

**Auckland Real Estate Trust
ASX / NZX Announcement
30 September 2022**

Auckland Real Estate Trust (“ARE”) accounts for the year ending June 2022.

Operating performance

ARE continues to progress its strategy to complete its portfolio of quality Auckland based assets under the Alberts value-add model.

All the stabilised assets are performing well, with rents increasing by 14% to A\$14.92m, reflecting the success of the value-add strategy and continued strong leasing activity. Pleasingly, 1 Albert Street was completed during the year and leasing has continued positively with 1 Albert Street now 96% leased. The Harbour Collection is 95% leased. The legacy Chicago asset is also now 90% leased.

Financial results

Despite having a material asset (Formerly project) under development and not yet materially income generating the Trust broke even at an operating level before borrowing costs of A\$8.1m and before downward asset revaluations of A\$20.4 million resulting in an overall loss of A\$28.4 million. The downward asset revaluations totalling A\$20.2m reflect amongst, other things, that approximately A\$12million of development capital expenditure has not yet been reflected in the asset values, unrealised FX movements of approximately A\$10m and that independent valuers have adopted a more cautious approach to discount rates and capitalisation rates in the current economic environment

Strategic initiatives

Overall, the Trust portfolio is well positioned and is progressing strategies to reduce debt levels with the sale of the Harbour Collection assets and 1700 W. Higgins. 1 Albert Street will provide a stable cashflow as the Formerly project is completed during 2023, with the initial tenant’s reaction to the project being positive.

The Harbour Collection is subject to an agreement for sale for NZ\$52.50m, which is conditional and expected to close in December.

1700 W.Higgins was marketed for sale and we are actively negotiating with a party to acquire the property. During the year the billboards were sold for US\$3.25m and the senior debt facility against the office building was refinanced. The office is now 90% leased and continues to be held for sale.

The Trust has executed term sheets to increase and extend its loans, with the current facility of NZ\$133.50m being replaced with a facility for approximately NZ\$157m, with an additional capex facility of NZ\$32m to fund the Formerly works.

**Andrew Saunders
Executive Chairman
About Auckland Real Estate - 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 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.