

Wednesday, 4 July 2007

The Owners - Strata Plan Number
C/- Strata Management Company
Address

PROPERTY ADDRESS
SINKING FUND FORECAST REPORT

For the attention of: Strata Manager

Dear Strata Manager,

In accordance with your instructions we have prepared a 10-year sinking fund forecast report for the above property and enclose herewith our report for use by the Strata Management and Owners Corporation.

This report has been based upon a site inspection. Our estimate of sinking fund levies is intended to provide a sufficient indication of monetary reserves for long term maintenance and repair of the building as well as replacement of common property items, in accordance with requirements of relevant legislation.

If you have any queries or would like further information regarding the attached report, please contact either Kenneth Yu or Michael Wong at our office.

Yours faithfully,

Washington Brown Group



ABN 11 101 242 497

ACN 101 242 497



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Level 2, 270 Pacific Highway
Crows Nest NSW 2065

Melbourne
Level 2, 222 Latrobe Street
Melbourne VIC 3000

Brisbane
Level 23, 127 Creek Street
Brisbane QLD 4000

Perth
Suite 88, City West Centre
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West Perth WA 6005

Cairns
129A Lake Street
Cairns QLD 4870

Adelaide
213 Greenhill Road
Eastwood SA 5063

Hobart
127 Bathurst Street
Hobart Tasmania 7000

SINKING FUND FORECAST

FOR

PROPERTY ADDRESS



DATE: Wednesday, 16 May 2007
JOB REFERENCE: S9985-54 LOTS

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1.0 PURPOSE AND USE OF SINKING FUND FORECAST

The purpose of this report is intended to provide a sinking fund forecast for the Owners Corporation to allow sufficient monetary reserves for the long-term maintenance and repair of the building as well as replacement of common property items in accordance with the requirements set out in the NSW Strata Schemes Management Amendment Act 2004.

The aim is to ensure that the sinking fund levies indicated will provide the Owners Corporation sufficient information to better plan their finances to minimise the future risk of insufficient funds on expensive repairs to the property. This report shall not be used by any other party or for any other purpose whatsoever.

This is not a structural report nor does it identify any building or design defects. Any expenditure required either directly or indirectly as a result in structural, building or design defects are not covered by this report nor is any expenditure resulting in accidental damage.

2.0 INFORMATION USED

The annual funding requirement for items indicated within this report has been estimated in line with the standard requirements for a building of this nature.

We have based our estimates upon, in part, on the following information:

- a) Site inspection on the dd/mm/yy.
- b) Strata Plan XXXX registered on the dd/mm/yyyy.

3.0 CONTINGENCY

The contingency sum has been included to allow for unforeseen expenses that may arise during the life of this forecast.

4.0 SINKING FUND BALANCE

The sinking fund balance used in this forecast is \$136,979.81 as at the 'date' as advised by the strata manager.

5.0 FORECAST PERIOD

This report projects the likely levies within a ten-year period. The current legislation requires the forecast be reviewed every five years. However, we recommend that an annual review of the sinking fund forecast take place to incorporate any changes arising from extraordinary expenditure, inflation, local market factors and the general condition of building.

6.0 ADMINISTRATION FUND - EXCLUDED

The cost of maintenance contract items are normally included within the administration fund, therefore they are excluded within sinking fund forecasts.

These items include, but are not expressly limited to:

- Garden maintenance
- Cleaning
- Pest and termite control
- Testing of fire services
- Minor plumbing works

7.0 METHODOLOGY

The sinking fund forecast provides the necessary funding requirements to facilitate repair and where necessary replacement to the original standard of the property including common property items that are the responsibility of the Owners Corporation.

It covers expenditure of a capital or non-recurrent nature including periodic replacement of major capital items and other spending that may reasonably be met for capital. It does not include expenditure on capital improvements.

We have determined, as qualified quantity surveyors, the expected life of the items indicated and the years until replacement to the best of our knowledge.

No allowance has been made in respect to any potential change of use of the property or for obsolescence either functionally or technologically.

