



FAQs FREQUENTLY ASKED QUESTIONS

1) Why a 2 stage development?

- a) The Faith for the Future committee has been meeting regularly over many years to steer the project through the design and project approval stages. This has involved working with designers, builders, real estate agents and planning authorities to prepare plans and gain approvals to proceed.
- b) While our fundraising has been encouraging, it has fallen short of our target to allow us to proceed. Also changes in the global economy we have been advised that it is highly unlikely to sign up tenants until building has begun.
- c) The Faith for the Future committee gained the congregation's approval to proceed towards a new solution: the development will now proceed in two stages, beginning with the basement car park and ground floor Church facilities.

FROM St JOHNS CHAIRPERSON, JON OFFSZANKA

2) What are we trying to achieve?

- a) Eventual aim – St Johns congregation has previously decided to complete the entire development. St Johns sees this as the best stewardship of the gifts we have – the land, our location, our skills and our people. There is no benefit to any individuals involved in this venture. The beneficiaries will be the people that we can help with the eventual revenue flow from the full development and people with whom we can share our facilities in this wonderful location. Our Church community will be able to provide more effective ministry programs to more people with the new building in place.
- b) Since we have not attracted a Tenant the two stage project seems to be the only way forward.

3) What is stopping us from achieving our aims?

- a) Lack of a Tenant (income is required to fund the loan for the full development)
- b) Real Estate advice is that we have very little chance until the market returns to pre GFC conditions of < 1% vacancy rates

- c) Not many leasing arrangements are made off plans alone – usually the building is in progress before the tenants get committed – so there are no guarantees
- d) We still need to achieve planning approval for the two stage proposal. We are using top rated Town Planner. We expect EPRA will approve our new plans.
- e) This model is more within our control to make it happen but still relies on a lot of variables falling into line;
 - i) The finances still involve a loan. It will have to be serviced by us from our normal operating budget and some income from the car park tenancy
 - ii) The financial model relies on a suitable formal agreement with Lutheran Homes and Concordia Duncraig (they have agreed in principle)
 - iii) We need to realise the full estimated valuation of the Leederville Manse and Lutheran Homes
 - iv) We won't know the full cost of the building until it has been tendered. We shouldn't go to Tender unless we are ready to build.
 - v) We will need to sell off all of our reserves to support this model
 - vi) We still need to raise \$500,000 in cash (not loans) to be able to continue.

4) What options have been considered before?

- a) Sale of the retail portion of the building. This has been considered but discounted. LLL will not provide us finance if the office portion is sold off.
- b) Proposing a model of a complete 1st floor including some retail. This would cost more and still relies on securing a tenant – which we don't have.
- c) Do nothing – keep the hall as is, seek an exit from the terms of contract to purchase the land – or return the land to EPRA. This is always a fallback position but we don't believe EPRA wants this. The existing hall building will be significantly out of place in the finished developed area (as we are already noticing) The FFF committee feel that if we do not proceed with even the 1st stage now it will be a generation away before the momentum would be available to achieve the project.
- d) Keep our hall and undertake a partial development in a separate triangular building north of the existing hall, possibly without a car park. It would be an inefficient use of the land and restrict future options.

5) What options are available to us now?

- a) Do nothing – as above
- b) Wait for a tenant to emerge – while we see that the market is improving and with a CBD boom looming there is still a lot of uncertainty. EPRA have imposed time frames that we are obliged to adhere to
- c) Pursue the 2 stage solution – puts a serious financial challenge to the congregation

6) Thoughts for the 2 stage option

- a) Completing this stage will realise access to the value of the Excess Plot Ratio which we can sell as a commodity (once EPRA vacate the precinct and return control to City of Perth. We are the last development to be managed in the area). This value is referred to as “blue sky” and could be worth \$2,000,000.
- b) Undertaking the 1st Stage is the best way of attracting a genuine tenant – once they see the building is starting.
- c) Completing the work now will allow us to move past the uncertainty – we have been working towards a solution for a long time and members are getting tired.
- d) The do-nothing options are unacceptable to members

7) Thoughts against the 2 stage option

- a) It will only be possible with a significant financial commitment from members with capability
- b) There will still be ongoing repayments to be made for 15 years (this is included in the financial model). This will be reduced by any value we can achieve by the sale of “blue sky” Excess Plot Ratio when the area is handed back to Perth City Council by EPRA (see further comments below). This could be worth \$2,000,000 but cannot be accessed at present.
- c) We will need to rent a manse for Pastor Andre (this is included in the financial model)
- d) As well as there being a significant interruption to our activities while the project is built, there will be another interruption when stage 2 happens

- e) There is no guarantee that stage 2 will ever happen and, unless it gets realised during construction of stage 1, it might not happen for 5 or more years (once Northbridge becomes more developed)

8) Why is there an urgency to move now?

- a) EPRA contract for the land purchase requires the development to proceed. We have already received an extension.

9) What do we need to do to move forward?

- a) We need to re-affirm the Congregations commitment for the project to go ahead.
- b) We need a clear indication from members that they are prepared to put sufficient cash into completing the financial model. We need to raise \$500,000 in commitments to be realised within 6 months.
- c) Approval from EPRA
- d) Loan approval from LLL

10) Other Questions

- a) Have we found any other sources of funds?

The LLL is the most attractive source of funds for the 1st Stage proposal. Commercial bank funding would be available for the full project with the tenants in place.

- b) What does this mean for individual members and families?

Breaking down the commitment in practical terms this will amount to (say) 50 income earning families contributing \$10,000 each. For people like me, this could mean accessing equity in their home via a loan extension. Some may be challenged to contribute more because others may not be able to contribute as much.

11) St Johns Manse

- a) We will need to rent a property to house Pastor Andre once the Manse is sold, and once construction of Stage 1 is complete.
- b) The cost of this has been estimated at \$25,000 per annum and has been factored into our financial feasibility.
- c) We can buy a new manse once we have sold excess plot ratio, which would become available once the redevelopment is completed.

12) the Church office and Childrens' Church during construction

- a) The Leederville Manse could house the Church Office and Children's Church during the construction phase. It has plenty of room and could readily be adapted to accommodate these needs in the short term.

May God be with us all as we face up to this daunting opportunity **Jon**