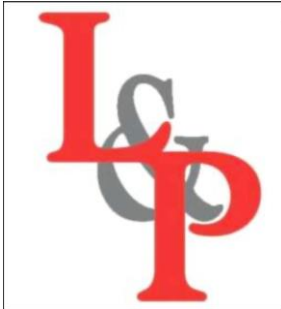


CAPITAL REPLACEMENT FORECAST



LAKES RESIDENTIAL RETIREMENT VILLAGE

at 33 EMILY STREET, INNISFAIL

Job No. 42659 / 67122

Prepared by L&P Quantity Surveyor

David Leary FAIQS ICECA

Report Date: 12 May 2022

Leary & Partners Pty Ltd

ABN 010 134 148

Quantity Surveyors



Asset Management Consultants

Taxation Depreciation Consultants

Registered Tax Agent 53798007

SUMMARY OF ESTIMATED EXPENDITURE

LAKES RESIDENTIAL RETIREMENT VILLAGE

15 Year Forecast

- Supplied information:
- the first forecast year is to commence on 01 Jul 2022
 - a GST credit is available for expenses paid from this fund
- Assumed calculation parameters:
- average annual increase in costs over forecast period of 5.00%

For the 12 month period	Estimated Expenditure
2022-23	\$112,265
2023-24	\$151,725
2024-25	\$181,359
2025-26	\$157,992
2026-27	\$127,038
2027-28	\$135,071
2028-29	\$157,231
2029-30	\$152,147
2030-31	\$156,756
2031-32	\$804,672
2032-33	\$177,266
2033-34	\$84,205
2034-35	\$76,933
2035-36	\$66,353
2036-37	\$90,640

LEGEND: Rate is in current \$ values, First Required (FR) is year item first occurs, Repeat Cycle (RC) shows frequency of recurrence.

ESTIMATED EXPENDITURE					FR	RC	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	
Item	Description	Unit	Qty	Rate	Yr	Yrs	30.06.23	30.06.24	30.06.25	30.06.26	30.06.27	30.06.28	30.06.29	30.06.30	30.06.31	30.06.32
							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Building															
#1	Replace CCTV cameras (approx. 30%)	Item		4,155	3	3			4,765			5,516			6,385	
#2	Replace CCTV DVR & monitor	Item		2,179	8	10								3,189		
	External															
#3	Replace bollard lights (approx. 15%)	No.	3	421	2	2		1,379		1,520		1,676		1,848		2,037
#4	Replace clothes lines (approx 10%)	No.	3	341	3	4			1,174				1,427			
#5	Replace concrete garden edges (approx 50%)	m	38	34	1	12	1,348									
#6	Replace external light fittings	No.	3	268	1	5	836					1,067				
#7	Replace gardening equipment (approx 20%)	Item		1,001	1	2	1,042		1,149		1,267		1,397		1,540	
#8	Replace letterbox numbers & letters	No.	30	21	2	10		696								
#9	Replace letterboxes	No.	30	136	2	15		4,472								
#10	Replace pergola roof structure	Item		29,684	2	1		32,429	34,050	35,753						
#11	Replace security lights (approx 50%)	No.	8	170	2	8		1,482								2,190
#12	Replace underground pipework (approx. 10%)	Item		7,677	4	8				9,247						
#13	Replace village signage	Item		1,569	3	15			1,800							
	QS fee															
#14	Quantity Surveyor fee (extra for inspect)	Item		1,343	2	3		1,466			1,697			1,964		
#15	Quantity Surveyor fee (non-inspect)	Item		478	1	1	497	522	548	575	604	634	666	699	734	771
	Reinstatement															
#16	Reinstate unit - general refurbishment (1 unit)	Item		2,730	9	1									4,197	4,407
#17	Reinstate unit - major refurbishment (2 units)	Item		74,941	1	1	77,970	81,869	85,962	90,260	94,773	99,512	104,488	109,712	115,198	120,958
	Units															
#18	Replace air conditioners (approx 2.5%)	No.	1	1,869	1	1	1,945	2,042	2,144	2,251	2,364	2,482	2,606	2,736	2,873	3,017
#19	Replace aluminium window hardware (approx. 10%)	No.	8	104	2	2		908		1,001		1,104		1,217		1,342
#20	Replace ceiling fans	Item		879	1	1	915	961	1,009	1,059	1,112	1,168	1,226	1,287	1,351	1,419
#21	Replace cooktops (approx. 2.5%)	No.	1	970	2	2		1,060		1,169		1,289		1,421		1,567
#22	Replace door frame (approx. 5%)	No.	3	780	3	2			2,685		2,960		3,263		3,597	
#23	Replace door hardware (approx. 5%)	No.	3	484	1	1	1,511	1,587	1,666	1,749	1,836	1,928	2,024	2,125	2,231	2,343
#24	Replace downpipes (approx. 30%)	m	47	82	1	12	3,992									
#25	Replace eaves gutters (approx. 30%)	m	142	69	1	12	10,205									
#26	Replace electric hot water unit (approx. 10%)	No.	3	1,617	1	1	5,047	5,299	5,564	5,842	6,134	6,441	6,763	7,101	7,456	7,829
#27	Replace metal roof sheeting	m2	4,523	97	10	One off										705,947
#28	Replace quarry tiles to unit entrances	Item		32,195	3	One off			36,930							

