	72%	\$0
2029	\$1,298,374	\$210,787	\$46,786		\$1,683,942	77%	\$235,048
2030	\$1,320,899	\$219,218	\$58,120		\$1,675,554	79%	\$0
2031	\$1,598,237	\$227,987	\$23,960		\$1,914,516	83%	\$1,053,699
2032	\$796,485	\$237,106	\$35,045		\$1,080,992	74%	\$0
2033	\$1,068,636	\$246,590	\$31,689		\$1,313,609	81%	\$348,435
2034	\$998,480	\$256,454	\$43,933		\$1,200,319	83%	\$0
2035	\$1,298,867	\$266,712	\$57,150		\$1,448,708	90%	\$0
2036	\$1,622,729	\$277,380	\$62,541		\$1,710,914	95%	\$201,337
2037	\$1,761,313	\$288,475	\$62,890		\$1,780,169	99%	\$331,993

*Table 3*

8. Annual Reserve Plan Detail

[30] Year Period

YEARS 1 - 5	2008	2009	2010	2011	2012
Opening Reserve Balance	\$280,000	\$292,500	\$274,710	\$386,845	\$413,368
Annual Reserve Contribution	\$92,500	\$96,200	\$100,048	\$104,050	\$108,212
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$7,523	\$12,087	\$13,036	\$18,188
Subtotal	\$0	\$0	\$0	\$0	\$0

Building Exterior

Roofing - Membrane

Scaffolding

Elastogum Paint

\$6,952

Air Con Unit

Air Con Controls

\$4,671

Windows - Restore

Scaffolding

Exterior Painting

\$80,000

Balustrade - Repaint

Exterior Tiles - Replace

Access Control

\$23,964

Access Control - Vehicle

\$10,315

Building Exterior Lighting

Signage

Subtotal	\$80,000	\$6,952	\$0	\$38,950	\$0
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Building Interior

Diesel Pump

Diesel Pump Controller

Sprinkler Valves & Switches

Fire Sprinkler Sys. - Refurbish

Hydrant System

Fire Alarm System - Refurbish

Lift Refurbishment

General fans

Car Park Fans - Replace

Supply Pump & Hydrovars

Sump Pumps

Hardware - Replace

Interior Repainting

\$70,040

## Property Reserve Planning & Administration

YEARS 1 - 5	2008	2009	2010	2011	2012
Carpet – Replace		\$18,926			
Interior Tiles - Replace					
Interior Lighting - Replace					
Surveillance Equipment				\$16,074	
Soft Goods - Replace		\$6,669			
Hard Goods - Replace					
Letter Boxing					
<b>Subtotal</b>	<b>\$0</b>	<b>\$95,635</b>	<b>\$0</b>	<b>\$16,074</b>	<b>\$0</b>
Grounds					
Outdoor Lighting - Replace					
Asphalt - Reseal 40mm					
Sewerage Pump				\$8,742	
Sewerage Pump Controls				\$3,278	
Sand Filter					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,020</b>	<b>\$0</b>
Recreation					
Pool Resurface - Plaster				\$8,305	
Pool Resurface - Tiles					
Pool Filter - Replace					
Pool Pump - Replace				\$2,460	
Pool Heating - Replace				\$7,376	
Pool Chlorinator - Replace				\$2,797	
Pool Lighting - Replace				\$2,581	
Cardio Equipment		\$18,926			
Strength Equipment					
Bathrooms - Refurbish					
<b>Subtotal</b>	<b>\$0</b>	<b>\$18,926</b>	<b>\$0</b>	<b>\$23,519</b>	<b>\$0</b>
<b>Total</b>	<b>\$80,000</b>	<b>\$121,513</b>	<b>\$0</b>	<b>\$90,563</b>	<b>\$0</b>
<b>Closing Reserve Balance</b>	<b>\$292,500</b>	<b>\$274,710</b>	<b>\$386,845</b>	<b>\$413,368</b>	<b>\$539,768</b>
<b>Priority 1. Urgent</b>					
<b>Priority 2. Routine Maintenance</b>	\$80,000	\$25,878		\$90,563	
<b>Priority 3. Cosmetic</b>		\$95,635			
<b>Total</b>	<b>\$80,000</b>	<b>\$121,513</b>	<b>\$0</b>	<b>\$90,563</b>	<b>\$0</b>

