

Auckland Council Investor Update

October 2026



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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.



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	18
Sustainability at Auckland Council	24
Auckland Council summary	29
Appendix	31
Contact details	40



Overview

Link to our [investor video](#)

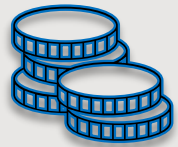


New Zealand overview



5.4m¹

New Zealand's population



NZ\$455b¹

New Zealand's GDP



1.7%¹

Annual GDP Growth



4.1%¹

New Zealand's annual CPI



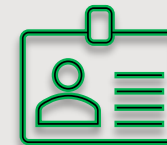
0.57²
NZD/USD
Exchange Rate



0.50²
NZD/EUR
Exchange Rate



5.6%¹
Unemployment
Rate



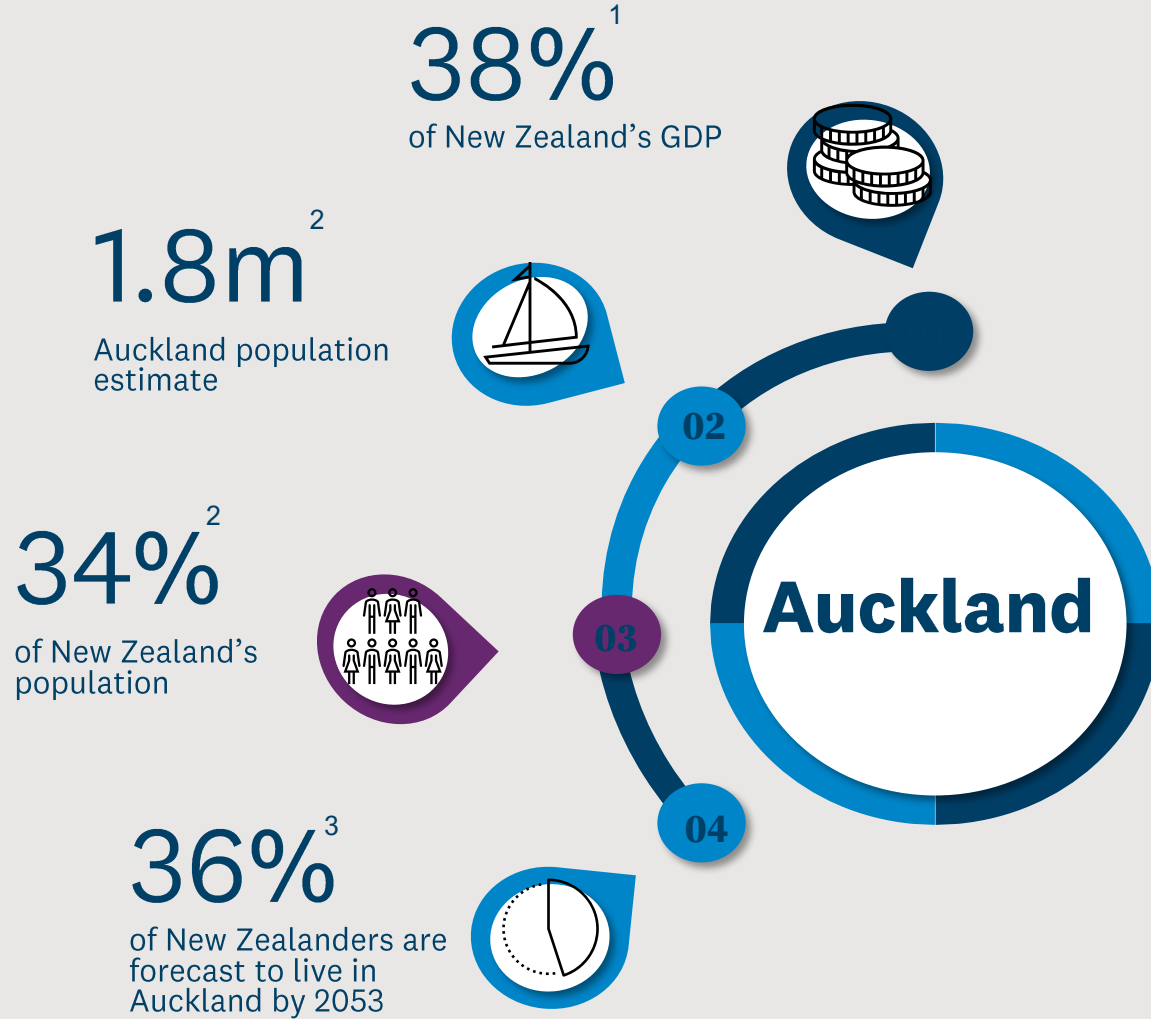
2.75%³
Official Cash Rate



1. Statistics New Zealand June 2026
2. Bloomberg as at 22 September 2026
3. RBNZ as at 02 September 2026



Auckland overview



1. Infometrics June 2026
2. Statistics New Zealand June 2025
3. Statistics New Zealand September 2025



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)



Robust established institutional framework

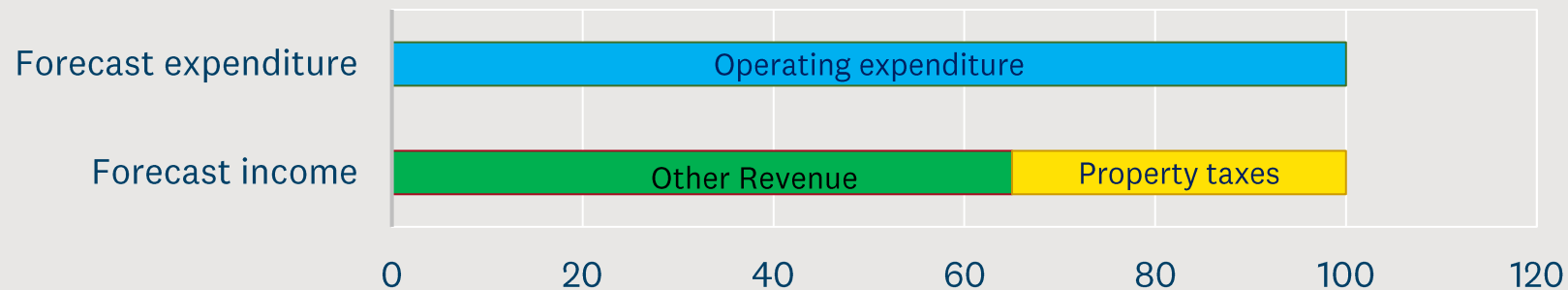
Auckland Council has broad powers to tax property (rates)

- Currently 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



* Note the upcoming changes are covered in more detail on slide 13.



