

Auckland Council Investor Update

October 2025



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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.



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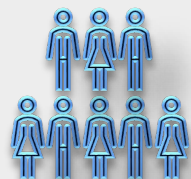
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Overview

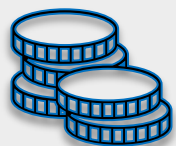


New Zealand overview



5.3m¹

New Zealand's population



NZ\$435b¹

New Zealand's GDP



-1.1%¹

Annual GDP Growth



2.7%¹

New Zealand's annual CPI



0.58²

NZD/USD
Exchange Rate



0.88²

NZD/AUD
Exchange Rate



5.2%¹

Unemployment
Rate



2.5%³

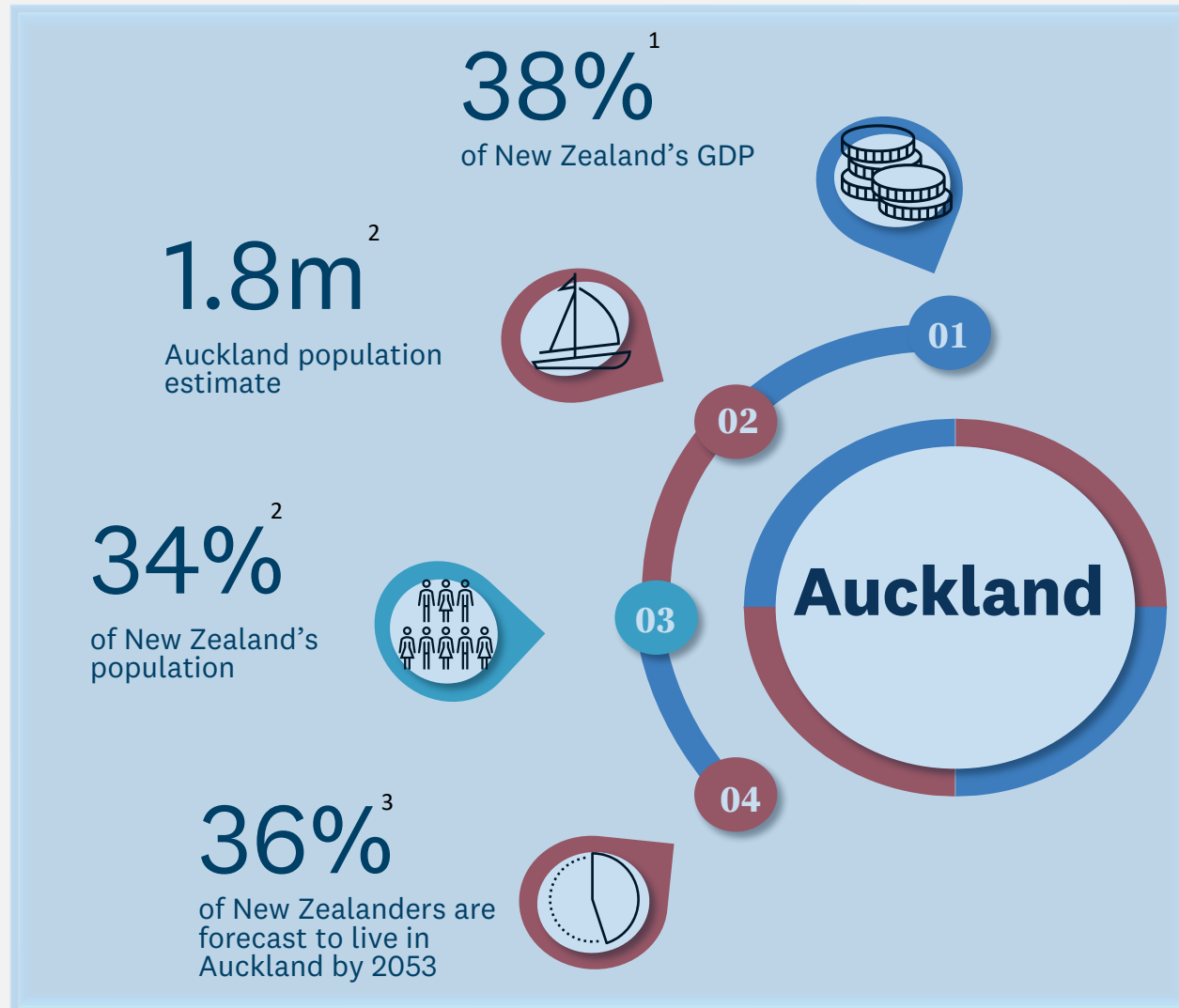
Official Cash Rate



1. Statistics New Zealand June 2025
2. Bloomberg as at 30 September 2025
3. RBNZ as at 08 October 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

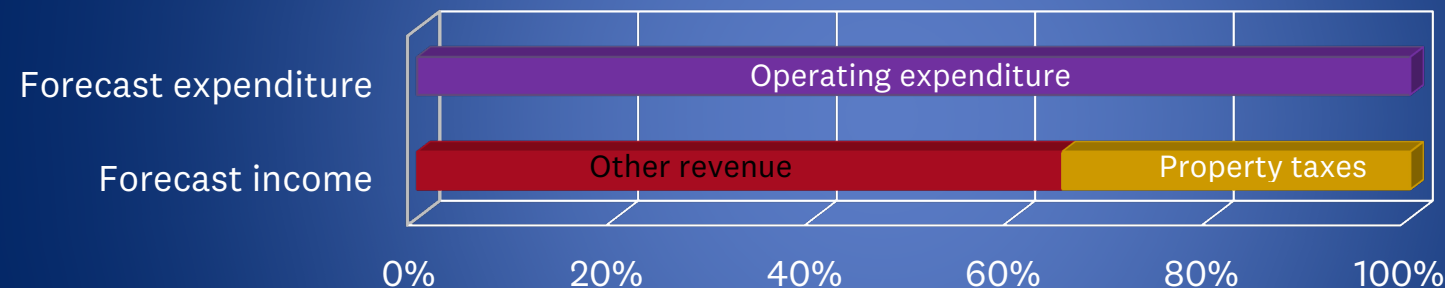
Auckland Council has broad powers to tax property (rates)

- 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



AA (stable)
6 April 2025



Aa2 (stable)
23 September 2025

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

- Annual plan 2025/2026 execution
- Central/Local government collaboration
- Local Water Done Well – Watercare funding separation
- Auckland Future Fund (AFF) investment
- Local government election – October 2025

[Link to Annual Plan 2025/2026 documents](#)

Water reform implications

01 Legislative obligations

On 1 July 2025, the obligation to provide water and wastewater services was transferred from Auckland Council to Watercare. Stormwater services remain with Auckland Council.