## Property Reserve Planning & Administration

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YEARS 6 - 10	2013	2014	2015	2016	2017
Opening Reserve Balance	\$539,768	\$629,608	\$774,353	\$776,583	\$597,424
Annual Reserve Contribution	\$112,540	\$117,042	\$121,724	\$126,593	\$131,657
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$21,792	\$27,703	\$27,599	\$19,843	\$16,733
Subtotal	\$0	\$0	\$0	\$0	\$0

Building Exterior					
Roofing - Membrane					
Scaffolding					
Elastogum Paint	\$7,825				\$8,808
Air Con Unit					
Air Con Controls					
Windows - Restore				\$198,883	
Scaffolding				\$17,737	
Exterior Painting			\$98,390		
Balustrade - Repaint			\$48,703		
Exterior Tiles - Replace					
Access Control					
Access Control - Vehicle					
Building Exterior Lighting					
Signage					
Subtotal	\$7,825	\$0	\$147,093	\$216,620	\$8,808

Building Interior					
Diesel Pump					
Diesel Pump Controller					
Sprinkler Valves & Switches				\$29,295	
Fire Sprinkler Sys. - Refurbish					
Hydrant System					
Fire Alarm System - Refurbish				\$69,546	
Lift Refurbishment					
General fans					\$9,656
Car Park Fans - Replace					\$53,547
Supply Pump & Hydrovars	\$24,229				
Sump Pumps	\$5,599				
Hardware - Replace					
Interior Repainting					\$88,724
Carpet - Replace					\$23,974
Interior Tiles - Replace					
Interior Lighting - Replace					



## Property Reserve Planning & Administration

YEARS 6 - 10	2013	2014	2015	2016	2017
Surveillance Equipment					
Soft Goods - Replace					\$8,448
Hard Goods - Replace	\$6,839				
Letter Boxing					
Subtotal	\$36,667	\$0	\$0	\$98,841	\$184,349
Grounds					
Outdoor Lighting - Replace					
Asphalt - Reseal 40mm					
Sewerage Pump				\$10,134	
Sewerage Pump Controls					
Sand Filter					
Subtotal	\$0	\$0	\$0	\$10,134	\$0
Recreation					
Pool Resurface - Plaster					
Pool Resurface - Tiles					
Pool Filter - Replace					
Pool Pump - Replace					
Pool Heating - Replace					
Pool Chlorinator - Replace					
Pool Lighting - Replace					
Cardio Equipment					\$23,974
Strength Equipment					
Bathrooms - Refurbish					
Subtotal	\$0	\$0	\$0	\$0	\$23,974
Total	\$44,492	\$0	\$147,093	\$325,595	\$217,131
Closing Reserve Balance	\$629,608	\$774,353	\$776,583	\$597,424	\$528,683
Priority 1. Urgent					
Priority 2. Routine Maintenance	\$37,653		\$147,093	\$325,595	\$95,985
Priority 3. Cosmetic	\$6,839				\$121,146
Total	\$44,492	\$0	\$147,093	\$325,595	\$217,131

## Property Reserve Planning & Administration

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YEARS 11 - 15	2018	2019	2020	2021	2022
Opening Reserve Balance	\$528,683	\$688,868	\$713,455	\$892,943	\$431,104
Annual Reserve Contribution	\$136,923	\$142,400	\$148,096	\$154,020	\$160,181
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$23,262	\$24,067	\$31,392	\$11,678	\$13,644
Subtotal	\$0	\$0	\$0	\$0	\$0

Building Exterior					
Roofing - Membrane					
Scaffolding					
Elastogum Paint				\$9,913	
Air Con Unit				\$27,681	
Air Con Controls				\$6,276	
Windows - Restore					
Scaffolding					
Exterior Painting					\$121,006
Balustrade - Repaint					
Exterior Tiles - Replace				\$91,782	
Access Control				\$32,205	
Access Control - Vehicle				\$13,862	
Building Exterior Lighting		\$10,244			
Signage		\$5,369			
Subtotal	\$0	\$15,613	\$0	\$181,719	\$121,006

Building Interior					
Diesel Pump				\$51,398	
Diesel Pump Controller					
Sprinkler Valves & Switches					
Fire Sprinkler Sys. - Refurbish					
Hydrant System					
Fire Alarm System - Refurbish					
Lift Refurbishment				\$205,593	
General fans					
Car Park Fans - Replace					
Supply Pump & Hydrovars					
Sump Pumps					
Hardware - Replace		\$64,116			
Interior Repainting					
Carpet - Replace					
Interior Tiles - Replace				\$16,156	
Interior Lighting - Replace		\$58,829			

