

Auckland Council Investor Update

March 2025



Important disclaimer

The information in this presentation has been prepared by Auckland Council for general information purposes only. By listening to or reading this presentation, you acknowledge and agree to the contents of this disclaimer.

This presentation is strictly confidential and is being provided only to persons who are professional, institutional and/or wholesale investors to whom it can be lawfully provided in any jurisdiction ("Relevant Persons"). It is only directed at Relevant Persons.

Auckland Council makes no representation or warranty as to the accuracy, adequacy, reliability, completeness or currency of any statements, estimates or opinions or other information contained in this presentation. This presentation has been prepared in good faith but has not been independently verified. Certain information and data contained in this presentation was derived by Auckland Council from other sources. Auckland Council and its councillors, officers, employees and agents expressly disclaim any and all liability relating to or resulting from inaccurate or incomplete information or the use of or reliance on all or any part of the information contained within this presentation, except to the extent such liability is found by a court to arise under the Financial Markets Conduct Act 2013 (NZ) or cannot be disclaimed as a matter of law.

This presentation may contain forward-looking information including estimates, forecasts and projections. This forward-looking information speaks only as of the date of this presentation and is based on assumptions which may or may not prove to be correct. No express or implied representations or warranties are, or will be, made by Auckland Council or any other person as to the accuracy or completeness of this forward-looking information or the reasonableness of any assumptions that underpin it. The forward-looking information involves known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by this forward-looking information. Any opinions expressed in this presentation reflect the judgement of Auckland Council as at the date hereof, and do not bind Auckland Council. Except as required by law, Auckland Council undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

This presentation does not, and is not intended to, constitute an offer, invitation or recommendation by Auckland Council to any person to subscribe for, purchase or otherwise deal in any financial products. Any person considering investing in a financial product offered by Auckland Council must refer to the relevant offer document that has been expressly issued by Auckland Council for that purpose and the disclosures provided expressly in connection with those financial products and should take their own independent financial and legal advice on their proposed investment.

This presentation is proprietary to Auckland Council and may not be copied, distributed, disclosed or used without Auckland Council's express written consent.

Any internet site addresses provided in this presentation are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this presentation.

All currency amounts are in New Zealand dollars unless otherwise stated and figures, including percentage movements, are subject to rounding.

Mihi

Noho mai rā Tāmaki Makaurau,
moana waipiata,
maunga kākārīki.

Mai i ngā wai kaukau o ngā tūpuna,
ki ngā puke kawē i ngā reo o te tini,
i puta ai te kī mōu

Tū ana he maunga,
takoto ana he raorao,
heke ana he awaawa.

Ko ō wahapū te ataahua,
ō tāhuna te mahora,

te taiao e whītiki nei i a koe he taonga tuku iho.

Tiakina kia meinga tonu ai koe
ko 'te tāone taioreore nui o te ao,
manakohia e te iwi pūmanawa'.

Tāmaki Mākaurau tirohia te pae tawhiti
he whakairinga tūmanako

mō ngā uri whakaheke o āpōpō,
te toka herenga mō te hunga ka tahaki ake
mā ō tomokanga,

te piriti e whakawhiti ai
tō iwi ki ngā huarahi o te ora.

Tāmaki Mākaurau e toro whakamua,
hīkina te mānuka.

Tērā te rangi me te whenua te tūtaki.
Maranga me te rā, he mahi māu me tīmata,
ka nunumi ana ki te pō,
whakatārewahia ō moemoeā ki ngā whetū.

Ko te oranga mutunga mōu
kei tua i te taumata moana.

Whakatuwherahia ō ringa, kūmea mai ki i tō uma.

Tāmaki Makaurau
he tāone ūmanga kurupounamu koe;
tukua tō rongo kia rere i te ao.

Tāmaki Makaurau
who bestrides shimmering seas,
and verdant mountains.

From the bathing waters of our forebears,
and hills that echo with voices
that acclaim.

Your mountains stand lofty,
your valleys spread from them
and your streams run freely.

Your harbours are majestic,
your beaches widespread,
the environment that surrounds you is a legacy.

Take care of it so that you will always be known
as 'the world-class city
where talent wants to be'.

Tāmaki Makaurau looking to the future,
repository of our hopes

for generations to come,
anchor stone for those who venture
through your gateway,

and the bridge that connects
your citizens to life.

Tāmaki Makaurau moving on.
accepting all challenges.

Where even heaven and earth might meet.
Rise with the sun as there is work to be done
and when evening comes,
allow your dreams to glide among the stars.

Perpetual health and growth
is beyond the horizon of cresting waves.

Open your arms and pull them to your embrace.

Tāmaki Makaurau, you are a city
where valued business and enterprise thrives;
let your good name traverse the world.



Contents

Overview	5
Drivers of Auckland Council's credit profile	8
Key focus areas and group financial highlights	12
Funding approach and debt market activity	19
Auckland Council's sustainability programme	25
Auckland Council summary	30
Appendix	32
Contact details	37