Maintained high-quality credit ratings

S&P Global
Ratings

AA (Positive) October 2026

MOODY'S

Aa2 (Negative) April 2026*

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	

*The April 2026 outlook revision is primarily sovereign-driven based on Moody's published rationale, rather than being triggered by a deterioration in Auckland Council's own credit fundamentals



Key focus areas and group financial highlights





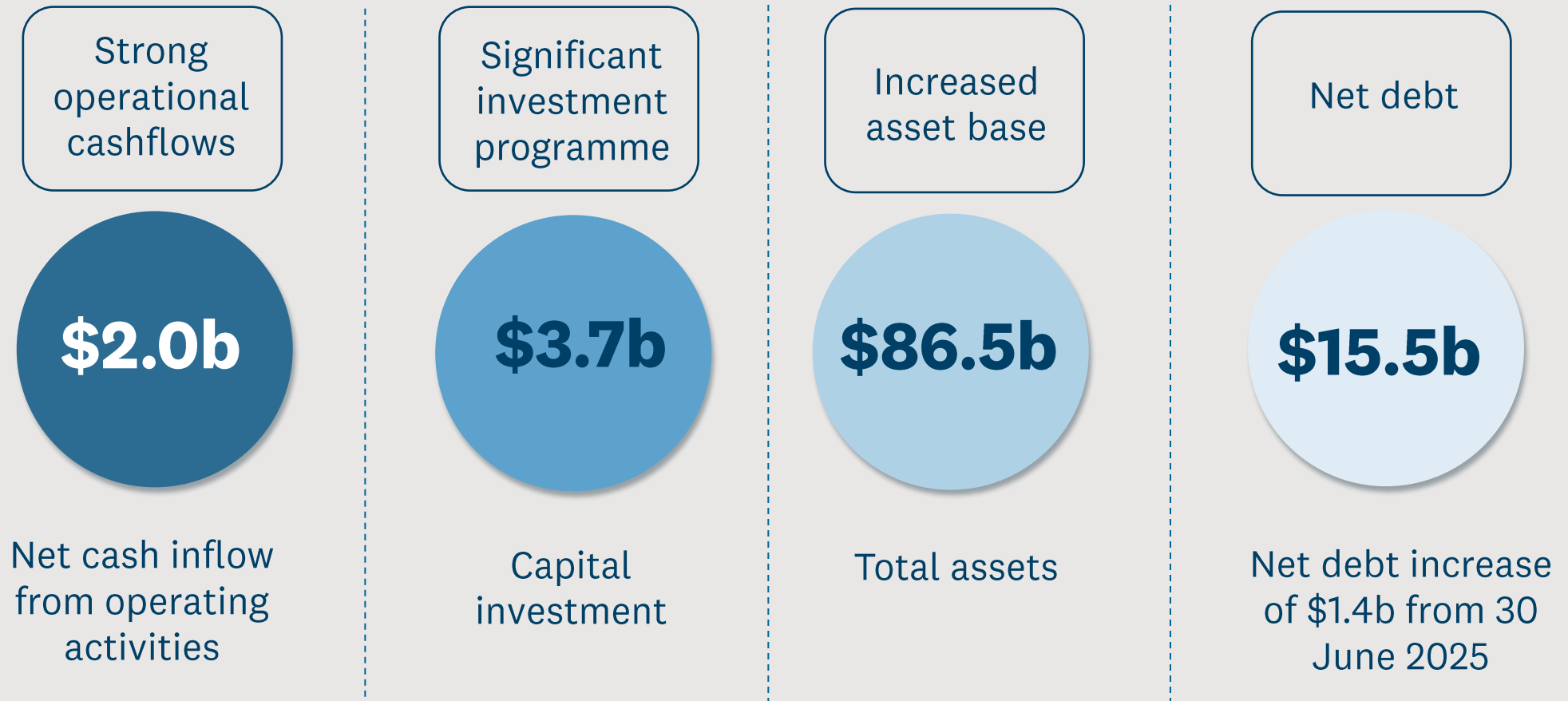
Key focus areas and events

- Annual plan 2026/2027 execution – including the delivery of capital projects and value for money services
- Development of the next Long-term Plan 2027-2037
- Auckland Transport integration
- Local government legislative changes – including rates (property tax) capping legislation, Resource Management Act, Plan Change 120, proportionate liability for building defects etc.
- Operationalise the Auckland Deal to accelerate infrastructure investment and economic growth
- General election 7 November 2026

[Link to Annual Plan 2026/2027 documents](#)