## Property Reserve Planning & Administration

YEARS 11 - 15	2018	2019	2020	2021	2022
Surveillance Equipment				\$21,603	
Soft Goods - Replace					
Hard Goods - Replace					
Letter Boxing				\$11,808	
<b>Subtotal</b>	<b>\$0</b>	<b>\$122,945</b>	<b>\$0</b>	<b>\$306,558</b>	<b>\$0</b>
Grounds					
Outdoor Lighting - Replace		\$3,322			
Asphalt - Reseal 40mm				\$43,234	
Sewerage Pump				\$11,748	
Sewerage Pump Controls				\$4,404	
Sand Filter					
<b>Subtotal</b>	<b>\$0</b>	<b>\$3,322</b>	<b>\$0</b>	<b>\$59,386</b>	<b>\$0</b>
Recreation					
Pool Resurface - Plaster				\$11,160	
Pool Resurface - Tiles				\$9,985	
Pool Filter - Replace				\$7,594	
Pool Pump - Replace				\$3,307	
Pool Heating - Replace				\$9,913	
Pool Chlorinator - Replace				\$3,757	
Pool Lighting - Replace				\$3,468	
Cardio Equipment					
Strength Equipment				\$13,949	
Bathrooms - Refurbish				\$16,741	
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79,874</b>	<b>\$0</b>
<b>Total</b>	<b>\$0</b>	<b>\$141,880</b>	<b>\$0</b>	<b>\$627,537</b>	<b>\$121,006</b>
Closing Reserve Balance	\$688,868	\$713,455	\$892,943	\$431,104	\$483,923
Priority 1. Urgent					
Priority 2. Routine Maintenance		\$141,880		\$615,729	\$121,006
Priority 3. Cosmetic				\$11,808	
<b>Total</b>	<b>\$0</b>	<b>\$141,880</b>	<b>\$0</b>	<b>\$627,537</b>	<b>\$121,006</b>

## Property Reserve Planning & Administration

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YEARS 16 - 20	2023	2024	2025	2026	2027
Opening Reserve Balance	\$483,923	\$671,804	\$874,615	\$835,126	\$818,611
Annual Reserve Contribution	\$166,588	\$173,252	\$180,182	\$187,389	\$194,885
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$21,293	\$29,559	\$27,603	\$26,603	\$36,019
Subtotal	\$0	\$0	\$0	\$0	\$0

### Building Exterior

Roofing - Membrane				\$200,887	
Scaffolding				\$16,001	
Elastogum Paint			\$11,156		
Air Con Unit					
Air Con Controls					
Windows - Restore					
Scaffolding					
Exterior Painting					
Balustrade - Repaint					
Exterior Tiles - Replace					
Access Control					
Access Control - Vehicle					
Building Exterior Lighting					
Signage					
Subtotal	\$0	\$0	\$11,156	\$216,888	\$0

### Building Interior

Diesel Pump					
Diesel Pump Controller					
Sprinkler Valves & Switches					
Fire Sprinkler Sys. - Refurbish					
Hydrant System					
Fire Alarm System - Refurbish					
Lift Refurbishment					
General fans					
Car Park Fans - Replace					
Supply Pump & Hydrovars			\$34,545		
Sump Pumps			\$7,985		
Hardware - Replace					
Interior Repainting			\$112,395		
Carpet - Replace			\$30,370		
Interior Tiles - Replace					
Interior Lighting - Replace					

## Property Reserve Planning & Administration

YEARS 16 - 20	2023	2024	2025	2026	2027
Surveillance Equipment					
Soft Goods - Replace			\$10,702		
Hard Goods - Replace			\$9,751		
Letter Boxing					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$205,748</b>	<b>\$0</b>	<b>\$0</b>
Grounds					
Outdoor Lighting - Replace					
Asphalt - Reseal 40mm					
Sewerage Pump				\$13,619	
Sewerage Pump Controls					
Sand Filter					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,619</b>	<b>\$0</b>
Recreation					
Pool Resurface - Plaster					
Pool Resurface - Tiles					
Pool Filter - Replace					
Pool Pump - Replace					
Pool Heating - Replace					
Pool Chlorinator - Replace					
Pool Lighting - Replace					
Cardio Equipment			\$30,370		
Strength Equipment					
Bathrooms - Refurbish					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,370</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$247,274</b>	<b>\$230,507</b>	<b>\$0</b>
<b>Closing Reserve Balance</b>	<b>\$671,804</b>	<b>\$874,615</b>	<b>\$835,126</b>	<b>\$818,611</b>	<b>\$1,049,515</b>
Priority 1. Urgent					
Priority 2. Routine Maintenance			\$247,274	\$230,507	
Priority 3. Cosmetic					
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$247,274</b>	<b>\$230,507</b>	<b>\$0</b>

