

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA

IMPORTANT: You must read the following disclaimer before continuing. The following applies to the offering circular following this page (the “Offering Circular”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT AND TERMS AND CONDITIONS OF THE NOTES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE FOLLOWING OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers (as defined in the Offering Circular) or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer (as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) or any of the Dealers nor any person who controls the Arranger or any of the Dealers, nor any director, officer, employee nor agent of the Issuer, the Arranger or any of the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 2 November 2023



U.S.\$10,000,000,000 Secured Medium Term Note Programme

Under the Secured Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Auckland Council (the "**Council**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$10,000,000,000 (or the equivalent in other currencies) (the "**Programme Limit**"). Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings where used elsewhere in this Offering Circular.

The obligations of the Issuer under the Notes and the Trust Deed are secured pursuant to the Debenture (as defined in "Summary of the Programme") with respect to the Charged Assets (as defined in "Summary of the Programme").

The Notes may be issued on a continuing basis to one or more of the Dealers appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. For a discussion of these risks see "Risk Factors". The Offering Circular does not describe all of the risks of an investment in the Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "**Official List**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes (as defined in "Summary of the Programme") will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche. Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series of Notes. The applicable pricing supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Each Series (as defined in "Summary of the Programme") of Notes in bearer form that are being issued in compliance with TEFRA D (as defined in "Summary of the Programme – Selling Restrictions" below) will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**"), and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Pricing Supplement, definitive Notes ("Definitive Notes"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche, upon certification as to non-US beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "Summary of Provisions Relating to the Notes while in Global Form".

The Notes of each Series to be issued in registered form and which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by a permanent registered global certificate (each an "**Unrestricted Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), with a common depository on behalf of Euroclear and Clearstream and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined in "Summary of the Programme") that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold, or in the case of Bearer Notes delivered, within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal revenue Code of 1986, as amended, and regulations thereunder). The Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes (the "**Conditions**") herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Programme has been rated "AA" by S&P Global Ratings, a division of the McGraw-Hill companies ("**S&P**") and rated "Aa2" by Moody's Investor Services ("**Moody's**"). Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

This Offering Circular is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129.

Arranger

HSBC

Dealers

ANZ

Citigroup

HSBC

Bank of New Zealand

Commonwealth Bank of Australia

UBS Investment Bank

Westpac Banking Corporation

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect and which, in each case, is material in the context of the issuance and offering of the Notes. The Issuer accepts responsibility for the information contained in this Offering Circular.

Each Tranche of Notes will be issued on the terms set out herein under “Terms and Conditions of the Notes” (the “**Terms and Conditions of the Notes**” and each term therein, a “**Condition**”) as amended and/or supplemented by a Pricing Supplement. This Offering Circular is to be read and construed together with any amendments or supplements hereto and with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”) and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular. No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arranger, the Dealers, the Trustee or the Agents (each as defined in “Summary of the Programme”).

The SGX-ST takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Neither the delivery of this Offering Circular or any Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and each of its council-controlled organisations (“**CCOs**”) and Watercare Services Limited taken as a whole (the “**Group**”) since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arranger, the Dealers, the Trustee or the Agents to inform themselves about and to observe any such restriction. None of the Issuer, the Arranger, the Dealers, the Trustee or the Agents represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers, the Trustee or the Agents which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise

made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “Subscription and Sale”.

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND ANY PRICING SUPPLEMENT, SEE “SUBSCRIPTION AND SALE”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Arranger and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any person outside the United States to any person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such person within the United States is prohibited.

This Offering Circular or any Pricing Supplement do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, the Dealers, the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person: (a) makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme; nor (b) accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger, a Dealer, the Trustee, any Agent or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer or the issue and offering of the Notes, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arranger, the Dealers, the Trustee or the Agents. The Arranger, each Dealer, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arranger, any Dealer, the Trustee or any Agent have independently verified any of the information contained herein.

Neither this Offering Circular, the Pricing Supplement, any other financial statements nor other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, the Dealers, the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person, that any recipient of this Offering Circular, the Pricing Supplement, any other financial statements or any such information should purchase the Notes. Each potential investor of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. None of the Arranger, the Dealers the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers the Trustee or the Agents or their respective affiliates or advisers.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in the Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not, and none of the Arranger, the Dealers, the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person, make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement (the "**Stabilisation Manager(s)**") may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur.

Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of the relevant Stabilisation Manager) in accordance with all applicable laws and rules.

PRESENTATION OF INFORMATION

Unless otherwise specified or the context otherwise requires, references to “U.S.\$” and to “U.S. dollars” are to lawful currency of the United States of America, references to “New Zealand dollars” and “NZ\$” are to the lawful currency of New Zealand, references to “sterling” and “£” are to the lawful currency of the United Kingdom, references to “S\$” are to the lawful currency of Singapore, references to “A\$” are to the lawful currency of Australia and references to “€” and “Euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities and Exchange Act of 1934 (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the areas in which the Issuer operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the Issuer’s actual results of operations, financial condition and liquidity, and the development of the areas in which the Issuer operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity and the development of the areas in which the Issuer operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on its behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

The factors that may cause actual results to differ from those anticipated or predicted may include those set out in the section headed “Risk Factors”.

Any forward-looking statements that the Issuer makes in this Offering Circular speak only as at the date of such statements, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

- (a) the audited consolidated annual financial statements of the Issuer (including the notes in respect of such financial statements) for the years ended 30 June 2022 and 30 June 2023 and the auditors’ reports prepared in connection therewith;

- (b) the most recently published audited annual accounts, unaudited annual accounts and any interim accounts (whether audited or unaudited) published subsequently to the date of this Offering Circular of the Issuer from time to time (if any);
- (c) all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular; and
- (d) each relevant Pricing Supplement,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Any unaudited annual or interim accounts ("**Unaudited Financials**") published by the Issuer from time to time have not been reviewed or audited by Audit New Zealand on behalf of the Auditor-General or any other independent auditors. As a result, any Unaudited Financials should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to a review or an audit. Potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. In addition, any Unaudited Financials should not be taken as an indication of the expected financial condition, results of operations and results of the Financial Group as at and for their respective period(s). None of the Arranger or Dealers makes any representation or warranty, express or implied, regarding the sufficiency of any Unaudited Financials for an assessment of, and potential investors must exercise caution between using such data to evaluate, the Issuer's financial condition and results of operations. Potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Trustee set out at the end of this Offering Circular, and will also be available without charge on the website of the SGX-ST at <http://www.sgx.com>. See "General Information" for a description of the financial statements currently published by the Issuer.

REFERENCES TO INTERNET SITE ADDRESSES

Any internet site addresses provided in this Offering Circular are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Arranger and the Dealers that, unless the Issuer has notified the Dealers in writing that it does not intend to issue Notes under the Programme for the time being, the Issuer (among other things) shall prepare and publish an amendment or supplement to this Offering Circular if at any time during the duration of the Programme a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in the Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, surpluses and deficits, and prospects of the Issuer and/or of the rights attaching to the Notes.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

The Issuer	Auckland Council.
Description	Secured Medium Term Note Programme.
Size	Up to U.S.\$10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	The Hongkong and Shanghai Banking Corporation Limited.
Dealers	Australia and New Zealand Banking Group Limited; Bank of New Zealand; Citigroup Global Markets New Zealand Limited; Commonwealth Bank of Australia; The Hongkong and Shanghai Banking Corporation Limited; UBS AG London Branch; and Westpac Banking Corporation. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to " Permanent Dealers " are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to " Dealers " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	DB Trustees (Hong Kong) Limited.
Issuing and Paying Agent and Transfer Agent	Deutsche Bank AG, Hong Kong Branch.
Registrar	Deutsche Bank AG, Hong Kong Branch.
Security	The obligations of the Issuer under the Notes and the Trust Deed are secured pursuant to the Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010 (as amended, restated or supplemented from time to time) (the " Debenture ") with respect to the Charged Assets (as defined in the Debenture) through the issue of Security Stock (as defined in the Debenture) to the Trustee (the " Security "). See "Description of the Security".

No Crown Guarantee

No obligation of the Issuer under or in respect of the Notes is guaranteed by His Majesty the King in right of New Zealand.

Method of Issue

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the Pricing Supplement.

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes

The Notes may be issued in bearer form only (“**Bearer Notes**”), in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) or in registered form only (“**Registered Notes**”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if:

- (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or
- (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in “Summary of the Programme – Selling Restrictions” below),
- (iii) otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate.

Clearing Systems

Euroclear and Clearstream, and, in relation to any Tranche, such other clearing system as may be agreed between the

Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Maturities

Subject to compliance with all relevant laws, regulations and directives, any maturity.

Specified Denomination

Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Any Notes which are to be admitted to trading on a regulated market within the EEA and in the UK or offered to the public in a Member State of the EEA and in the UK in circumstances which require the publication of a Prospectus under Regulation (EU) No. 1129 of 14 June 2017, as amended from time to time (the "**Prospectus Regulation**") will have a minimum denomination of at least €100,000.

For all Notes the minimum denomination shall, in all cases be at least S\$200,000 (or its equivalent in any other currency).

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the

International Swaps and Derivatives Association, Inc., as amended, supplemented or replaced or

- (ii) by reference to EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

Index Linked Notes

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption by Instalments

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Other Notes

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Optional Redemption

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Status of Notes

The Notes and the Receipts and Coupons relating to them will constitute (subject to Condition 4) secured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves, as further described in Condition 3 and “Description of the Security” below.