LEGEND: Rate is in current \$ values, First Required (FR) is year item first occurs, Repeat Cycle (RC) shows frequency of recurrence.

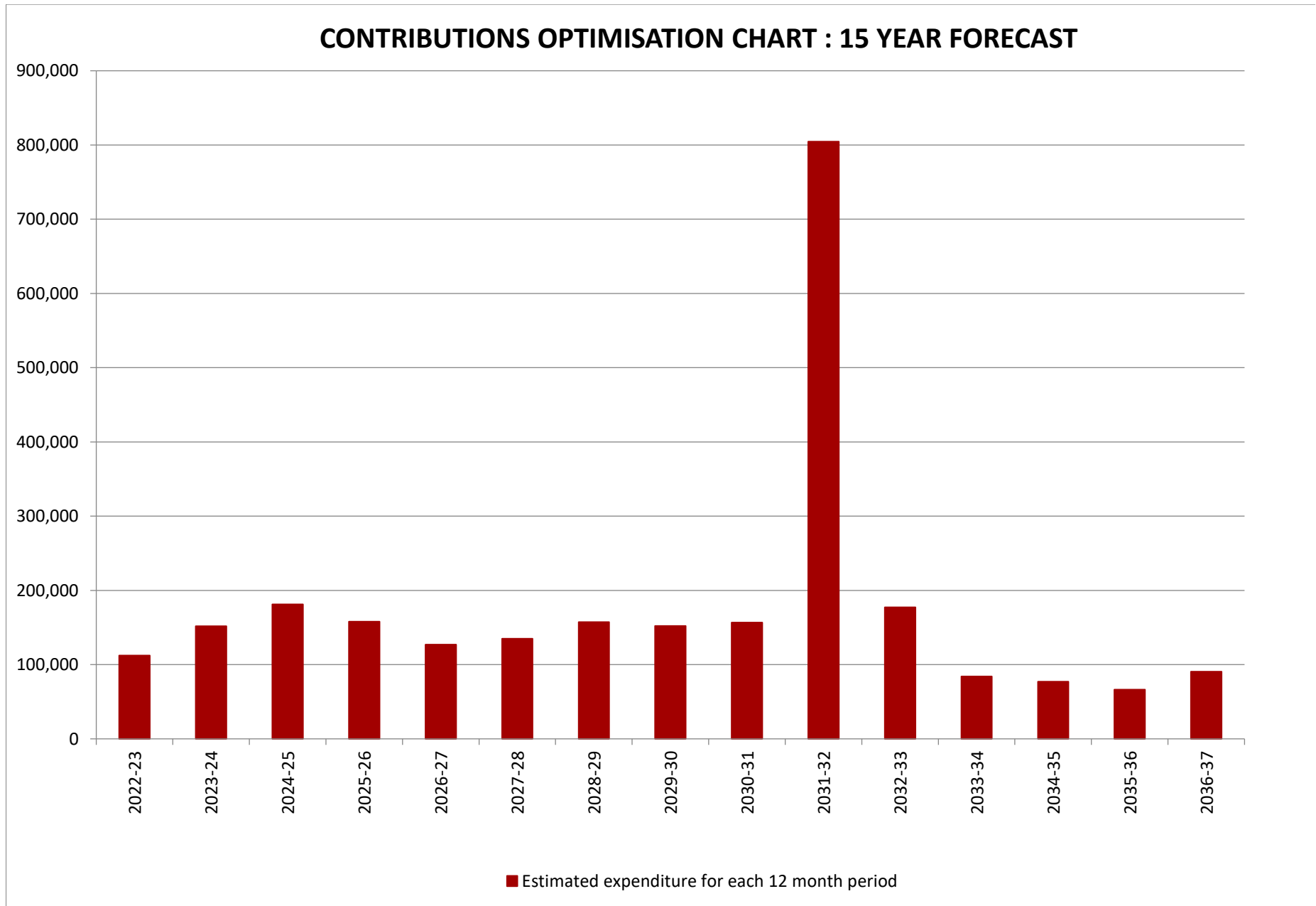
ESTIMATED EXPENDITURE					FR	RC	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending
Item	Description	Unit	Qty	Rate	Yr	Yrs	30.06.23	30.06.24	30.06.25	30.06.26	30.06.27	30.06.28	30.06.29	30.06.30	30.06.31	30.06.32
							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
#29	Replace rangehood (approx. 2.5%)	No.	1	494	2	2		540		595		656		723		797
#30	Replace skylights (approx 5%)	No.	2	1,160	1	1	2,413	2,534	2,661	2,794	2,934	3,081	3,235	3,397	3,567	3,745
#31	Replace smoke alarms (approx. 10%)	No.	4	402	1	1	1,672	1,756	1,844	1,936	2,033	2,135	2,242	2,354	2,472	2,596
#32	Replace standard light fittings (approx. 10%)	No.	21	184	2	3		4,225			4,891			5,662		
#33	Replace television aerial (approx 5%)	No.	1	1,030	1	1	1,072	1,126	1,182	1,241	1,303	1,368	1,436	1,508	1,583	1,662
#34	Replace vinyl floor covering (approx. 5%)	m2	42	116	2	5		5,309					6,776			
#35	Replace wall oven (approx. 2.5%)	No.	1	1,427	2	2		1,559		1,719		1,895		2,089		2,303
#36	Replace WC	No.	1	798	1	1	830	872	916	962	1,010	1,061	1,114	1,170	1,229	1,290
	Vehicles															
#37	Replace ride on mower	Item		12,873	7	8								17,948		
	Miscellaneous															
#38	Tax credit claim for GST component						-11,226	-15,173	-18,136	-15,799	-12,704	-13,507	-15,723	-15,215	-15,676	-80,467
#39	Anticipated miscellaneous expenses						12,196	12,805	13,446	14,118	14,824	15,565	16,343	17,160	18,019	18,919
	Total						112,265	151,725	181,359	157,992	127,038	135,071	157,231	152,147	156,756	804,672

