

**AUCKLAND COUNCIL
FINAL SERIES NOTICE NO. 007
FIXED RATE BONDS DUE 30 MARCH 2020**

Current at 23 March 2016.

This Series Notice sets out the key terms of an offer by Auckland Council (**Council**) of up to NZ\$150,000,000 (with the ability to accept up to 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\$250,000,000 AKC080 Bonds maturing 24 September 2020 with a fixed interest rate of 4.017% per annum.
- 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	Monday, 21 March 2016.
Closing date	Wednesday, 23 March 2016.
Interest rate set date	Wednesday, 23 March 2016.
Issue date and allotment date	Wednesday, 30 March 2016.
Maturity date	Monday 30 March 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	3.04 per cent per annum, being the aggregate of the Base Rate plus the Margin on the Interest Rate Set Date.
Margin	0.60 per cent per annum.
Base rate	2.44 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	30 March and 30 September each year up to and including the Maturity Date.
First interest payment date	30 September 2016.
Business day convention	Following unadjusted.
Day count convention	Actual/Actual.
Interest periods	Semi-annual in arrears, in two equal payments.
ISIN code	NZAKCDT400C1.
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	AKC090
Expected date of initial quotation and	Thursday 31 March 2016.

trading on NZX Debt Market

NZX quotation

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market.

NZX waivers for issue

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.

NZX has granted Council a waiver in respect of the Bonds from the requirement in Main Board/Debt Market Listing Rule 5.2.3 (as modified by NZX's ruling on Rule 5.2.3 issued on 29 September 2015) to enable Council to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of 6 months from the date of quotation of the Bonds on the NZDX. The effect of the waiver from NZX Listing Rule 5.2.3 is that initially the Bonds may not be widely held and there may be reduced liquidity in the Bonds. To the extent that there is a material reduction in the spread of the Bonds, Council will notify NZX accordingly.

Most recent annual and interim financial statements

Annual financial statements for the year ended 30 June 2015.

Interim financial statements for the half-year ended 31 December 2015.

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

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.

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.

The occurrence of an event of default will not necessarily mean the Debenture becomes enforceable. Enforcement of the Debenture is subject to its terms.

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**)

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.

Any internet site addresses provided in this Series Notice 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 Series Notice.

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 of the Trust Documents, Debenture and Series Notice 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

L10, 171 Featherston Street
Wellington 6011

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 of America

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 (as defined in Regulation S under the Securities Act) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of Council, any Joint Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Bonds, and each of Council and the Joint Lead Managers have complied and will comply with the offering restrictions requirements of Regulation S under 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 under the Securities Act. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale 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') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration 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 the Joint Lead Managers or 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 except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (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 Joint Lead Manager or Joint Lead Managers 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 Joint Lead Manager 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 applies 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*).

Each Joint Lead Manager that did and does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands has represented and agreed with the Issuer that it has not offered or sold and will not offer or sell any of the Bonds in The Netherlands other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

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 other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 the 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. 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 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 Securities and Futures Act (Chapter 289 of Singapore) (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 Section 275(1A) of the SFA, and in accordance with the 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 subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (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) of that corporation 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 or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) 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 the Bonds under this Series Notice, each person to whom the 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 the 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 the 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.

Switzerland

The Bonds shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither this Terms Sheet nor any other solicitation for investments in the Bonds may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (CO) or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (CISA) unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. This Terms Sheet does not constitute a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in September 2014 by the Swiss Bankers Association, as applicable.

The Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.

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.