Negative Pledge

The Notes will have the benefit of a negative pledge as described in “Terms and Conditions of the Notes — Negative Pledge”.

Ratings

The Programme has been rated “AA” by S&P and “Aa2” by Moody’s.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Early Redemption

Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for taxation reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.

Withholding Tax

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of New Zealand or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. The Issuer will, subject to customary exceptions (including for New Zealand Resident Withholding Tax), pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction. See “Terms and Conditions of the Notes — Taxation”.

Benchmark Discontinuation

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent

Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate. See “Terms and Conditions of the Notes — Interest and other Calculations — Benchmark Discontinuation”.

Use of Proceeds

The proceeds of the Notes will be used for general corporate purposes of the Issuer or as may be specified in the applicable Pricing Supplement.

The proceeds from the issuance of any Green Bonds, if and when issued by the Issuer under the Programme, will be allocated to financing of planned projects and assets with positive environmental outcomes, which is expected to contribute to a low carbon and climate resilient future, or refinancing of corporate debt that supports eligible assets.

See “Use of Proceeds”.

Governing Law

English law.

Listing

Application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in a Pricing Supplement which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

Unlisted Series of Notes may also be issued pursuant to the Programme.

The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series of Notes.

Selling Restrictions

The United States, the European Economic Area, the United Kingdom, Hong Kong, Japan, Singapore, Australia, New Zealand and Italy. See “Subscription and Sale”.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in

substantially the same form for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) (“**TEFRA D**”) unless:

- (i) the relevant Pricing Supplement states that such Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form for purposes of Section 4701 of the Code (“**TEFRA C**”)); or
- (ii) such Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which such Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”),
- (iii) which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Risk Factors

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfill its obligations under the Notes are discussed in “Risk Factors” below.

RISK FACTORS

Prospective investors should carefully consider the risks described below, together with the risks described in the other sections of this Offering Circular, before making any investment decision relating to the Issuer's Notes. The occurrence of any of the following events could have a material adverse effect on the Issuer's business, its assets, its liquidity, its financial performance, its ability to implement its strategy and its ability to repay the interest or principal on the Notes in a timely fashion or at all.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Before making an investment decision, prospective investors should carefully consider all of the information contained in this Offering Circular, including the financial statements which are incorporated by reference into and deemed to be included in this Offering Circular. Copies of those financial statements can be obtained from the website of the Issuer at: <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-annual-reports/Pages/default.aspx>.

Risks Relating to the Issuer

The Issuer is established in New Zealand as the local authority for the Auckland region. With the exception of some limited service arrangements with other councils, almost all of its operations occur in Auckland. Accordingly, the Issuer is subject to political, economic, legal, geographic/environmental and regulatory risks specific to New Zealand and Auckland. Many of these factors are beyond the control of the Issuer.

No New Zealand Government guarantee

The New Zealand Government is not a guarantor of, or otherwise an obligor under, the Notes and does not guarantee any liability of the Issuer. Payments by the Issuer of principal and interest with respect to its outstanding indebtedness, including the Notes, 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 Notes.

Credit risk

The Issuer relies upon the Auckland regional economy for revenue and the properties within the Auckland region for its rating revenue. The revenue to be obtained from those sources is dependent upon economic factors affecting the trading environment (for example, local or global recessions, government regulation, changes to taxation regimes and financial markets and specific natural disasters).

The Issuer's creditworthiness may decline due to circumstances beyond its control and for reasons that are not specific to the Issuer (for example, a recession in Auckland or New Zealand, a regulatory change or a one off event (including, for example, a global outbreak of communicable diseases such as COVID-19). Please refer to the risk factor entitled "COVID-19 and other communicable diseases" for further details).

Economic factors

The economic indicators in Auckland in recent years have shown mixed signs. Future growth of the Auckland regional economy is subject to many factors beyond its control. A downturn in the general economic and business conditions in Auckland or New Zealand or globally could affect the ability of Auckland ratepayers to pay their rates. While headline inflation has fallen from the highs of 2022 both in New Zealand and globally, annual consumer price inflation in New Zealand remains above the Reserve Bank of New Zealand's policy target range of between 1 per cent. to 3 per cent. The Reserve Bank of New Zealand had indicated that the official cash rate will need to remain at a restrictive level for a more

sustained period of time. This, coupled with continued high interest rates globally, means that New Zealand's interest rates will continue to remain elevated and will impact on the Issuer's borrowing costs.

The Issuer has granted security over its rates and rates revenue to secure its indebtedness under the Notes. The Issuer has the statutory power to recover outstanding rates from persons with an interest in the property, including any first mortgagee. If necessary, it may apply to the High Court of New Zealand (the "**High Court**") to sell the land in order to recover the outstanding rates.

New Zealand Government regulation

The structure of the Issuer is defined by statute and could be impacted by changes to those statutes. The New Zealand legislation to which the Issuer is subject includes the Local Government Act 2002, the Local Government (Auckland Council) Act 2009 and the Local Government (Rating) Act 2002, any of which could be the subject of further amendment. There may also be a number of orders in council, the implementation of which may affect the Issuer and its operations. Under the Local Government Act 2002, the Crown can introduce regulations prescribing benchmarks for assessing whether a local authority (including its subsidiaries i.e. CCOs) is prudently managing its revenues, expenses, assets, liabilities, investments and general financial dealings. A local authority's debt levels can also be prescribed under such regulations, and a significant failure to comply with those regulations could allow the Crown to intervene in the local authority's affairs. In addition, the Issuer may be impacted by changes to New Zealand laws and regulations. The New Zealand Government has recently announced reforms to water services in New Zealand. The impact of such water reforms on the Issuer is unknown. See further "*Description of the Financial Group's Operations – Recent Developments*".

Natural disasters

A major catastrophe or natural disaster of significant magnitude (for example, earthquakes, volcanic activity or floods) could also materially adversely affect the Issuer. Such an event may affect the financial position of the Issuer and the ability of Auckland ratepayers to pay their rates. The Council manages a balanced insurance programme through offshore and local markets and a portion of self-insurance to mitigate the impact of such risks.

COVID-19 and other communicable diseases

The outbreak of communicable diseases in New Zealand and around the globe, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy, and could thereby adversely impact the revenues and results of operations of the Issuer.

For example, the outbreak in late 2019 of a novel strain of coronavirus (i.e. "**COVID-19**") has since spread globally and triggered a global downturn and global economic contraction, causing disruptions in demand and supply chains. COVID-19 has caused and is continuing to cause disruption to businesses and economic activity in New Zealand and Auckland. General economic disruption and downturn may affect the ability of Auckland ratepayers to pay rates. These outcomes may affect the financial position of the Issuer. In addition, adverse changes to credit market conditions due to economic downturn in New Zealand or globally may adversely affect the financial position of the Issuer. As at the date of this Offering Circular, the Council has experienced, and is continuing to experience the impacts of the COVID-19 crisis in terms of both operational disruption and the flow-on impacts on economic activity. See further "*Description of the Financial Group's Operations – Recent Developments*".

Climate change

Auckland faces climate change risks like many cities around the world. Any measures or steps taken by the Issuer to seek to mitigate the effects of climate change may necessitate capital expenditure and costs that may impact the Issuer's financial position. The severe weather events in Auckland in early 2023 adversely affected Auckland's build and natural environment. Remediation and building resilience into Auckland infrastructure networks to deal with climate change is expected to significantly influence future

investment decisions of the Issuer. See further “*Description of the Financial Group’s Operations – Recent Developments*”.

The Issuer declared a climate emergency to recognise this risk on 11 June 2019, and the Issuer has committed in its declaration to take necessary action to manage and mitigate climate related risks while taking advantage of the opportunities created by these risks.

Currency risk

The risk associated with exchange rate movements, which determine the New Zealand dollar cost of foreign currency denominated liabilities may affect the Issuer’s financial position. However, the Issuer seeks to minimise this risk by entering into cross currency swaps in order to hedge against any exchange rate risk.

Risks Relating to the Notes Issued under the Programme

The Notes may not be a suitable investment for potential investors

Each potential investor must determine the suitability of any Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from its currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic change, interest rate fluctuation and/or other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to a potential investor’s overall portfolios. No potential investor should invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on its overall investment portfolio.

Additionally, a potential investor’s investment activities may be subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and

- other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

There are certain risks to Noteholders associated with the Security and acceleration of the Notes

Terms defined in the “Description of the Security” section below shall have the same meanings where used in this section. The Security is held by the Security Trustee for the benefit of all Stockholders, which include the Noteholders and the other secured creditors of the Issuer. All creditors of the Issuer that have been issued Stock pursuant to the Debenture are Stockholders. As a result, in certain circumstances the Security Trustee may not be required to act in the best interests of the Noteholders. In particular:

- the security is enforceable after further grace periods (two Auckland Business Days where the principal has become due) pursuant to the Debenture;
- if an Enforcement Event occurs under the Debenture and is subsisting, the Security Trustee may in its discretion (among other things) declare all Secured Money to be immediately due and payable. The Security Trustee is required to make such a declaration if it is directed to by a Debenture Extraordinary Resolution of all Stockholders (not just the Noteholders). As there are other Stockholders and the Noteholders may not hold the required voting majority, the Trustee may not be able to ensure that a Debenture Extraordinary Resolution is passed without the cooperation of other Stockholders, and therefore the Security Trustee may not have to act in accordance with the Trustee’s directions;
- alternatively, other Stockholders may be able to pass a Debenture Extraordinary Resolution against the wishes of the Trustee or Noteholders. If so, the Security Trustee may be directed to act in accordance with the other Stockholders’ instructions, notwithstanding that such instructions may be against the interests of the Noteholders; and
- further, other secured indebtedness of the Issuer may be in default without triggering an event of default under the Notes. The Notes do not include a cross-default or cross-acceleration event of default. While the Noteholders will rank equally with other Stockholders in the event of any enforcement action, it is possible that the Security Trustee may take steps to enforce the Security even when the Notes are not in default.

