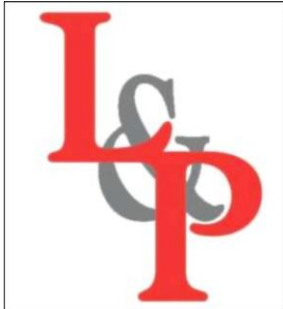


MAINTENANCE RESERVE FORECAST



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: 13 May 2022

Leary & Partners Pty Ltd

ABN 010 134 148

Quantity Surveyors



Asset Management Consultants

Taxation Depreciation Consultants

Registered Tax Agent 53798007

SUMMARY OF CONTRIBUTIONS

LAKES RESIDENTIAL RETIREMENT VILLAGE

15 Year Forecast

- Supplied information:
- the first forecast year is to commence on 01 Jul 2022
 - the anticipated fund balance at this date is \$250,000.00
 - 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%
 - average interest rate over forecast period of 2.50%
 - tax rate on interest earned of 30.00%

For the 12 month period	Total Recommended Contributions *	Estimated Expenditure	Interest Earnt (less tax)	Estimated Fund Balance
2022-23	\$33,477	\$45,580	\$4,269	242,166.00
2023-24	\$35,151	\$37,533	\$4,217	244,001.00
2024-25	\$36,909	\$87,887	\$3,824	196,847.00
2025-26	\$38,754	\$31,282	\$3,510	207,829.00
2026-27	\$40,692	\$48,335	\$3,570	203,756.00
2027-28	\$42,726	\$48,136	\$3,518	201,864.00
2028-29	\$44,863	\$41,598	\$3,561	208,690.00
2029-30	\$47,106	\$50,302	\$3,624	209,118.00
2030-31	\$49,461	\$54,176	\$3,618	208,021.00
2031-32	\$51,934	\$41,922	\$3,728	221,761.00
2032-33	\$54,531	\$72,567	\$3,723	207,448.00
2033-34	\$57,257	\$55,844	\$3,643	212,504.00
2034-35	\$60,120	\$133,058	\$3,081	142,647.00
2035-36	\$63,126	\$67,411	\$2,459	140,821.00
2036-37	\$66,283	\$72,602	\$2,409	136,911.00

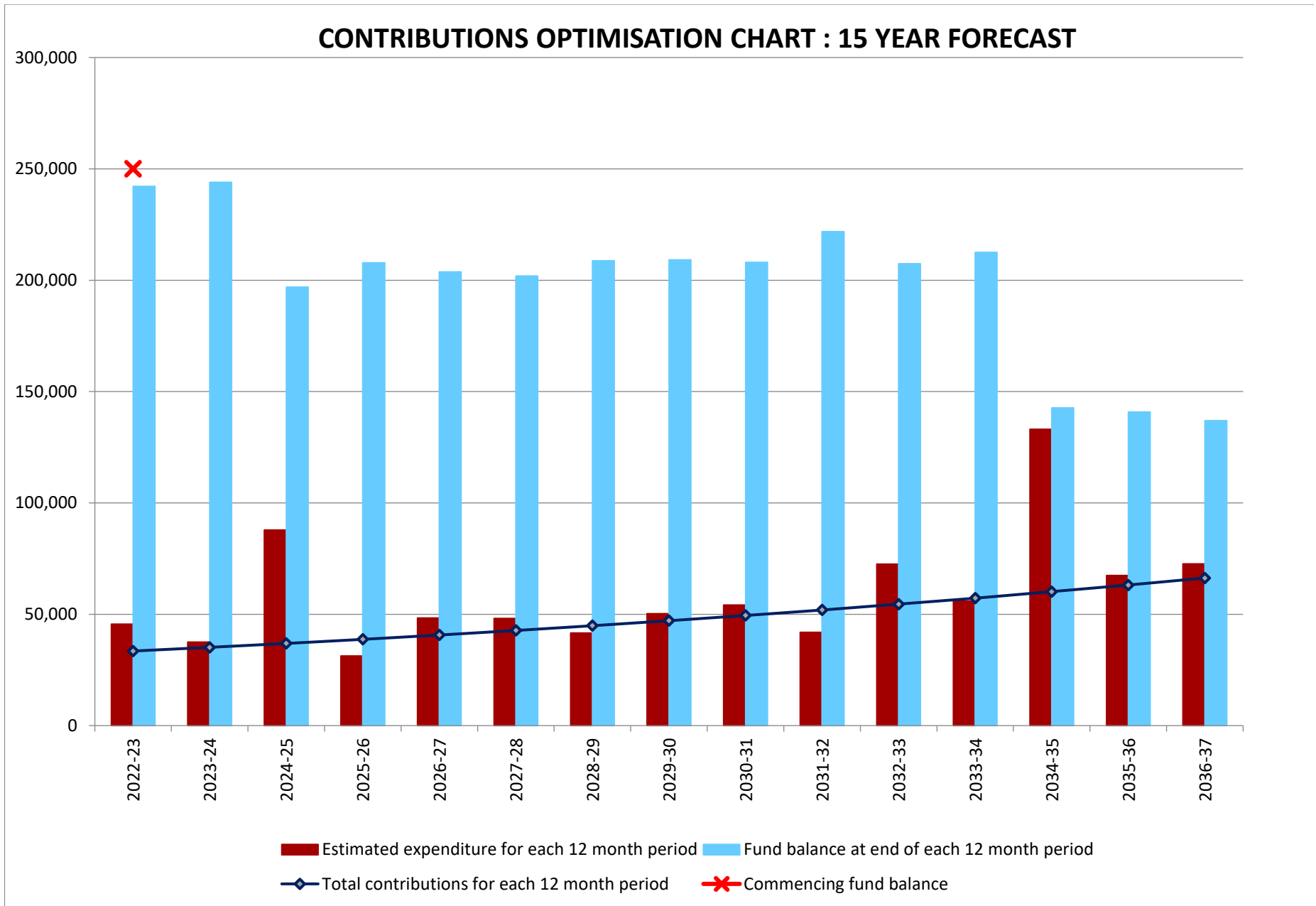
* This column shows the contributions we recommend be collected each year to fund the Estimated Expenditure. If GST is payable on the levies, or discounts are offered for early payment, these amounts need to be added to our Total Recommended Contributions when calculating the levy amount. The contributions for future years should be reviewed on an annual basis to ensure they take into account changing circumstances.