Overview

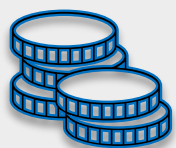


New Zealand overview



5.4m¹

New Zealand's population



NZ\$420b²

New Zealand's GDP



0.1%²

Annual GDP Growth



2.2%¹

New Zealand's annual CPI



0.58³

NZD/USD
Exchange Rate



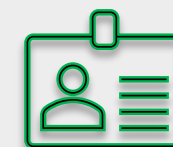
0.91³

NZD/AUD
Exchange Rate



5.1%¹

Unemployment
Rate



3.75%⁴

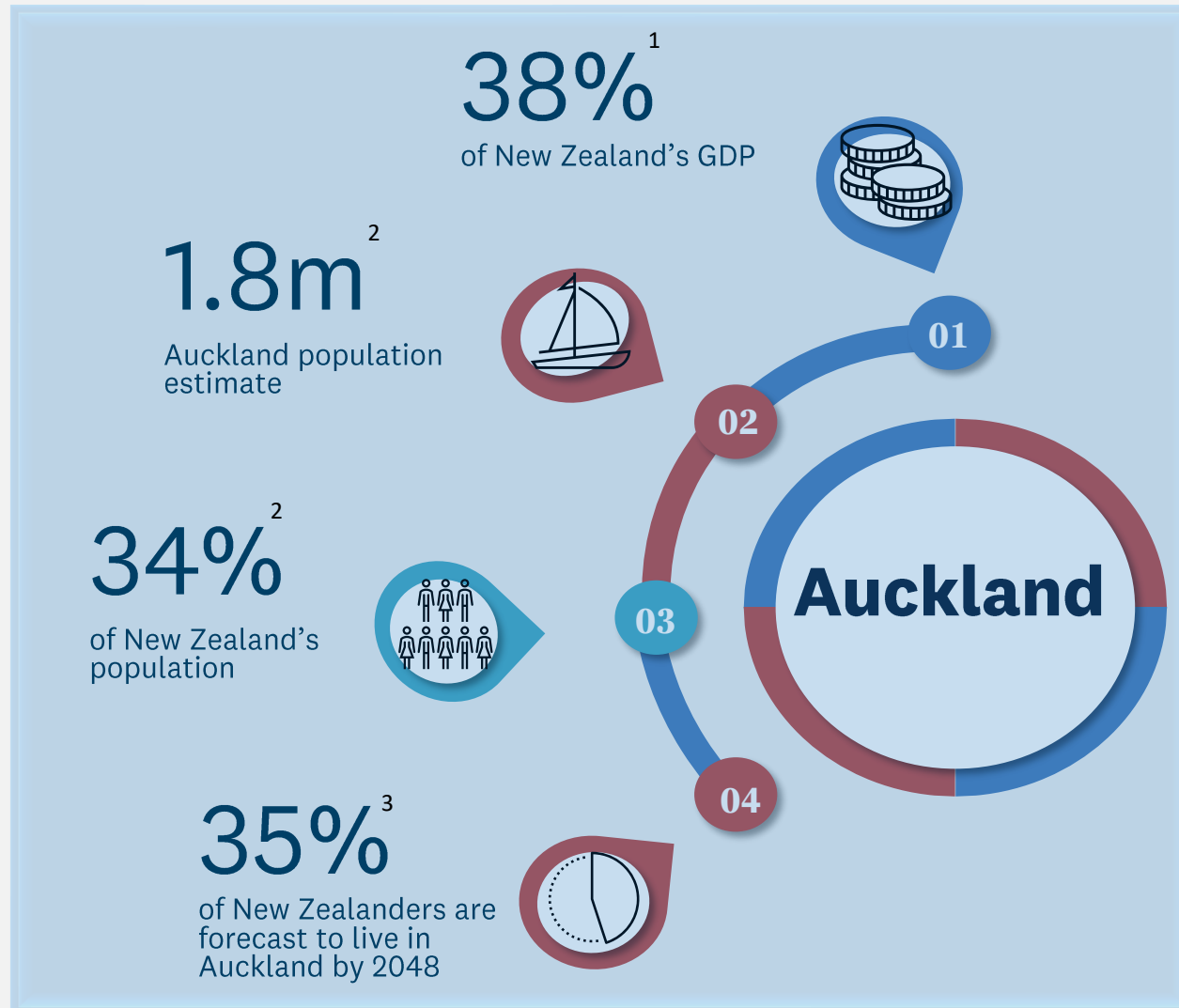
Official Cash Rate



1. Statistics New Zealand December 2024
2. Statistics New Zealand September 2024
3. Bloomberg as at 17 March 2025
4. RBNZ as at 19 February 2025



Auckland overview



Drivers of Auckland Council's credit profile



Infrastructure-focused local government responsibilities



Central Government	Central and Local Government	Local Government
Education	Public transport Infrastructure	Water supply
Police and fire services	Local roads (construction, maintenance and cleaning)	Wastewater and sewers
Public healthcare and hospitals		Storm water
Public housing		Rubbish and recycling collection and disposal
State highways		Street cleaning
Corrective facilities		Regulatory functions
Pensions and welfare		Public facilities (parks, recreation facilities, libraries, community halls, arts & cultural amenities and sports fields)



Infrastructure-focused local government responsibilities

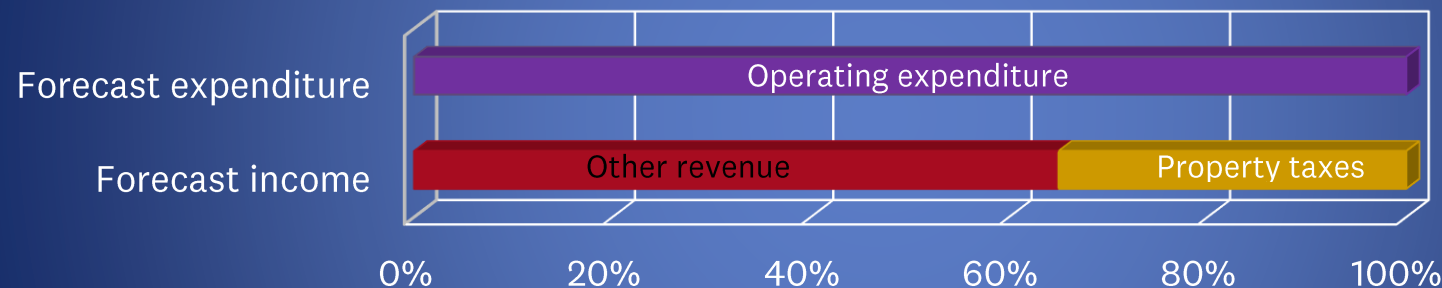
Auckland Council has broad powers to tax property (rates)

- No legal upper limit on property taxes
- Property taxes rank ahead of all other claimants on property
- Security offered to banks/bondholders
- Property taxes not linked to house prices

High levels of financial disclosure

- Requirement to publish 10-year and annual plans
- Transparency and consultation
- Plans and reports audited
- Governance oversight by the Audit Committee and Auditor-General
- Results public


Requirement to balance operating budget



Maintains high quality credit ratings

S&P Global
Ratings

AA (stable)
25 September 2024

MOODY'S

Aa2 (stable)
18 September 2024

Strengths	Risks
Strong economy	Elevated debt
Experienced financial management	Budgetary performance (i.e. level of cash deficit after capex)
Exceptional liquidity	Weakening institutional framework assessment
Diverse funding sources	
Growing partnership with central government	



Key focus areas and group financial highlights





Key focus areas

- Long-term plan 2024-2034 execution
- Central/Local government collaboration
- Local Water Done Well – Watercare funding separation
- Auckland Future Fund (AFF) update
- Local government election – October 2025

[Link to Long-term plan 2024-2034 documents](#)

Water reform implications



Legislative obligation – obligation for the provision of water and wastewater service transferred to Watercare from 1 July 2025



Economic regulation – will be subject to economic regulation by the Commerce Commission (Charter being established to set interim regime)



Financial separation – Auckland Council will be prohibited from providing any financial support to Watercare



Transitional support – Auckland Council cannot provide new debt to Watercare from 1 July 2025, Watercare will have 5 years to repay outstanding debt



Role of central government – no explicit central government guarantee but will have step in rights similar to local authorities