The Issuer may from time to time, without the consent of the Security Trustee, the holders of the Notes or the Trustee, incur further secured indebtedness that ranks equally with the Issuer’s obligations to the holders of the Notes. There is no restriction in the Debenture on the amount of debt for which the Issuer may provide security. Each NZ\$1 of secured debt under the Debenture is entitled to one vote at a meeting of Stockholders, with the number of votes with respect to a debt issuance programme being equivalent to the New Zealand dollar equivalent of the programme limit. As at 30 June 2023, the aggregate nominal amount of Stock which has been issued and not cancelled by the Issuer under the Debenture is NZ\$35,560,800,000, U.S.\$12,000,000,000 and A\$3,000,000,000 (including in respect of debt issuance programmes, so all such debt has not been issued). If the Issuer incurs further secured indebtedness in the future, the Trustee may find it more difficult to meet the Debenture Extraordinary Resolution requirements needed to instruct the Security Trustee.

For further details on the Security and the requirements needed to pass a Debenture Extraordinary Resolution, see “Description of the Security”.

Modification and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to:

- any modification of any of the provisions of the Trust Deed or the Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law; and
- any other modification (except as mentioned in the Trust Deed or the Conditions), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable development assets

The Issuer may issue Notes under the Programme which are specified to be “Green Bonds” in the applicable Pricing Supplement (any such Notes, “**Green Bonds**”), in accordance with the Issuer’s Sustainable Finance Framework (as may be updated or amended from time to time, the “**Sustainable Finance Framework**”), which is publicly available. See “The Sustainable Finance Framework”.

In connection with an issue of Green Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue an independent opinion (a “**Second Party Opinion**”) confirming that any Green Bonds are in compliance with the ICMA’s Green Bond Principles, 2021 (the “**ICMA Green Bond Principles**”). The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond markets. Potential investors should be aware that any Second Party Opinion will not be incorporated into, and will not form part of, this Offering Circular or the applicable Pricing Supplement. Any such Second Party Opinion may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Bonds. Any such Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue. For the avoidance of doubt, neither the Sustainable Finance Framework nor any Second Party Opinion are, and none shall be deemed to be, incorporated by reference into and/or form a part of this Offering Circular.

Furthermore, although the Issuer may agree at the relevant issue date of any Green Bonds to allocate the net proceeds towards the financing and/or refinancing of the Issuer’s projects in accordance with certain prescribed eligibility criteria as described under the Sustainable Finance Framework, it would not be an event of default under the Green Bonds if:

- the Issuer were to fail to comply with such undertaking or were to fail to allocate the proceeds in the manner specified in the applicable Pricing Supplement; and/or
- any Second Party Opinion issued in connection with such Green Bonds were to be withdrawn.

Any failure to allocate the net proceeds of any Series of Green Bonds in connection with green projects and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Neither the Issuer, the Arranger nor any of the Dealers make any representation as to the suitability for any purpose of any Second Party Opinion or whether any Green Bonds will meet investor criteria and expectations regarding green or sustainable development for any investors. Prospective investors should

have regard to the relevant green project and the use of proceeds described in the applicable Pricing Supplement.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green”, “sustainable”, “social” or equivalent characteristics and therefore no assurance can be provided to potential investors that the Issuer’s projects will continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the ICMA Green Bond Principles and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Any such Second Party Opinion may provide an opinion on certain environmental, social, sustainability and related considerations but is not intended to address any credit, market or other aspects of an investment in the Green Bonds including, without limitation, market price, marketability, investor preference or suitability of any security. No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Green Bonds. For the avoidance of doubt, any such opinion or certification is not incorporated in this Offering Circular. Any such opinion or certification is not a recommendation by the Issuer, the Arranger, the Dealers or any other person to buy, sell or hold any such Green Bonds and is current only as of the date it was issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

While it is the intention of the Issuer to apply the proceeds of any Green Bonds issued for eligible projects and to report on the use of proceeds or eligible projects, there is no contractual obligation to do so. There can be no assurance that any such eligible projects will be available or capable of being implemented in the manner anticipated and, accordingly, that the Issuer will be able to use the proceeds for such eligible projects as intended. In addition, there can be no assurance that eligible projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of a failure by the Issuer to allocate the proceeds of any Green Bonds issued or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds or the failure of the Notes issued as Green Bonds to meet investors’ expectations requirements regarding any “green”, “sustainable”, “social” or similar labels will constitute an event of default or breach of contract with respect to any of the Notes issued as Green Bonds. In addition, a withdrawal of any such Second Party Opinion may affect the value of the Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

Neither the Issuer nor any other person makes any representation as to the whether the Notes will meet certain green criteria required by the potential investors. In the event that the Notes are included in any dedicated ‘green’, ‘environmental’, ‘sustainable’ or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to (or intend to) comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates.

Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green Bonds or that any such listing or admission to trading will be maintained during the life of the Green Bonds issued.

A failure of the Notes issued as Green Bonds to meet investor expectations or requirements as to their “green”, “social”, “sustainable” or equivalent characteristics including the failure to apply proceeds for eligible projects, the failure to provide, or the withdrawal of, a third party opinion or certification, such Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or the failure by the Issuer to report on the use of proceeds or eligible projects as anticipated, may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell such Notes as a result of such Notes not falling within the investor’s investment criteria or mandate).

Any such Second Party Opinion are not recommendations to buy, sell or hold securities and are only current as of the date they were initially issued; any such Second Party Opinion are for information purposes only and neither the Issuer, any third party engaged to issue such Green Bond Reports nor any other person accepts any form of liability for the substance of any such Second Party Opinion and/or any liability for loss arising from the use of any such Second Party Opinion and/or the information provided therein.

No assurance is given by the Issuer, the Arranger or the Dealers that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Sustainable Finance Framework.

Each potential investor of any Series of Green Bonds should determine for itself the relevance of the information contained in this Offering Circular and in the applicable Pricing Supplement regarding the use of proceeds and its purchase of any Green Bonds should be based upon such investigation as it deems necessary.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for any potential investor. Set out below is a description of certain of those features:

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, a potential investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Each potential investor should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes have features which are different from single currency issues

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Each potential investor should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;

- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by a potential investor to pay a subsequent instalment of partly-paid Notes may result in it losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in a potential investor losing all of its investment.

Notes, the interest rate of which may be converted from fixed to floating interest rates and vice-versa may have lower market values than other Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since it may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.

If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks associated with Index Linked Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). Each potential investor should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Variable or floating rate Notes with a multiplier or other leverage factor

Notes with variable or floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Bearer Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, each potential investor should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

General Risks Relating to the Notes

Exchange rate risks and exchange controls may result in a potential investor receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if a potential investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency in which the Notes are denominated would decrease:

- the Investor's Currency equivalent yield on the Notes;
- the Investor's Currency equivalent value of the principal payable on the Notes; and
- the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a potential investor may receive less interest or principal than expected, or no interest or principal.

Lack of public market for the Notes

There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes may trade at prices that may be higher or lower than the initial issue price. This will depend on many factors, including, but not limited to, prevailing interest rates, the Issuer's operations and the market for similar securities. The Dealers are not obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealers. No assurance can be given as to the liquidity of, or trading market for, the Notes.

Inability to comply with the restrictions and covenants contained in the Issuer's debt agreements

If the Issuer is unable to comply with the restrictions and covenants in its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be.

Majority interests in Noteholder meetings

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase or pledge of any Note. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including giving of notice to the Issuer pursuant to Condition 10 and Condition 12), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obligated to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Conditions) and in circumstances where there is uncertainty or dispute as

to the applicable laws or regulations and, to the extent permitted by the agreements and applicable law, it will be for the Noteholders to take such actions directly.

Notes linked to “benchmarks” (including Floating Rate Notes)

Reference rates and indices, including interest rate benchmarks, such as the euro interbank offered rate (“**EURIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Benchmarks are the subject of ongoing national and international regulatory reform. Some of these reforms are already effective whilst others are still to be implemented.

In Europe, Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. In the UK, Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (“**€STR**”) as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmark Regulations, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

- discourage market participants from continuing to administer or contribute to the benchmark;

- trigger changes in the rules or methodologies used in the benchmark; or
- lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to, referencing or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs. Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the floating rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is:

- the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities);
- if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital

markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

- if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser in which case the Issuer may determine the Successor Rate or the Alternative Rate and the Adjustment Spread.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser, or the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the floating rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate Notes.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Securities linked to or referencing a benchmark.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by an amended and restated trust deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated on or about 3 November 2021 between Auckland Council (the “**Issuer**”) and DB Trustee (Hong Kong) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated on or about 3 November 2021 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**” (such Issuing and Paying Agent, Paying Agents, Registrar and Transfer Agents being together referred to as the “**Agents**”). Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Level 52, International Commercial Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that:

- (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under Regulation (EU) 2017/1129, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes); and

- (ii) the minimum Specified Denomination shall, in all cases, be at least S\$200,000 (or its equivalent in any other currency).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be

changed by the Issuer or the Registrar, with (in the case of any regulation proposed by the Issuer) the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or any other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the relevant other Transfer Agent (as the case may be).