02 Economic regulation

Watercare is now subject to interim economic regulation via the Watercare Charter. The Commerce Commission has been appointed Watercare's Crown monitor.

03 Financial separation

Auckland Council is legislatively prohibited from giving financial support or capital, or lending money or providing credit to Watercare. Watercare has therefore become a standalone borrower with its own credit rating. Watercare is also prohibited from making any distributions to its shareholder.

04 Transitional support

The outstanding debt balance to Auckland Council, which was owing as at 30 June 2025, is required to be repaid within 5 years (\$4.032 billion).

05 Role of central government

Watercare does not benefit from central government guarantee but is subject to central government step-in powers and eligible to receive support under the Civil Defence Emergency Management (**CDEM**) Act 2002.

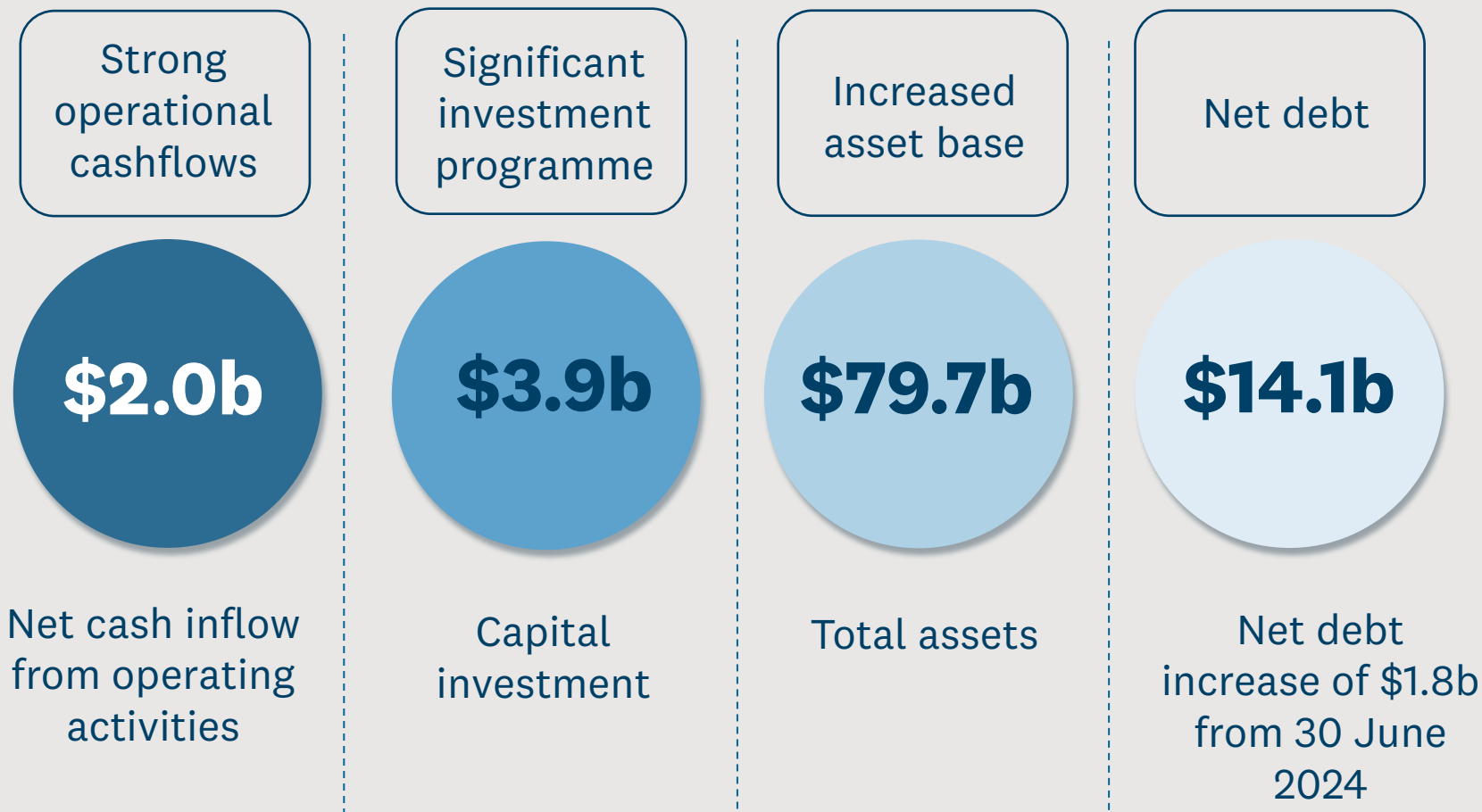
06 Role of Auckland Council

Watercare remains a council-controlled organisation, receiving strategic input from its sole shareholder. Watercare contracts treasury services from Auckland Council; and procures most insurance together with the Auckland Council Group, including participation in the self-insurance fund.

