

Auckland Real Estate Trust (ASX / NZX: AKL)

Dual listing update, 8 Dec 2020

The ASX listed Auckland Real Estate Trust will commence trading on the NZX on 9 December 2020. The Trust will then be listed and trade on both the ASX and NZX under the AKL code

are

**AUCKLAND
REAL ESTATE**

Introduction – Pure play, Auckland CBD office portfolio

Auckland Real Estate which is shortened to **ARE** and trades under the ASX / NZX code AKL, invests in commercial real estate with a focussed and active operating strategy that delivers both income and adds value to its assets.

Alberts is an ARE workplace brand and strategy, it delivers modern, aspirational offices for the tenant market, with a focus on SME tenants. Through design innovation, combined with data analysis and understanding the evolution of workplace culture, ARE invests opportunistically, improves income and drives capital value.

Background to ARE:

- In 2016, the company invested in three Auckland office assets, partnering with a global private equity real estate investor. Following active management, the re-positioned properties have been sold or are under contract. The portfolio has returned a 20% plus IRR to investors.
- In 2018 and 2019, the company expanded its investment with the purchase of a further five Auckland office assets, partnering Alceon Group, a multi strategy alternative asset manager who are active in New Zealand and Australia. The properties were purchased as each presented an opportunity to add and create additional value through active asset management. These assets, which provide approximately 24,000sqm of office area, are being actively managed, re-positioned and leased.
- During 2020, the company optioned, under contract, two additional office assets and have secured resource consent to re-position them, forming a single 14,000sqm grade A office retail complex in the core of the city, adjacent to the new Aotea Station CRL and Sky City on Albert Street. The contract remains conditional and subject to board approval.



Introduction – Focussed active workplace strategy

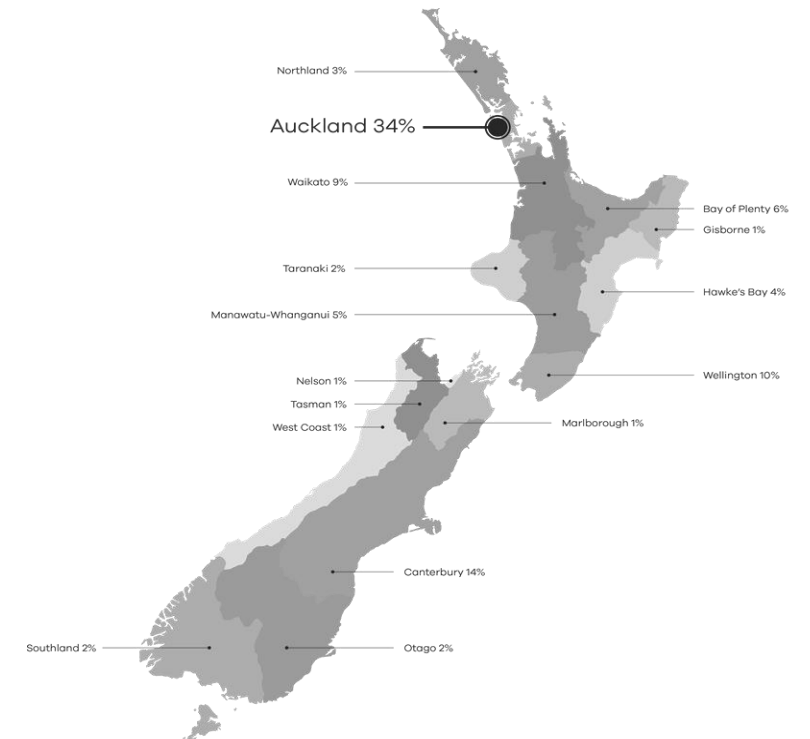
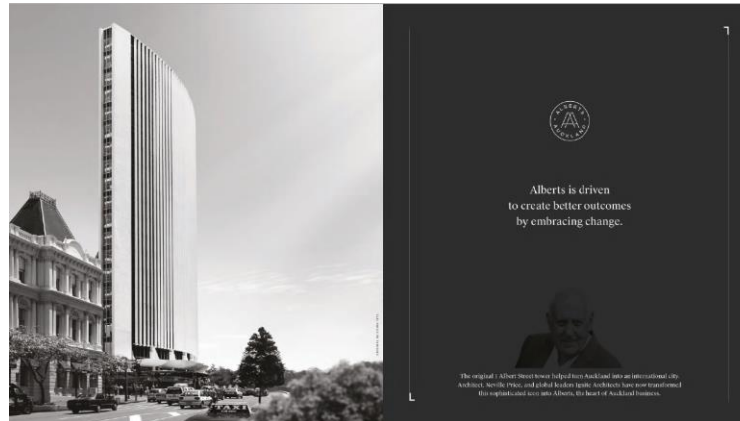
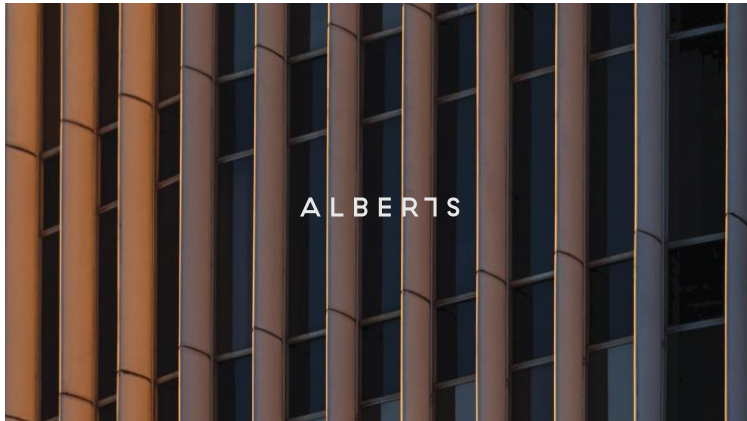
Auckland Real Estate's principal focus is the SME tenant market in Auckland, an active tenant base with established businesses and low default risk.

