

Earl Street Charitable Trust Board Report  
Wakatipu Anglican Parish Annual General Meeting 31 March 2019  
Compiled by Tracy McLean – Trustee ESCTB

The ESCTB continues to meet quarterly at the Parish Centre and the Trustees that represent the Parish, the Diocesan Trust Board (DDTB) and The Diocesan Council continue to work towards debt reduction and security of long term lease agreements with tenants to provide the Trust with optimal income. The aim is to continue to reduce the Loans to Value ratio of the development by reducing capital debt.

There is currently 1 ground floor tenancy vacant with Dark Ride closing down in November and moving their adventure activity to Auckland. The Trust Board are currently negotiating with a potential tenant on an initial short term 6 month lease to test the market for their retail products. If this is successful, the premises will return to 100% occupancy with a good mix of tenants on both the ground and first floor of the development.

2019 sees several rent reviews being undertaken of existing long term tenancies. In particular, Hertz with all the associated stacked carparks underground is being re-negotiated. It is expected these reviews will be completed by April 30<sup>th</sup> 2019, with 1 further review due in July 2019. The Budget forecast is for an increase across all reviews with some minor, and others more moderate to provide additional income.

At 31/3/19 the Trust Board will have repaid \$120,000.00 to the DDTB 2<sup>nd</sup> mortgage from cash surplus in the current financial year. This reduces to current DDTB mortgage from \$4,060,000 to \$3 940,000. The Westpac mortgage remains at \$2,000,000. This gives a total debt of \$5,940,000. The current LVR is approx. 63%. With the expected rental reviews and the value of the development, the expectation of the LVR at 31/3/2020 will be in the vicinity of 61%

The Trust Deed allows for application from the Parish for funding for specific projects when the LVR is at a minimum of 50%. It is projected this should be achieved between 2023 and 2025 dependent on continued debt repayment of the DDTB mortgage and the continued stability of interest rates.

While the Parish may have strong opinions on the slow realisation of any financial gain from the development, we need to be mindful the only real equity the ESCTB has had was the original land under the vicarage and so the effect of the GFC so soon after completion of the project when the leasing levels were very poor where severe. The ESCTB were extremely fortunate that the DDTB was in a position to be able to fund the completion costs, annual losses for a number of years and advance funds to induce tenants to occupy the property that ran to a significant sum. Those debts run up over this period now need to be repaid and ESCTB has only made a start on this over the last 2 years. . The long term commitment shown by the DDTB and the ESCTB to this development continues. I do believe it is still the best use of the land previously housing the 1950's vicarage and will realise a significant contribution to the Parish, the community and the wider Diocese in the future. It must also be remembered that part of the reason to tackle this project was to tackle the change in policy that saw this property subject to full commercial rates that must be recovered. Its original intention was not to fund the day to day operation of the Parish. We need to ensure the Parish community can continue to stand alone in this regard.

It is important, in my opinion, for the fabric of our faith community. The Earl Street development should be available to assist with future projects, potential permanent housing a vicar if required, and support for the Parish attending to the needs of those most vulnerable within our community, however this may be some years yet.. This may include application for funds for upgrading our various heritage buildings, alongside other Trust applications (as previously undertaken).

With this said, the 6 Trustees and those on the local Parish Property Committee continue to manage the Trust for the future benefit of us all. Some Trustees have continued to volunteer to this end for 18+ years. We share in the long term goal of a facility to provide for future generations to come. We are another generation with vision for the future of the Anglican faith community of the Wakatipu area.

**Tracy McLean – Trustee, ESCTB**