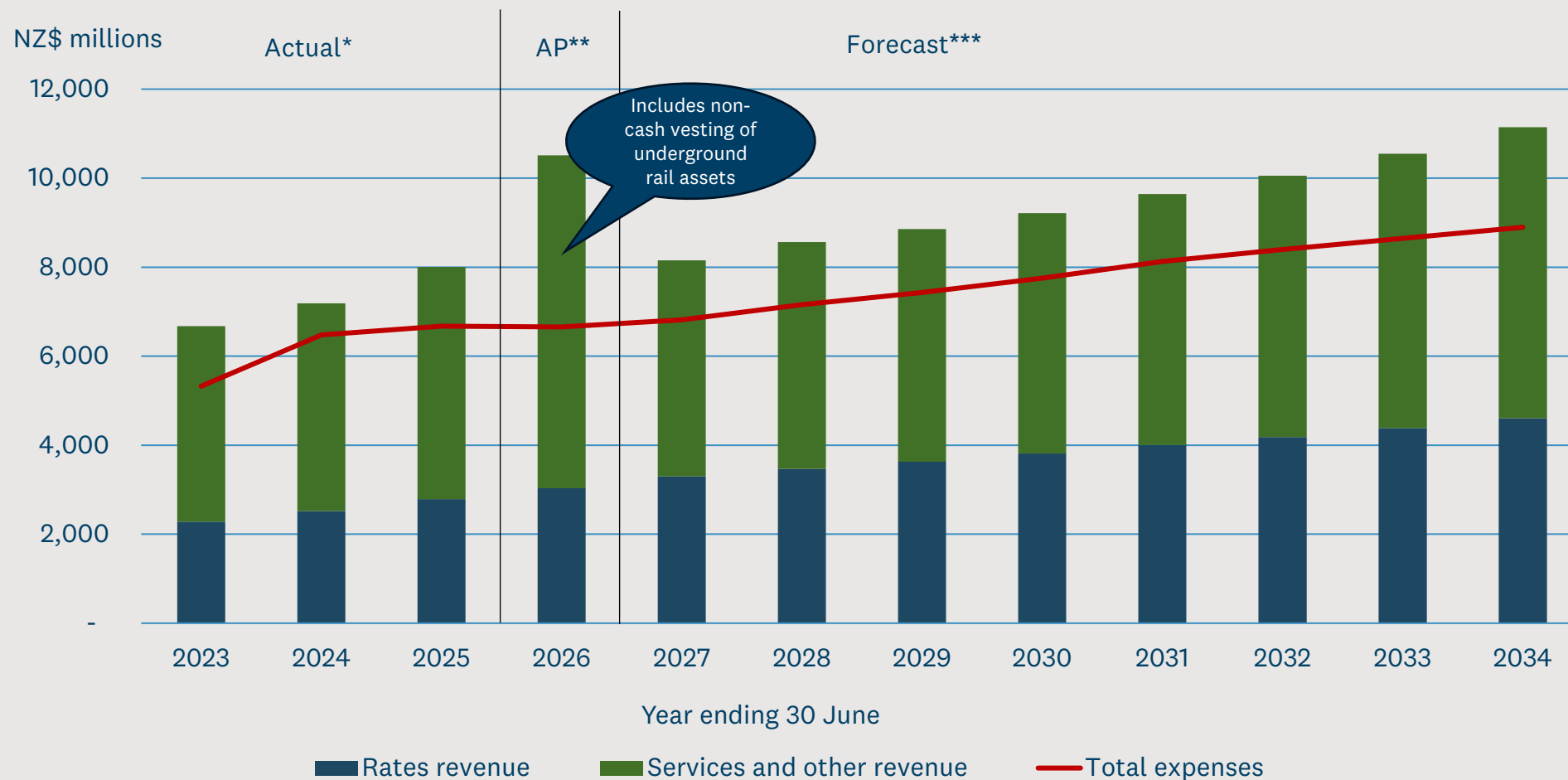


Strong group financial results

30 June 2025



Growing revenues vs expenditure



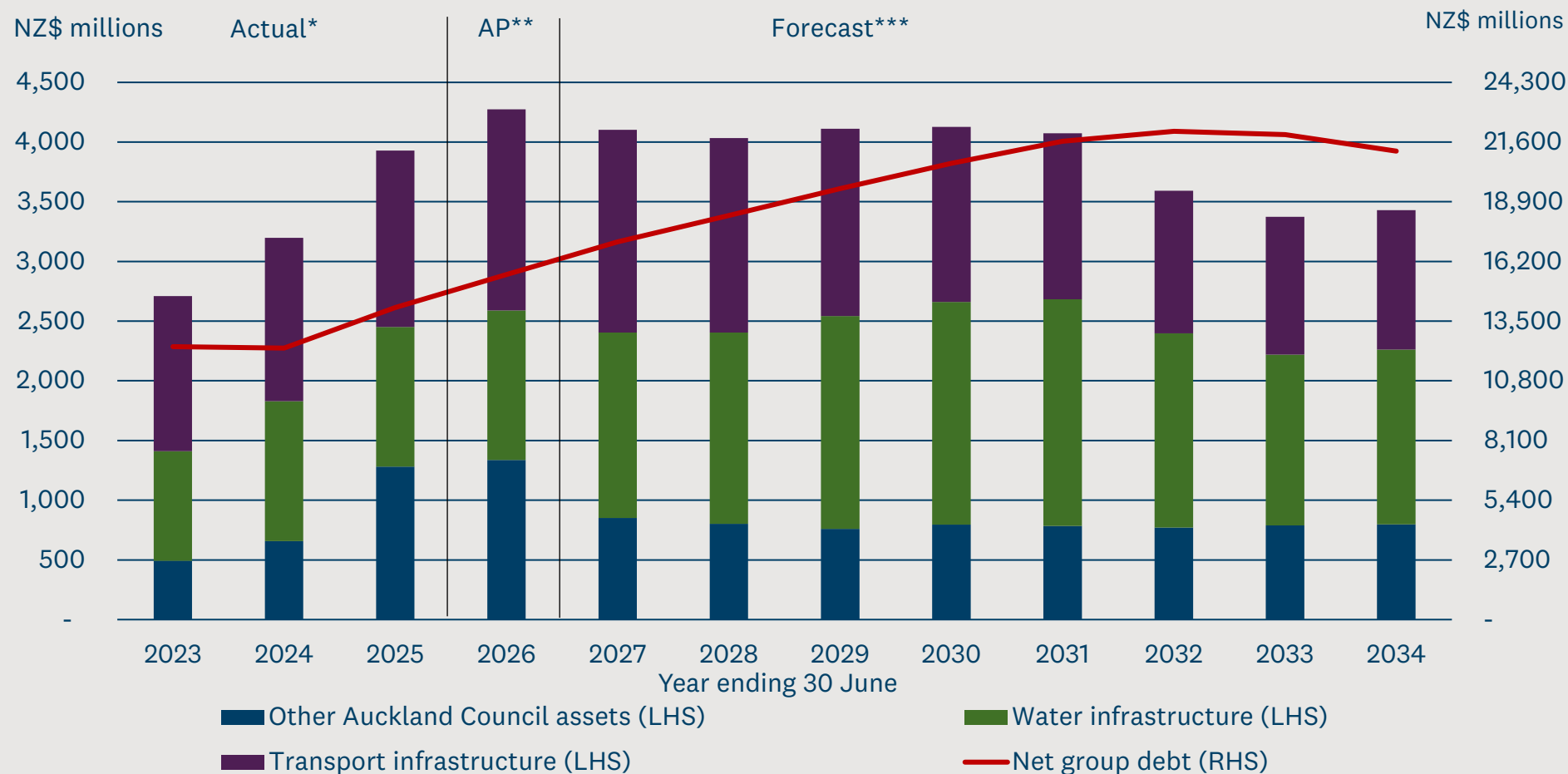
*Actual are audited results

** Annual Plan (AP) 2025/2026

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



Consistent investment in infrastructure



*Actual are audited results

** Annual Plan (AP) 2025/2026

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



Funding approach and debt market activity

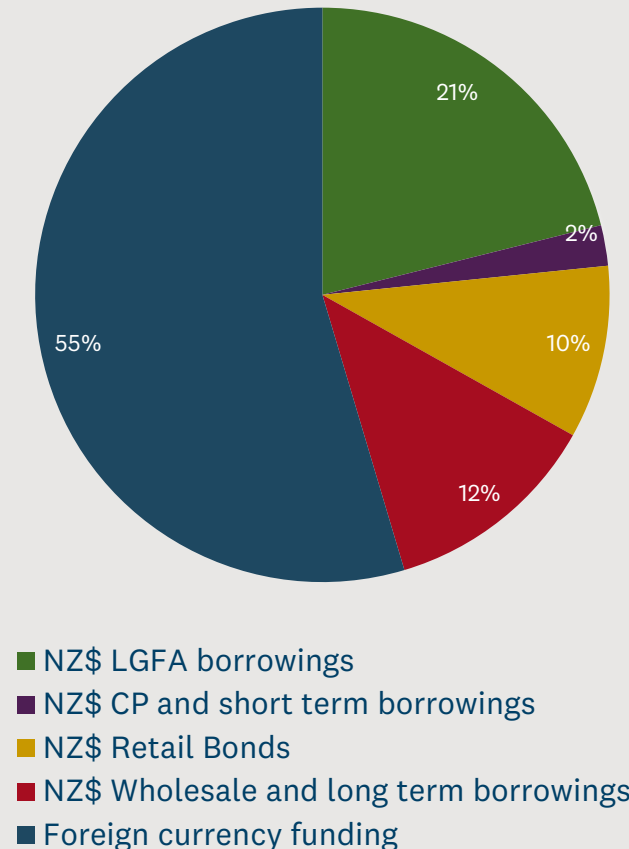


Robust and established funding strategy

- 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 4.78 years