The following items (where applicable) have a life span similar to the building structure and have been excluded from this report, except as noted below:

- Electrical distribution gear and circuits
- Air conditioning ductwork and plant platforms
- Water, Fire & Gas mains supply pipe work and fittings
- Wall render - except minor repairs
- Roller shutter doors - except repairs
- Concrete structures
- Site drainage - except major repairs
- Tiling - except major repairs

The figures within this report have been calculated using the estimated current replacement cost of each component and apportioning this cost over its projected remaining life and adding an average annual construction increase of 3.69% that is based upon the average rate of increase on the building price index over the past 10 years.

All construction costs within this report include for the allowance of GST at the rate of 10%.

8.0 SINKING FUND AVAILABLE FUNDS FLOW

The sinking fund available funds flow shows the total available funds over a ten-year period. It is calculated by deducting the forecast annual expenditure from the carried forward balance of the previous year's sinking fund budget (as applicable) and the budgeted annual contributions. The amounts indicated do not take into consideration interest and taxation. Please note that our report is based on a 10 year forecast period. The forecast takes into account the replacement and maintenance requirements of the building over a 10 year period.

Refer to the following Sinking Fund available Funds Flow - Table 1.



SINKING FUND AVAILABLE FUNDS FLOW

Property : PROPERTY ADDRESS

Report Date : 04 July 2007



Yearly budgeted annual contribution period starting from:	1-Jul-07	1-Jul-08	1-Jul-09	1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14	1-Jul-15	1-Jul-16
Yearly budgeted annual contribution period ending at:	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17
Balance From Previous Fund	\$136,980									
Balance Brought Forward	NIL	\$207,685	\$278,483	\$345,352	\$418,132	\$476,397	\$564,483	\$650,420	\$676,339	\$776,101
Budgeted Annual Contributions	\$84,403	\$87,633	\$90,987	\$94,470	\$98,085	\$101,784	\$105,536	\$109,426	\$113,460	\$117,642
Deduct - Previous Sinking Fund (\$ 136979.81 / 10 years)	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698	-\$13,698
Sub-Total - Actual Annual Contributions	\$70,705	\$73,935	\$77,289	\$80,772	\$84,387	\$88,086	\$91,838	\$95,728	\$99,762	\$103,944
Deduct - End of Year Expenditure	NIL	-\$3,137	-\$10,421	-\$7,991	-\$26,122	NIL	-\$5,901	-\$69,809	NIL	-\$28,981
Total available funds as of the year ending:	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17
Total - Available Funds	\$207,685	\$278,483	\$345,352	\$418,132	\$476,397	\$564,483	\$650,420	\$676,339	\$776,101	\$851,064

TABLE 1

9.0 SUMMARY OF BUILDING DATA -
PROPERTY ADDRESS

Year of construction	1970's
Total number of lots	54
Total number of lot entitlements	100000
Rate of inflation included (Based on a 10 year average of the building price index)	3.69%
Forecast period	10 years
Contingency for unforeseen expenses	5%
Current sinking fund balance	\$136,980
Current sinking fund levy per unit entitlement	Not provided
Proposed sinking fund levy per unit entitlement	\$0.84
Total sinking fund levy per unit entitlement over 10 years	\$10.03

10.0 SINKING FUND BUDGET

The Sinking Fund Budget (SFB) provides our assessment of items requiring expenditure of a capital or non-recurrent nature.

“R” on the following SFB indicates the year on which expense is anticipated to occur (the actual year of expenditure may vary due to site specific conditions).

The number of years until replacement and remaining life of a SFB item is an assessment of the date a budgeted event is forecast to occur, taking into account our opinion of one or more of the following:

- The current age and condition of the item;
- The suitability of the item for its intended purpose;
- The estimated remaining life of the item;

Refer to the following Sinking fund Budget - Table 2.

SINKING FUND BUDGET



Property : PROPERTY ADDRESS

Report Date : 04 July 2007

Building Inflation Rate Used : 3.69%
Aggregate Lot Entitlement / Number of Lots : 100000 / 54

