

**CONFERENCING HOTEL BUSINESS TO SUPPORT THE LORD'S WORK
IN AUSTRALIA AND SOUTH PACIFIC COUNTRIES**

30 DECEMBER 2022

Dear brothers,

Under the Lord's sovereign arrangement, on 17 November 2022, the church in Sydney completed the purchase of *Sydney Conference and Training Centre (SCTC)*. At around the same time, two international hotel groups – Accor and IHG – offered us the contract to be their franchisee to brand their 4.5 to 5-star hotel with SCTC. A skilful management firm is interested to operate the conferencing hotel business in tandem with one of these hotel groups.

The Lord made it clear to us that, as a local church, we should not be involved in business but in order to support the Lord's work in Australia and the South Pacific region, we should seize this opportunity to operate SCTC as a conferencing hotel to meet this need. As this is a big undertaking, we would like to bring this to you all for your prayer and fellowship. Currently the churches in Australia support the work in Solomon Islands, Papua New Guinea, and contribute to the work in Fiji in coordination with the churches in New Zealand. The churches in Australia also supports the literature work in Africa.

The Lord has been with us throughout the process of acquisition and renovation. Through the fellowship and prayers in the Body, and the practical coordination of those involved, we see His guiding and directing hand and assuring smile. He led us and directed every aspect according to His perfect will, time and way.

BACKGROUND

The church in Sydney owns two adjoining 5-acre properties with two meeting buildings and two houses. The first property (Meeting Hall) was bought in 2007 for AUD\$2.22M (USD\$1.47M) and the second property (Manor House) was purchased in 2017 for AUD\$5.90M (USD\$4M). We presented the purchase of the second property at the Fall 2016 ITERO at Gold Coast. The Meeting Hall property has an approved use as a Place of Public Worship and also an application approval from the city council for a new auditorium with multiple meeting rooms, with the largest room having a capacity of 750 seats.

Since 2017, we had intended to build up a residential conference and training venue using these two properties for use of the churches in Australia. We have not been able to satisfy this need in part because of the arduous development application needed for conference accommodation and the high cost of building such facility. With the appreciation in value of our land and the availability of SCTC, it became clear to us that it was more time saving and cost effective for us to sell one property to purchase SCTC. With one accord and peace among the responsible brothers in Sydney and the churches in Australia, we sold the Manor House property for AUD\$15M (USD\$10M) and purchased SCTC for AUD\$11.05M (USD\$7.4M).

PROPERTY SUMMARY

SCTC is situated in the Northern Beaches suburb of Ingleside, 50 minutes' drive from the airport and the church meeting hall. It is 30 minutes' drive from the technology park and nearest university, Macquarie University. It is an expansive property offering situated next to a national park and includes a range of facilities:

- Land size & zoning: 3.51 hectares/ 35,100m²/ 8.673 acres/ RU 2 (Rural Landscape) Zone
- Council approved to operate as residential conference centre with 56 guest rooms consisting of six buildings
- Main conference building (1700 m²) housing 6 current conference rooms (32m² to 129m²), 9 current smaller syndicate rooms, large kitchen, dining room, games room, gym, sauna, staff lunch room/amenities, bathroom
- amenities, front office/reception desk, back of house administration office and lobby
- Fibre network internet connectivity
- Swimming pool & sun deck patio area for outdoor entertaining
- Multipurpose tennis/basketball court
- Multiple unmarked grassed areas for a range of sporting and leisure activities
- Beautiful creek flowing through the land
- Onsite 2 bedroom caretaker's cottage

INITIATED AND DIRECTED BY THE LORD'S HAND

Beginning 14 February this year, the Lord sovereignly brought three things to our attention: 1) Neighbour wanting to sell their land, 2) Developer seeking to purchase our land, and 3) The discovery of *Sydney Conference and Training Centre* (SCTC) for sale at Ingleside. In March, having inspected SCTC, we brought this to the fellowship of the elders, the responsible brothers of the churches in Australia, the district serving brothers of the church in Sydney, and the co-workers serving the Lord's recovery worldwide. The overwhelming response in our spirit with one soul is that we should continue in the direction of selling some land to purchase SCTC.