- Maintaining reasonable debt headroom with LGFA - Actual 14% vs 40% cap of LGFA's total lending

* Local Government Funding Agency

**Auckland Council Group funding mix
(as at 30 June 2025)**



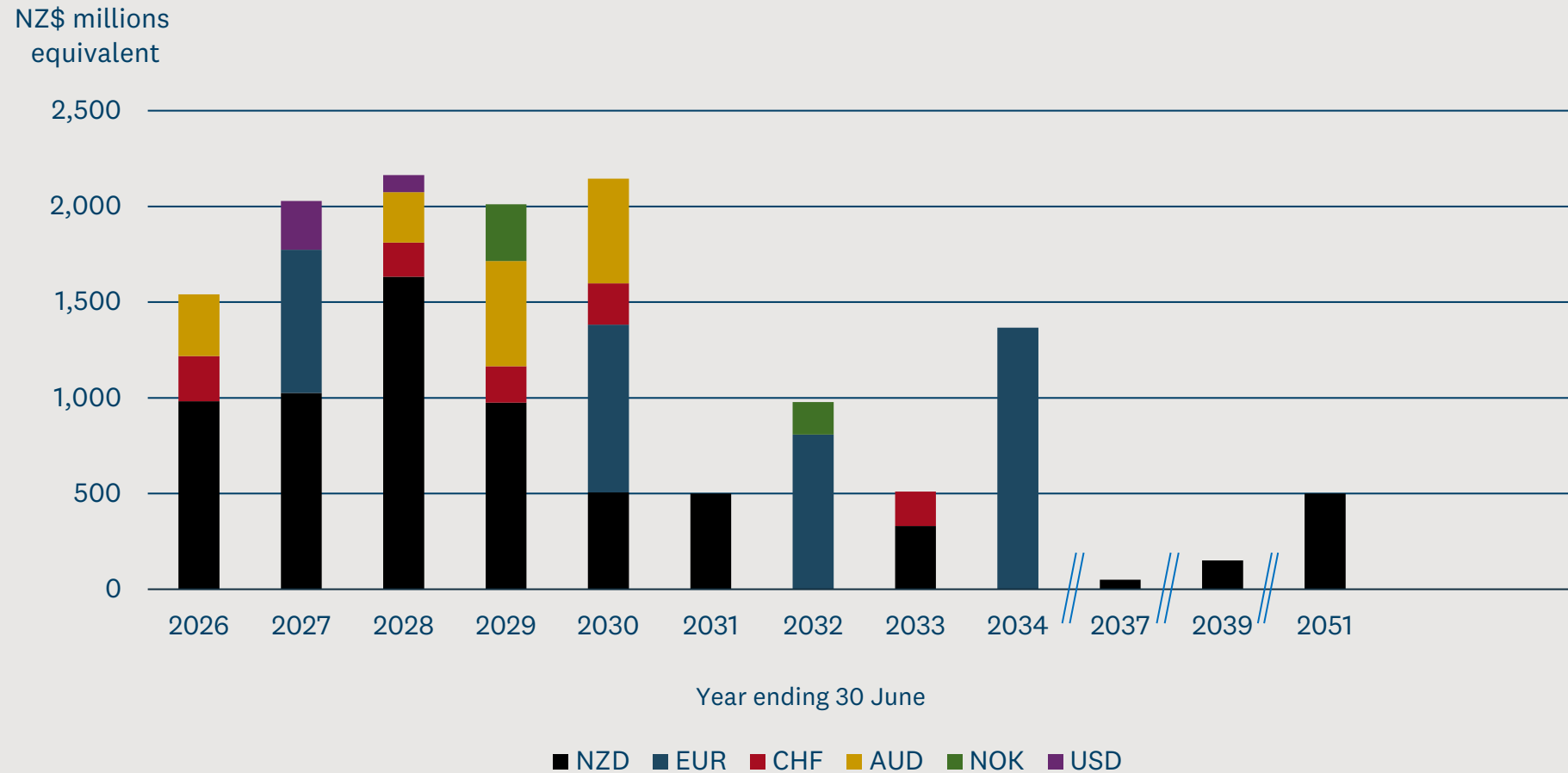
Robust and established funding strategy (cont.)

- Maintaining liquidity at greater than 10% of gross debt – NZ\$500 million LGFA and bank standby facilities + liquidity facility from the Auckland Future Fund
- Most debt listed on the NZX, SGX or SIX exchanges
- 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) = 27% of total debt