- SMEs account for \$35bn in revenue or 36% of national GDP, SME's are the fastest growing sector of the economy
- 75% of all leases in Auckland CBD are under 500sqm, these transactions represent 50% of all space leased

The workplace culture gap is a recent trend that has gained momentum from Covid 19 as many tenants look to hub and node workspace strategies to allow increased flex.

ARE, as a landlord, accesses the workplace culture gap to enable an improved asset performance through its workplace solutions brand **Alberts**.

[Alberts website – Click Here](#)



Introduction – Alberts workplace strategy

Alberts in an integrated workspace solution that enables ARE to optimise revenue through accessing the relative value of workplace culture.

Alberts workplace solutions are available in three formats;

- **Private Suites**, pre built workspaces targeted at SME businesses, users include Logos, Williams Corp, ETOS and Match Realty
- **Bespoke Workplaces**, made to measure and built to the tenants brand, users include Bolton Equities, Ray White Corporate and NZ Finance
- **Traditional Offices**, traditional white box solutions where tenants rent space and do there own fitout at their expense

The current Alberts workspace solution is available in all buildings, with the results to-date summarised in the table below. The higher gross rents achieved by Alberts workspaces reflect the Private Suites and Bespoke Workspaces, where the tenants have no investment as the workspaces are complete, walk in and ready to use.

Property	Purchase date	Ave gross rent at purchase	Gross rent post renovation for Alberts workspaces	Value Add achieved through ARE workplace strategy
1 Albert Street	02/2018	\$280 sqm	\$800 sqm	2.0X
12 Viaduct Harbour	11/2018	\$510 sqm	\$900 sqm	1.8X
10 Viaduct Harbour	11/2018	\$410 sqm	\$920 sqm	2.2X

Long term, ARE strategy is for the portfolio to comprise approximately 35% Private Suites and 20% Bespoke Workplaces, both by Alberts. The balance of the portfolio, 45% will be traditional style leases. This allows flexibility in responding to the tenants market changes and enables to move between traditional office solutions to more flexible workspace solutions offered by Alberts.

Auckland Real Estate - Management

Andrew Saunders Chief Executive Officer

35 years real estate experience, including investment banking, funds management and cross border investment.

John Hames Chief Financial Officer

John has 35 years experience working for NZX listed entities and other companies across a variety of industries including Coopers & Lybrand (now PwC),

Mark Gedye GM – Asset Mgmt

18 years real estate experience specializing in the activation of commercial office towers including feasibility analysis, transaction management and property management.

Kylie Metzener GM – Tenant Mgmt

After more than six years managing the Morgan Stanley portfolio, Kylie joined ARE. She is charged with leasing, tenant management and interaction across the portfolio.