In the following two months, we engaged in detailed negotiation with the developer for the sale of land and also with the owner of SCTC. On 17 May, the owner agreed to sell to us for AUD\$12.3 million with 60-day settlement. During the ensuing 30 days, we conducted due diligence exercise which revealed the poor condition of the roof causing water ingress and mould growth in all the buildings. At the same time, we verbally agreed with a reputable developer to sell 7 acres of our land to them. We also managed to secure a bridging loan to pay for the purchase of SCTC due to the anticipated longer settlement of the Manor House property. In July, owing to unexpected weather events, the developer was unable to settle on a number of their development sites. In addition, with the sudden downturn of the market, the developer decided to pause all acquisitions of land, including ours, until early August.

As we looked to the Lord throughout this process, we were assured time and again that the direction to purchase the conference centre and sell our land was of the Lord's perfect will. Despite the turn of events and delays, from mid-August everything came together in a most marvellous way according to the Lord's timing and in His way.

In the period of four weeks from mid August 2022, we witnessed the Lord's sovereign hand in four ways:

1. The owner reducing the purchase price by AUD\$1.25 M to AUD\$11.05 M (USD\$7.4 M) to cover roof replacement and mould remediation works,
2. The developer walking away from purchasing our land as we did not want to sell our entire 10-acres; we felt to keep the meeting hall and land which has an approved use as a place of public worship,
3. The financial institution providing bridging loan deciding not to proceed citing downturn in market condition and no offer on the table to purchase our land,
4. A brother offering to purchase the Manor House property, the day after the bridging loan fell through, for AUD\$15M (USD\$10M) with settlement in time to complete the purchase of SCTC.

BUDGET ESTIMATE

The current buildings were structurally well built in 1989 by Westpac Bank to use as their staff training facility. Although the previous owner purchased SCTC for AUD\$13M (USD\$8.7M) and did some refurbishment in 2016, with the pandemic affecting the business, slack maintenance, lack of use, water leaks and mould problems, the buildings and interiors have deteriorated in their condition. With the aid of a project management firm, we have decided it is more cost effective to carry out extensive upgrade to the facilities now. In order to brand with the hotel group, we will also need to refurbish according to their brand standards, which for the most part are already included in our renovation plan.

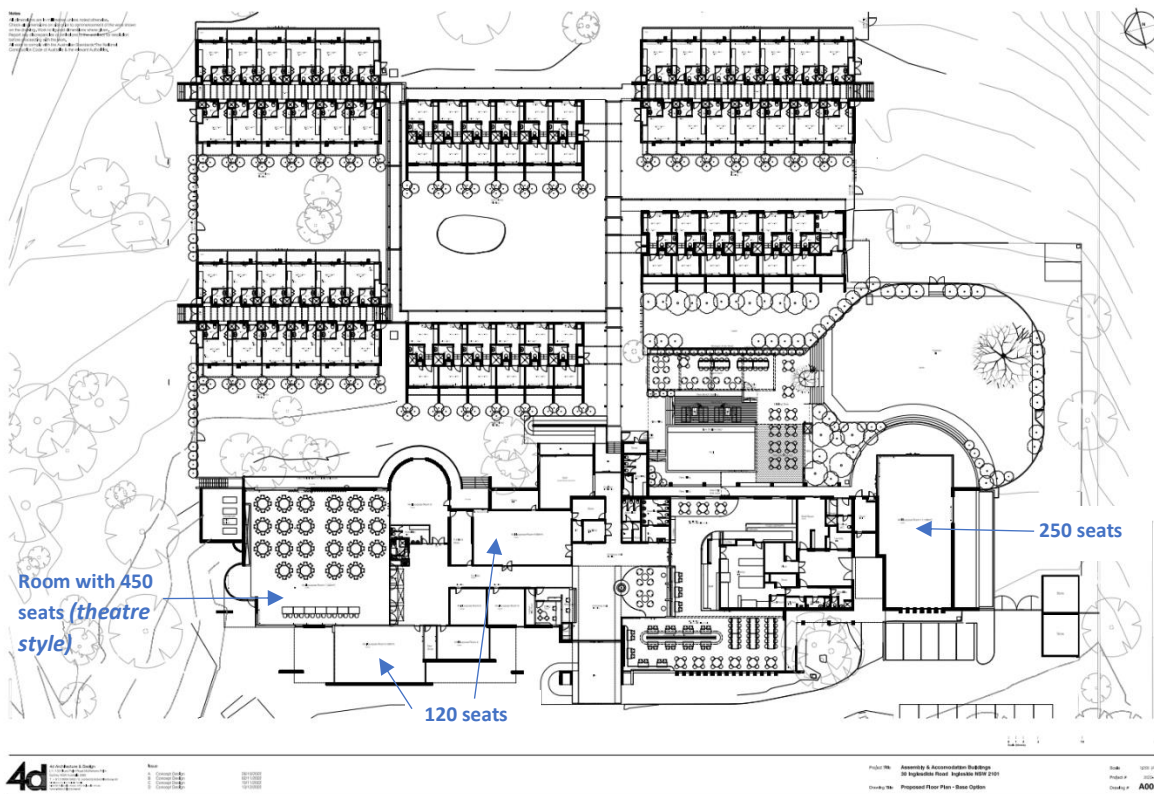
The maintenance costs for the conference centre is estimated at AUD\$300K (USD\$200K) per year. Australia currently has 10 churches with around 1300 saints meeting regularly. Owing to the vast distances between the churches, the conference centre would only be used by the churches several times a year so for most of the year would not be used. To cover the maintenance costs and the likely debt, it is prudent to operate the conference centre commercially in order to recover the costs.