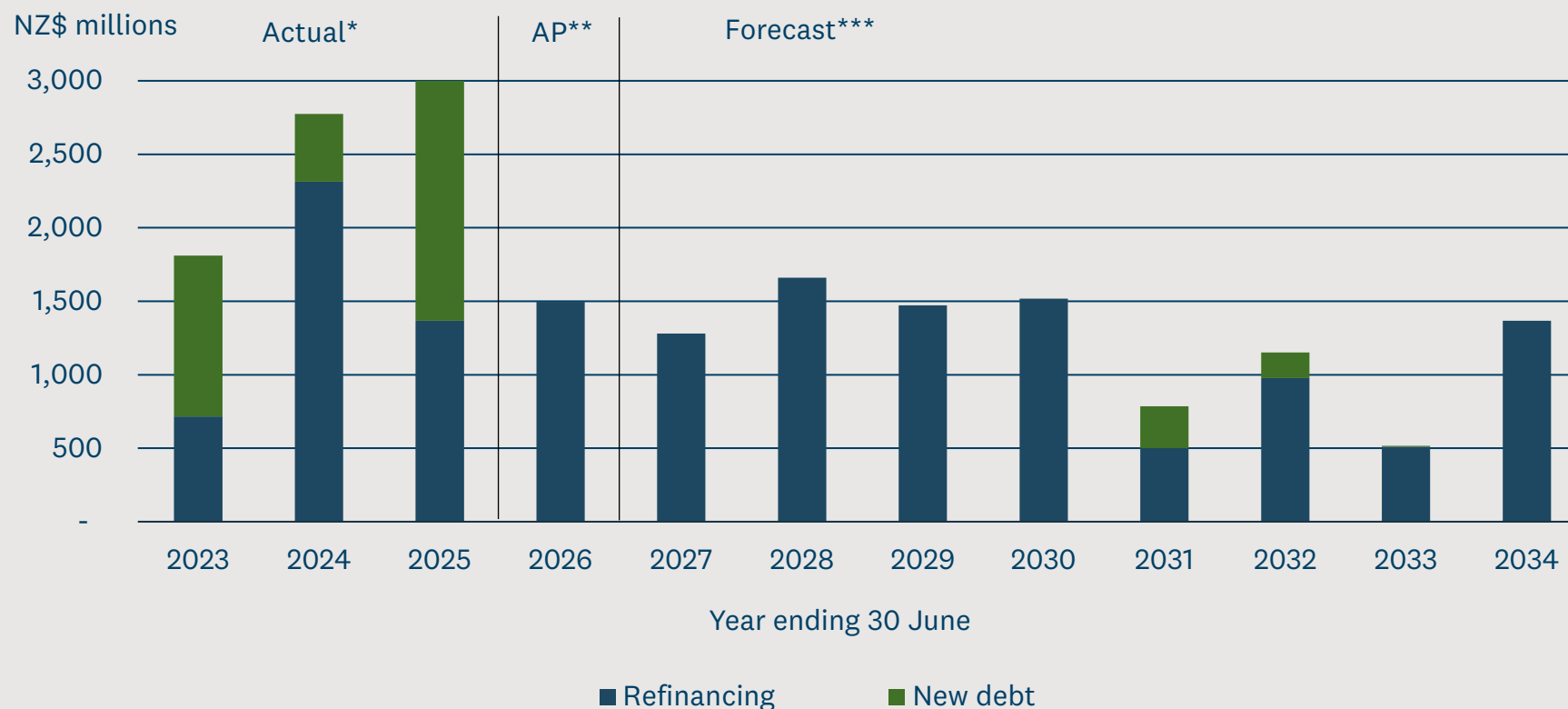


Diversified debt maturity profile

(as at 30 June 2025)



Reducing annual debt requirement for parent (as at 30 June 2025)



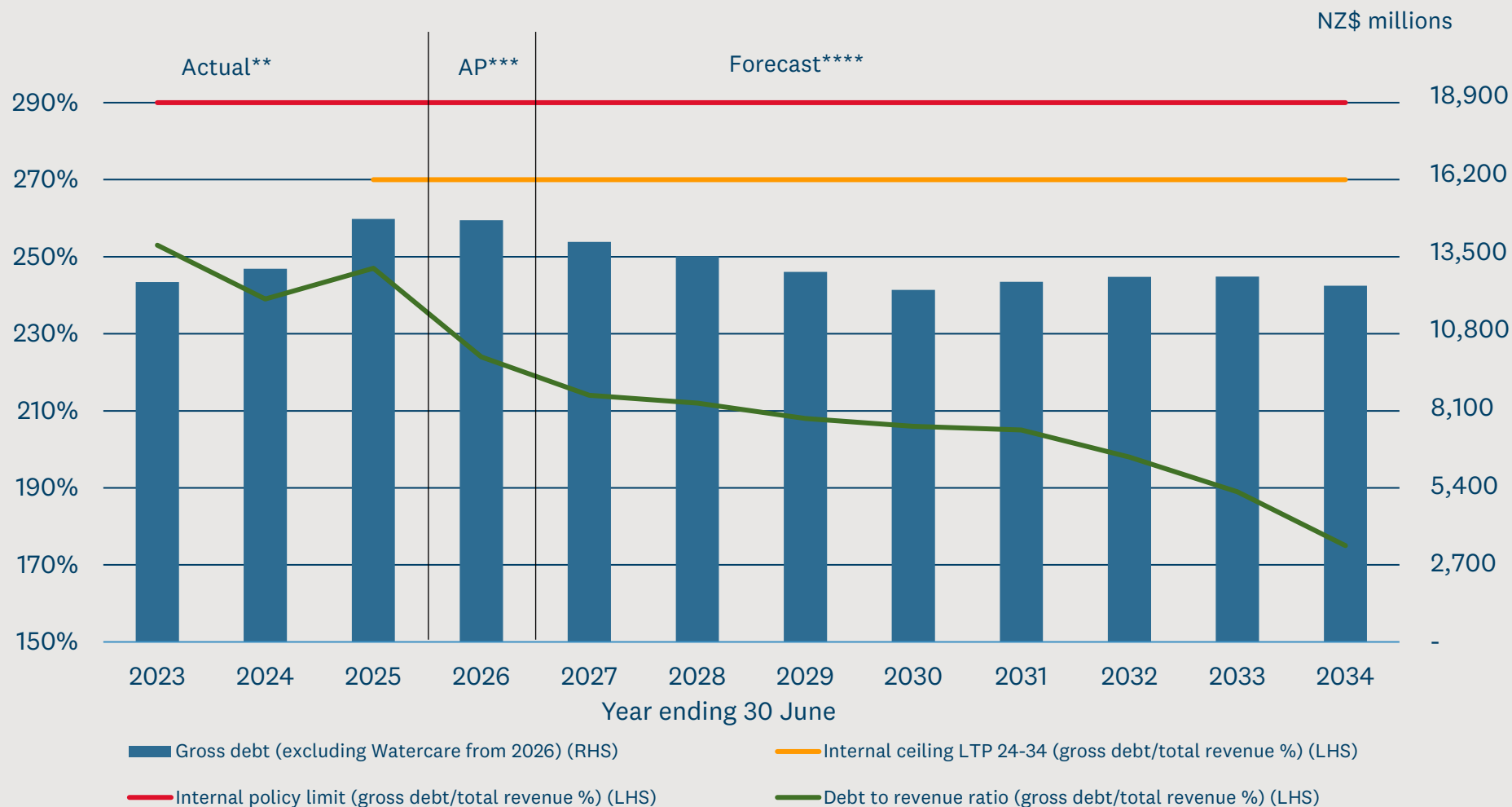
*Actual are audited results

**Annual Plan (AP) 2025/2026 excludes debt externally borrowed by Watercare from 1 July 2025

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



Declining gross debt to revenue ratio *



* 2023-2025 actual includes internal and external Watercare debt. Watercare external debt is excluded from 2026 onwards