Nakita de Wit GM – Alberts

More than 15 years in hospitality management, including corporate workplace and strategy experience. Nakita has worked across Australia & New Zealand, in organisations such as Electronic Arts Australia, CBRE and Hyatt Hotels.

Tino Tanfara Chief Financial Officer (Group, Sydney)

More than 30 years experience in management of listed REITS and their portfolios. Extensive domestic and offshore, property, financial, and capital management experience,

Cornelia Weston Head Concierge – Alberts

A hospitality professional for 15 years, Cornelia has worked in a number of high profile single and multi-site operations both in New Zealand and the UK, where guest relationship management was a key aspect of her roles.

Patrick Baird Head – Technology

With a background in advanced IT Systems Engineering in a large range of industries, Patrick is across the latest technologies and practices in today's IT environment.

Taryn Welch Head – Marketing & Communications

More than 18 years marketing & communications experience, with 11 being in real estate. Taryn held senior marketing and communication roles at leading commercial real estate organisations.

Auckland Real Estate - Board

Andrew Saunders Executive Chairman

Extensive listed and unlisted market experience with Macquarie Bank and Challenger Group. Founder and Principal of ARE, Alberts and Quattro Group.

Greg Dyer Independent Director

Experienced senior executive with an extensive background in high profile private and public enterprises, including ASX listed Mirvac Group, FKP Property and APN News and Media. Greg spent four years in the Local Government sector as the CEO of City of Parramatta Council. He is currently CEO of Sydney Fish Market Pty Ltd, leading the company's participation in the creation of the iconic new \$750m Fish Market building on Blackwattle Bay.

Nick Hargreaves Independent Director

Former Managing Director of JLL New Zealand, Nick has 30 years experience in valuation, property management and transaction management. He is an active participant in the Auckland real estate market, advising several investment groups.

Barry Mann Independent Director

Experienced Company Director, and CEO, with more than 20 years working in listed Australian property companies, having been across urban renewal, property development, major transactions, design and construction, infrastructure delivery, international business, joint venture management and government enterprises.

Janelle Meares Company Secretary

Janelle joined the team in May 2014 and brings a wide range of knowledge and experience that contribute to her accounting skills. She has more than 30 years experience as an accountant in the finance, banking and real estate sectors. Janelle has held senior roles at Ernst & Young, Lloyds TSB & HSBC London and Schiavello Group.

Introduction – Financials (\$A)

The financials details below are reported in \$A at 30 June 20 for consistency

Balance Sheet - Auckland Real Estate Trust (previously Quattro Plus Real Estate)	Year End 30-Jun-20
ASSETS	\$A
Cash and cash equivalents	\$1,107,000
Trade creditors & receivables NZ	\$1,130,000
Other assets NZ	\$ 425,000
Other assets AUS	\$597,000
Investment properties(NZ)	\$134,670,000
Investment properties(US)	\$30,873,000
Right of use asset - leases	\$19,495,000
Other assets non current AUS	\$150,000
Other assets non current US/NZ	\$ 781,000
TOTAL ASSETS	\$ 189,228,000
LIABILITIES	
Trade and other payables NZ	\$ 3,637,000
Trade and other payables US	\$ 1,463,000
Lease liability	\$ 19,495,000
Financial Liabilities (Debt) NZ	\$ 59,229,000
Financial Liabilities (Debt) US	\$ 16,305,000
TOTAL LIABILITIES	\$100,129,000
NET ASSETS/UNITHOLDER EQUITY	\$89,099,000
UNITS ON ISSUE	80,342,150
NTA PER UNIT	\$1.11
GEARING (Total Debt to Total Assets)	40%

Auckland Real Estate's major shareholders are the Alceon Group, who currently hold 95.92% of issued units.

The limited volume of trades reflects the tightly held nature of the units on issue. There are 80,000,000 total units on issue and over the last five months, 12,000 units have traded, representing a volume of 0.02%.

ARE has appointed Craigs Investment Partners to advise on issue of securities to broaden the register in 2021, additional details for which will be released at the appropriate time.

Alceon Group are a multi strategy alternative asset manager who have invested over \$4bn of capital and are active in both Australia and New Zealand.