(e) **Transfers Free of Charge**

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant other Transfer Agent may require).

(f) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered:

- (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;
- (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d);
- (iii) after any such Note has been called for redemption; or
- (iv) during the period of seven days ending on (and including) any Record Date.

3 Status and Security

(a) Status of the Notes

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) secured obligations of the Issuer. The Notes shall be secured in the manner described in Condition 3(b) and shall at all times rank *pari passu* and without any preference among themselves.

(b) Security

The obligations of the Issuer under the Notes and the Trust Deed are secured pursuant to the Debenture Trust Deed between the Issuer and Trustees Executors Limited dated 2 December 2010 (as amended, restated or supplemented from time to time) (the “**Debenture**”) with respect to the Charged Assets (as defined in the Debenture) through the issue of Security Stock (as defined in the Debenture) to the Trustee (the security from time to time constituted by or pursuant to the Debenture, the Charged Assets and the Security Stock being the “**Security**”). Details of the Security are more particularly set out in the Trust Deed and the Debenture.

(c) Application of Proceeds

Under the Trust Deed all moneys received by the Trustee in connection with the realisation or enforcement of the Security will be held by the Trustee on trust to apply them in accordance with the Trust Deed.

The Trust Deed requires that the net proceeds resulting from the enforcement of the Security, after the remuneration and expenses of the Trustee (including without limitation remuneration and expenses of the Agents for so long as they are agents of the Trustee) and any taxes or other amounts required to be paid prior to any such application, be applied first in payment of any interest owing to the Noteholders *pari passu* and rateably, second, in payment of any principal and any other amounts owing to the Noteholders *pari passu* and rateably, third, in payment of any amounts due and payable to the Agents but unpaid and fourth, in payment of any balance to the Issuer for itself or, if otherwise, in accordance with the terms of the Debenture.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital but excluding the Charged Assets secured pursuant to the Debenture) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes, the Receipts and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either:

- (i) the Trustee shall in its absolute discretion deem to be not materially less beneficial to the interests of the Noteholders than the interests of the Noteholders immediately prior to the creation of such mortgage, charge, lien, pledge or other security interest; or
- (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In this Condition 4:

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), **“Floating Rate”**, **“Calculation Agent”**, **“Floating Rate Option”**, **“Designated Maturity”**, **“Reset Date”** and **“Swap Transaction”** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the

request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption

Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information (if applicable) and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

(j) **Fallback Determination or Calculation**

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint another agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such other agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) **Benchmark Discontinuation**

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(k)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 5(k).

If:

- (A) the Issuer is unable to appoint an Independent Adviser; or
- (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(k)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(k)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(k) and the Independent Adviser (in consultation with the Issuer) determines:

- (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and
- (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(k)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(k)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(k) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer:

(A) confirming

- (i) that a Benchmark Event has occurred;
- (ii) the Successor Rate or, as the case may be, the Alternative Rate;
- (iii) the applicable Adjustment Spread; and
- (iv) the specific terms of the Benchmark Amendments (if any),

in each case as determined in accordance with the provisions of this Condition 5(k); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Noteholders and Couponholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(k)(i), 5(k)(ii), 5(k)(iii) and 5(k)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions:*

As used in this Condition 5(k):

“Adjustment Spread” means either:

- (a) a spread (which may be positive, negative or zero); or
- (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:
 - (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate).
 - (ii) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied).
 - (iii) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(k)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 5(k)(iv).

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
 - (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates;
 - (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable);
 - (c) a group of the aforementioned central banks or other supervisory authorities; or
 - (d) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(l) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual - ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year,

the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (vii) if “**Actual/Actual-ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each

successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(m) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed).

Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) Early Redemption

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this

sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if:

- (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (including becoming obliged to pay additional amounts in respect of New Zealand non-resident withholding tax which may be, or may become, applicable to the Notes) as a result of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (ii) such obligation cannot be avoided by the Issuer paying the New Zealand approved issuer levy at a rate not exceeding the rate of the levy being charged at the date of the Trust Deed under section 86J of the Stamp and Cheque Duties Act 1971 of New Zealand on the payments or interest (as "**interest**" is defined under New Zealand taxation legislation for withholding tax purposes);

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or the Issuer would be unable to relieve itself of the obligation to pay any additional amounts in respect of payments of principal or interest (as "**interest**" is defined under New Zealand taxation legislation for withholding tax purposes) by paying the approved issuer levy (whichever is the earlier) were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers (as defined in the Trust Deed) of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled without further enquiry to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (i) above in which event it shall be conclusive and binding on the Noteholders and Couponholders.

(d) **Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon)

redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) **Purchases**

The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation**

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Laws

Save as provided in Condition 8, all payments are subject in all cases to:

- (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed by such laws, regulations or agreements; and
- (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint in accordance with the Agency Agreement additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:

- (i) an Issuing and Paying Agent;
- (ii) a Registrar in relation to Registered Notes;
- (iii) a Transfer Agent in relation to Registered Notes;
- (iv) one or more Calculation Agent(s) where the Conditions so require;
- (v) Paying Agents having specified offices in at least two major European cities;
- (vi) for so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the rules of the SGX-ST so require, if the Notes are in definitive form, there will at all times be a Paying Agent in Singapore; and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons**
 On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days**
 If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of New Zealand or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to (a) any withholding or deduction for or on account of New Zealand resident withholding tax; or (b) any payment in respect of any Note, Receipt or Coupon:

(a) **Other connection**

to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of any holder, or any beneficial owner of any interest in, or rights in respect of, such Note, Receipt or Coupon having some connection (whether present or past) with New Zealand (including by reason of being a beneficial owner of, or having an interest in, a Note, Receipt or Coupon jointly with another person who is resident in New Zealand for income tax purposes) otherwise (except as just provided) than merely by the holding of, or having an interest in, or rights in respect of, such Note, Receipt or Coupon; or

(b) **Lawful avoidance of withholding**

to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority or, if appropriate, to the Issuer or the Issuing and Paying Agent in the place where the relevant Note, Receipt or Coupon is presented for payment; or

(c) **Presentation more than 30 days after the Relevant Date**

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to:

- (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes (but not to extend to the excess of the redemption amount over the issue price of any Note, and provided that a premium may be interest as defined under New Zealand taxation legislation), all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;
- (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and interest as defined under New Zealand taxation legislation for withholding tax purposes; and
- (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this Condition 8 or any undertaking given in addition to or substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders in writing of at least twenty per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case subject to being indemnified and/or secured and/or pre-funded to its satisfaction by the Noteholders, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) **Non-Payment**

default is made for more than seven Business Days (in the case of interest) or two Business Days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) **Breach of Other Obligations**

the Issuer does not perform or comply in a material way with any one or more of its other material obligations in the Notes, the Debenture or the Trust Deed and such default is not remedied within 30 days of receipt by the Issuer of a notice from the Trustee specifying the default and requiring it to be remedied; or

(c) **Enforcement Event**

the security created by the Debenture is enforced or becomes enforceable in accordance with its terms; or

(d) **Cessation of business or dissolution**

the Issuer ceases or threatens to cease to carry on all or substantially all of its activities, or an order is made for the dissolution of the Issuer; or

(e) **Receiver etc.**

a receiver, receiver and manager, commission or commissioner under the Local Government Act 2002, is appointed of (or the Issuer requests any such appointment), or an encumbrancer takes possession of or exercises its power of sale in respect of, all or any material part of the Charged Assets unless the Issuer demonstrates to the satisfaction of the Trustee that such appointment or taking of possession or exercising of power will not have a material adverse effect on the ability of the Issuer to meet its payment obligations under the Notes and the Trust Deed; or

(f) **Statutory management**

a statutory manager is appointed, or a recommendation in that regard is made by the Financial Markets Authority, under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer; or

(g) **Invalidity of Document**

any material provision of the Notes, the Trust Deed, the Debenture or the Security Stock:

(i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms, or

(ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,

or the Issuer, or any person on its behalf, makes any allegation or claim to the effect; or

(h) **Change in law**

the enactment of or any change in any law or directive, by any governmental agency, occurs which will have a material adverse effect on the ability of the Issuer to perform its payment obligations when due under the Notes and the Trust Deed; or

(i) **Resolution to repudiate payment obligations**

the Issuer passes at a duly convened meeting a formal resolution to repudiate its payment obligations under the Notes and the Trust Deed, and the passing of such resolution would result in the occurrence of an Event of Default under Condition 10(a).