LEGEND: Rate is in current \$ values, First Required (FR) is year item first occurs, Repeat Cycle (RC) shows frequency of recurrence.

ESTIMATED EXPENDITURE		12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending
Item	Description	30.06.33	30.06.34	30.06.35	30.06.36	30.06.37
		Year 11	Year 12	Year 13	Year 14	Year 15
	Building					
#1	Replace CCTV cameras (approx. 30%)		7,391			8,556
#2	Replace CCTV DVR & monitor					
	External					
#3	Replace bollard lights (approx. 15%)		2,246		2,476	
#4	Replace clothes lines (approx 10%)	1,735				2,109
#5	Replace concrete garden edges (approx 50%)			2,421		
#6	Replace external light fittings	1,362				
#7	Replace gardening equipment (approx 20%)	1,698		1,872		2,064
#8	Replace letterbox numbers & letters		1,134			
#9	Replace letterboxes					
#10	Replace pergola roof structure					
#11	Replace security lights (approx 50%)					
#12	Replace underground pipework (approx. 10%)		13,662			
#13	Replace village signage					
	QS fee					
#14	Quantity Surveyor fee (extra for inspect)	2,274			2,632	
#15	Quantity Surveyor fee (non-inspect)	810	851	894	939	986
	Reinstatement					
#16	Reinstate unit - general refurbishment (1 unit)	4,627	4,858			
#17	Reinstate unit - major refurbishment (2 units)	127,006				
	Units					
#18	Replace air conditioners (approx 2.5%)	3,168	3,326	3,492	3,667	3,850
#19	Replace aluminium window hardware (approx. 10%)		1,480		1,632	
#20	Replace ceiling fans	1,490	1,565	1,643	1,725	1,811
#21	Replace cooktops (approx. 2.5%)		1,728		1,905	
#22	Replace door frame (approx. 5%)	3,966		4,373		4,821
#23	Replace door hardware (approx. 5%)	2,460	2,583	2,712	2,848	2,990
#24	Replace downpipes (approx. 30%)			7,169		
#25	Replace eaves gutters (approx. 30%)			18,327		
#26	Replace electric hot water unit (approx. 10%)	8,220	8,631	9,063	9,516	9,992
#27	Replace metal roof sheeting					
#28	Replace quarry tiles to unit entrances					