ITEMS	Years until replacement	Estimated Remaining Life	Current Cost 01-Jul-07	ANNUAL REQUIREMENT											
				R - indicates expected year of replacement											
				1-Jul-07	R 1-Jul-08	R 1-Jul-09	R 1-Jul-10	R 1-Jul-11	R 1-Jul-12	R 1-Jul-13	R 1-Jul-14	R 1-Jul-15	R 1-Jul-16		
Air Conditioning & Mechanical Ventilation :															
(a) Ventilating plant - carpark areas	10	25	21,192	2,119	2,197	2,278	2,362	2,449	2,540	2,633	2,730	2,831	2,935	R	
(b) Ventilating wet areas	10	25	3,300	330	342	355	368	381	395	410	425	441	457	R	
Electrical Machinery and Equipment :															
(a) Emergency lighting & exit signs (repair)	8	20	7,838	980	1,016	1,053	1,092	1,132	1,174	1,217	1,262	R 749	777		
(b) Site lighting (repair)	10	15	5,500	550	570	591	613	636	659	683	709	735	762	R	
Fire Control and Alarm Systems :															
(a) Alarms system	8	20	2,599	325	337	349	362	375	389	404	419	R 248	258		
(b) Indicator panel	8	20	12,980	1,623	1,682	1,744	1,809	1,875	1,944	2,016	2,090	R 1,241	1,286		
(c) Fire extinguishers	8	20	2,142	268	278	288	298	309	321	333	345	R 205	212		
(d) Fire hose reels	8	20	15,550	1,944	2,015	2,090	2,167	2,247	2,329	2,415	2,504	R 1,486	1,541		
(e) Automatic fire sprinklers	8	20	20,183	2,523	2,616	2,712	2,812	2,916	3,023	3,135	3,250	R 1,929	2,000		
(f) Stair pressurisation	10	30	48,840	4,884	5,064	5,251	5,444	5,645	5,853	6,069	6,293	6,524	6,765	R	
Floor Finishes :															
(a) Tiles (repairs)	10	10	9,086	909	942	977	1,013	1,050	1,089	1,129	1,171	1,214	1,259	R	
(b) Carpet - general areas & passages	4	10	7,563	1,891	1,960	2,033	2,108	R 1,061	1,100	1,141	1,183	1,226	1,271		
Furniture and Fittings :															
(a) Information signs (including fire signage)	5	15	4,472	894	927	961	997	1,034	R 471	489	507	526	545		
(b) Loose furniture	12	15	3,850	321	333	345	358	371	384	399	413	429	444		
Hardware and Mechanical Door Closers															
(a) Door hardware	2	10	3,080	1,540	1,597	R 402	417	432	448	465	482	499	518		
(b) Entry roller shutter - motor and control gear	3	8	4,070	1,357	1,407	1,459	R 665	690	715	741	769	797	827		
(c) Automatic sliding door operator	7	10	5,280	754	782	811	841	872	904	937	R 826	856	888		

SINKING FUND BUDGET



Washington Brown Group

Property : PROPERTY ADDRESS

Building Inflation Rate Used : 3.69%

Report Date : 04 July 2007

Aggregate Lot Entitlement / Number of Lots : 100000 / 54

ITEMS	Years until replacement	Estimated Remaining Life	Current Cost 01-Jul-07	ANNUAL REQUIREMENT																				
				R - indicates expected year of replacement																				
				1-Jul-07	R	1-Jul-08	R	1-Jul-09	R	1-Jul-10	R	1-Jul-11	R	1-Jul-12	R	1-Jul-13	R	1-Jul-14	R	1-Jul-15	R	1-Jul-16	R	
Landscaping and External Works :																								
(a) Steel fence (repair)	10	20	2,200	220		228		237		245		254		264		273		283		294		305		R
(b) Garden watering system (repair)	10	15	726	73		75		78		81		84		87		90		94		97		101		R
(c) Plumbing & drainage (Major repair)	10	20	5,500	550		570		591		613		636		659		683		709		735		762		R
(d) Paving (repairs)	5	10	3,044	609		631		655		679		704	R	443		459		476		494		512		
(e) Gate (repair)	12	15	480	40		41		43		45		46		48		50		52		53		55		
Lifts and Elevators :																								
(a) Lifts	25	30	299,200	11,968		12,409		12,867		13,341		13,833		14,343		14,871		15,420		15,988		16,577		
(b) Interiors	15	20	26,400	1,760		1,825		1,892		1,962		2,034		2,109		2,187		2,268		2,351		2,438		
Painting & Patching																								
(a) External Walls & Building Surrounds	18	20	138,481	7,693		7,977		8,271		8,576		8,892		9,220		9,560		9,912		10,278		10,656		
(b) Internal walls - lift lobbies and corridors	5	10	14,000	2,800		2,903		3,010		3,121		3,236	R	2,036		2,111		2,189		2,270		2,354		
(c) Internal plasterboard ceilings - lift lobbies and corridors	10	20	1,650	165		171		177		184		191		198		205		213		220		229		R
(d) Firestairs and passages	15	30	10,560	704		730		757		785		814		844		875		907		941		975		
(e) Basement area	13	15	3,381	260		270		280		290		301		312		323		335		347		360		
(f) Carparking Line Marking	3	10	1,246	415		431		446	R	169		175		181		188		195		202		209		
Pumps :																								
(a) Fire services	10	25	24,750	2,475		2,566		2,661		2,759		2,861		2,966		3,075		3,189		3,306		3,428		R
(b) Sump and submersible	10	15	10,560	1,056		1,095		1,135		1,177		1,221		1,266		1,312		1,361		1,411		1,463		R
Roller Shutters and Entry Gates :																								
(a) Entry roller shutter (repair)	3	8	4,730	1,577		1,635		1,695	R	773		802		831		862		893		926		961		