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
	External															
#1	Gardening allowance	Item		1,435	1	1	1,481	1,555	1,633	1,715	1,801	1,891	1,986	2,085	2,189	2,298
#2	Gardening allowance (tree removal 2023)	Item		5,608	1	One off	5,784									
#3	Gardening equipment maintenance	Item		472	1	1	488	512	538	565	593	623	654	687	721	757
#4	General repairs & maintenance	Item		1,087	1	2	1,121		1,236		1,363		1,503		1,657	
#5	Paint speed bumps & road line markings	Item		505	1	2	521		574		633		698		770	
#6	Paint village signage	Item		325	1	10	335									
#7	Pressure clean paved roads, driveways, curbs and channeling	Item		6,000	3	3			6,824			7,900			9,145	
#8	Repair brick paving (approx. 2.5%)	m2	61	133	2	3		8,819			10,209			11,818		
#9	Repair concrete kerb/garden edge (approx. 5%)	m	32	84	1	2	2,776		3,061		3,375		3,721		4,102	
#10	Repair patio posts (approx 20%)	Item		3,377	1	1	3,483									
#11	Rodent control	Item		1,430	1	1	1,476	1,550	1,628	1,709	1,794	1,884	1,978	2,077	2,181	2,290
#12	Termite inspection	Item		2,729	1	1	2,815	2,956	3,104	3,259	3,422	3,593	3,773	3,962	4,160	4,368
	QS fee															
#13	Quantity Surveyor fee (extra for inspect)	Item		1,162	2	3		1,259			1,457			1,687		
#14	Quantity Surveyor fee (non-inspect)	Item		411	1	1	424	445	467	490	515	541	568	596	626	657
	Units															
#15	Air conditioning maintenance	Item		3,000	1	1	3,095	3,250	3,413	3,584	3,763	3,951	4,149	4,356	4,574	4,803
#16	Allowance for general repairs & maintenance	Item		5,203	1	1	5,366	5,634	5,916	6,212	6,523	6,849	7,191	7,551	7,929	8,325
#17	Clean eaves, gutters and roofs (approx. 50%)	Item		5,383	1	1	5,552	5,830	6,122	6,428	6,749	7,086	7,440	7,812	8,203	8,613
#18	Maintain plumbing systems / pipework	Item		1,794	1	1	1,851	1,944	2,041	2,143	2,250	2,363	2,481	2,605	2,735	2,872
#19	Paint building façade	m2	2,258	20	3	10		52,209								
#20	Paint unit internally during lease (1 unit)	Item		3,806	1	5	3,806					3,806				
#21	Repair tiling to units during lease (approx. 2.5%)	m2	15	167	1	5	2,590					3,306				
#22	Replace smoke detector batteries	Item		163	1	1	168	176	185	194	204	214	225	236	248	260
#23	Roof / skylight repairs & maintenance	Item		2,228	1	1	2,298	2,413	2,534	2,661	2,794	2,934	3,081	3,235	3,397	3,567
	Vehicle															
#24	Ride - on mower maintenance	Item		813	1	1	838	880	924	970	1,019	1,070	1,124	1,180	1,239	1,301
	Miscellaneous															
#25	Tax credit claim for GST component						-4,558	-3,753	-8,789	-3,128	-4,833	-4,814	-4,160	-5,030	-5,418	-4,192
#26	Anticipated miscellaneous expenses						3,870	4,063	4,267	4,480	4,704	4,939	5,186	5,445	5,718	6,003
	Total						45,580	37,533	87,887	31,282	48,335	48,136	41,598	50,302	54,176	41,922