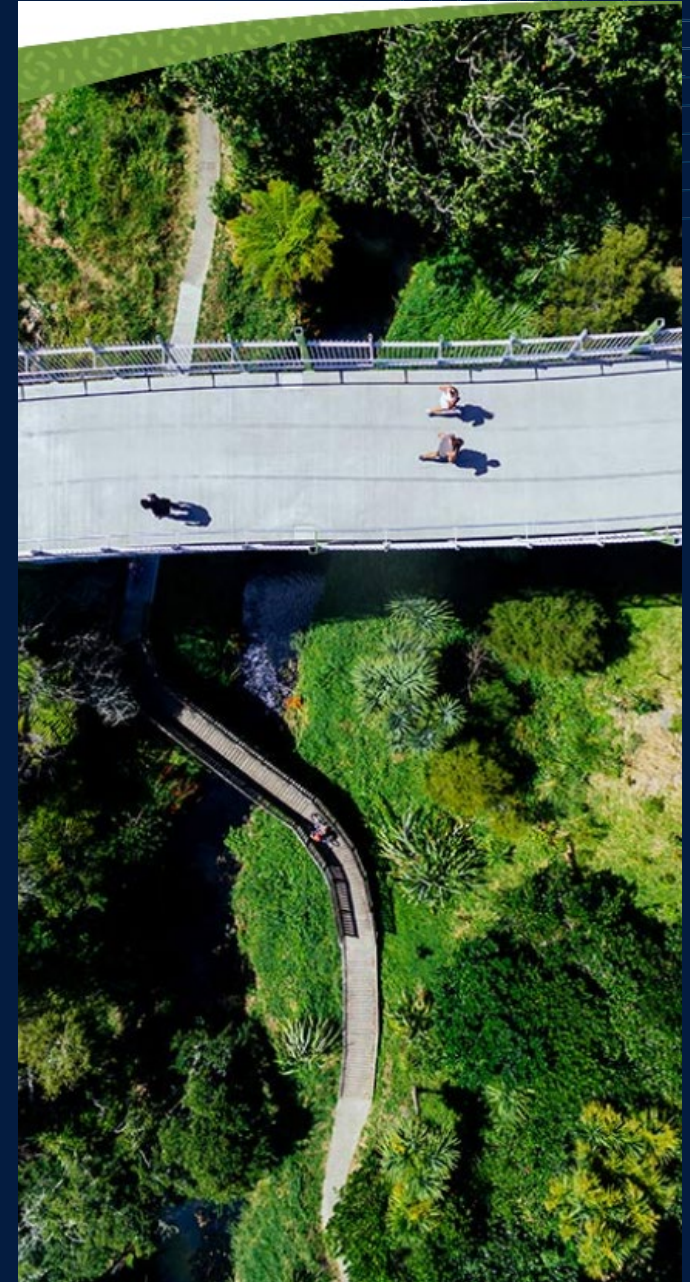
**Actual are audited results

*** Annual Plan (AP) 2025/2026 excludes debt externally borrowed by Watercare from 1 July 2025

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



Sustainability at Auckland Council



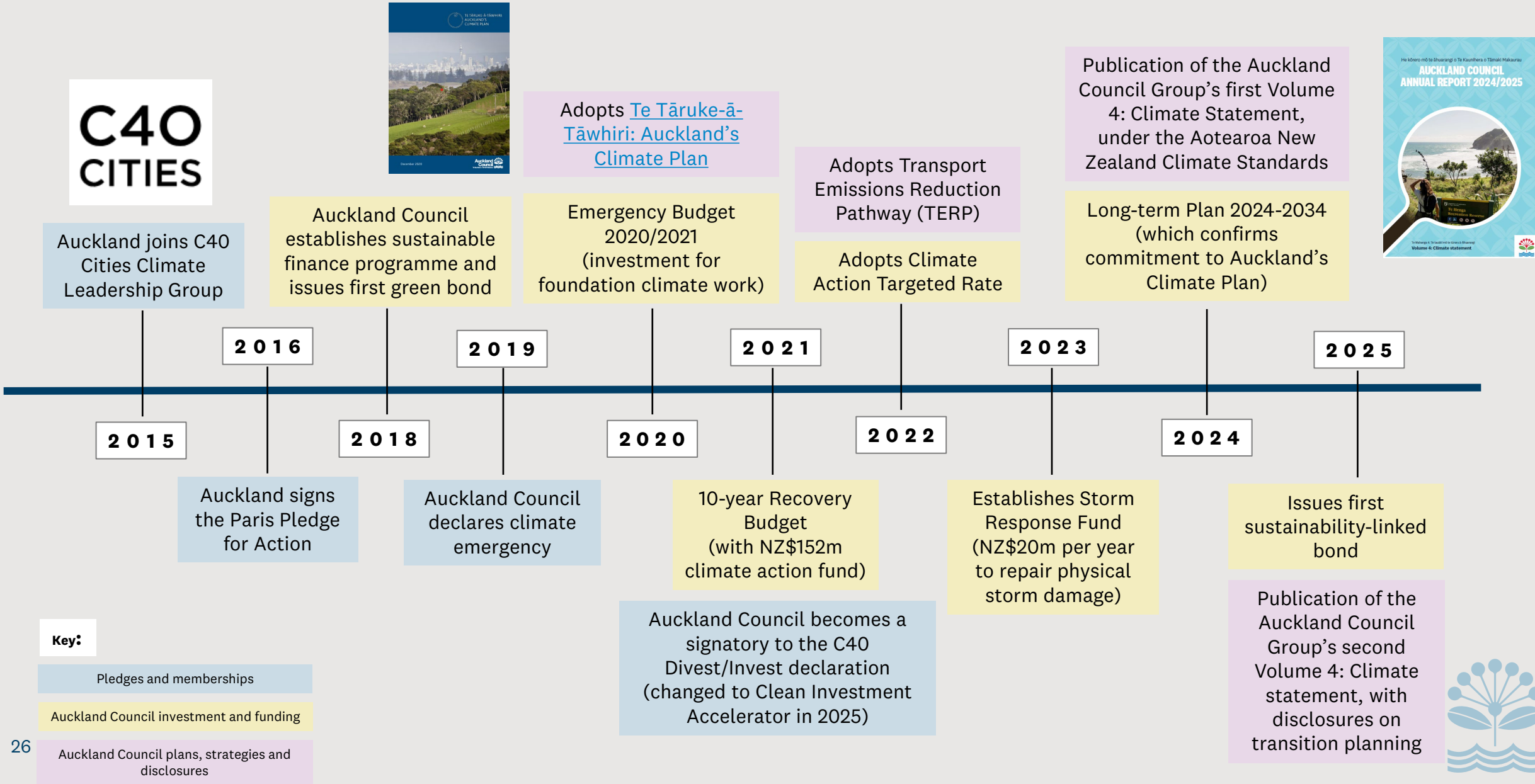
Sustainability – a comprehensive approach