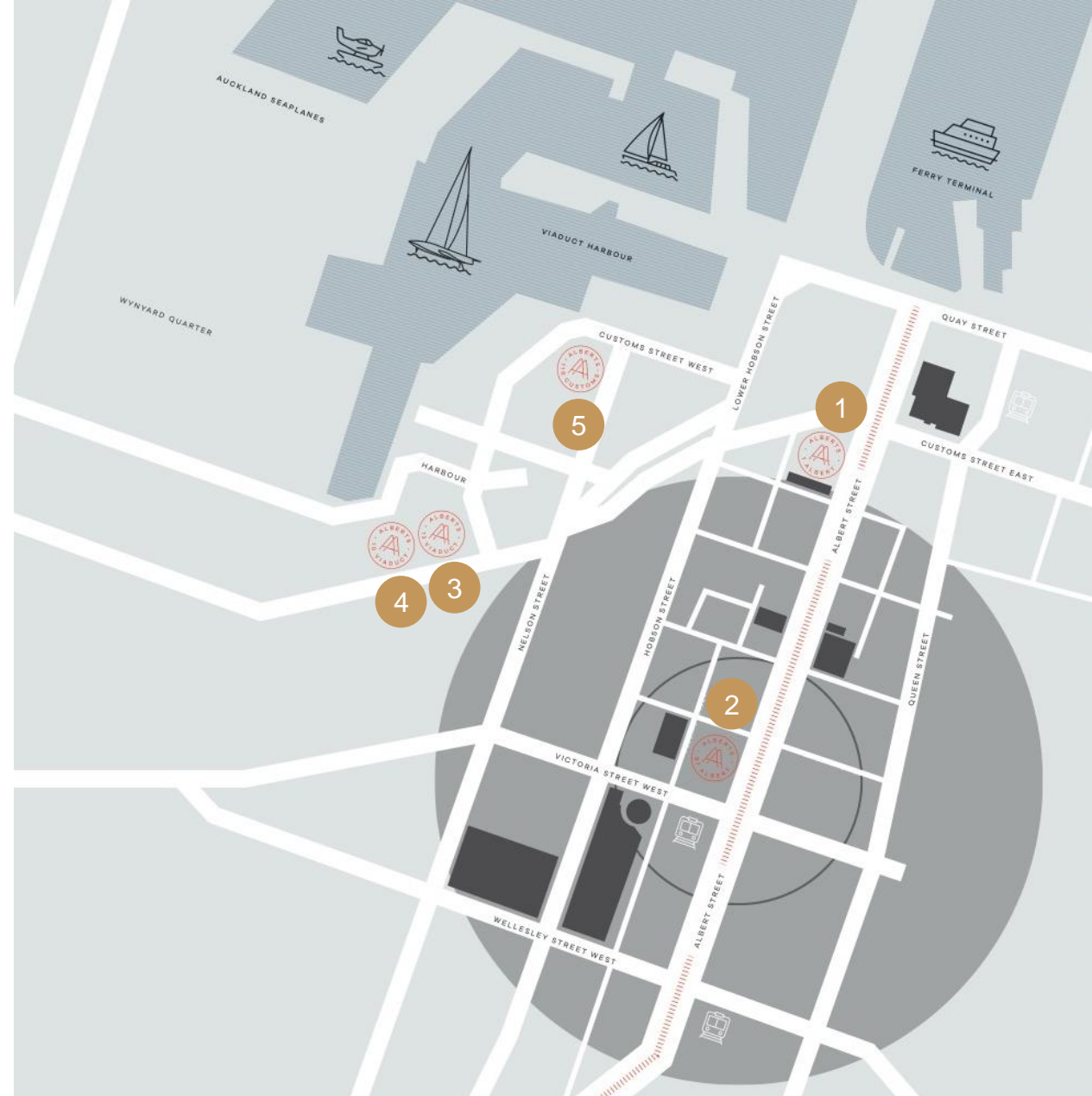
Introduction – Portfolio

NZ Properties

1. 1 Albert Street
2. 87 Albert Street
3. 12 Viaduct Harbour Avenue
4. 10 Viaduct Harbour Avenue
5. 110 Customs Street West

US Property

1. 1700 W.Higgins Rd, Chicago (Held for sale in 2021)



1 Albert St,
Auckland

1 Albert Street is a real estate investment driven by location and the ability to add value through improved rents, bolstered by a first-class refurbishment. The result is a modern, post Covid workplace solution strengthened by the Alberts offering.