Strong group financial results

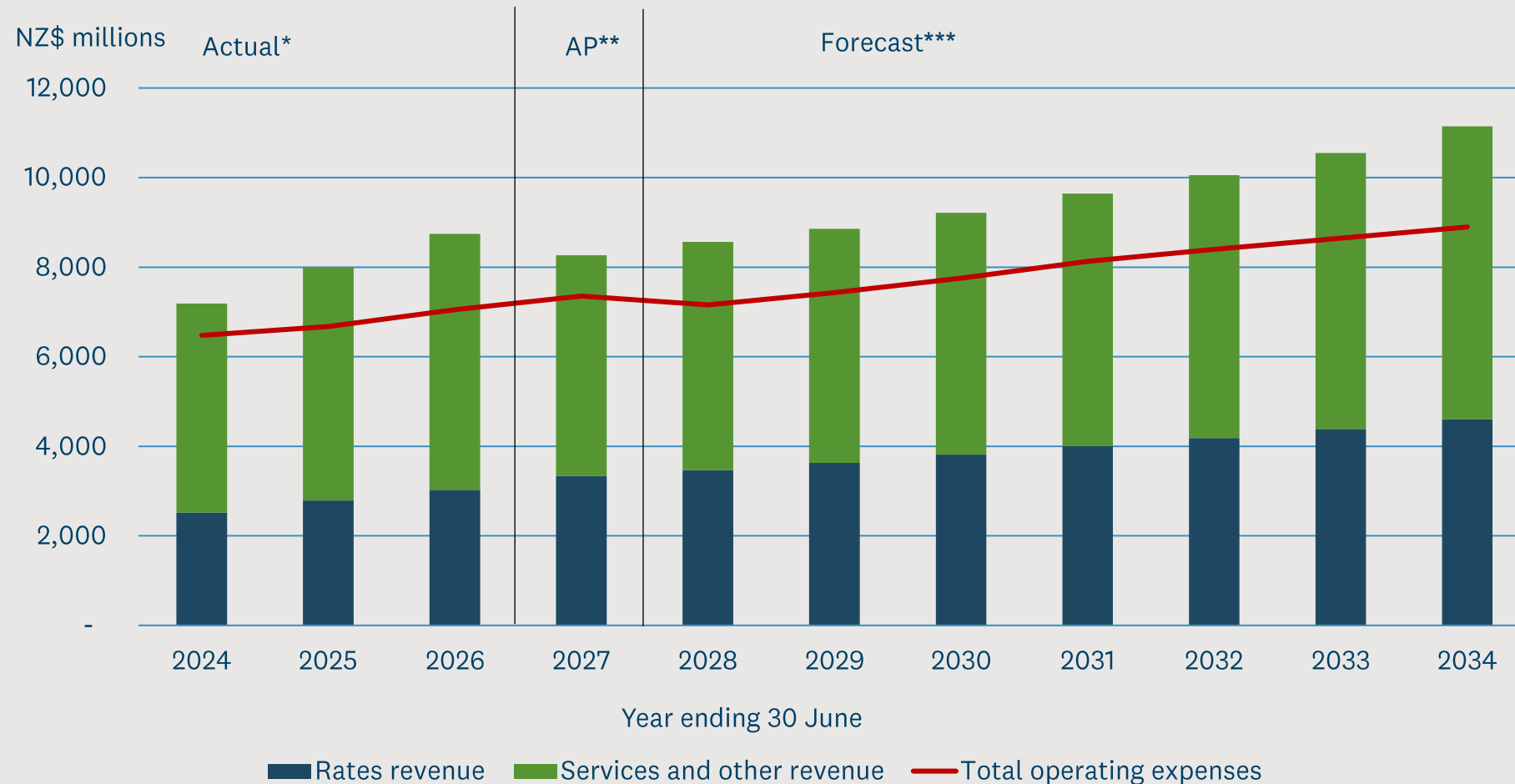
for the year ended 30 June 2026



[Link to Annual Report 30 June 2026](#)



Growing revenues vs expenditure



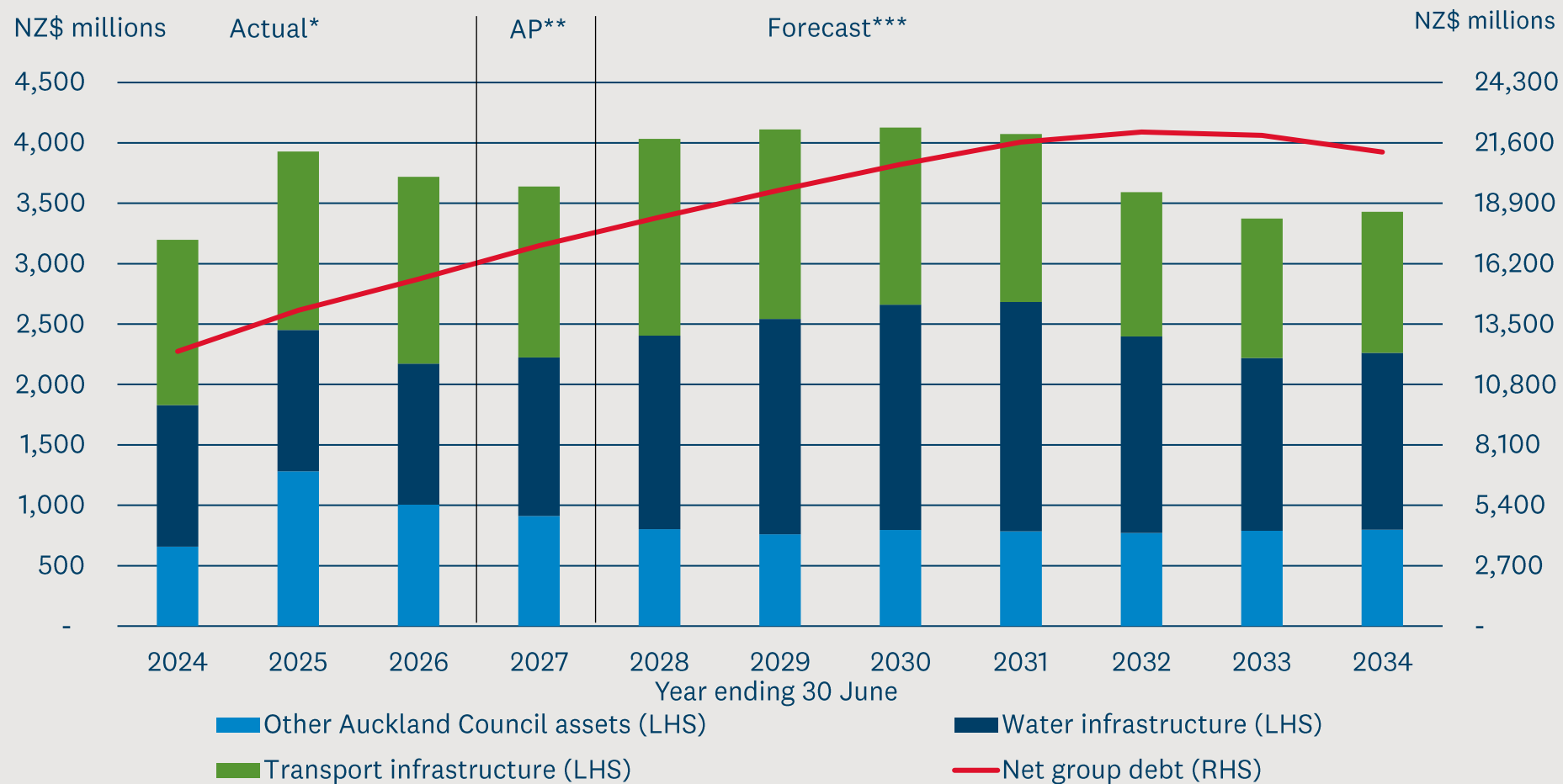
*Actual are audited results

** Annual Plan (AP) 2026/2027

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



Consistent investment in infrastructure



* Actual are audited results

** Annual Plan (AP) 2026/2027

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



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 as of 1 July 2025 was \$4.032bn. It is required to be fully repaid by 30 June 2030.