In this Condition 10, "**Business Day**" means a day (other than a Saturday or a Sunday) on which registered banks (within the meaning of the Reserve Bank of New Zealand Act 1989) are open in Auckland for the transaction of general banking business.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than fifty per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes;
- (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes;
- (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes;
- (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest;
- (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount;
- (vi) to vary the currency or currencies of payment or denomination of the Notes;
- (vii) to amend the Debenture; or
- (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned

meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification of any of the provisions of the Trust Deed or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law; and
- (ii) any other modification (except as mentioned in the Trust Deed),

and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise requires, such modification, waiver or authorisation shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, subject to the Trustee obtaining approval of the Noteholders by way of an Extraordinary Resolution, to the substitution of the Issuer's successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require on behalf of Noteholders, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

(a) The Notes

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such

proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least twenty per cent. in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

(b) **Enforceability of Security**

The Security shall become enforceable in accordance with Clause 13.1 of the Debenture.

At any time after the Security becomes enforceable, the Trustee may, at its sole discretion without further notice, take such proceedings and/or actions as it may think fit against or in relation to the Issuer and pursuant to the terms of the Debenture to enforce the Issuer's obligations under the Notes, the Trust Deed and the Debenture and take action to enforce the Security without any liability as to the consequences of such action, but it shall only be bound to take any such proceedings and/or actions if:

- (i) so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes outstanding; or
- (ii) so directed by an Extraordinary Resolution of the Noteholders,

subject in each case to it having been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on any report, confirmation or certificate or any advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require.

Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) **Waiver of Immunity**

In respect of any Proceedings to the extent that the Issuer may in any jurisdiction claim for itself, or have attributed to itself, any right of immunity on the grounds of sovereignty from any suit, the Issuer shall irrevocably agree not to claim and will waive such immunity to the fullest extent permitted by law.

19 No Crown Guarantee

No obligation of the Issuer under or in respect of the Notes or under the Trust Deed is guaranteed by His Majesty the King in right of New Zealand.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream (the “**Common Depository**”).

Upon the initial deposit of a Global Note with the Common Depository or registration of Registered Notes in the name of any nominee for Euroclear or Clearstream (as the case may be) and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear or Clearstream or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear or Clearstream or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear and Clearstream or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme — Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes” below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in an Unrestricted Global Certificate; and
- (ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the relevant Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2 may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the prior consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions:

- (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes; or
- (ii) for Definitive Notes: (1) if principal in respect of any Notes is not paid when due; or (2) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will:

- (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange; or
- (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. Global Notes and Definitive Notes will be delivered outside the United States and its possessions.
- (iii) In this Offering Circular, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the relevant Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“**Exchange Date**” means:

- (i) in relation to an exchange of a temporary Global Note to a permanent Global Note, the day falling after the expiry of 40 days after its issue date;
- (ii) in relation to an exchange of a permanent Global Note to a Definitive Note, a day falling not more than 60 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent;
- (iii) in relation to an exchange of a permanent Global Note to a Registered Note, a day falling not more than five days after the date of receipt of the first relevant notice by the Issuing and Paying Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located, the immediately following day on which banks are so open in such locations.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S.

beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vi) will apply to the Definitive Notes only.

All payments in respect of Notes represented by a Global Certificate held in Euroclear or Clearstream, will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or Global Certificate.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Options

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain, in the case of Bearer Notes, the certificate numbers of Notes drawn or, in the case of Registered Notes, the holder of the Notes in respect of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear or Clearstream or any other clearing system (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent or (in respect of Notes represented by a Global Certificate) the Registrar or any Transfer Agent within the time limits relating to such deposit of Notes set out in the Conditions substantially in the form of the notice available from any Paying Agent, the Registrar or any Transfer Agent (as applicable) except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note or Global Certificate to the Issuing and Paying Agent, the Registrar or any Transfer Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of Euroclear and/or Clearstream or any other clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalments due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

6 SGX-ST

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note(s) representing such Notes is exchanged for definitive Notes. In addition, in the event that the Global Note(s) is exchanged for definitive Notes, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product**

Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

Pricing Supplement dated [●]

Auckland Council

Issue of [**Aggregate Nominal Amount of Tranche**] [**Title of Notes**] under the U.S.\$10,000,000,000 Secured Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 2 November 2023 [and the supplementary Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplementary Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplementary Offering Circular dated [●]] and this Pricing Supplement.]]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|---|---|------------------|
| 1 | Issuer: | Auckland Council |
| 2 | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number: | [●] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> | |
| 3 | Specified Currency or Currencies: | [●] |

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

4	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	[(i)] Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)]
	(ii) [Net proceeds:	[●]
6	(i) Specified Denominations:	[●] ^{2 3 4}
	(ii) Calculation Amount:	[●]
	(iii) Trade Date:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[Specify/Issue date/Not Applicable]
8	Maturity Date:	[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11	Change of Interest or Redemption/ Payment Basis:	[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13	Status of the Notes:	Secured
14	Listing and admission to trading:	[[●] (specify)/None]
15	Method of distribution:	[Syndicated/Non-syndicated]

² For all Notes, the minimum denomination shall, in all cases, be at least S\$200,000 (or its equivalent in any other currency).

³ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). Add appropriate provisions to terms and conditions if included.

⁴ If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording set out in the Guidance Note published by ICMA in November 2006 (or its replacement from time to time) as follows: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]".

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]</p> <p>(ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [<i>specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"</i>]/not adjusted]</p> <p>(iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount</p> <p>(iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]</p> <p>(v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]</p> <p>(vi) [Determination Dates: [●] in each year (<i>insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i>)]</p> <p>(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/<i>give details</i>]</p>
17	Floating Rate Note Provisions	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Interest Period(s): [●]</p> <p>(ii) Specified Interest Payment Dates: [●]</p> <p>(iii) Interest Period Date: [●] <i>(Not applicable unless different from Interest Payment Date)</i></p> <p>(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (<i>give details</i>)]</p> <p>(v) Business Centre(s) (Condition 5(k)): [●]</p> <p>(vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (<i>give details</i>)]</p> <p>(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]</p> <p>(viii) Screen Rate Determination [●]</p>

- Reference Rate: *(Either EURIBOR, HIBOR or other, although additional information is required if other)*
 - Interest Determination Date(s): [●]
(the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not sterling, euro or Hong Kong Dollars or first day of each Interest Accrual Period if the Specified Currency is sterling or Hong Kong Dollar or the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro)
 - Relevant Screen Page: [●]
[(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: 2006 (if different to those set out in the Conditions, please specify)
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [●] per cent. per annum
 - (ii) Any other formula/basis of determining amount payable: [●]
- 19 **Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
 - (ii) Party responsible for calculating the Rate(s) of Interest and/or [●]

- Interest Amount(s) (if not the [Agent]):
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [•]
 - (iv) Interest Period(s): [•]
 - (v) Specified Interest Payment Dates: [•]
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
 - (vii) Business Centre(s): [•]
 - (viii) Minimum Rate of Interest: [•] per cent. per annum
 - (ix) Maximum Rate of Interest: [•] per cent. per annum
 - (x) Day Count Fraction: [•]
- 20 **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
 - (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [•]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

- 21 **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) If redeemable in part:

	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
22	Put Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period	[●]
23	Final Redemption Amount of each Note	[●] per Calculation Amount
24	Early Redemption Amount	[●]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	[Bearer Notes/Exchangeable Bearer Notes/Registered Notes] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] ⁵ [Permanent Global Note/Unrestricted Global Certificate /definitive Unrestricted Notes on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Unrestricted Global Certificate/Restricted Global Certificate] [Unrestricted Notes]
26	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/ <i>give details. Note that this paragraph relates to the date and place of payment, and not interest</i>]

⁵ If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: [€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000] the Temporary Global Note shall not be exchangeable on [●] days' notice.

period end dates, to which sub-paragraphs 16 (ii), 17(iv) and 19(vii) relate]

- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 29 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable
[annexed to this Pricing Supplement] apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition •] [annexed to this Pricing Supplement] apply]
- 32 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 33 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation Manager (if any): [Not Applicable/*give name*]
- 34 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 35 U.S. selling restrictions: [Reg. S Category 1/2; TEFRA D/ TEFRA C/ TEFRA Not Applicable]
- 36 Singapore Sales to Institutional Investors and Accredited Investors only: [Not Applicable/Applicable]
- 37 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 38 ISIN Code: [•]
- 39 Common Code: [•]
- 40 Legal Entity Identifier: 213800RWHTSELJS5LA96
- 41 Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 42 Delivery: Delivery [against/free of] payment
- 43 Additional Paying Agent(s) (if any): [•]
- 44 Calculation Agent (if any): [•]

GENERAL

- 45 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not applicable/U.S.\$][●]
- 46 In the case of Registered Notes, specify the location of the office of the Registrar if other than Luxembourg: [●]
- 47 In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than Hong Kong: [●]
- 48 Ratings: The Notes to be issued have been rated:
[S&P: [●]]
[Other: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

HONG KONG SFC CODE OF CONDUCT

- 49 (i) Rebates [A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to [Bonds/Notes/Securities] subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMLs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide] / [Not Applicable]
- (iii) Marketing and Investor Targeting Strategy: [if different from the programme OC]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [specify relevant stock exchange/market] of the Notes described herein pursuant to the U.S.\$10,000,000,000 Secured Medium Term Note Programme.

STABILISATION

In connection with this issue, [•] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Auckland Council:

By:
Duly authorised

USE OF PROCEEDS

The proceeds of the Notes will be used for general corporate purposes of the Issuer.

