



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

The Auckland Real Estate Trust (“ARE”) is pleased to provide an update on a range of initiatives which were underway at financial year end including continued progress on leasing and further advancement of the Fusion project and capital raising initiatives.

Auckland entered Covid lockdown on 17 August 2021. While there has been a delay in both construction and leasing over this period, the portfolio has been actively positioned to benefit from the positive outlook for the office market once Auckland re-emerges from lockdown.

During the lockdown, progress has been maintained on several ongoing initiatives:

- Rental income has not been affected significantly – since Covid lockdowns began, the rent relief provided to tenants has on average equated to 0.7% of the annual gross revenue.
- Overall occupancy across the property portfolio increased, with 1 Albert Street occupancy now at 82%, a 30% increase over the 30 June 2021 occupancy level.
- New tenants across the property portfolio are a mix of SME and international companies, including Expedia, Jasper, Denning Investments, Lockton and Yealands Wines.
- Detailed design and costings have been completed for the Fusion project at Aotea Station, with consumer electronics group Oppo committing to the development as a lead tenant.
- The maturity date on the debt finance for each property has been extended, with the banking syndicate also committing to an increased facility of \$15m to cover leasing and capital investment across the portfolio.
- A leading New Zealand investment bank have been retained to advise on the options for future growth and expansion of the property portfolio.

Covid

The Government’s proposed rent relief policy has assisted in the establishment of a process for tenants who request rent relief. The majority of rent relief provided has been to retail tenants, which account for 3% of the total lettable area across the property portfolio.

We have maintained active contact with tenants, ensuring that the property portfolio is operating as normal with the necessary guidelines in place.

Leasing

Pleasingly, the positive leasing momentum seen prior to the lockdown has been maintained, with tenants supportive of the Alberts leasing strategy. In the 7-week period between 1 July and 17 August, 12 tenants committed to new leases across the property portfolio.

As Auckland moves towards a return to normal, we have seen a significant pick up in leasing enquiry. The adoption of a tenant focussed leasing strategy, which has a built-in hub and node work strategy if required by the tenant, has allowed the property portfolio to be positioned to capture tenant interest in the workplace as a place to reconnect, meet and relax.



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Capital markets

The debt facilities across the property portfolio have been increased with a new \$15m facility to fund leasing and capital expenditure, with all debt extended until late 2022 to allow flexibility in managing the capital sources.

A leading New Zealand investment bank have been retained to advise on the options for future growth and expansion of the property portfolio.

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About ARE

ARE is the only pure-play Auckland CBD office property entity listed on the ASX and NZX. Auckland is one of the leading office markets in Australia and New Zealand, with favourable supply/demand dynamics. ARE's investment strategy is to acquire assets where it can add value and revenue, redeveloping and repositioning them to generate both income and capital returns.