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.



Funding approach and debt market activity

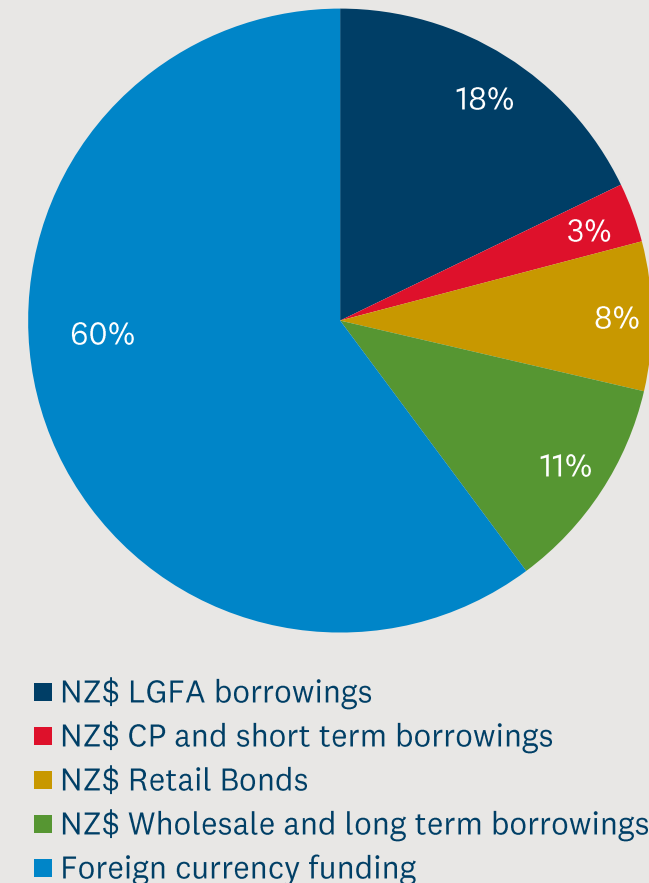


Robust and established funding strategy

- 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 4.60 years
- Maintaining reasonable debt headroom with LGFA - Actual 11% vs 40% cap of LGFA's total lending

* Local Government Funding Agency

**Auckland Council Group funding mix
(as at 30 June 2026)**



Robust and established funding strategy (cont.)

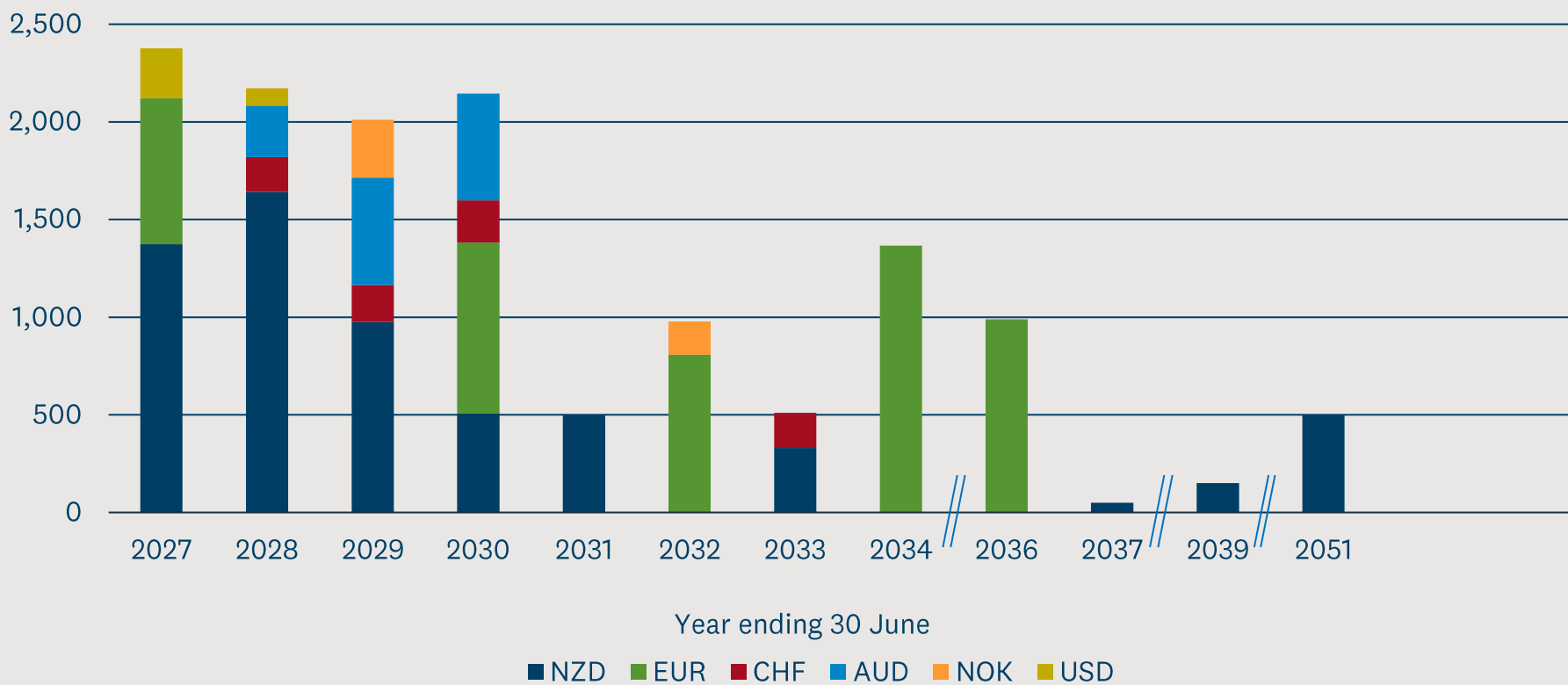
- Maintaining liquidity at greater than 10% of gross debt - NZ\$500 million bank standby facilities plus liquidity facility from the Auckland Future Fund (excluding Watercare)
- Most debt listed on the NZX, SGX or SIX exchanges
- Hedging all FX exposure on foreign currency debt
- Disciplined approach to investor engagement - regular investor updates
- Green bond issuance - 8 green bonds totalling NZ\$3.5 billion outstanding at 30 June 2026 (NZ\$, EUR and CHF issues)



