

EYEON Third-Party Strata Report Review

1/1 Sample Street Sydney NSW 2000

SP1 Lot 1

The original Strata Report prepared by John Smith on 1 July 2025

Overall, the quality of this strata report is poor.

It contains numerous duplicated and outdated documents, and the attached minutes are out of chronological order, making the information harder to follow, and the report much longer than it needs to be. We call this a “file dump” approach.

The report provides basic information about the property - noting inaccuracies, e.g. p. 5 of the report notes that the last AGM was held in Nov 2023, but p. 8 notes that the last AGM was held in Dec 2024 - and is largely filled with generic explanatory notes.

While a summary of the minutes is included, and the inspector isolated some key issues on p. 14, important details are skipped (e.g. the size of the proposed special levy), current status of these issues - beyond Dec 2024 – is not confirmed, and little effort was made to connect the dots for the reader. No adequate commentary is offered around Capital Works Fund. Comments around special levies are generic in nature and don't address specific to the building risks.

General Comments

- The subject lot's Unit Entitlement (UE) is 82 out of 10,000 or 0.82%. This means that per every \$100,000 required, the subject lot's share would be \$820.

Notable Matters

- **Capital Works Fund (CWF)**

A copy of the Capital Works Fund Forecast (CWFF) prepared in 2020 is attached on p. 321. The forecast is due for an update.

The forecast recommends an annual contribution of \$188,360.02 for 2024-25 FY with the recommended closing balance of \$722,899.23 by Sep 2025. The current CWF levy is set at \$70,997.78, and the owners currently have \$256,153.84 in the Fund.

If levies are not adjusted, fund shortfalls may arise in future when major maintenance falls due.

- **Building Defects & Remedial Works**

EGM Jul 2021 commenced a building defects claim against the developer C88 Project Pty Ltd and the relevant builder. AGM Nov 2021 acknowledged the current defects and consented to do further investigations. Roof and fire safety defects were noted.

P. 157 notes that both, the builder and the developer has gone into liquidation, meaning the owners have to cover the cost of defects rectification themselves. This is not noted by the inspector.

AGM Dec 2022 raised a special levy of \$560,000.00 to fund the cost of building remedial works and fire defects. The minutes specifically noted that *"...this special levy is one of 3-4 lots of special levies in order to rectify the building and fire defects."* Jan 2023 letter (past of the AGM 2022 minutes) included on p. 113 provides the following explanation: *"We are writing to inform you about the need for special levies to be raised for our strata complex... The estimated cost for these repairs, including fire defects and general defects is over \$1.5 million dollars. After careful consideration, the owners have decided to raise \$500,000 to start with, to avoid having to pay the entire amount in one go."*

AGM Nov 2023 provides links to various defects reports on p. 154, noting that a design practitioner would need to review these reports, and potentially 3 separate consultants might need to be engaged for further reports. Water ingress issues in U141 were specifically noted to be prioritised for repairs. The meeting further noted *"that an extensive discussion has been made incorporating Motion 18's resolution at the 2022 AGM, which stated another three to four lots of the special levy would need to be collected in order to meet the requirement for the remedial works in the building defects report. The estimation was \$1.5 million to \$2 million at the time. Furthermore, it was noted that the owners corporation believed that increases in interest rates and the CPI have put a lot of burdens on the owners, and it is unclear how much it would cost for the owners corporation to rectify the building defects at the moment. Although some owners have expressed the opinion that, for the time being, the special levy may be available for \$250,000 or even \$125,000, the majority of owners at the meeting essentially turned down this motion."*

AGM Dec 2024 provides the latest available update on defects as follows:

- **Fire Defects:**

Approximately 30% of the fire defects had been rectified, leaving 70% still requiring further attention. One major issue that is outstanding is the building's sprinkler system, where the distance between sprinkler heads does not comply with requirements. Rather than completely rebuilding the sprinkler system, which would be impractical, an alternative engineering solution needs to be developed. It was resolved to 1) accept the need to address outstanding elements requiring fire engineer assistance; 2) delegate authority to the Strata Committee to approve quotations from qualified experts, and 3) continue efforts to obtain the AFSS while acknowledging the outstanding compliance issues. *We recommend getting the inspector to confirm whether any progress was made in relation to this item, e.g. alternative solutions proposals received.*

➤ Roof Remediation:

Remediation quote in the amount of \$184,810 + GST as included on p. 297 was defeated due to non-compliance with the Design and Building Practitioners Act. It was resolved to *“engage a design practitioner (engineer) in Jan-Feb 2025 to assess and develop a scope of work. Following the selection of a design practitioner, they will develop a comprehensive scope by March 2025. This scope will then be used to obtain multiple tenders, with the tender process expected to take 4-6 weeks, leading to final pricing by May 2025.”* No effort is evident that the inspector tried following this up with the strata manager. *We recommend getting the inspector to confirm whether the final pricing for roof remediation has now been received, as well as to provide the scope of works.*

2024-25 budget included a special levy income provision of \$1,080,000, with \$200,000.00 allocated to Fire Protection and \$500,000.00 to Remedial Works. While AGM 2024 resolved not to raise a special levy (or take out a loan) at this time, a quarterly levy increase of approximately \$100 per lot and a transfer of \$200,000 from the administrative fund to the capital works fund were approved.

Special levies should be expected to be required in near future.

If you have any questions about our comments above, please don't hesitate to contact us.