SINKING FUND BUDGET



Property : PROPERTY ADDRESS

Report Date : 06 July 2007

Building Inflation Rate Used : 3.69%
Aggregate Lot Entitlement / Number of Lots : 100000 / 54

ITEMS	Years until replacement	Estimated Remaining Life	Current Cost 01-Jul-07	ANNUAL REQUIREMENT											
				R - indicates expected year of replacement											
				1-Jul-07 R	1-Jul-08 R	1-Jul-09 R	1-Jul-10 R	1-Jul-11 R	1-Jul-12 R	1-Jul-13 R	1-Jul-14 R	1-Jul-15 R	1-Jul-16 R		
Refurbishments :															
(a) Lobby refurbishment	15	30	56,925	3,795	3,935	4,080	4,230	4,386	4,548	4,716	4,889	5,070	5,257		
(b) Toilet refurbishment	15	30	207,836	13,856	14,367	14,896	15,445	16,015	16,605	17,217	17,852	18,510	19,192		
(c) Kitchenette refurbishment	15	30	21,278	1,419	1,471	1,525	1,581	1,640	1,700	1,763	1,828	1,895	1,965		
Roofing :															
(a) Metal roof sheeting (repair)	10	20	4,769	477	494	513	532	551	571	593	614	637	660 R		
(b) Gutters & downpipes (repair)	10	20	3,647	365	378	392	406	421	437	453	470	487	505 R		
(c) Membrane (repair)	15	25	12,634	842	873	906	939	974	1,009	1,047	1,085	1,125	1,167		
Security Systems and Equipment :															
(a) Security camera system (repair)	10	15	16,734	1,673	1,735	1,799	1,865	1,934	2,005	2,079	2,156	2,235	2,318 R		
(b) Carpark entry access system (repair)	5	10	2,750	550	570	591	613	636 R	400	415	430	446	462		
CONTINGENCY	5	5	52,550	10,510	10,897	11,299	11,716	12,148 R	14,022	14,539	15,075	15,630	16,206 R		

TOTAL ANNUAL SINKING FUND CONTRIBUTION	89,062	92,345	94,495	95,852	98,261	100,844	104,562	108,270	107,885	111,861
TOTAL ANNUAL SINKING FUND CONTRIBUTION, PER UNIT ENTITLEMENT	0.89	0.92	0.94	0.96	0.98	1.01	1.05	1.08	1.08	1.12

TOTAL ANNUAL SINKING FUND EXPENSE		3,137	10,421	7,991	26,122		5,901	69,809		28,981
TOTAL ANNUAL SINKING FUND EXPENSE, PER UNIT ENTITLEMENT		0.03	0.10	0.08	0.26		0.06	0.70		0.29

AVERAGE SINKING FUND CONTRIBUTION PA	84,403	87,633	90,987	94,470	98,085	101,784	105,536	109,426	113,460	117,642
AVERAGE SINKING FUND CONTRIBUTION PA, PER UNIT ENTITLEMENT	0.84	0.88	0.91	0.94	0.98	1.02	1.06	1.09	1.13	1.18

12.0 TEN YEAR AVAILABLE FUNDS FLOW CHART

The 10 Year Available Funds Flow Chart shows the Sinking Fund Available Funds Flow annual balance over twenty years.