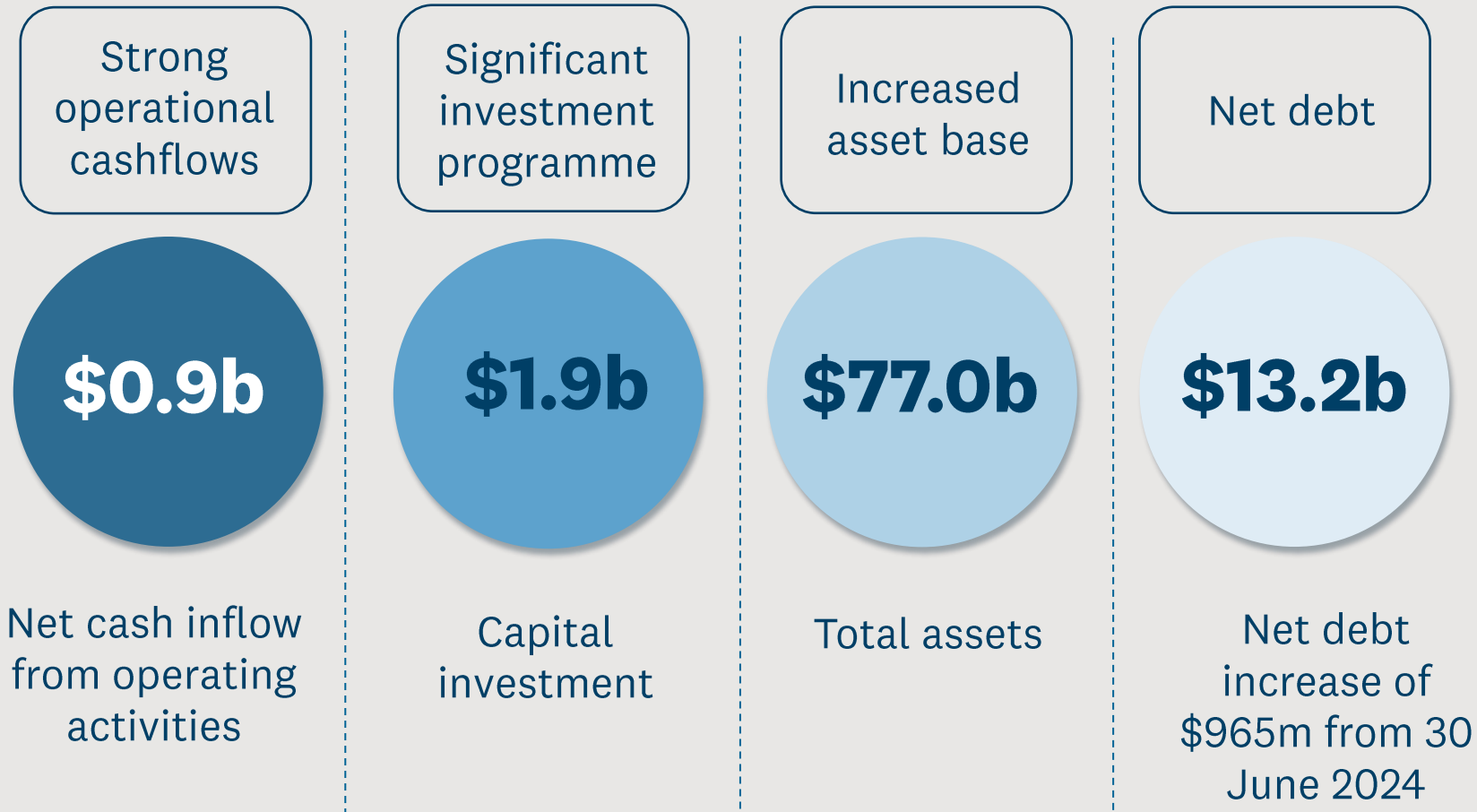


Role of Auckland Council – sole shareholder and treasury service provider

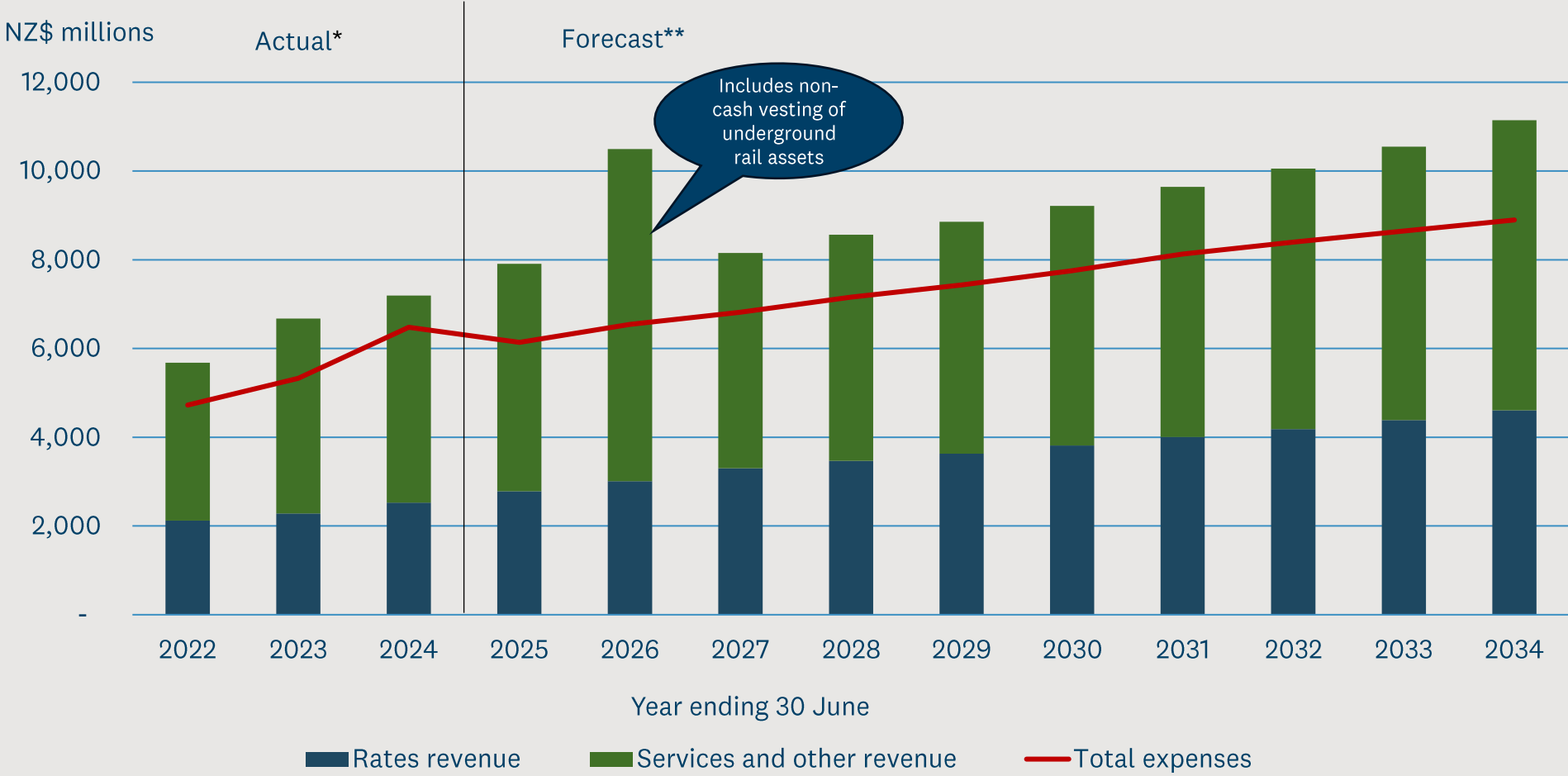


Strong group financial results

For six months to 31 December 2024



Growing group revenues vs expenditure

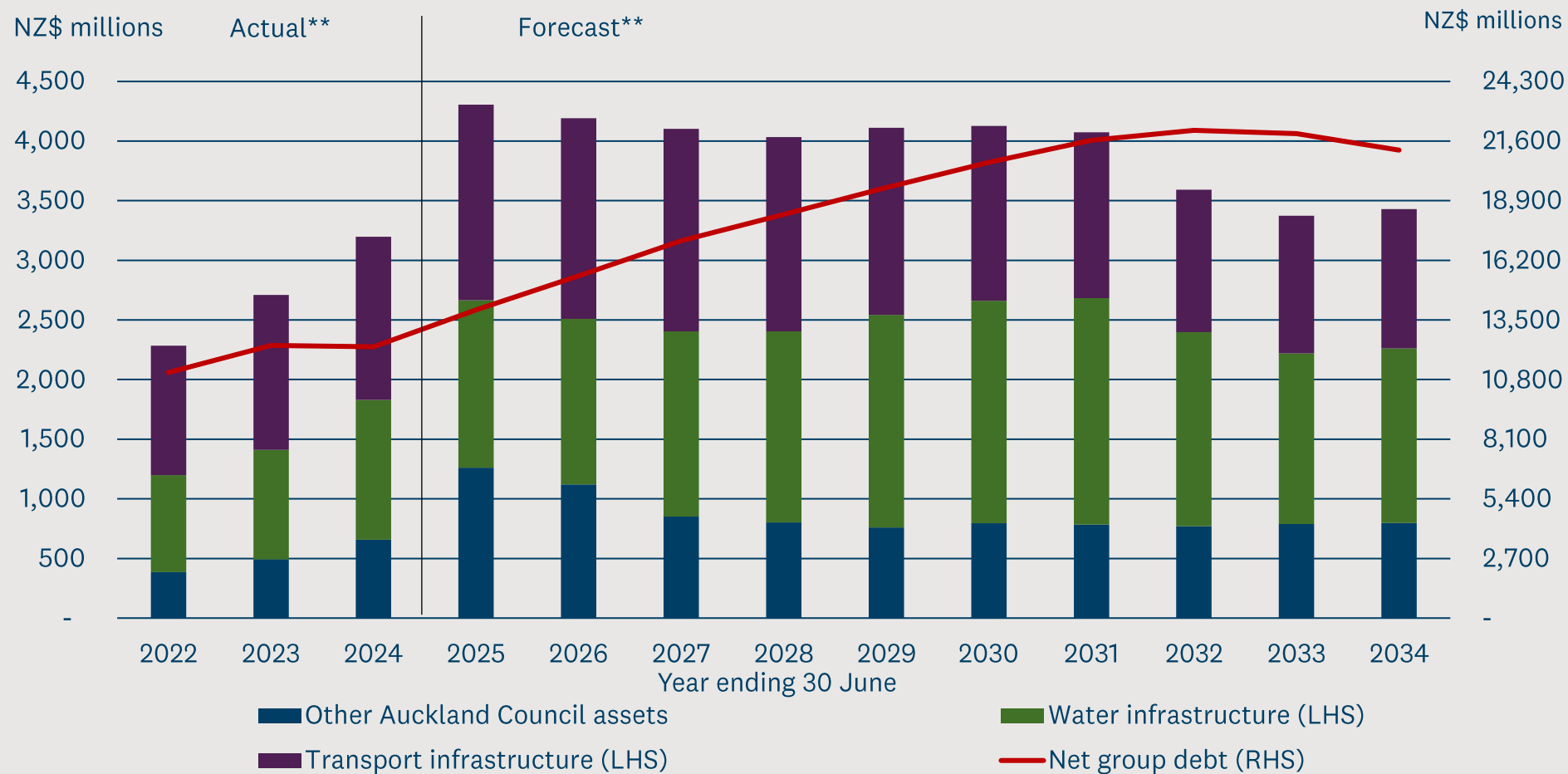


*Actual are audited results

** Forecast based on the Long-Term Plan 2024-2034



Consistent investment in group infrastructure

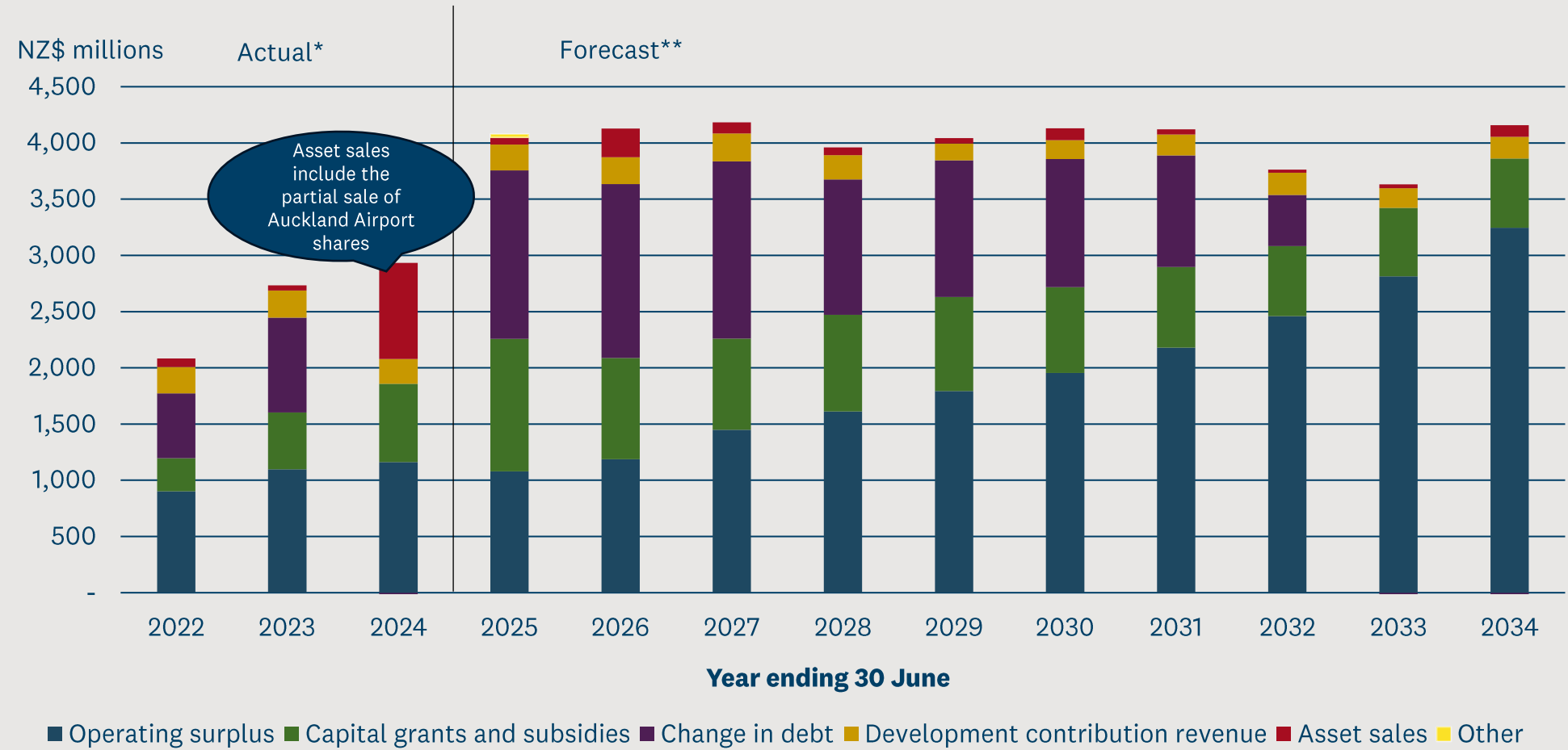