Diversified debt maturity profile*

as at 30 June 2026

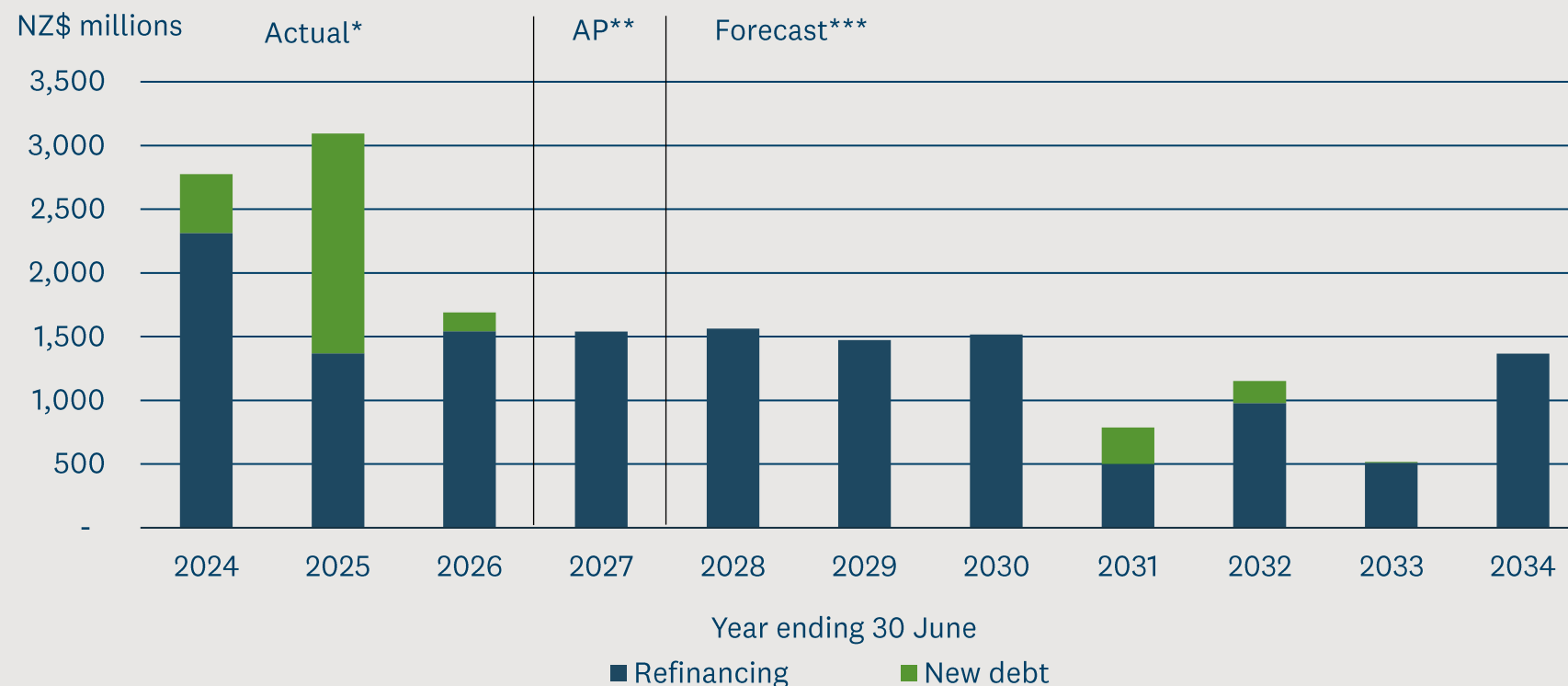
NZ\$ millions
equivalent



*Watercare external debt is excluded



Reducing annual debt requirement for parent as at 30 June 2026



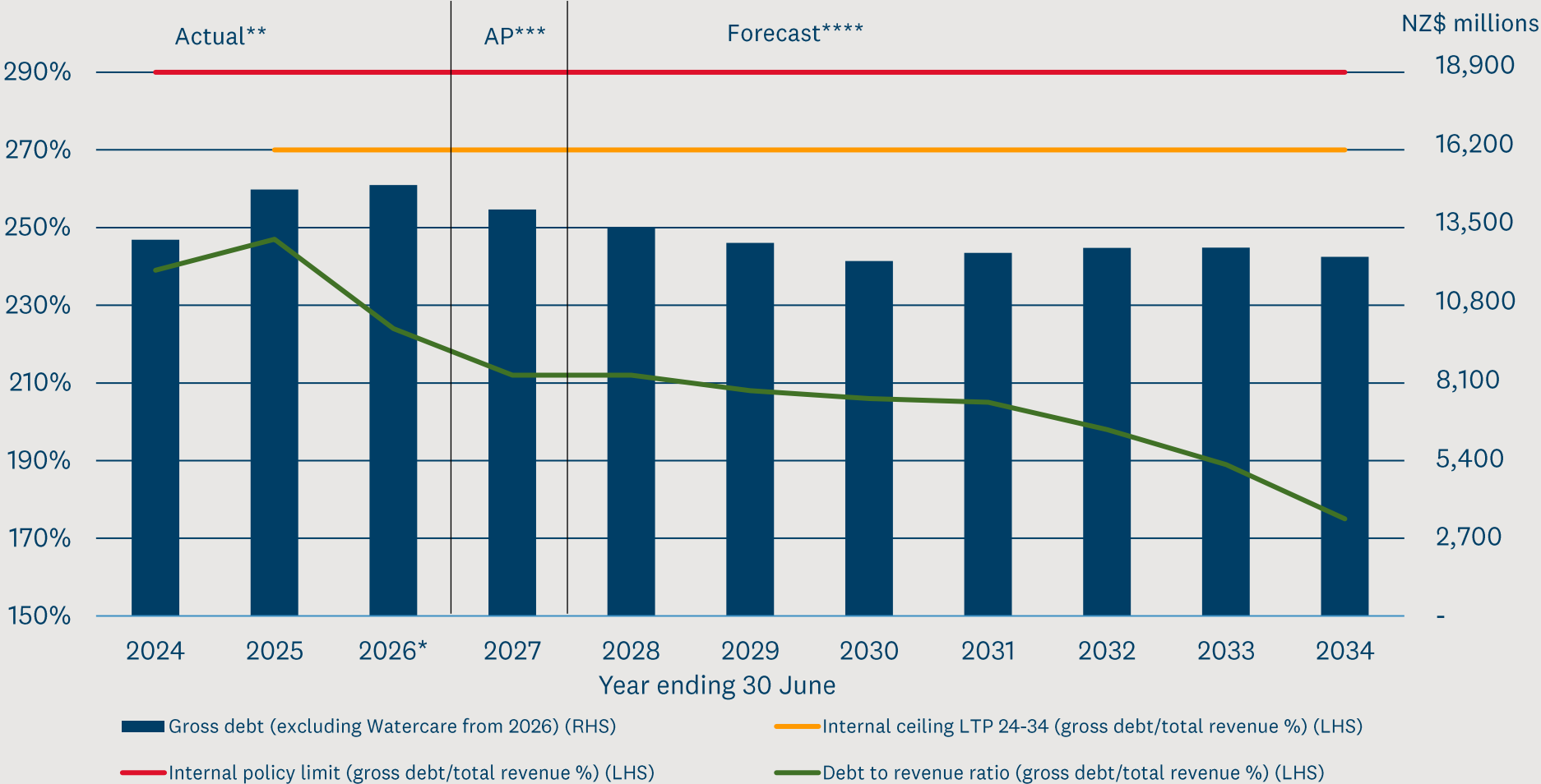
*Actual are audited results

**Annual Plan (AP) 2026/2027 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



* Watercare external debt is excluded from 2026 onwards
 ** Actual are audited results
 *** Annual Plan (AP) 2026/2027, excluding external Watercare debt
 **** Forecast based on the Long-term Plan 2024-2034, excluding external Watercare debt



Sustainability at Auckland Council



Sustainability – a comprehensive approach

Delivering positive environmental, social, economic and cultural outcomes for Aucklanders

Strategy	
- Activities framed by the Auckland Plan 2050, a long-term spatial plan - Sets out how we will address our key challenges: high population growth, shared prosperity, and environmental degradation	
Environment	Social
- Adoption of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, the regional long-term response to climate action - Annual publication of Climate statement with disclosure of the group's emissions	- A commitment to a diverse and inclusive workforce Māori Outcomes Framework outlines the direction to deliver on priority-aligned Māori outcomes - A Sustainable Procurement Framework to promote supplier diversity



Sustainable finance – a well-established programme

- Used by Auckland Council to direct funding towards projects and activities which support our sustainability objectives
- Issued and managed under a robust Sustainable Finance Framework updated in September 2026
- Includes use of proceeds and sustainability-linked debt instruments
- Annual reporting to investors
- External review sought to confirm alignment with market standards and guidance



[Link to Auckland Council's sustainable finance webpage](#)



Sustainable finance – green bonds

- Leading the way: the first New Zealand entity to issue a green bond in New Zealand in 2018
- At 30 June 2026:
 - eight green bonds totalling NZ\$3.5 billion equivalent face value outstanding*
 - includes NZ\$500 million 30-year green bond and EUR600 million 10-year green bond
- Proceeds used to finance and refinance projects aligned to nine eligible categories, including:
 - clean transportation
 - sustainable water and wastewater management
 - climate adaptation and resilience
- Annual reporting on use of proceeds and impacts

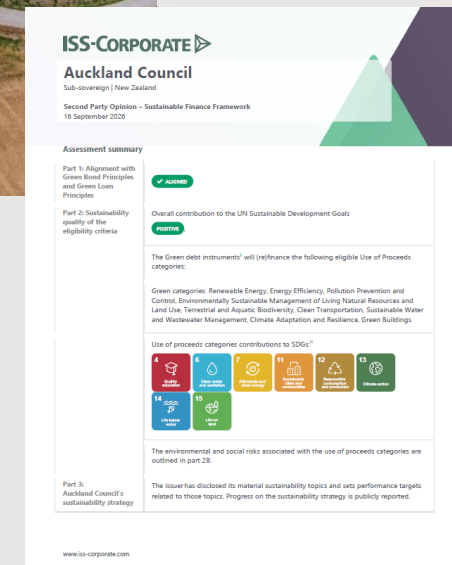


[Link to Auckland Council's green bond annual report 2025/2026](#)



Sustainable Finance Framework – 2026 update

