

AUCKLAND COUNCIL
FINAL SERIES NOTICE NO. 006
FIXED RATE BONDS DUE 24 SEPTEMBER 2020

Current at 13 March 2015.

This Series Notice sets out the key terms of an offer by Auckland Council (**Council**) of NZ\$150,000,000 (with the ability to accept NZ\$100,000,000 oversubscriptions at Council's discretion) of fixed rate bonds (**Bonds**) under its master trust deed dated 27 September 2012, as amended from time to time, as modified and supplemented by the supplemental trust deed dated 27 September 2012, as amended from time to time, entered into between the Council and Trustees Executors Limited (**Trustee**) (together, **Trust Documents**).

Important notice

The offer of Bonds is being made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**) for offers of financial products of the same class as quoted financial products. Except for the interest rate and maturity date, the Bonds will have identical rights, privileges, limitations and conditions as the Council's following quoted bonds:

- NZ\$200,000,000 AKC070 Bonds maturing 25 March 2024 with a fixed interest rate of 5.806% per annum.
- NZ\$125,000,000 AKC060 Bonds maturing 18 December 2018 with a fixed interest rate of 4.410% per annum.

Accordingly, the Bonds are of the same class as the above bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Investors should look at the market price of the quoted debt securities listed above to find out how the market assesses the returns and risk premium for those debt securities.

The Council is subject to disclosure obligations that require it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market. Such information can be found by visiting <https://www.nzx.com/companies/AKC>.

Issuer	Auckland Council (Council).
Description of Bonds	Secured, unsubordinated, debt obligations of Council.
Type of Bonds	Fixed Rate Bonds.
Security	The Bonds are secured by a charge created by the debenture trust deed dated 2 December 2010, as amended from time to time, (Debenture) between Council and the Trustee over all rates from time to time set or assessed by Council and all rates revenue of Council and certain proceeds of such assets, being proceeds which constitute accounts receivable, negotiable instruments or cash.
Purpose	The net proceeds from the issue of the Bonds will be used for the general purposes of Council, including debt refinancing and capital expenditure of Council and its council controlled organisations.
Issue amount	NZ\$250,000,000.
Credit rating	

	Issuer Rating	Issue Rating
Standard & Poor's	AA (stable)	AA
Moody's	Aa2 (stable)	Aa2

The ratings referred to in this Series Notice are not a recommendation to buy, sell or hold the Bonds, and each rating may be subject to revision or withdrawal at any time by Standard & Poor's or Moody's, as the case may be. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. Neither Standard & Poor's nor

	Moody's has been involved in the preparation of this Series Notice.
Opening date	Tuesday, 10 March 2015.
Closing date	Friday, 13 March 2015.
Interest rate set date	Friday, 13 March 2015.
Issue date and allotment date	Tuesday, 24 March 2015.
Maturity date	Thursday, 24 September 2020.
Issue price	Par (being \$1.00 per Bond).
Minimum subscription amount and minimum principal amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Interest rate	4.017 per cent per annum, being the aggregate of the Base Rate plus the Margin on the Interest Rate Set Date.
Margin	0.30 per cent per annum.
Base rate	3.717 per cent per annum, being the semi-annual mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers according to market convention with reference to the Reuters page 'ICAPKIWISWAP2', rounded to 3 decimal places, if necessary, with 0.0005 being rounded up.
Interest payment dates	24 March and 24 September each year up to and including the Maturity Date.
First interest payment date	24 September 2015.
Business day convention	Following unadjusted.
Day count convention	Actual/Actual.
Interest periods	Semi-annual in arrears, in two equal payments.
ISIN code	NZAKCDT366C4
Who may apply	<p>The Bonds are offered to investors in New Zealand and investors in other jurisdictions where the Bonds may be lawfully offered.</p> <p>All of the Bonds have been reserved for clients of the Joint Lead Managers, institutional investors and other approved participants and will be allocated to those persons by Council in consultation with the Joint Lead Managers.</p> <p>Retail investors should contact any Joint Lead Manager or their financial advisor for details of the application process for Bonds as there is no public pool for the Bonds.</p> <p>Each investor's financial advisor will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p> <p>Any allotment of Bonds will be at Council's discretion, in consultation with the Joint Lead Managers. Council reserves the right to refuse to make any allotment (or part thereof) without giving any reason.</p> <p>The Council may deal with oversubscriptions (if any) in its sole discretion.</p>
New Zealand registrar	Computershare Investor Services Limited
NZX Debt Market ticker code	AKC080