## Property Reserve Planning & Administration

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YEARS 21 - 25	2028	2029	2030	2031	2032
Opening Reserve Balance	\$1,049,515	\$1,298,374	\$1,320,899	\$1,598,237	\$796,485
Annual Reserve Contribution	\$202,680	\$210,787	\$219,218	\$227,987	\$237,106
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$46,179	\$46,786	\$58,120	\$23,960	\$35,045
Subtotal	\$0	\$0	\$0	\$0	\$0

### Building Exterior

Roofing - Membrane

Scaffolding

Elastogum Paint

\$12,557

Air Con Unit

Air Con Controls

\$8,436

Windows - Restore

\$309,852

Scaffolding

\$27,633

Exterior Painting

\$148,822

Balustrade - Repaint

\$73,669

Exterior Tiles - Replace

Access Control

\$43,281

Access Control - Vehicle

\$18,629

Building Exterior Lighting

Signage

Subtotal	\$0	\$235,048	\$0	\$407,831	\$0
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### Building Interior

Diesel Pump

Diesel Pump Controller

\$35,527

Sprinkler Valves & Switches

\$45,639

Fire Sprinkler Sys. - Refurbish

\$149,990

Hydrant System

\$82,891

Fire Alarm System - Refurbish

\$108,350

Lift Refurbishment

General fans

Car Park Fans - Replace

Supply Pump & Hydrovars

Sump Pumps

Hardware - Replace

Interior Repainting

Carpet - Replace

Interior Tiles - Replace

Interior Lighting - Replace

Property Reserve Planning & Administration

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YEARS 21 - 25	2028	2029	2030	2031	2032
Surveillance Equipment				\$29,033	
Soft Goods - Replace					
Hard Goods - Replace					
Letter Boxing					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$451,430</b>	<b>\$0</b>
Grounds					
Outdoor Lighting - Replace					
Asphalt - Reseal 40mm					
Sewerage Pump				\$15,788	
Sewerage Pump Controls				\$5,917	
Sand Filter				\$130,257	
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$151,962</b>	<b>\$0</b>
Recreation					
Pool Resurface - Plaster				\$14,999	
Pool Resurface - Tiles					
Pool Filter - Replace					
Pool Pump - Replace				\$4,443	
Pool Heating - Replace				\$13,322	
Pool Chlorinator - Replace				\$5,051	
Pool Lighting - Replace				\$4,661	
Cardio Equipment					
Strength Equipment					
Bathrooms - Refurbish					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,476</b>	<b>\$0</b>
<b>Total</b>	<b>\$0</b>	<b>\$235,048</b>	<b>\$0</b>	<b>\$1,053,699</b>	<b>\$0</b>
<b>Closing Reserve Balance</b>	<b>\$1,298,374</b>	<b>\$1,320,899</b>	<b>\$1,598,237</b>	<b>\$796,485</b>	<b>\$1,068,636</b>
Priority 1. Urgent					
Priority 2. Routine Maintenance		\$235,048		\$1,053,699	
Priority 3. Cosmetic					
<b>Total</b>	<b>\$0</b>	<b>\$235,048</b>	<b>\$0</b>	<b>\$1,053,699</b>	<b>\$0</b>

## Property Reserve Planning & Administration

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YEARS 26 - 30	2033	2034	2035	2036	2037
Opening Reserve Balance	\$1,068,636	\$998,480	\$1,298,867	\$1,622,729	\$1,761,313
Annual Reserve Contribution	\$246,590	\$256,454	\$266,712	\$277,380	\$288,475
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$31,689	\$43,933	\$57,150	\$62,541	\$62,890
Subtotal	\$0	\$0	\$0	\$0	\$0