The proceeds from the issuance of any Green Bonds, if and when issued by the Issuer under the Programme, will be allocated to financing of planned projects and assets with positive environmental outcomes, which is expected to contribute to a low carbon and climate resilient future, or refinance of corporate debt that supports eligible assets (as referenced in the Sustainable Finance Framework). The current eligible assets schedule can be found on the Issuer's website at: <https://www.aucklandcouncil.govt.nz/about-auckland-council/investor-centre/information-for-investors/Pages/green-bonds.aspx>. For more information, please see the section entitled "*The Sustainable Finance Framework*" of this Offering Circular. The Arrangers and the Dealers have not separately verified nor will make any assurance as to (i) whether the Green Bonds issued under the Sustainable Finance Framework will meet investor criteria and expectations regarding sustainable development for any investors, (ii) whether the net proceeds from the Green Bonds issued under the Sustainable Finance Framework will be used to finance and/or re-finance eligible assets or (iii) the characteristics of eligible assets, including their sustainable development criteria.

SELECTED FINANCIAL INFORMATION FROM THE AUDITED FINANCIAL STATEMENTS

The following presents the selected financial information of the Council and its subsidiaries (including Council-controlled organisations and Port of Auckland Limited), associates and joint ventures (together the “Financial Group”) as at 30 June 2023. It is derived from the Financial Group’s audited consolidated financial statements as at 30 June 2023. Such information should be read in conjunction with the Financial Group’s audited consolidated financial statements and the related notes incorporated by reference in this Offering Circular.

Basis of reporting

The primary objective of the Financial Group and the Council is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the Council has designated itself and the Financial Group as public benefit entities (“PBEs”) and applies New Zealand Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (“IPSAS”), with amendments for the New Zealand environment.

These financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”), the Local Government Act 2002 of New Zealand, the Local Government Auckland Council Act 2009 of New Zealand and the Local Government (Financial Reporting and Prudence) Regulations 2014 of New Zealand. They comply with PBE Accounting Standards and have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value, certain classes of property, plant and equipment and investment property which have been subsequently measured at fair value. They are presented on a going concern basis and the accounting policies have been applied consistently throughout the period. The presentation currency is New Zealand dollars (“NZ\$”), rounded to the nearest million dollars, unless otherwise stated.

Financial summary

- The Financial Group’s surplus before gains and losses was NZ\$1,349 million (2022: NZ\$951 million).
- Total surplus after income tax of NZ\$1,010 million (2022: NZ\$1,724 million).
- Total revenue excluding other gains was NZ\$6,673 million (2022: NZ\$5,676 million).
- Total assets were NZ\$72,953 million (2022: NZ\$70,384 million).
- NZ\$2,256 million (excluding investment in CRLL (as defined below)) was invested in asset renewals and acquisition of new assets (2022: NZ\$1,855 million).
- Net borrowings (net of cash and cash equivalents and term deposits with a greater than 90-day maturity) increased by NZ\$1,227 million to NZ\$12,351 million (2022: NZ\$11,124 million).

Financial performance

Statement of comprehensive revenue and expenditure

Summary statements of comprehensive revenue and expenditure for the Financial Group for the years ended 30 June 2023, 30 June 2022 and 30 June 2021 are as follows:

	Actual	Budget	Actual	Actual
	2023	2023	2022	2021
(NZ\$ in millions)				
Rates revenue	2,280	2,277	2,122	1,976
Other operating revenue	4,375	3,972	3,542	3,334
Finance revenue	18	3	12	5
Total revenue	6,673	6,252	5,676	5,315
Less:				
Operating expenses	4,801	4,605	4,287	3,997
Finance costs	523	505	438	408
Operating surplus before gains and losses	1,349	1,142	951	910
Net other gains/(losses)	(163)	0	997	998
Share of net deficit in associates and joint ventures	(114)	(9)	(187)	(28)
Surplus/(deficit) before income tax	1,072	1,133	1,761	1,880
Income tax expense	62	89	37	43
Surplus after income tax	1,010	1,044	1,724	1,837
Total other comprehensive revenue	267	184	7,902	3,192
Total comprehensive revenue	1,277	1,228	9,626	5,029

Revenue compared to 2022

The Financial Group's largest source of revenue is rates, representing 34 per cent. (2022: 37 per cent.) of total revenue. Rates revenue was NZ\$2,280 million (2022: NZ\$2,122 million), an increase of NZ\$158 million. The increase reflects a 5 per cent. general rates increase and a 2 per cent. growth in the rating base.

In addition to rates, the Financial Group also has many other sources of revenue, totalling NZ\$4,393 million (2022: NZ\$3,554 million) which amounts to 66 per cent. of total revenue (2022: 63 per cent.). After rates revenue, the largest sources of revenue were fees and user charges of NZ\$1,472 million (2022: NZ\$1,269 million) which included water and wastewater user charges of NZ\$601 million (2022: NZ\$552 million), followed by grants and subsidies of NZ\$1,176 million (2022: NZ\$793 million) which are primarily received from the central government and vested assets of NZ\$616 million (2022: NZ\$582 million) received from developers and joint ventures.

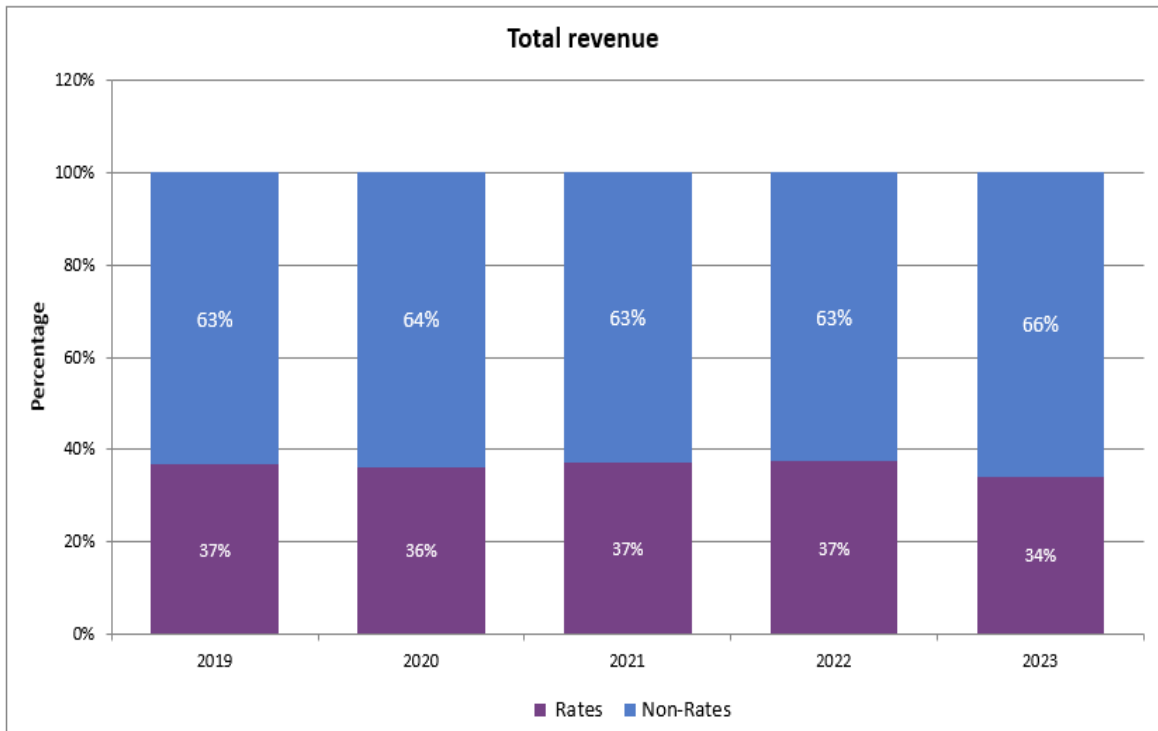
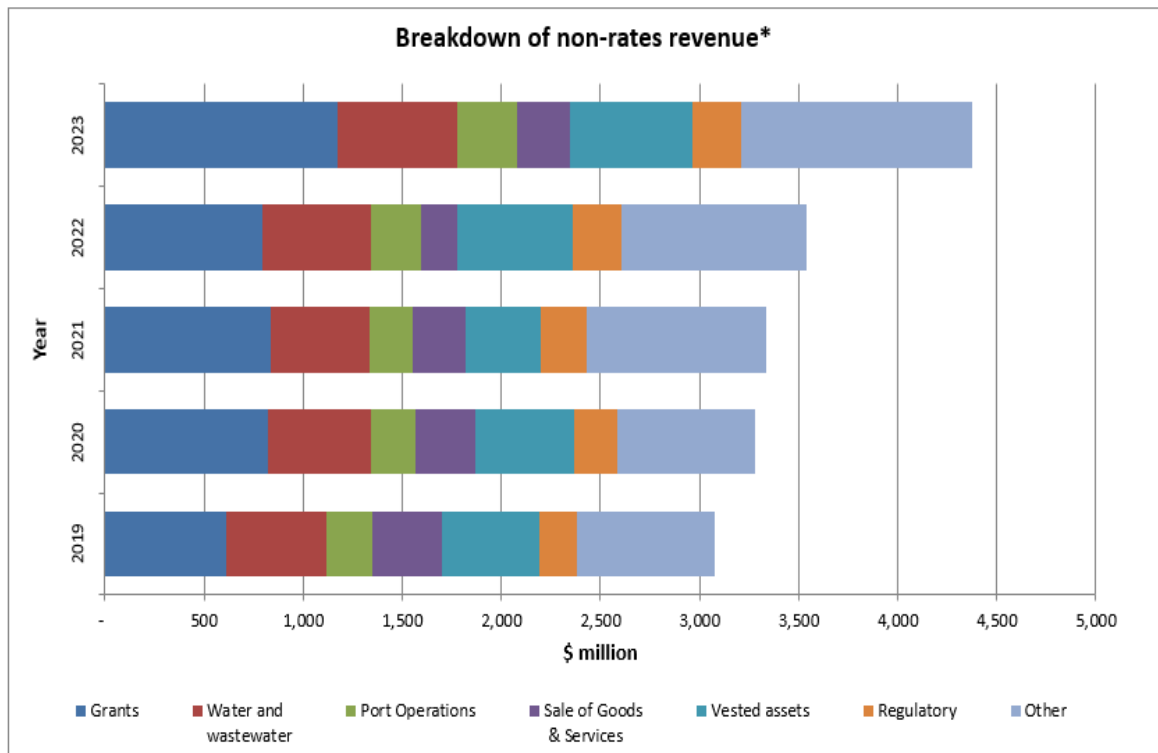