The property is located adjacent to Commercial Bay with the proposed M&L office tower and the ANZ Centre located adjacent on Albert Street.

Works being completed as part of a \$30m refurbishment include a new entrance, office lobby and office refurbishment. As these works complete, 1 Albert Street will move to full occupancy in early 2021.

Key property information	
Net lettable area (sqm)	8,614
Current occupancy rate	56.00%
# levels	20
Car parks	0



ALBERTS, MEMBERS CLUB



ALBERTS, THE COMMONS



87 Albert St, Auckland

87 Albert Street is similar to 1 Albert Street, in that it is an investment based on location and the ability to add value through refurbishment.

Located within 20m of the Victoria Street entrance to the new Aotea CTRL station, which is forecast to be Auckland's busiest transport hub, and adjacent to the Sky City complex, the property is well positioned.

Works underway include a façade upgrade, new lifts and upgraded services. The office levels are being refurbished and Alberts workplace solutions, including flex workspaces, are being designed in collaboration with Coco Republic.

Key property information	
Net lettable area (sqm)	7,210
Current occupancy rate	55.50%
# levels	12
Car parks	59



87 ALBERT ST LOBBY



ALBERTS ST ENTRY



12 Viaduct Harbour Ave,
Auckland

The property was acquired as it is one of only three good quality office properties on the waterfront. With floorplates of circa 500sqm, it is ideal for SME businesses with workspaces having great natural light, car parking and easy access to main transport links.

The property is being activated with the recent opening of Lawn Café and F45 gym on the ground floor. In addition, new premium grade end-of-trip facilities have been added.

This activation, combined with newly renovated office suites, has been well received by the tenants and leasing market. Over the last six months, a number of new leases have been executed including an Alberts Bespoke workspace for Ray White.

The property is lease-hold and the rent has been fixed until 2028.

Key property information	
Net lettable area (sqm)	2,700
Current occupancy rate	100%
# levels	6
Car parks	31
Contract Val, and Walt Excludes Lawn	



VIADUCT AMENITY



VIADUCT AMENITY



**10 Viaduct Harbour Ave,
Auckland**

10 Viaduct Harbour Avenue is adjacent to 12 Viaduct Harbour Avenue and the two share a common lobby area. The property is next to the new Auckland QT Hotel, a high-end, luxury hotel offering.

The opening of the QT Hotel, Lawn and the F45 Gym, combined with the new end-of-trip facilities have added significant amenity to the property.

The property has a 500sqm floorplate and is easily split into smaller office suites to suit the SME market. Level 3 has been refurbished into three Alberts Private Suites, which are leased to a range of finance, real estate and international companies.

The property is lease-hold and the rent has been fixed until 2028

Key property information	
Net lettable area (sqm)	3,100
Current occupancy rate	100%
# levels	6
Car parks	31



VIADUCT ENTRY



110 Customs Street West, Auckland

A unique office building with stunning water views across the Viaduct Harbour, 110 Custom Street West is being re-positioned as a boutique premium grade workspace, inspired by high end boutique office buildings found in London and Paris.

Along with 10 and 12 Viaduct Harbour Avenue, this building provides smaller floorplates for the SME market. As part of the re-positioning, the lobby and retail are being refurbished. In 2021, a whole floor will be repositioned as high-end Alberts workspace solutions.

The property is lease-hold and the rent has been fixed until 2026.

Key property information	
Net lettable area (sqm)	2,400
Current occupancy rate	100%
# levels	4
Car parks	21



110 CUSTOMS ST WEST EXTERIOR



1700 W.Higgins Rd,
Chicago

The property is located in Chicago’s second largest commercial office market, which is adjacent to the O’Hare International Airport.

1700 W. Higgins was acquired in 2006 and is a legacy asset that has been retained for strategic reasons.

The property has been re-positioned over the last three years and is now being readied for sale in the first half of 2021.

The focus is to exit the property and the US market, allowing management to focus on the Auckland property portfolio.

Key property information	
Net lettable area (sqm)	13,500
Date built	1972
Top 3 tenants	Riddell, Missner Group
Car parks	392
% Leased	74%



W.HIGGINS EXTERIOR



W.HIGGINS INTERIOR

A new vision to deliver income and growth from commercial offices

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