Building Exterior					
Roofing - Membrane					
Scaffolding					
Elastogum Paint	\$14,134				\$15,908
Air Con Unit					
Air Con Controls					
Windows - Restore					
Scaffolding					
Exterior Painting				\$183,034	
Balustrade - Repaint					
Exterior Tiles - Replace					
Access Control					
Access Control - Vehicle					
Building Exterior Lighting					\$17,439
Signage					\$9,140
Subtotal	\$14,134	\$0	\$0	\$183,034	\$42,487

Building Interior					
Diesel Pump					
Diesel Pump Controller					
Sprinkler Valves & Switches					
Fire Sprinkler Sys. - Refurbish					
Hydrant System					
Fire Alarm System - Refurbish					
Lift Refurbishment					
General fans	\$15,494				
Car Park Fans - Replace	\$85,927				
Supply Pump & Hydrovars					\$49,249
Sump Pumps					\$11,388
Hardware - Replace					\$109,155
Interior Repainting	\$142,379				
Carpet - Replace	\$38,472				
Interior Tiles - Replace					
Interior Lighting - Replace					\$100,154



Property Reserve Planning & Administration

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YEARS 26 - 30	2033	2034	2035	2036	2037
Surveillance Equipment					
Soft Goods - Replace	\$13,557				
Hard Goods - Replace					\$13,903
Letter Boxing					
<b>Subtotal</b>	<b>\$295,829</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$283,849</b>
Grounds					
Outdoor Lighting - Replace					\$5,657
Asphalt - Reseal 40mm					
Sewerage Pump				\$18,303	
Sewerage Pump Controls					
Sand Filter					
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,303</b>	<b>\$5,657</b>
Recreation					
Pool Resurface - Plaster					
Pool Resurface - Tiles					
Pool Filter - Replace					
Pool Pump - Replace					
Pool Heating - Replace					
Pool Chlorinator - Replace					
Pool Lighting - Replace					
Cardio Equipment	\$38,472				
Strength Equipment					
Bathrooms - Refurbish					
<b>Subtotal</b>	<b>\$38,472</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>	<b>\$348,435</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,337</b>	<b>\$331,993</b>
Closing Reserve Balance	\$998,480	\$1,298,867	\$1,622,729	\$1,761,313	\$1,780,685
Priority 1. Urgent					
Priority 2. Routine Maintenance	\$348,435			\$201,337	\$331,993
Priority 3. Cosmetic					
<b>Total</b>	<b>\$348,435</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,337</b>	<b>\$331,993</b>

**DISCLOSURES, ACCURACY & LIMITATIONS**

Reserve Studies prepared by Property Reserve Planning & Administration Limited (“the Company” and “we”) are prepared with the greatest of care and attention. We do not however have any control over future events and cannot therefore fully predict that all the events we anticipate will occur as planned or that events that are not anticipated will not occur.

We have endeavoured to take into account future economic possibilities and where relevant have made reasonable estimates for them rather than ignore them. For example we anticipate that inflationary trends will continue and that financial institutions will provide interest earnings on funds on deposit. What we can control are measurements and we have attempted to establish them within 5% accuracy. We have relied on figures that you have given us such as your Reserve Balance (or projected Reserve Balance) and current Reserve interest as being accurate without independent research.

We have assumed in our predictions a stable economic environment without terrorist or civil disturbance or natural disasters. Due to the increasing possibilities of inaccuracy of predictions which are given too far into the future due to changes such as changes in the legislative and regulatory environment, changes in the economic environment in the wider community, changes in the physical and financial status of the Body Corporate, changes in expectations of the owners and occupiers, the Reserve Study is essentially a “one year” document which should be updated annually as part of an ongoing Reserve Study Update programme.

Given the relatively long anticipated life of the building and the anticipated useful life of component parts of the building the Reserve Study will however indicate long term anticipated expenses over the ensuing 30 years but we fully expect that such long term anticipated expenses will require a number of adjustments in the intervening years as to both the actual cost and the timing of such expenditure.

It is the recommendation of the Company and relevant industry professionals (Body Corporate Administrators, Chartered Accountants and Actuaries) that your Reserve Study be updated annually.

The Company and its employees are independent of the client and other than this Reserve Study engagement has no ownership, management or other business relationship with you, the Client.

There are no material issues known to the Company that have not been disclosed to you which would affect the decision of the Body Corporate to engage the Company.