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

Governance	
• The Governing Body focuses on the big picture and region-wide strategic decisions • A role guided by 30 and 10-year plans which ensure long term planning and transparency • Additional governance structures, plans and strategies are in place to support us address the region’s key challenges: <i>population growth, shared prosperity and environmental degradation</i>	
Environment	Social
Adoption of Te Tāruke-ā-Tāwhiri: Auckland’s Climate Plan Auckland’s regional long-term response to climate action: - achieving regional emissions reductions (net zero by 2050) - preparing Auckland for the impacts of climate change Annual publication of Volume 4: Climate statement which includes disclosure of the group’s emissions	A commitment to a diverse and inclusive workforce, which pays gender and ethnicity groups equally for the work they do Māori Outcomes Framework/Kia Ora Tāmaki Makaurau - outlines the direction to deliver on priority-aligned Māori outcomes Sustainable Procurement Framework - promoting supplier diversity with Māori and Pasifika owned businesses and social enterprises
Sustainability KPIs and performance targets used to drive organisational action on these objectives	

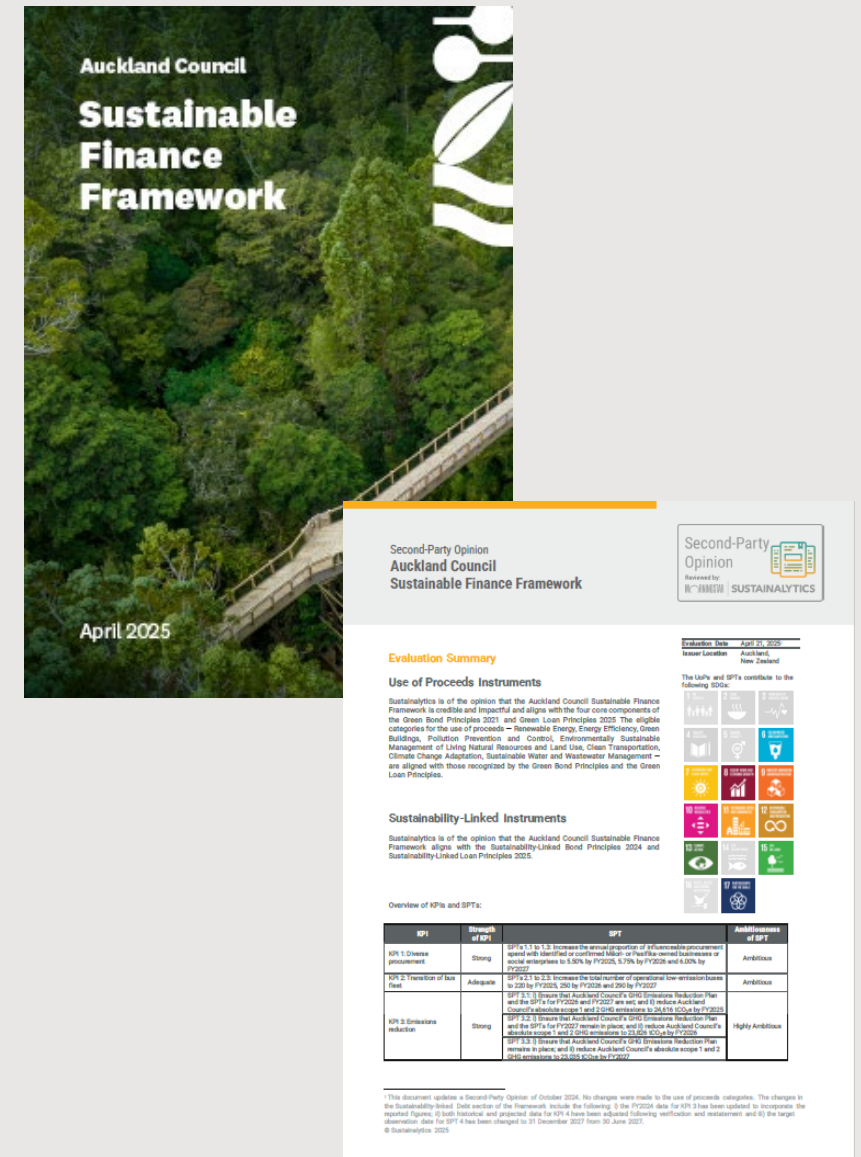


Our journey to drive climate action



Sustainable finance – a well-established programme

- Sustainable finance enables Auckland Council to align funding with assets and activities which support sustainability objectives
- Issued and managed under a robust [sustainable finance framework](#)
- Includes use of proceeds and sustainability-linked debt instruments
- Targets set to achieve social and environmental objectives
- Annual reporting to investors on use of proceeds, impacts and performance against targets
- Independent assurance regularly sought to confirm alignment with market standards and guidance



Sustainable finance – green bond programme

- **Leading the way:** the first New Zealand entity to issue a green bond in New Zealand
 - NZ\$200 million 5-year green bond in June 2018*
- At 30 June 2025, an expansive green bond programme in place
 - **Nine green bonds totalling NZ\$3.7 billion** equivalent outstanding**
 - Includes NZ\$500 million 30-year green bond and EUR600 million 10-year green bond
- Green bond proceeds used to finance and/or refinance assets aligned to **eight eligibility sectors**
- Annual reporting on use of proceeds and impacts of eligible assets



[Link to Auckland Council's green bond annual report 2025](#)