This chart presents a year by year graphical representation of the Sinking Fund account balance indicating the periodical trends of fund accumulation and expenditure.

Refer to the following 10 Year available Funds Flow Chart.

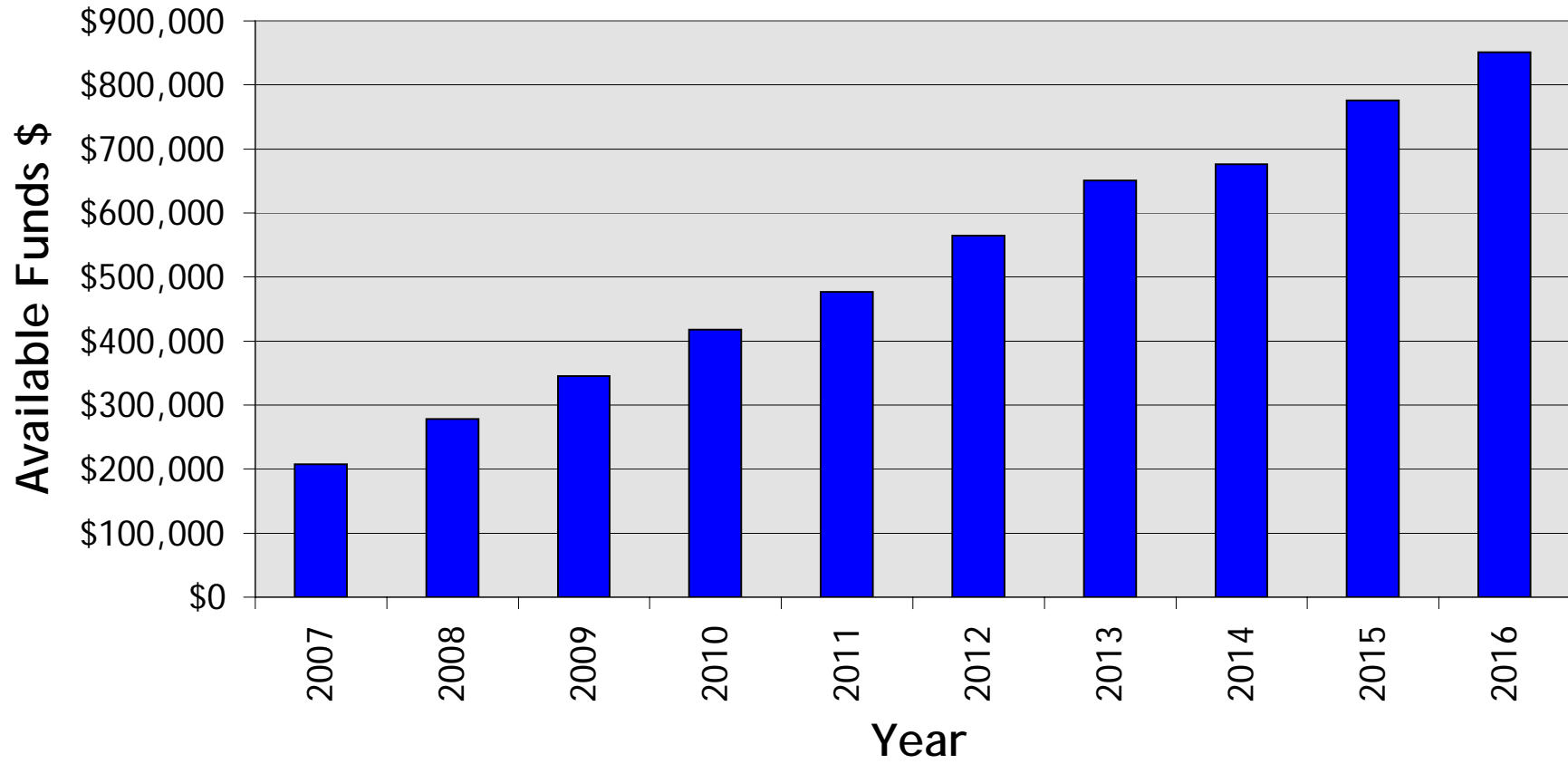


TEN YEAR AVAILABLE FUNDS FLOW CHART

Property : PROPERTY ADDRESS



Report Date : 04 July 2007



GRAPH 1