Expected date of initial quotation and trading on NZX Debt Market	Wednesday, 25 March 2015.
NZX quotation	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all requirements of NZX relating to that application that can be complied with on or before the date of distribution of this Series Notice have been duly complied with. However, NZX accepts no responsibility for any statement in this Series Notice.</p> <p>NZX is a licensed market operator, and NZX Debt Market is a licensed market, under the FMCA.</p>
NZX waivers for issue	<p>NZX has approved the inclusion of transfer restrictions in the Trust Documents permitting Council to refuse a transfer of the Bonds if the transfer is not in multiples of \$1,000 and/or results in the transferor or transferee holding an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero). The Council will ensure that this Series Notice is available on its website for as long as the Council intends to rely on these transfer restrictions.</p> <p>NZX has granted Council a waiver in respect of the Bonds from the requirement in Main Board/Debt Market Listing Rule 5.2.3 that at least 500 members of the public hold at least 25% of the number of securities of the class issued, with each member of the public holding at least a minimum holding. The waiver reflects that the Bonds may not be widely held and as a consequence there may be reduced liquidity in the Bonds. The waiver has been granted for a period of 12 months from the date of quotation of the Bonds on the NZDX.</p>
Most recent annual and interim financial statements	<p>Annual financial statements for the year ended 30 June 2014.</p> <p>Interim financial statements for the half-year ended 31 December 2014.</p>
Redemption details	Unless the Bonds are declared due and payable by the Trustee after an event of default occurs, the Principal Amount of the Bonds will be repaid on the Maturity Date.
Early repayment	<p>Upon the occurrence of any of the events of default (as set out in the Trust Documents) the Trustee may, and immediately upon being directed to do so by an extraordinary resolution (as defined under the Trust Documents) of holders of Bonds of this series must, declare the Bonds of this series to be immediately due and payable.</p> <p>If the Bonds are declared due and payable prior to their Maturity Date, the Principal Amount of the Bonds together with accrued interest thereon will become immediately due and payable. Interest will be calculated on a daily basis at the Interest Rate from the last interest payment date.</p> <p>The occurrence of an event of default will not necessarily mean the Debenture becomes enforceable. Enforcement of the Debenture is subject to its terms.</p>
Repo-eligibility	Council intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations.
Governing law	New Zealand
Selling restrictions	The selling restrictions included in this Series Notice apply.
No guarantee by the New Zealand Government	The New Zealand Government does not guarantee any of Council's liabilities and so is not a guarantor of, or otherwise an obligor under, the Bonds. Payments by Council of principal and interest with respect to Council's outstanding indebtedness, including the Bonds, are not supported by any guarantee by the New Zealand Government. The New

Zealand Government is not obliged or legally required to provide any support in respect of the Bonds.

Joint lead managers

ANZ Bank New Zealand Limited (**ANZ**)
Bank of New Zealand
Commonwealth Bank of Australia (ABN 48 123 123 124)
Westpac Banking Corporation (acting through its New Zealand Branch)
(ABN 33 007 457 141)

Organising participant

ANZ

The dates set out in this Series Notice are indicative only and are subject to change. Council has the right in its absolute discretion and without notice to close the offer early, to accept late applications, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is extended then subsequent dates relating to the offer may be extended accordingly.

Copies of the Trust Documents and Debenture will be made available by the Council for inspection during usual business hours by any holder at the office of the Council at the address below (or such office as the Council may notify the holders from time to time). Copies can also be found on Council's website at:

<http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/businessandconomy/Pages/investorcentre.aspx>

Investors should seek qualified, independent financial and taxation advice before deciding to invest. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

Address details

Issuer

Auckland Council
135 Albert Street
Auckland 1010
www.aucklandcouncil.govt.nz

Registrar

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142

Joint Lead Managers

ANZ Bank New Zealand Limited
Level 7, 1 Victoria Street
Wellington 6011

Bank of New Zealand
Level 6, 80 Queen Street
Auckland 1010

Commonwealth Bank of Australia
(ABN 48 123 123 124)
ASB North Wharf
12 Jellicoe Street
Auckland 1010

Westpac Banking Corporation (acting through its New Zealand branch) (ABN 33 007 457 141)
Westpac on Takutai Square
Level 8, 16 Takutai Square
Auckland 1010

Selling restrictions

The Bonds may only be offered to investors in New Zealand and to investors in the jurisdictions set out below.

No action has been or will be taken by the Issuer which would permit an offer of Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand and the jurisdictions set out below in conformity with all applicable laws and regulations and the selling restrictions set out below relating to those jurisdictions.

No person may purchase, offer, sell, distribute or deliver Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Bonds, in New Zealand and the jurisdictions set out below other than in compliance with all applicable laws and regulations and the selling restrictions set out below relating to those jurisdictions.

United States

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Bonds are part, as determined and certified by the Joint Lead Managers, except in accordance with Rule 903 of Regulation S of the Securities Act. Any Bonds sold in the United States during the distribution compliance period require a confirmation or notice from the purchaser to substantially the following effect:

"The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the 'Securities Act') and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Tranche of Bonds of which such Bonds are a part, as determined by [Name of dealer or dealers, as the case may be], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Until 40 days after the completion of the distribution of all Bonds of the Tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Series Notice in relation thereto to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Council for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require the Council or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Council.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

The Netherlands

No Bonds have been or will be offered in the Netherlands other than to persons or entities which are qualified investors (*gekwalificeerde beleggers*) as defined in article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document, except for the Bonds which are a 'structured product' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a 'Prospectus' as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the FIEA) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This Series Notice has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (**SFA**). Accordingly, this Series Notice and any other document or

material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds to be issued by Council as contemplated by this Series Notice may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the **Corporations Act**)) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distribute or publish, any Series Notice, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives; and

- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for Bonds under this Series Notice, each person to whom Bonds are issued (an **Investor**):

- (a) will be deemed by the Issuer and each of the Joint Lead Managers to have acknowledged that if any Investor on-sells Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by the Issuer and each of the Joint Lead Managers to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Series Notice is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

Indemnity

By its subscription for or purchase of the Bonds, each holder agrees to indemnify the Council, the Joint Lead Managers, the Organising Participant, the Trustee, the Security Trustee and the Registrar and each of their respective directors, officers and employees for any loss, cost, claim, fine, damages, liability or expense sustained or incurred by any of them by reason of any breach of the selling restrictions.