Sale of Manor House:	AUD\$ 15.00M	Purchase of SCTC:	AUD\$ 11.05M
Offering Received to Date:	AUD\$ 0.80M	Stamp Duty for Purchase:	AUD\$ 0.56M
Pay off Mortgage:	AUD\$ 1.44M	Renovation & Refurbishment:	AUD\$ 7.50M

The current estimated short fall is AUD\$4.71 million (USD\$3.2M). As SCTC will operate as a business, there will be a return on investment. The business projection for Year 1 (75% occupancy) is USD\$0.8 M ramping up to USD\$1 M in Year 3. We have presented to the saints the need for funds to complete the work and have started to receive pledges. We are engaging with the banks to obtain a loan to cover any shortfall.

Both Accor and IHG are very keen to brand the conference centre. In fellowship, it would seem that IHG/ Crowne Plaza brand would be best suited to a residential conference centre compared with Accor/Mercure or Peppers. Branding would allow access to the hotel group’s booking site and facilitate bookings which would quickly enable income to cover the operating costs. It would also facilitate obtaining a loan from the bank which normally would not loan to a church group. Arrangement will be made with the hotel group to allow the churches to book at appropriate times at cost price. Branding with a reputable hotel like Crowne Plaza will also increase the value of the property.

RENOVATION FLOOR PLAN & CONCEPT DESIGN



Proposed Conference Room



Proposed Lobby & Reception



Proposed Dining Room



Proposed Pool Deck and Outdoor Seating



Photos of Existing Site & Buildings

Real Estate (CBRE) Promotional Video: <https://youtu.be/SIMY5XrwGlk>

Photos of site visit (1 Mar 2022): <https://photos.app.goo.gl/96V2441nCQ1CfrPN8>

Video Walkthrough (Dec 2022): <https://1drv.ms/v/s!AtjueO5CTfulgelA2JQrd6yU4TBEag?e=F9xnLX>

OFFERING TOWARDS THIS NEED

If anyone wishes to give towards this need, please transfer the offering directly into the following Westpac Bank account by 15 Mar 2023 with the designation "SCTC". Please email the transaction notice to accounts@churchinsydney.org in order for us to verify that the transaction is completed.

- Account Name: Local Church In Sydney Ltd
- Westpac Bank BSB Number: 032-282
- Westpac Bank Account Number: 393-426
- Swift Code: WPACAU2S
- Address: Shop 127-130 Carlingford Court, Carlingford NSW 2118 Australia

Your brothers in His recovery,
The brothers coordinating the Lord's work in Australia & South Pacific