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
	External					
#1	Gardening allowance	2,413	2,534	2,661	2,794	2,934
#2	Gardening allowance (tree removal 2023)					
#3	Gardening equipment maintenance	795	835	877	921	967
#4	General repairs & maintenance	1,827		2,014		2,220
#5	Paint speed bumps & road line markings	849		936		1,032
#6	Paint village signage	546				
#7	Pressure clean paved roads, driveways, curbs and channeling		10,586			12,255
#8	Repair brick paving (approx. 2.5%)	13,681			15,837	
#9	Repair concrete kerb/garden edge (approx. 5%)	4,522		4,986		5,497
#10	Repair patio posts (approx 20%)					
#11	Rodent control	2,405	2,525	2,651	2,784	2,923
#12	Termite inspection	4,586	4,815	5,056	5,309	5,574
	QS fee					
#13	Quantity Surveyor fee (extra for inspect)	1,953			2,261	
#14	Quantity Surveyor fee (non-inspect)	690	725	761	799	839
	Units					
#15	Air conditioning maintenance	5,043	5,295	5,560	5,838	6,130
#16	Allowance for general repairs & maintenance	8,741	9,178	9,637	10,119	10,625
#17	Clean eaves, gutters and roofs (approx. 50%)	9,044	9,496	9,971	10,470	10,994
#18	Maintain plumbing systems / pipework	3,016	3,167	3,325	3,491	3,666
#19	Paint building façade			85,043		
#20	Paint unit internally during lease (1 unit)	3,806				
#21	Repair tiling to units during lease (approx. 2.5%)	4,219				
#22	Replace smoke detector batteries	273	287	301	316	332
#23	Roof / skylight repairs & maintenance	3,745	3,932	4,129	4,335	4,552
	Vehicle					
#24	Ride - on mower maintenance	1,366	1,434	1,506	1,581	1,660
	Miscellaneous					
#25	Tax credit claim for GST component	-7,257	-5,584	-13,306	-6,741	-7,260
#26	Anticipated miscellaneous expenses	6,304	6,619	6,950	7,297	7,662
	Total	72,567	55,844	133,058	67,411	72,602



PREAMBLE CLAUSES

1.00 LEARY AND PARTNERS

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

2.00 PURPOSE OF MAINTENANCE RESERVE FUND FORECAST

The purpose of this report is to enable the retirement village to make adequate monetary provision for future maintenance items, 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 contained in this report are GST inclusive, with the execption of maintenance and repair 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 (including the external painting) 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.

Refurbishments undertaken for reasons other than physical obsolescence have not been included apart from where the operator has provided us with 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 ITEMS NOT INCLUDED

The cost of major replacements and refurbishments have not been included in this forecast. Costs considered to be day to day running costs have not been included.

8.00 CONTRIBUTION SCHEDULE

The "Contributions Optimisation Chart" graphs how the contribution scheme relates to the expected requirements and the maintenance reserve fund balances over the full forecast period.

When calculating the contributions we :

- ensure that there are always sufficient funds to meet the forecast requirements.
- try to achieve a steadily increasing contribution scheme.
- ensure that the retirement village is not unduly contributing funds
- investigate the expected requirements over the full forecast period, not just the first ten years.

9.00 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.

10.00 FORECAST PERIOD

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

11.00 EXPLANATION OF ABBREVIATIONS

The maintenance reserve fund forecast uses the following abbreviations :

- FR: First Replacement
- RC: Replacement Cycle
- IU: 1 Unit

12.00 PLAN AND FORECAST PERIOD

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

12.02 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.

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

13.00 INSPECTION INFORMATION

Please note the following information relating to this forecast.

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

13.02 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.

13.03 The item for general repairs and maintenance allows for such things as plumber/electrician callouts, minor carpentry repairs, locksmith repairs etc.

13.04 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.

13.05 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 maintenance recommendations (where applicable).

13.06 The allowance for painting does not include for special hoarding or other special safety provision that may be a requirement of the local council.