



**Auckland Real Estate Trust
ASX / NZX Announcement
14 July 2021**

Auckland Real Estate Trust makes substantial positive progress in leasing and occupancy across the portfolio – validating our innovative and specialised workspace model;

- **35 new leases across the portfolio since the start of Covid 19 and the opening of 1 Albert Streets lobby in January 2021.**
- **For new tenants to the portfolio, the average gross rent is \$825sqm with a WALT of 6 years.**
- **New tenants include regional offices of multinationals, established SME businesses and professional services providers.**
- **Many tenants have adjusted their workspace requirements to reflect the global trend to hub and node remote working, with smaller more agile office areas complemented by the flexibility offered by the Alberts private tenants club.**
- **The leasing metrics achieved underline ARE's investment strategy of adding value to its assets, with increased rents reflected in improved revenue and values.**

The 35 new leases are represented by;

- 4,600sqm, of **Alberts Private Suites** have been leased at an average gross rent of \$900sqm. The suites range in size from 50sqm to 225sqm.
- 4,500sqm of **Alberts Bespoke** have been leased at an average gross rent of \$950sqm. The tenancies range in size from 250sqm to 650sqm.
- 2,500sqm of **Traditional leases** have been agreed or existing tenants renewed at an average gross rent of \$650sqm.

The Trusts flagship property, 1 Albert Street is 18 levels and 8,500sqm. It has been actively marketed for lease and as the building works near completion and given current leasing velocity, we expect the building to be fully leased in late August.

With the Private Suite offerings at 1 Albert Street almost fully leased and with continuing strong tenant enquiry, the Trust is focusing on leasing the new Private Suite products elsewhere in the portfolio.

10 and 12 Viaduct Harbour

10 and 12 Viaduct Harbour are 98% leased following new agreements to lease with Williams Corporation, Jasper Property and Classic Developments. The only workspace available is a Private Suite, which is currently under negotiation.

110 Customs Street West

Level 1 has been vacated and will be re-fitted to offer three Premium grade Private Suites. As part of these works, a new lobby will be completed and the presentation of the building significantly improved. The marketing for these Private Suites will be launched after the completion of 1 Albert Street.

Fusion Project

The Fusion Project comprises 87 Albert Street, 60 Federal Street and 60 Kingston Street and at completion will offer approximately 14,500sqm of workspace and retail.

The project has received resource consent and works have commenced with the renovation of the lobby at 87 Albert Street and level 9 workspaces. The major works are due to commence in September 2021, with planned completion scheduled for late 2022, ahead of the opening of the new Aotea CRL train station.



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A multi-national tenant has committed to Fusion, the first leasing transaction driven by the re-positioning of the assets and with gross rents in line with forecasts.

Alberts hub and node strategies

Alberts focus is on tenants, providing three workplace solutions which include traditional office spaces and modern workplace solutions driven by changing tenant demands, such as remote working.

Kylie Metzener, Leasing Manager at Alberts, says many organisations are searching for workspaces that will flex and grow with them as patterns of work continue to change. “We know businesses want more flexibility from their spaces than in the past. This is to enable them to be nimbler in their day-to-day operation, and to take advantage of increased levels of collaboration between organisations, so our spaces must cater for it.”

Craig Pellet, CEO of Streamline and a founding tenant at Alberts, is an example of this approach. He says that his company’s work model is evolving to solve business process challenges by collaborating with an ecosystem of partners, sister companies and customers. “We do that remotely but also in person; Alberts offered space to work together when we need to. It gave us an ideal base or a ‘home’ we could all get to easily and not spend all day travelling for work.

“Financially, when you consider our footprint is smaller than it was, a decision to incorporate working from home and working from the office makes sense. For example, our suite fits seven people and we are a team of 12. Our office is rarely full, simply because many of our team work from home. Our lives are far calmer now we have utilised the Alberts space.”

ARE Executive Chairman Andrew Saunders, says repositioning the properties to be presented in the Alberts flexible workspace model is all about understanding the target market. “The high level of adoption by tenants of more flexible workspaces solution is not new, Covid 19 has speeded up an already emerging trend. When you see companies like BNZ locally, Atlassian and Google internationally all moving to versions of hub and node remote working, we as owners need to respond. Unfortunately, many owners are stuck in one mindset. For a forward-thinking, progressive owner such as ARE this is exciting, it also reminds us of the importance of ensuring we remain focused on understanding the needs of the tenant market.”

Andrew Saunders
Executive Chairman

ARE strategy

ARE’s investment strategy is focussed on value add assets that are well located with significant vacancy due to neglect or age and are suited to repositioning to deliver growth.

ARE is the only pure-play Auckland CBD office property listed on the ASX and NZX. Auckland is one of the leading office markets in ANZ, with favourable supply/demand dynamics. ARE’s investment strategy is to acquire assets where it can add value and revenue, generating both income and capital returns.