



**AUCKLAND
REAL ESTATE**

**Auckland Real Estate Trust
ASX / NZX Announcement
18 January 2023**

We are pleased to provide you a progress update on Auckland Real Estate Trust (ASX code: AKL "The Trust").

The Trust has completed and is continuing to progress a number of the initiatives noted in the market release dated 9 September 2022, which included the release of the Full Year Accounts for the year ending 30 June 2022.

A series of more detailed releases will be provided over the next few weeks to accompany the year end accounts as well as detailed information on the proposed delisting of the Trust (more detail below)

Update in relation to matters noted in Accounts

The NZ\$188.79m refinance was successfully completed at the end of November. The new finance facilities are provided by a combination of the Trusts existing senior facility financiers and a junior facility provided, on market-based terms, by entities associated with and managed by Alceon Group.

The new finance facilities refinanced the prior NZ\$133.50m loan and include a facility of NZ\$32.00m to finance the Formery project. The new finance facility includes provisions in relation to the completion of the sale of the Harbour Collection, as well as market terms in relation to the drawdown of funding for the Formery project. The finance facilities are for a term of 2 years, which align with the timeframe for the planned strategic initiatives explained briefly below.

The sale of the Harbour Collection for approximately NZ\$52.50m, before costs, is due to complete in March 2023. The buyer, who is syndicating the properties, has completed due diligence and secured debt funding. The equity syndication is due to commence in late January, with the contract conditional upon the equity syndication. The syndication is 50% underwritten.

The sale of the US asset, 1700 W Higgins, has been impacted by the US market conditions, with the sale delayed and terms revised. Negotiations are progressing and a transaction, for a partial or complete sale, is expected to be completed at the US\$15.00m total consideration previously noted.

Update on assets and forward activities

The stabilised assets, which comprise of 1 Albert Street, the Harbour Collection and 1700 W. Higgins, Chicago are now effectively fully leased. The trusts strategy is to realise stabilised assets in an orderly fashion in due course.

The Formery project will commence in early 2023, with the strategy to lease the upgraded premium office areas as the link and re-positioning works are progressed. More detail on the Formery project will be provided in the February update as well as the forward activities outlined below.

We continue to progress with multiple work streams to commence asset sales and return capital to investors including the following initiatives:

1. Further refinance the assets individually to optimise leverage compared to the current NZ syndicated bank facility (NZD\$88.00m) which at 30 June valuations (NZD\$303.00m) are at a 29% LTV excluding the undrawn capex facility.
2. Progressing a sale, or partial sale, of the 1700 W Higgins asset and associated land.
3. Progressing with a sale of the Harbour Collection (the 3 smaller stabilised assets), which is subject to a conditional sale agreement as noted above.
4. Commencing repayment of the existing corporate mezzanine loan from cash flow and asset sales. This facility expired in September and has been extended in line with the strategy and continues to accrue interest on a capitalising basis at 14% pa.
5. Delisting the trust to provide operational cost savings with no benefit now being available from a continued listing.

ARE delisting from the ASX and NXZ

Following consultations with the major investors, the Board will be presenting to unitholders a proposal to delist the Trust.

Investors will shortly receive a meeting notice for a of General Meeting, which will occur in early March, to present and seek investors approval for the proposed delisting.

The ASX and NZX have both approved the delisting of the Trust in principle, with the key conditions being;

- That investors who hold small unmarketable parcels of units be offered a price equal to the Trusts NTA per unit at the time of the approval of the proposal, if the proposal is approved at the General Meeting.
- All investors be offered, under a general offer to unit holders who may not wish to be invested in the delisted Trust, a price equal to the Trusts NTA per unit at the time of the approval of the proposal. The offer will commence after the General Meeting and be open for acceptance for a period, the dates of which will be advised in the meeting notice.
- We anticipate the Trust will be delisted by mid-April 2023, when it will continue its business as an unlisted Trust.

The Alceon entities intend to vote in favour of the delisting and will not be taking up the offer to realise their units at NTA.

Conclusion

Mr Andrew Saunders concluded by saying “We have a high-quality portfolio of assets. Our focus is maintaining the positive leasing and development momentum across the portfolio, completing development works and maximising value for the stabilised assets. With our advisers and major investors, we are actively pursuing options to maximise value, recycle capital and deliver further growth.”



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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.