- Updated Sustainable Finance Framework published in September 2026
- Supported by the Commonwealth Bank of Australia as Sustainability Coordinator, the use of proceeds section updated to:
 - improve alignment of the eligibility criteria with investment pipeline
 - establish a new methodology for identifying eligible expenditure and allocating green bond proceeds
 - incorporate elements of recently published regional sustainable finance taxonomies
- Second Party Opinion issued by ISS-Corporate*
- New green bond issuance to be managed under the updated Framework



Auckland Council summary



Auckland Council - summary

Strong credit rating

- Long-term credit rating AA (Standard & Poor's – positive outlook) and Aa2 (Moody's - negative 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\$86.5 billion and total net debt NZ\$15.5 billion at 30 June 2026
- 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



Local Government (Rates Capping) Amendment Bill

Rates related to water services are excluded from the proposed rates-capping framework. Non-water rates would be subject to a 2%-4% target range, with exemptions available for defined circumstances and major investment needs

Detail	Status
Status of the bill	The bill has passed the first reading and is before the Finance and Expenditure Select Committee for consideration.
Rates Cap Framework	Limits annual increases in general and targeted rates (excluding rates relating to water services)
National Target Range	Government sets a national minimum and maximum target range for non-water rates increases, initially set at 2%-4% from 1 March 2027.
Transition provision	During a transition period, Councils may apply for exemptions for significant infrastructure already funded or planned for, or for financial hardship, at the invitation of the regulator.
Regulatory Oversight	The regulatory function sits within the Ministry for Cities, Environment, Regions and Transport to monitor compliance, assess exemption applications, advise of future target ranges and implementation of the regime.
Exemption Pathways	Exemptions are provided for exceptional circumstances and prudent long-term financial planning, subject to Ministerial approval.
Mandatory Planning Requirement	Integrated into Long-term Plans, Annual Plans and annual rates-setting processes.
Impact on the appointment of a receiver or commissioners	Rates set by a receiver are excluded from the calculation of rates price. If a Commission is appointed the target range may be disapplied. However, the Commission's Terms of Reference must state that the target range does not apply for the cap to be disapplied.