Figure 1 Total revenue categorised as rates or non-rates revenue



*Excludes finance income

Figure 2 Breakdown of revenue (excluding finance income) by major source

Revenue compared to budget

Revenue was higher than budget by NZ\$421 million. The most significant reasons were as follows:

- Other revenue included an unbudgeted NZ\$184 million for donated artworks. The largest donation was a collection received from the estate of philanthropist, Julian Robertson – a prestigious collection of 19th century and early 20th century international artworks valued at NZ\$178 million.
- Vested assets were NZ\$168 million above budget of which NZ\$91 million was from developers at Milldale, Hobsonville, Pukekohe, Drury and Massey developments. In addition, NZ\$38 million of assets were received from City Rail Link Limited (“CRL”).
- Grants and subsidies were higher than budget by NZ\$80 million mainly due to higher than planned subsidies from Waka Kotahi NZ Transport Agency:
 - NZ\$63 million for half price fares; and
 - NZ\$28 million for repairs following weather events.

The above favourable revenues were partly offset by development and financial contributions which were NZ\$25 million below budget due to the general slowdown in the property development market. The remaining variances against budget were individually insignificant.

Operating expenditure against budget

Operating expenses (including finance costs) were also in line with budget with several surpluses and deficits against budget that offset each other resulting in expenses being NZ\$214 million above budget. Highlights include:

- **Other operating expenses** were higher than budget by NZ\$25 million. Several items contributed to this:
 - To manage demand and clear a backlog of consents, and in response to the recent weather events, outsourced works were NZ\$45 million higher than budget.
 - Provisions for remediation of contaminated land and weathertightness increased by NZ\$39 million. Due to the uncertainty surrounding these costs, they are not included in the budget.

These were partly offset by savings from efficiencies, controls over discretionary spend and postponement of a number of projects resulting in other direct expenses being NZ\$50 million lower than budget, and consultancy and professional services expenses being NZ\$17 million lower than budget.

The remaining variances against budget were individually insignificant.

- **Employee benefits** were higher than budget by NZ\$34 million for several reasons:
 - The budget overestimated the amount of staff time that could be capitalised against projects by NZ\$26 million, particularly for Watercare Services Limited.
 - Organisational restructures resulted in NZ\$15 million of redundancy costs. Redundancy costs were not budgeted for.
 - Port of Auckland Limited's budget assumed that staff costs would reduce as a result of the automation project being complete. However, the project was abandoned, and the savings in staff costs were not realised. After being offset by savings from vacancies and an

organisational restructure, the impact on staff costs was a surplus of NZ\$12 million over budget.

- Less annual leave was taken at Port of Auckland Limited than was expected giving rise to employee entitlements being over budget by NZ\$8 million.
- **Depreciation's** unfavourable variance of NZ\$127 million was due to 2022's upward revaluation of roading, water supply and wastewater assets after the budget was set, and the flow-on impact on depreciation.
- **Finance costs'** unfavourable variance of NZ\$18 million was mainly due to higher interest rates on unhedged debt than budgeted.

Financial position

A summary of the Financial Group's financial position as at 30 June 2023, 30 June 2022 and 30 June 2021 is as follows:

	Actual	Budget	Actual	Actual
	2023	2023	2022	2021
(NZ\$ in millions)				
Non-current assets held-for-sale	989	174	86	7
Other current assets	1,063	825	1,014	987
Property, plant and equipment	66,076	58,899	64,273	54,884
Intangible assets	467	802	486	577
Investments in associates and joint ventures	1,490	1,838	1,160	926
Other non-current assets	2,868	3,324	3,365	3,286
Total assets	72,953	65,862	70,384	60,667
Borrowings	12,457	12,076	11,363	10,687
Other liabilities	4,945	4,503	4,747	5,332
Total liabilities	17,402	16,579	16,110	16,019
Net assets	55,551	49,283	54,274	44,648
Total equity	55,551	49,283	54,274	44,648

The Financial Group's net assets of NZ\$55,551 million in 2023 were NZ\$1,277 million higher than in 2022. The main drivers were:

- Property, plant and equipment increased by NZ\$1,803 million, which included NZ\$2,876 million of capital expenditure and vested assets, revaluation increases of NZ\$198 million and NZ\$47 million of asset transfers. These increases were partly offset by NZ\$1,182 million of depreciation and amortisation, and NZ\$136 million of disposals and impairment.
- Non-current assets held-for-sale increased by NZ\$903 million from 2022. Following a resolution by the Council's governing body, the Council and the Financial Group classified 7 per cent. of Auckland International Airport's shares as held for sale, which was sold on 31 August 2023 for NZ\$833 million, net of any fees. The funds will be used to reduce the debt. As of 30 June 2023, there were 32 land and buildings assets held for disposal including houses held as part of the own-your-own home scheme, a shared equity home ownership plan for older people. These assets had carrying

values that were individually immaterial. They were expected to be disposed within the next 12 months.

- Investments in associates and joint ventures increased by NZ\$330 million mainly due to increase in the Financial Group's investment of CRLL. The Council is committed to funding 50 per cent. of this NZ\$5.5 billion project. During the year, the Council and the central government approved additional funding of NZ\$1.1 billion for CRLL.
- The Financial Group's and the Council's derivative financial instruments mainly comprise interest rate hedging contracts which were used to hedge interest rate movements. Interest rates moved higher during the year which had a favourable impact on the fair value of the Financial Group's derivatives portfolio, resulting in a net derivatives asset of NZ\$166 million compared to the net derivatives liability of NZ\$112 million for 2022.
- Net Financial Group's debt increased by NZ\$1,227 million, which comprises a NZ\$1,094 million increase in gross debt, a NZ\$145 million decrease in cash and cash equivalents, a NZ\$13 million increase in term deposits with a greater than 90-day maturity and a NZ\$1 million increase in bank overdraft.
- Deferred tax liabilities increased by NZ\$320 million mainly due to deferred tax on the revaluation of property plant and equipment.

Capital investment

This year, the Financial Group invested NZ\$2.7 billion on infrastructure and assets, taking the Financial Group's total assets to NZ\$73 billion.

Some key highlights were:

- Transforming the transport system: Making it easier, quicker and more convenient for people to travel around Auckland by progressing the City Rail Link, including the completion of all mined tunnelling from Maungawhau Station, and the completion of the main works of the Eastern Busway 1 (Panmure to Pakuranga) which will provide residents with a congestion-free busway.
- Improving the quality of waterways: The water quality of Auckland's beaches, harbours and streams will improve significantly from reduced wastewater overflows with the completion of the Central Interceptor Project. Good progress has been made on this project with the tunnel boring passing the 6 km mark at Keith Hay Park as of the date of this Offering Circular, and continued construction of the new modern and efficient Snells Beach wastewater treatment plant.
- Providing residents with options to reduce waste: Opening of the Onehunga and Manurewa Community Recycling Centres which will minimise waste going to landfills and help recover reusable materials.
- Supporting diverse communities by providing sporting and leisure choices: Several local parks and other community facilities have been built or renewed, such as David Lange Park, Chichester and Carisbrook Reserve playgrounds. The Council resurfaced the Mount Smart athletics track, improved sports fields, lighting and walkways across Auckland as a part of the FIFA Women's World Cup.

