Admiral House, Cardiff
(Newport Road Maintenance Ltd)

Directors Report – June 2021

Dear Leaseholders,

The last 15 months or so have proved an extremely difficult time; Covid remains a concern although the situation appears to be finally easing. In relation to Admiral House as you will know from our last communication in early May significant steps have been taken to move the render project forward.

It is understood that the invoices are unwelcome, however please consider the works are needed as the cracks and related concerns are worsening as time passes – these also having an adverse effect on the marketability of the apartments. On a positive note, completion of work is projected to help bolster property values.

The Board of Directors continues to consider this topic along with all other important issues which affect the block; vital meetings being held regularly.

Over three years the directors have examined the Section 20 Consultation quotes and options from varied service providers, final decisions being very carefully thought through.

Provided funds are collected in good time NRML will be able to formally engage the structural engineers early next year so they in turn can schedule in the varied sub-contractors in the Spring / Summer of 2022.

It is essential you settle your invoice for the render work in full either by 30th June 2021 or, if by way of a payment plan, by 30th September 2021 providing 25% of the entire invoice due is settled in each interim month (June, July and August) with the final payment being September.

If at least 25% of the due sum is not paid by close of business on 30th June 2021 NRML's managing agent, Western Permanent Property, has been instructed to refer any such accounts to solicitors (which is in no one's interest other than the solicitor's) as this will be considered as non-payment given the clear communications that have been issued to date, including this one.

The reason payment is needed in entirety by the end of September is because the inability to collect the requisite monies by a specific time increases the chance that NRML would be unable to instruct contractors as needed. Court applications to gain judgments for breaches of lease take a lot of time (6 months if not more) therefore NRML needs to commence such legal action where applicable by early October at the absolute latest. Failure to collect the monies in full by early 2022 would jeopardise the project for 2022 and in turn result in inevitable cost creep both by way of inflation but also ever worsening cracking and unstable render.

On an unrelated note; tightening by the authorities of fire regulations results in fire break / compartmentalisation works being required. There will be disruption (such as opening up of many ceilings in hallways / service cupboard being worked on) however this will be transient. It is envisaged the costs for the work will be met by the reserves.

2020 Accounts Commentary

Despite the challenges that we have all faced in 2020, the building has been well managed throughout the coronavirus pandemic. This has been achieved whilst carefully controlling costs where possible.

£427k was spent running and maintaining the property (page 2) which was 12% more than was budgeted and collected via the service charge. However, as previously communicated, there will be ***no balancing charge for 2020***. To achieve this, three items of note were funded from the buildings reserve fund (page 9):

- £14k relating to new water pumps, replacing the originals installed when the building was new. This work was completed without inconveniencing residents or turning the water off.
- £15k relating to professional fees to progress the specification and tender process for the significant remedial work that is required to the building's render.
- £5k of electricity charges. In 2020, electricity rates for the communal areas increased after having been held steady since 2015. Although rates will now revert to a normal market rate for 2021, Admiral House has benefitted from significant savings over the last few years.

As a reminder, we have budgeted for a 3% increase in both the building and car park service charge budgets for 2021 to allow for inflationary increases for electricity and the onsite Admiral House team and to increase the contribution to the building's reserve fund to cover future major building works/repairs.

We thank you again for your timely settlement of the Section 20 Consultation invoice and for the second half yearly service charge invoice.

Best wishes

The Board of Directors

The Board of Directors

The Board meet regularly with WPP and perform their duties on a voluntary basis.

The NRML Board currently comprises:

Emrys Davies, Chair
Matt Currie
Nasir Jarjis
Susan Morris
Phil Parry

Company Secretary is Neil Gregory of WPP