LEGEND: Rate is in current \$ values, First Required (FR) is year item first occurs, Repeat Cycle (RC) shows frequency of recurrence.

ESTIMATED EXPENDITURE		12 mths ending	12 mths ending	12 mths ending	12 mths ending	12 mths ending
Item	Description	30.06.33	30.06.34	30.06.35	30.06.36	30.06.37
		Year 11	Year 12	Year 13	Year 14	Year 15
#29	Replace rangehood (approx. 2.5%)		879		969	
#30	Replace skylights (approx 5%)	3,932	4,129	4,335	4,552	4,780
#31	Replace smoke alarms (approx. 10%)	2,726	2,862	3,005	3,155	3,313
#32	Replace standard light fittings (approx. 10%)	6,554			7,587	
#33	Replace television aerial (approx 5%)	1,745	1,832	1,924	2,020	2,121
#34	Replace vinyl floor covering (approx. 5%)		8,648			
#35	Replace wall oven (approx. 2.5%)		2,539		2,799	
#36	Replace WC	1,355	1,423	1,494	1,569	1,647
	Vehicles					
#37	Replace ride on mower					26,517
	Miscellaneous					
#38	Tax credit claim for GST component	-17,727	-8,421	-7,693	-6,635	-9,064
#39	Anticipated miscellaneous expenses	19,865	20,859	21,902	22,997	24,147
	Total	177,266	84,205	76,933	66,353	90,640



PREAMBLE CLAUSES**1.00 LEARY AND PARTNERS**

Leary & Partners are an independent Quantity Surveying firm with no affiliation to this retirement village.

2.00 PURPOSE OF CAPITAL REPLACEMENT FUND

The purpose of this report is to enable the retirement village to make adequate monetary provision for future capital replacements in accordance with the requirements of the relevant legislation.

3.00 LEGISLATION

This survey has been prepared with reference to the Retirement Villages Act. It does not take into account the impact of future changes to this legislation or to other relevant legislation (eg. The Work Place Health and Safety Legislation).

4.00 THE GOODS AND SERVICES TAX

All cost estimates in this report are GST inclusive, with the exception of replacement labour undertaken by the village operator.

If we have been advised that a GST credit is available for work paid from this fund, allowance has been made for the fact that the operator will be entitled to claim the GST tax credits.

5.00 BASIS OF FORECAST

Expenses have been forecast in line with the standard requirements for a building of this nature and assume a typical level of usage and maintenance.

The cost allowances in this report are our best estimate of the likely future costs, based on the information available to us at this date. These cost estimates may be impacted by factors that cannot be reasonably foreseen at this time. Common examples of such factors include unusual market conditions at the time of the works, associated remedial works being required or access or scaffolding being required. Further, when competitive quotes are sought, there is normally a variation between the quoted prices.

For these reasons we recommend that you obtain competitive quotes for major work items at least twelve months in advance of the forecast work date.

6.00 STRUCTURAL DEFECTS, ASBESTOS, FLAMMABLE MATERIALS AND REFURBISHMENTS

This is not a structural report and does not cover expenditure that occurs either directly or indirectly as a result of structural defects. It does not cover expenditure as a result of accidental damage.

This report does not include an asbestos or a flammable material detection survey. If such materials are present, no allowance has been made for the cost of their removal, or for the installation of systems required to safely manage their continued presence. Identifying the presence of such materials and the steps required if they are present is a specialist service. We will include an allowance for these costs only if the operator has provided us with the budgeted costs.