*Actual are audited results

** Forecast based on the Long-Term Plan 2024-2034



Reducing dependency on group debt as a funding source



*Actual are audited results

** Forecast based on the Long-Term Plan 2024-2034



Funding approach and debt market activity

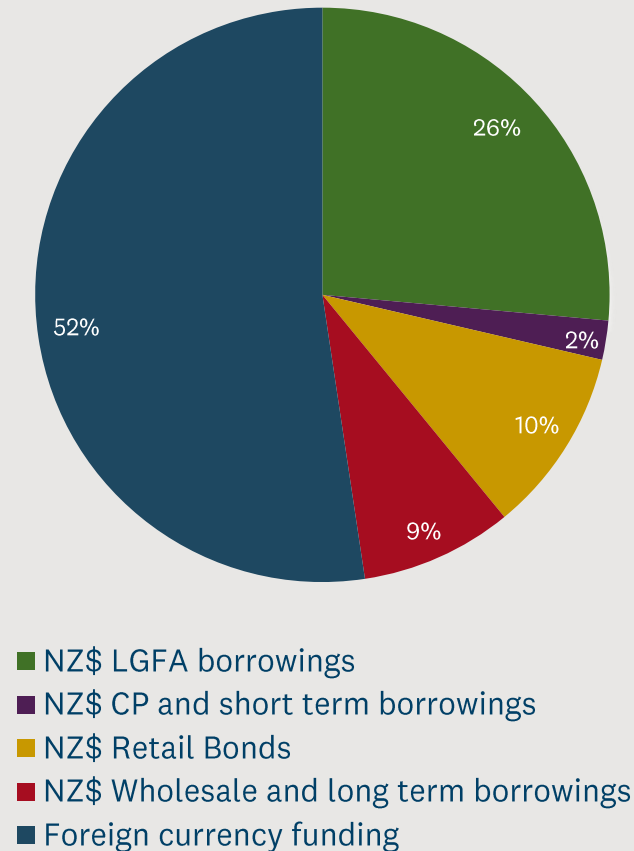


Robust and established funding strategy

- Diversified debt across three main funding sources
 - NZ\$ debt (wholesale and retail)