New Zealand additional data



(NZ\$0.1b)¹

Annual trade deficit

20,300²

Annual net migration
gain



100%²

of pre-COVID tourist levels

4th³

least corrupt country
in the world



1.9%⁴

Forecast GDP growth for the
year to June 2027

2.8%⁴

Forecast Official Cash
Rate year average at
June 2027



2.6%⁴

Forecast NZ's annual
CPI at June 2027

5.3%⁴

Forecast
unemployment rate
at June 2027



1. Statistics New Zealand June 2026
2. Statistics New Zealand July 2026
3. Transparency International Corruption Perception Index December 2025
4. Reserve Bank of New Zealand, Monetary Policy Statement September 2026



Revenue and Expenditure

30 June 2026

(NZ\$m)	Year to 30 June 2026	Year to 30 June 2025	Year to 30 June 2024	Year to 30 June 2023	Year to 30 June 2022
Rates revenue	3,027	2,786	2,523	2,280	2,122
Services and other revenues	5,717	5,219	4,667	4,393	3,554
Total revenue	8,744	8,005	7,190	6,673	5,676
Operating expenses	6,374	6,025	5,915	4,801	4,287
Finance costs	678	648	562	523	438
Total expenses	7,052	6,673	6,477	5,324	4,725
Operating surplus before gains and losses	1,692	1,332	713	1,349	951
Surplus after income tax	2,664	1,033	584	1,010	1,724



Financial Position

30 June 2026

(NZ\$m)	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Cash and term deposits	977	530	637	106	239
Total assets	86,477	79,730	74,394	72,953	70,384
Borrowings	16,493	14,643	12,917	12,457	11,363
Total liabilities	19,156	20,586	18,770	17,402	16,110
Net assets	67,321	59,144	55,624	55,551	54,274
Net debt to total assets	17.9%	17.7%	16.5%	16.9%	15.8%



Cashflow

30 June 2026

(NZ\$m)	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Operating cash flow	2,005	2,014	2,062	1,812	1,459
Investing cash flow	(3,056)	(3,296)	(2,159)	(2,753)	(2,130)
Funding cash flow	1,498	1,193	633	795	603
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	447	(89)	536	(146)	(68)



About Watercare

- Responsible for providing essential water and wastewater services to the Auckland region, as shown [here](#)
- Owned by Auckland Council: Council Controlled Organisation (CCO).
- Council's credit ratings are AA (Standard & Poor's – positive outlook) and Aa2 (Moody's – negative outlook).
- 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's credit rating from Moody's is Aa3, on a stable outlook.**