Physical obsolescence is the basis by which the remaining and overall lives have been investigated. No allowance has been made for economic, functional, technological, social, and legal obsolescence.

7.00 MAINTENANCE RESERVE FUND ITEMS NOT INCLUDED

The cost of maintenance items have not been included in this forecast.

8.00 ANTICIPATED MISCELLANEOUS EXPENSES

There is a range of non-recurrent capital expenses which it is reasonable to believe will occur during the forecast period but which it is not practical to show individually as line items in the Expected Requirements table. Typically these are smaller value works and/or works that have irregular timing frequencies (for example, repair call-outs on major equipment not covered by comprehensive maintenance contracts). We have included an averaged annual allowance for these in each year.

The anticipated miscellaneous expenses allowance is not intended to cover possible future expenses (such as structural defects or concrete cancer) when there is not sufficient factual basis for us to reasonably assess them as being required during the forecast period. Nor is the allowance intended to cover the increased cost of other works due to unanticipated factors such as changes to the scope of works.

9.00 FORECAST PERIOD

This report is calculated to run from the date stated on the cover page, in twelve-month periods.

10.00 EXPLANATION OF ABBREVIATIONS

The capital replacement fund forecast uses the following abbreviations :

FR: First Replacement

RC: Replacement Cycle

1U: 1 Unit (change number to reflect number of units in budget)

11.00 PLAN AND FORECAST PERIOD

11.01 The term 'plan', shown on the first page of this report, refers to the period for which levies have been calculated.

11.02 The term 'forecast', shown on the first page of this report, refers to the period of time over which maintenance and repair costs are assessed.

11.03 Items with an expected overall life greater than the forecast period have not been included.

12.00 INSPECTION INFORMATION

Please note the following information relating to this forecast.

12.01 Our report is based on data collected on site at the date of inspection.

12.02 This forecast was prepared using the information about the village made available to us. If you have not provided us with architectural plans for the village we will use other reasonably information when estimating item quantities. However, these may not permit us to estimate with the same degree of accuracy.

12.03 The recommendations in this report are based on a visual inspection of the development undertaken from the ground level and accessible building areas. No physically destructive or intrusive testing was carried out.

12.04 Our inspection of roofs is limited to a visual inspection of the roof areas we can sight from the ground or general pedestrian areas. Unless you provide additional information, our roofing allowances are based on typical roof lifecycle costs. We recommend that you undertake a roofing audit at periodic intervals and provide us with the resulting replacement recommendations (where applicable).

12.05 It has been assumed that the lift plant and equipment is covered by a comprehensive service agreement. Please inform our office if this is not the case.

12.06 The item included in the forecast for the replacement of underground pipework is a contingency allowance only. The location of the pipework and its condition were unable to be determined. Drainage documentation was not available at the time of our survey.

12.07 Where the resident's contract was entered into prior to the 1 July 2000 we are advised that the village operator is responsible for 100% of the reinstatement costs for items inside the units. The cost allowances are for this percentage of the total reinstatement cost. In this report the following items have been adjusted to allow for this reinstatement cost:

Reinstate unit (1U)

Typical reinstatement allows for items such as:

- touch up Paint
- paint all internal surfaces
- replace carpet
- replace vinyl
- replace hot water system
- other general reinstatement costs

Reinstate unit (extra for-2U)

Typical extra for reinstatement allows for items such as:

- replace kitchen cupboards
- upgrade bathroom furniture & fittings
- replace cooking appliances
- replace electrical fittings
- add air conditioning system

12.08 Assuming materials and workmanship were of a reasonable standard during construction, the following items should generally require only minor repairs. Thus unless otherwise noted, an estimated percentage of the total quantity has been included for the following :

- replacing clothes lines
- replacing gardening equipment
- replacing bollard lights
- replacing underground pipework
- replacing security lights
- replacing concrete garden edges
- replacing standard light fittings
- replacing skylights
- replacing air conditioners
- replacing electric hot water unit
- replacing smoke alarms
- replacing door hardware
- replacing television aerial
- replacing eaves gutters
- replacing downpipes
- replacing door frame
- replacing wall oven
- replacing cooktops
- replacing aluminium window hardware
- replacing rangehood
- replacing vinyl floor covering

We recommend the status of these items be reviewed at regular intervals.