 - Foreign currency debt (ECP, strategic markets including EUR and tactical markets)
 - LGFA*
- Spreading debt across time (no more than NZ\$4.5 billion maturing in any 12-month period) - weighted average term 5.17 years
- Maintaining reasonable debt headroom with LGFA - Actual 15% vs 40% cap of LGFA's total lending

* Local Government Funding Agency

**Auckland Council Group funding mix
(as at 31 December 2024)**



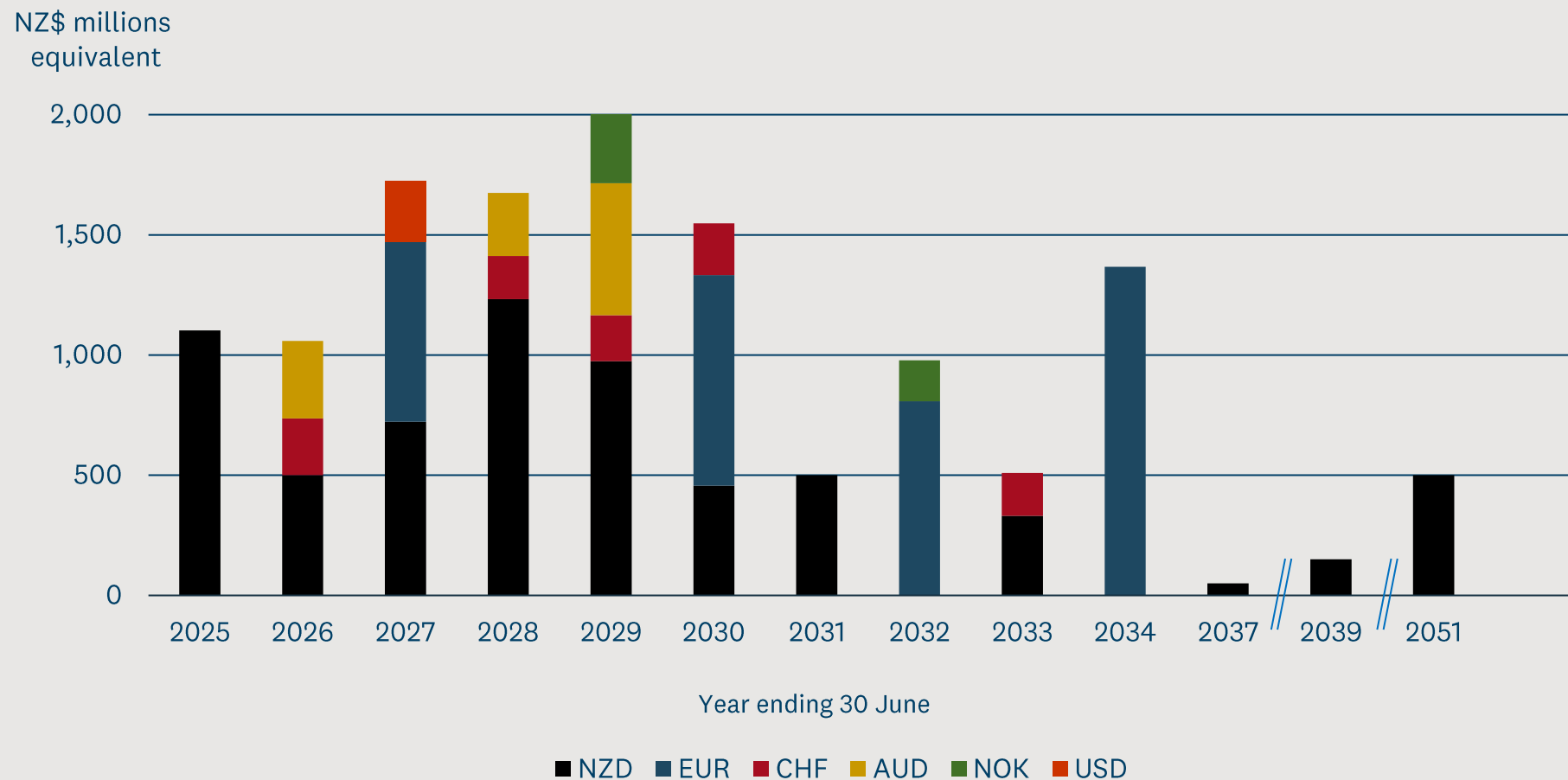
Robust and established funding strategy (cont.)