1.8m

Aucklander's receive essential water services



~465k

Residential households served



~\$15.2b

To be invested during the 10 year Business Plan period – FY27 to FY36



~\$19b

Assets operated within the network



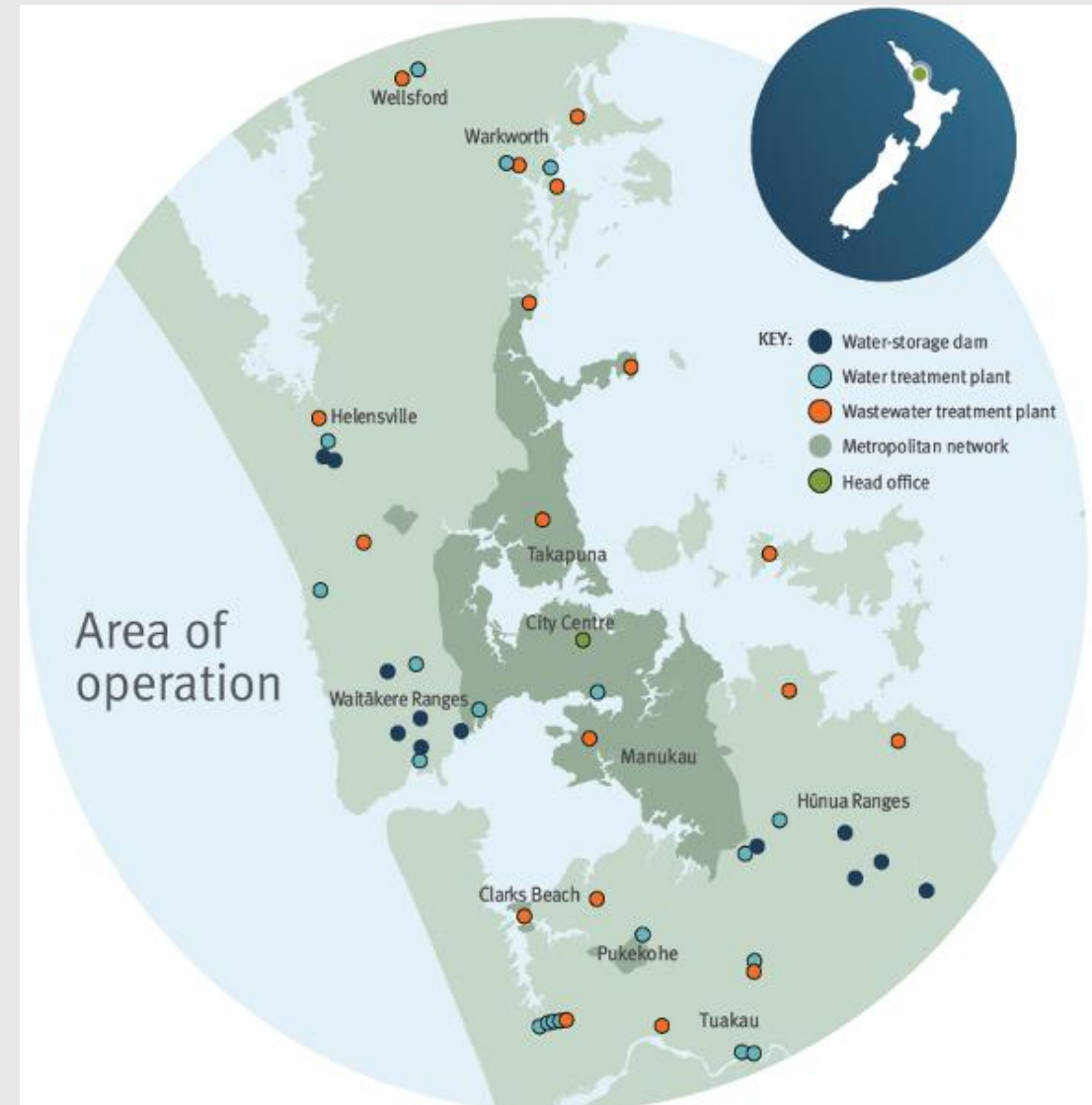
~36k

Business connections served



~\$1.3b

Total revenue generated in FY26



<https://www.watercare.co.nz>



Watercare Moody's Aa3 (stable outlook) credit highlights

Credit rating assessment

Aa3 Assigned rating (senior secured-stable outlook)	Baa1 Baseline Credit Assessment	P-1 Assigned rating (short-term)
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Central government oversight/support

The central government plays an important role via the regulatory regime, step-in rights, and the Civil Defence Emergency Management Act.



Governance

Watercare has an established governance framework incorporating comprehensive risk management protocols and policies.



Beneficial and robust regulatory regime

The Charter ensures that Watercare deliver high-quality water services, maintain long-term integrity of its assets, manages operations efficiently and shares efficiency gains with customers.



Scale and essential service

Watercare is a natural monopoly providing essential water and wastewater services to Auckland – representing over one third of New Zealand's population.



Cashflows

Solid operating track record supports cashflows, underpinned by Watercare being a monopoly provider of an essential service with a large, diverse, customer base.



Revenue collection and enforcement

Low historical bad debts, robust enforcement processes, and the ability to restrict water supply mitigates the risk of non-payment.

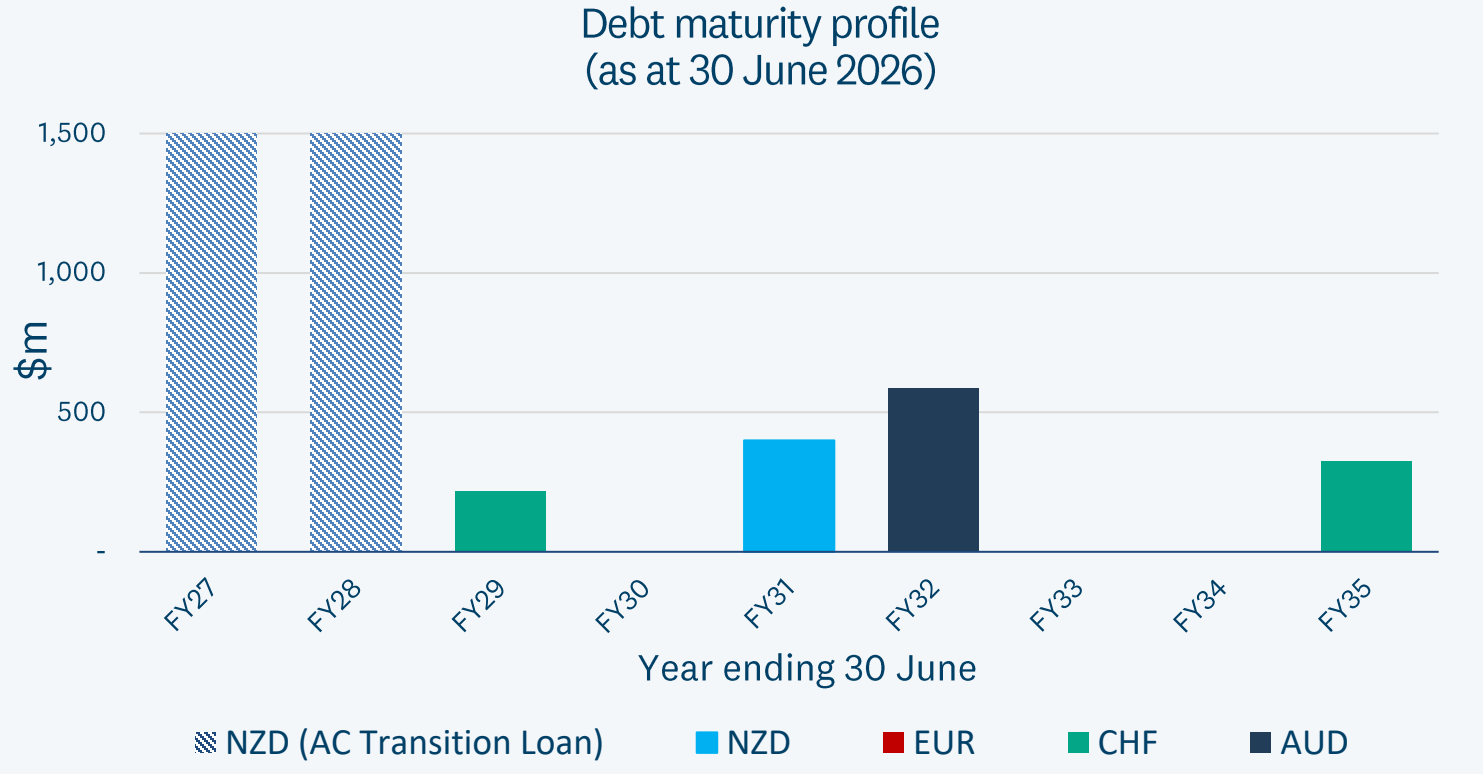


Security arrangements

Debt is secured against water charges, while an appointed receiver has the legislative ability to impose a special charge to service debt commitments.



Watercare funding



Initially funded through:

- Auckland Council Transition Loan (\$3b expected to be repaid by June 28).
- Revolving Credit Facility: \$1.2b (30 June 2027 with 1 year extension option).
- Standby Facility \$0.8b (30 June 2027 with 1 year extension option).

Board approved Treasury Management Policy:

- No more than \$2b of debt to mature in any 12-month period
- Hedging of all foreign currency debt
- Governance provided through Treasury Management Committee and Watercare Board.
- Sustainable Finance Framework being considered.
- Change of Control clause.



Contact details

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