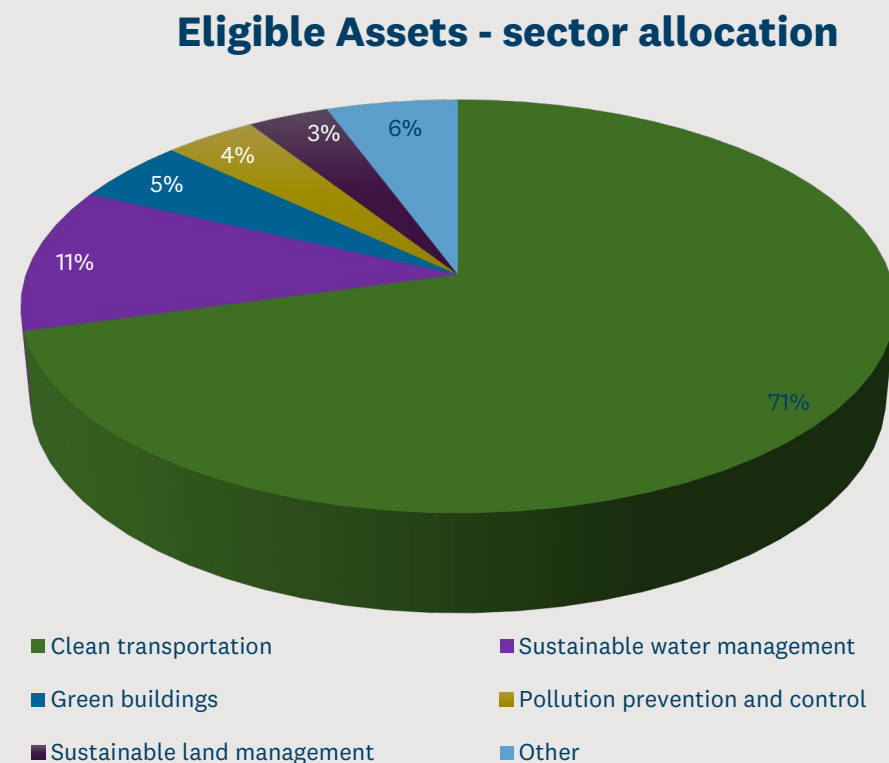
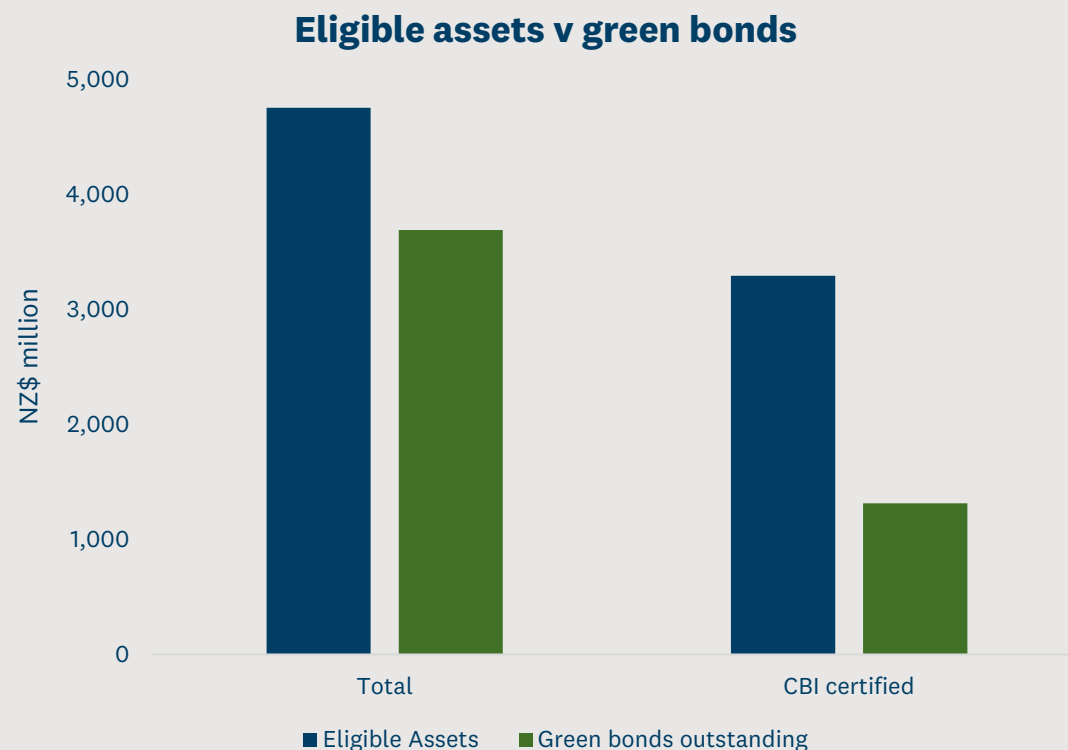
* This bond matured in June 2023.

** One of these nine bonds of NZ\$150 million matured in July 2025.



Sustainable finance – green bond programme

- At 30 June 2025, NZ\$4.8 billion* of eligible assets
 - eligible asset ratio of 1.3**
 - over NZ\$1 billion of green bond borrowing headroom
 - new eligible assets added each year
- A good mix of eligible assets which span the eight eligibility sectors



Sustainable finance

– performing a leadership role in New Zealand

- In June 2025, issued an innovative NZ\$250m sustainability-linked bond
- A double first in Australasia:
 - **nature-based target:** planting one million native ngahere (forest) stems in Auckland's regional parks by the end of 2027
 - **donation payment structure:** if the target is not met, instead of a coupon step up, Auckland Council will donate to organisations supporting native ngahere restoration across the Auckland region
- The bond will provide a tangible benefit to the community and the environment whether or not the target is achieved



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\$80 billion and total net debt NZ\$14.1 billion at 30 June 2025
- 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\$ 1.9b¹

Annual trade deficit

13,100²

Annual net migration gain

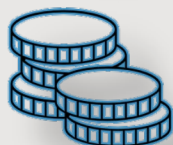


93.0%²

of pre-COVID tourist levels

4th³

least corrupt country in the world



2.1%⁴

Forecast GDP growth for the year to September 2026

2.6%⁴

Forecast Official Cash Rate year average at September 2026



2.2%⁴

Forecast NZ's annual CPI at September 2026

5.0%⁴

Forecast unemployment rate at September 2026



1. Statistics New Zealand June 2025
2. Statistics New Zealand July 2025
3. Transparency International Corruption Perception Index 2024
4. Reserve Bank of New Zealand, Monetary Policy Statement August 2025



Revenue and Expenditure

30 June 2025

(NZ\$m)	Year to 30 June 2025	Year to 30 June 2024	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2021
Rates revenue	2,786	2,523	2,280	2,122	1,976
Services and other revenues	5,219	4,667	4,393	3,554	3,339
Total revenue	8,005	7,190	6,673	5,676	5,315
Operating expenses	6,025	5,915	4,801	4,287	3,997
Finance costs	648	562	523	438	408
Total expenses	6,673	6,477	5,324	4,725	4,405
Operating surplus before gains and losses	1,332	713	1,349	951	910
Surplus after income tax	1,033	584	1,010	1,724	1,837



Financial Position

30 June 2025

(NZ\$m)	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Cash and term deposits	530	637	106	239	320
Total assets	79,730	74,394	72,953	70,384	60,667
Borrowings	14,643	12,917	12,457	11,363	10,687
Total liabilities	20,586	18,770	17,402	16,110	16,019
Net assets	59,144	55,624	55,551	54,274	44,648
Net debt to total assets	17.7%	16.5%	16.9%	15.8%	17.1%



Cashflow

30 June 2025

(NZ\$m)	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Operating cash flow	2,014	2,062	1,812	1,459	1,705
Investing cash flow	(3,296)	(2,159)	(2,753)	(2,130)	(2,311)
Funding cash flow	1,193	633	795	603	605
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	(89)	536	(146)	(68)	(1)



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