- Maintaining liquidity at greater than 10% of gross debt – NZ\$800 million LGFA and bank standby facilities + liquidity facility from the Auckland Future Fund
- Preference is to list Auckland Council debt on the NZX, SGX or SIX = 52% of total debt is listed
- Hedging all FX exposure on foreign currency debt
- Disciplined approach to investor engagement – regular investor updates
- Green bond issuance – 9 green bonds totalling NZ\$3.7 billion currently outstanding (NZ\$, EUR and CHF issues) = 29% of total debt

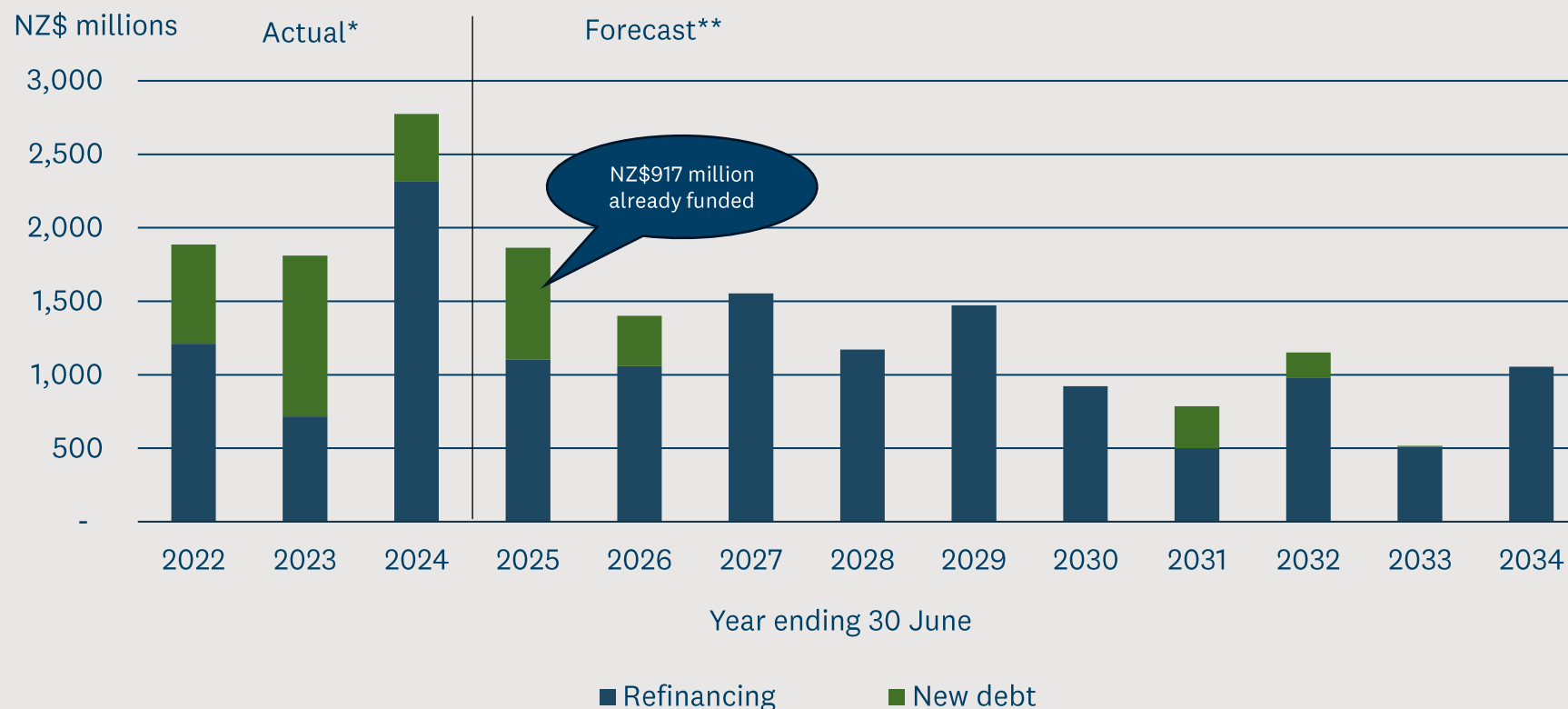


Diversified debt maturity profile

(as at 31 December 2024)



Reducing annual debt requirement for parent (as at 31 December 2024)