The Company has relied on you providing us with your current or projected Reserve Balance, the estimated net-after-tax current rate of interest earnings and to indicate if those earnings accrue to the Reserve Fund and has considered such representations by you to be accurate and reliable. Where you have made any physical assessments in relation to the property and attended to your own measurements and supplied us with such information we have relied upon such physical assessments and measurements supplied by you as being accurate.

We also have considered that representations made by vendors and suppliers of goods and services to be accurate and reliable.

Your attention is also drawn to the Limitations of Report relating to the physical Building Inspection below.

## **LIMITATIONS OF REPORT – Building Surveys**

### **Introduction**

This document is to be read in conjunction with Property Reserve Planning Limited's letter, which confirms details of the survey being completed, the fees applicable and any appointment of sub-consultants.

### **Scope of Inspection**

The inspection of the property will be visual and non-intrusive. We do not inspect parts of a property or services which are built in, covered up or otherwise inaccessible. We are unable to report that any such parts of a property are free from corrosion, rot or other defects.

Notwithstanding this, we make recommendations for further investigation, opening up and testing to establish the condition of concealed building elements. The implementation of further investigation will be subject to additional fees unless otherwise indicated.

Unless specifically instructed, we do not inspect or test any mechanical, heating, electrical, water or drainage installations. Where appropriate we will make recommendations in relation to the completion of specialist inspections by professional engineers.

The presence of impurities in glazing (e.g. Nickel sulphide), which can cause spontaneous fracture cannot be confirmed.

Items regarded as tenant fixtures or fittings are excluded from our inspection and report.

### **Deleterious Materials**

We will advise if there is a significant possibility that deleterious and / or hazardous materials exist at the property. Unless otherwise instructed, we do not undertake or commission specialist inspection or testing to confirm the extent and / or precise nature of any deleterious or hazardous materials present.

### **Site Contamination / Environmental Inspection**

Whilst we may comment on the possible existence of contamination and / or pollution on the site, our report does not constitute an environmental audit or survey. Nothing contained within our report should be treated as a statement regarding the presence of any contamination, pollution or flooding issues or risks, or that the property or any process carried out thereon complies with existing or proposed environmental legislation or best practice. We are able to comment on the energy performance of buildings, if specifically instructed to do so. An appropriate level of environmental survey by specialists is recommended. Low frequency electronic fields; electro-magnetic radiation, toxic mould or other similar issues will not normally be commented on.

No searches are made, unless specified, to establish that a property is not likely to be affected by subsidence as a result of mining or tunnelling operations. Unless specifically indicated, mining, geological and soil investigation reports are not undertaken.

### **Compliance**

We undertake a general review of the state of compliance with statutory requirements such as the Building Act and New Zealand Building Code. Our report will contain observations and opinions of a general nature only. If specifically instructed, we are able to complete a more in depth study and risk assessment, subject to agreement of an additional fee.

We assume that, unless otherwise stated, all necessary permanent planning and other consents, approvals and permissions have been obtained.

### **Title**

We do not ascertain information in respect to neighbour disputes or claims. We may, if appropriate, comment on major risks relating to rights of way noted during the course of our inspection. Such comments are not exhaustive and separate legal advice in relation to all matters of title and legal documentation, including easements and rights is strongly recommended.

### **Costings**

We will provide advice on the likely budget costs associated with items contained in our report. These are provided for guidance and are not based on contractor's estimates. Unless otherwise stated, figures exclude professional fees and GST and do not allow for future inflation.

### **Reinstatement Cost Assessment**

Where requested, we can provide a reinstatement costs assessment for insurance purposes, for guidance purposes only. Unless otherwise agreed, this will be based on agent's information and we do not undertake our own measurements on site. We are able to complete a full reinstatement valuation if required, subject to a separate fee.

### **Reproduction and Use**

Property Reserve Planning reports are for the use of the party to whom they are addressed and are to be used only for the purposes for which they are prepared, in line with the instructions received. Disclosure to other professional advisors is permitted where this relates to a similar purpose. No responsibility is assumed or implied to any third party for the whole or any part of the contents.

Neither the whole nor any part of the report or any reference thereto, may be published in any form with the express written approval of Property Reserve Planning Limited.

The client will place no reliance in any draft reports and / or incomplete documents and verbal advice.

Property Reserve Planning  
& Administration Ltd

18<sup>th</sup> August 2009