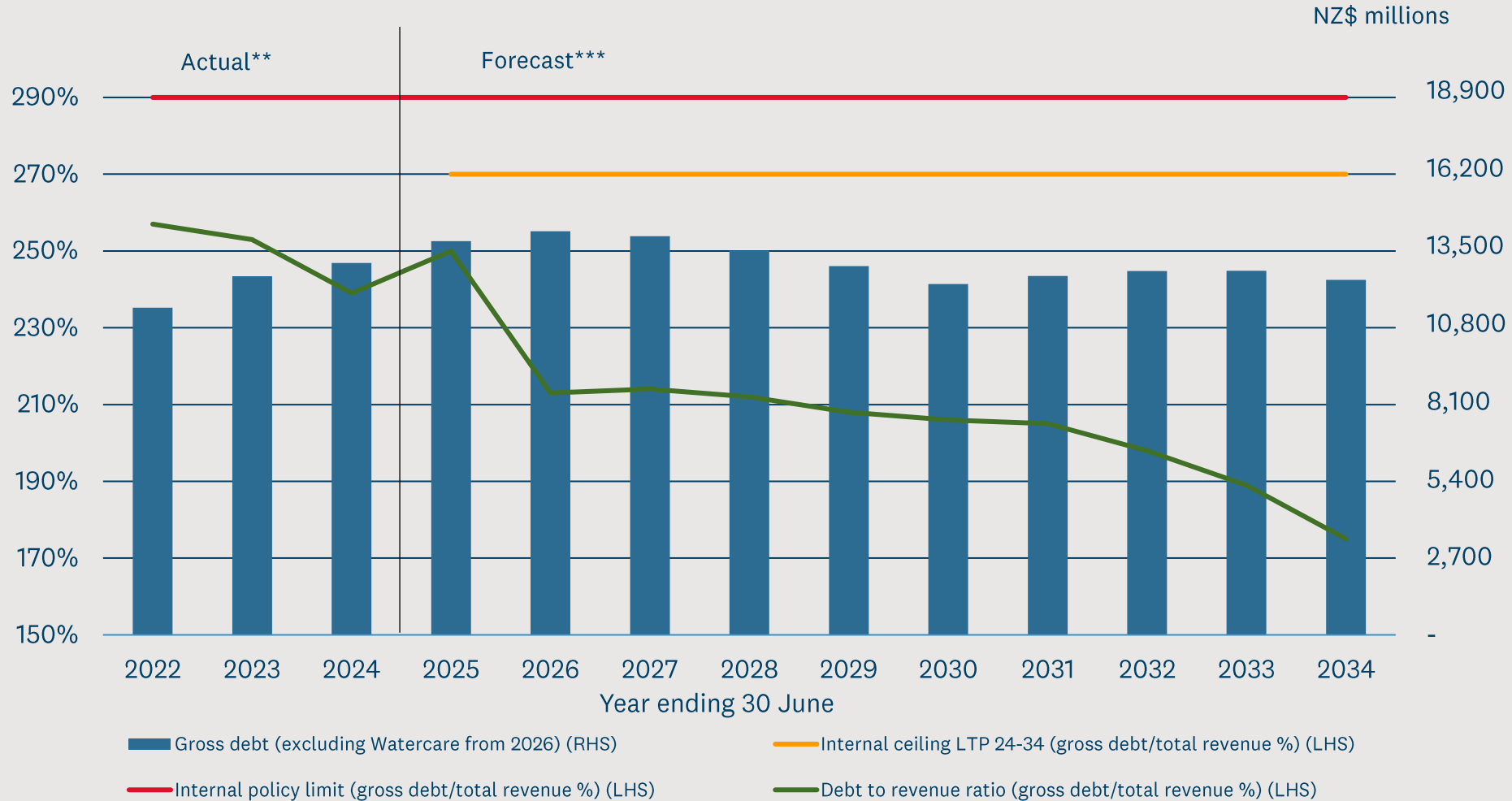


*Actual are audited results

** Forecast based on the Long-Term Plan 2024-2034. Excludes debt independently borrowed by Watercare from 1 July 2025.



Declining gross debt to revenue ratio *



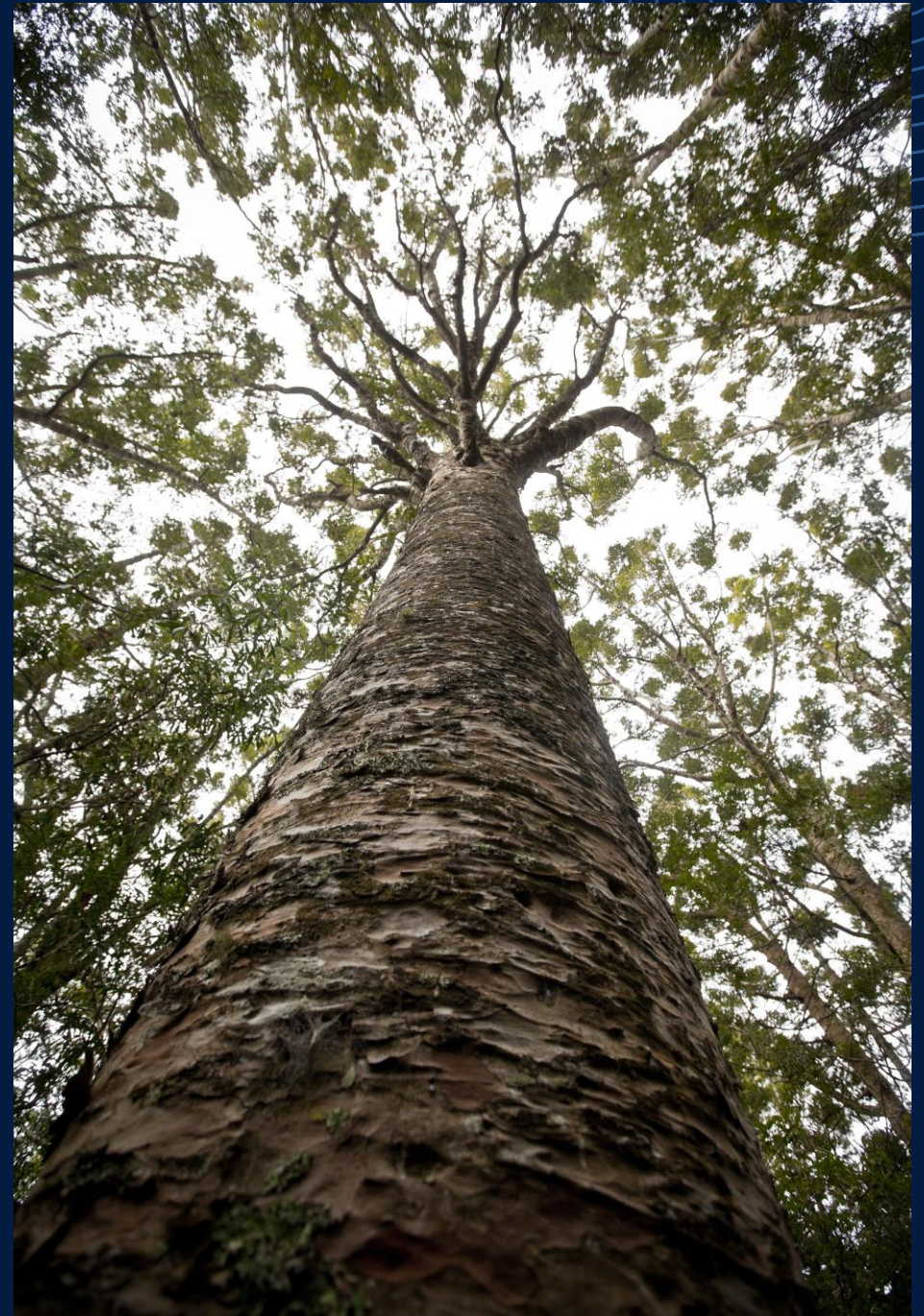
* 2022-2024 actual and 2025 forecast includes Watercare debt. Watercare debt is excluded from forecasts from 2026 onwards

** Actual are audited results

*** Forecast based on the Long-Term Plan 2024-2034



Auckland Council's sustainability programme



Holistic approach to sustainability

Governance

- Auckland Council's Governing Body focuses on the big picture and region-wide strategic decisions
- Climate change governance structures enable the effective role out of Auckland's Climate Plan
- 10 and 30-year plans ensure multi-year planning and transparency

Social

Auckland Council has made an organisational wide commitment to a diverse and inclusive workplace:

- Taking steps to close pay gaps based on gender and ethnicity
- Increasing the use of Te Reo, the Māori language
- Delivering our Inclusive Auckland Framework

Where possible we use our spending power to deliver positive social, economic, environmental, and cultural outcomes for Aucklanders



Holistic approach to sustainability (cont.)

Environment

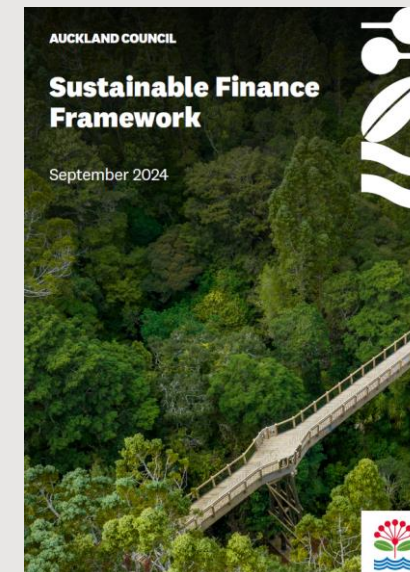
Our core goals:

- To achieve net zero greenhouse gas emissions by 2050
- To adapt to the impacts of climate change by ensuring we plan for the changes we face under our current emissions pathway



Comprehensive Sustainable Finance Framework

- Align Auckland Council's funding to its climate plan goals
- In harmony with international standards and principles - subject to independent assurance
- Will seek assurance or Second Party Opinion for pre and post - issuance and impact reporting
- May seek CBI (Climate Bonds Initiative) certification for individual bond issues



- Report annually - use of proceeds and impact
- Since the establishment of Auckland Council's sustainable finance programme, we have sought an independent review of our green bond documentation, including our sustainable finance framework and use of proceeds statements

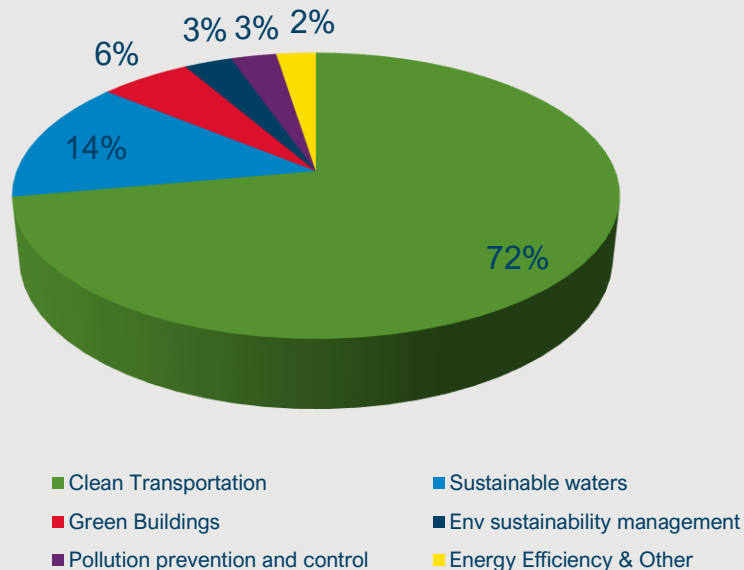


Established green bond programme

- First New Zealand entity to issue a green bond in New Zealand (NZ\$200 million 5-year green bond in June 2018)
- Issued 10* green bonds totalling NZ\$3.9 billion equivalent, including a NZ\$500 million 30-year bond and EUR500m 10-year green bond

*A \$200m NZD green bond has matured since it was issued

Eligible asset mix by sector



Bonds vs eligible assets



Eligible Assets Schedule

- Updated in June 2024 to NZ\$4.2 billion
- Assets include electric trains, cycleways, new rail tunnel and stations, bus transfer stations, LED street lighting, efficient buildings, waste management and water assets



Auckland Council summary



Auckland Council - Summary

Strong credit rating

- Long-term credit rating (AA by S&P, Aa2 by Moody's both on "Stable" outlook)
- Rating supported by strong governance framework, flexible and broad powers to set rates (property taxes), and strong diversified economy
- Lenders have a charge over current and future rates income (rates rank above all other claimants)

Sound financial position

- Annually balance operating expenditure with operating income
- Total assets of NZ\$77 billion and total net debt NZ\$13.2 billion at 31 December 2024
- Strong operational cash flow as depreciation cash funded
- Debt generally used to fund new assets

Funding strategy

- Diversification important (both market and tenor)
- Open to multi-currency transactions (via existing offshore programmes)
- Holistic approach to sustainability



Appendix



New Zealand additional data



NZ\$ 7.7b¹

Trade deficit

27,100¹

Annual net migration gain

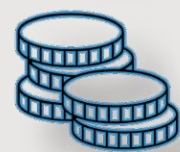


89.0%¹

of pre-COVID tourist levels

4th²

least corrupt countries in the world



1.8%³

Forecast GDP growth for the year to March 2026

3.2%³

Forecast Official Cash Rate year average at March 2026



2.2%³

Forecast NZ's annual CPI at March 2026

4.8%³

Forecast unemployment rate at March 2026



1. Statistics New Zealand December 2024
2. Transparency International Corruption Perception Index 2024
3. Reserve Bank of New Zealand, Monetary Policy Statement February 2025



Revenue and Expenditure

31 December 2024

(NZ\$m)	Six months to 31 Dec 2024*	Six months to 31 Dec 2023*	Year to 30 June 2024	Year to 30 June 2023	Year to 30 June 2022
Rates revenue	2,762	2,500	2,523	2,280	2,122
Services and other revenues	2,679	2,251	4,667	4,393	3,554
Total revenue	5,441	4,751	7,190	6,673	5,676
Operating expenses	3,084	2,995	5,915	4,801	4,287
Finance costs	321	291	562	523	438
Total expenses	3,405	3,286	6,477	5,324	4,725
Operating surplus before gains and losses	2,036	1,465	713	1,349	951
Surplus after income tax	1,677	1,360	584	1,010	1,724



Financial Position

31 December 2024

(NZ\$m)	31 Dec 2024*	31 Dec 2023*	30 June 2024	30 June 2023	30 June 2022
Cash and short-term deposits	1,752	513	637	106	239
Total assets	77,015	74,795	74,394	72,953	70,384
Borrowings	13,677	12,435	12,917	12,457	11,363
Total liabilities	19,633	17,930	18,770	17,402	16,110
Net assets	57,382	56,865	55,624	55,551	54,274
Net debt to total assets	15.5%	15.9%	16.5%	16.9%	15.8%



Cashflow

31 December 2024

(NZ\$m)	Six months to 31 Dec 2024*	Six months to 31 Dec 2023*	30 June 2024	30 June 2023	30 June 2022
Operating cash flow	922	1,039	2,062	1,812	1,459
Investing cash flow	(266)	(664)	(2,159)	(2,753)	(2,130)
Funding cash flow	459	36	633	795	603
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	1,115	411	536	(146)	(68)



Contact details

Group Chief Financial Officer

Ross Tucker

Tel: +64 272 261 468

Email: ross.tucker@aucklandcouncil.govt.nz

Group Treasurer

John Bishop

Tel: +64 9 977 6598

Email: john.bishop@aucklandcouncil.govt.nz

Head of Group Treasury

Andrew John

Tel: +64 9 977 6592

Email: andrew.john@aucklandcouncil.govt.nz

Manager Group Sustainable Finance

Sophie Baillie

Tel: +64 27 296 1107

Email: Sophie.baillie@aucklandcouncil.govt.nz

<https://www.aucklandcouncil.govt.nz/>