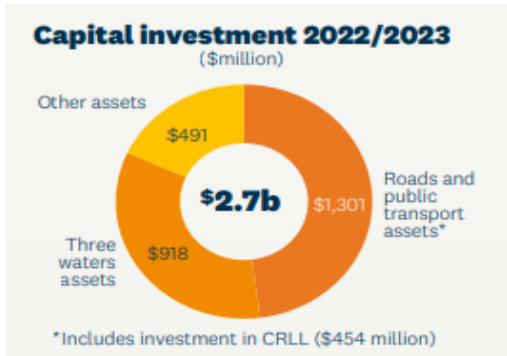


Figure 3 Capital investment 2022/2023

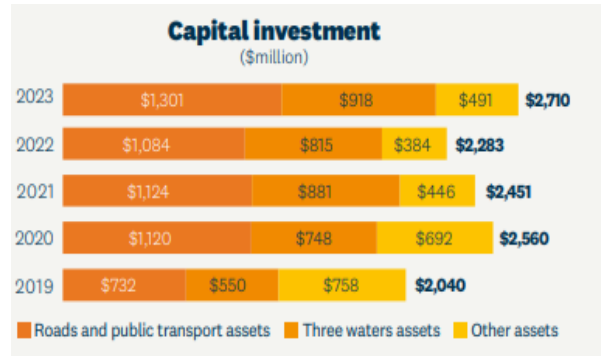


Figure 4 Capital investment 2019-2023

INDEBTEDNESS

Debt

The Financial Group uses debt to help finance capital investment. This helps to spread the cost of the assets across the generations that will benefit from them. Where possible, the Council uses sustainability-linked products to financially incentivise achievement of key sustainability targets. During the year, the Council issued two foreign currency green bonds in Swiss francs for CHF 200 million (NZ\$358 million) in total. This increased its total green bond portfolio of NZ\$2.2 billion at 30 June 2023. The large capital investment programme for 2022/2023 saw net debt increased by NZ\$1.3 billion during the year to NZ\$12.4 billion. This resulted in a debt to revenue ratio of 253 per cent., which was down by 4 per cent. from 257 per cent. a year earlier, and below the Financial Group's prudential limit of 290 per cent.

The Financial Group's borrowings were as follows:

	Actual	Actual	Actual	Actual
	2023	2022	2021	2020
(NZ\$ in millions)				
<u>Current</u>				
Secured borrowings	2,403	994	1,413	1,093
Unsecured borrowings	-	-	-	-
Total current borrowings	2,403	994	1,413	1,093
<u>Non-current</u>				
Secured borrowings	9,884	9,914	8,798	8,634
Unsecured borrowings	170	455	476	487
Total non-current borrowings	10,054	10,369	9,274	9,121
Total borrowings	12,457	11,363	10,687	10,214
Consisting of:				
Fixed rate borrowings	7,701	7,319	6,331	6,449
Floating rate borrowings	4,756	4,044	4,356	3,765
Total borrowings	12,457	11,363	10,687	10,214
Less term deposits with greater than 90-day maturity	(26)	(13)	(26)	(10)
Less net cash and cash equivalents	(80)	(226)	(294)	(295)
Net debt	12,351	11,124	10,367	9,909

Borrowings are sourced through domestic and offshore debt markets and via the Local Government Funding Agency Limited. The foreign currency denominated debt of the Financial Group and the Council was NZ\$6,088 million as at 30 June 2023 (2022: NZ\$5,297 million) and is hedged to eliminate foreign exchange risk.

The Council's secured borrowings are secured by a charge over current and future rates revenue. Port of Auckland Limited's borrowings are included in unsecured borrowings. These are borrowed under negative pledge arrangements which do not grant security over their assets. Certain financial ratios are set as requirements in these arrangements which were in place for both 2023 and 2022.

Debt maturity and repayment profiles	As at 30 June 2023	As at 30 June 2022	As at 30 June 2021
(NZ\$ in millions)	Maturing by 30 June of the year referred to below	Maturing by 30 June of the year referred to below	Maturing by 30 June of the year referred to below
2022	–	–	1,412
2023	–	988	828
2024	2,397	1,000	1,017
2025	1,536	1,674	1,551
2026	1,140	1,122	891
2027	1,610	1,560	–
2028	1,010	–	–
	As at 30 June 2023	As at 30 June 2022	As at 30 June 2021
Repayable in			
0-5 years	7,693	6,344	5,699
6-10 years	3,385	4,027	3,827
11-20 years	379	492	661
20 plus years	500	500	500
Total	12,457	11,363	10,687

Default or breach of covenants

There were no defaults or breaches by the Financial Group or the Council on any borrowing arrangement during the year (2022: NZ\$ nil).

Forecast debt

The following table sets out the forecast net debt level (debt less cash holdings) for the Financial Group. The forecasted net debt as at 30 June 2024 was disclosed in the Council's Annual Budget 2023/2024, which was adopted on 29 June 2023 and came into effect on 1 July 2023. The net debt as at 30 June 2025 and 30 June 2026 were as per the Council's 10-year Budget 2021-2031, which was adopted on 29 June 2021 and came into effect on 1 July 2021.

Forecast debt of the Financial Group is as follows:

(NZ\$ in millions)	As at 30 June 2024	As at 30 June 2025	As at 30 June 2026
Forecast net debt	11,803	13,728	14,192

Contingent liabilities

The contingent liabilities for the Financial Group were as follows:

(NZ\$ in millions)	Actual 2023	Actual 2022	Actual 2021
Guarantees and indemnities	14,162	12,079	10,009
Uncalled capital	2	2	2
Legal proceedings and disputes	88	101	45
Total quantifiable contingent liabilities	14,252	12,182	10,056

External and internal audit procedures

External audit

The Auditor-General is the auditor of the Financial Group pursuant to the Public Audit Act 2001 of New Zealand. Under the Local Government Act 2002 of New Zealand, each annual report prepared as at 30 June must be audited and prepared in accordance with generally accepted accounting practice in New Zealand.

The external audit, conducted by Audit New Zealand on behalf of the Auditor-General, consists of interim and final audits. The interim audit concentrates on the control environment, systems and processes while the final audit has an emphasis on compliance of the financial statements with applicable financial reporting standards and legislation. Further, Audit New Zealand performs a review of the interim report at 31 December each year. The review provides negative assurance over the results for the six months ended as at 31 December, and the balance sheet and cash flows for that period.

On 28 September 2023, the Deputy Auditor-General issued an unmodified audit opinion on the 30 June 2023 annual report.

Internal audit and control processes

The Council has Risk and Assurance department which is independent of the external audit function within the Governance and CCO Partnership's division. The purpose of the Risk and Assurance department is to assist various Council committees and the Chief Executive in exercising good governance by providing assurance on the design and effective operation of the Council's risk management, internal control and governance processes. The activities of this department are overseen by the Council's Audit and Risk Committee. This Committee consists of councillors, an independent chair and two additional independent members. All independent members are Chartered Accountants.

A Financial Control unit is located within the Financial Group Chief Financial Officer's division. The Financial Control unit prepares and ensures compliance with all accounting policies to ensure high quality

and best practice financial accounting and reporting is achieved. The unit also prepares the Financial Group's financial statements.

Main differences between IFRS and PBE Accounting Standards

Introduction

Under the New Zealand Accounting Standards Framework, public sector public benefit entities apply PBE Accounting Standards. The New Zealand Accounting Standards Framework defines PBEs as reporting entities 'whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders'. Many public sector entities are classified as PBEs. The Financial Group is classified as a public sector PBE for financial reporting purposes and therefore the financial statements of the Financial Group have been prepared in accordance with PBE Accounting Standards.

The PBE Accounting Standards are primarily based on IPSAS. IPSAS are based on International Financial Reporting Standards ("**IFRS**") but are adapted to a public sector context where appropriate, by using more appropriate terminology and additional explanations where required. For example, IPSAS introduces the concept of service potential in addition to economic benefits in the asset recognition rules, and provides more public sector specific guidance where appropriate. This is in contrast with IFRS that are written for the for-profit sector with capital markets in mind.

The key differences in recognition and measurement between PBE Accounting Standards applicable to the Financial Group and IFRS (applicable to annual periods beginning on or after 1 July 2022) are set out below. Differences that impact only on presentation and disclosure have not been identified.

PBE Accounting Standards with comparable IFRS equivalent

Formation of the Financial Group

PBE

PBE IFRS 3 Business Combinations contains a scope exemption for business combinations arising from local authority reorganisations. This scope exemption is carried forward from NZ IFRS 3 (PBE) Business Combinations, the standard that was applicable to the Financial Group at the time it was formed on 1 November 2010 as a result of the amalgamation of eight predecessor Auckland local authorities.

Under the exemption, all assets and liabilities of the predecessor local authorities were recognised by the Financial Group using the predecessor values of those assets and liabilities. The initial value at which those assets and liabilities were recognised by the Financial Group is deemed to be their cost for accounting purposes.

IFRS

Without the scope exemption, the amalgamation of the predecessor local authorities into the Financial Group would have been accounted for as a business combination under IFRS 3 applying the acquisition method. Under the acquisition method, an acquirer would have been identified and all of the identifiable assets and liabilities acquired would have been recognised at fair value at the date of acquisition.

Impact

The impact of the above accounting treatment is that the carrying value of the assets and liabilities received were not remeasured to fair value and no additional assets and liabilities such as goodwill and contingent liabilities, or a discount on acquisition were recognised as would have been required if the transaction was accounted for as a business combination under IFRS 3.

Business combination

PBE

PBE IPSAS 40 PBE Combinations has a broader scope compared to IFRS 3 Business Combinations. The scope of PBE IPSAS 40 includes combinations that are acquisitions and combinations that are amalgamations, such as combinations under common control.

Acquisitions are accounted for using the acquisition method consistent with the requirements of IFRS 3.

PBE IPSAS 40 contains additional guidance on the accounting for amalgamations. Amalgamations are accounted for using the modified pooling of interest method, where the resulting entity recognises the combining operations' assets, liabilities at their historical values as at the amalgamation date.

IFRS

All transactions in the scope of IFRS 3 are accounted for applying the acquisition method.

IFRS 3 does not contain guidance on the accounting for amalgamations. Therefore, under IFRS, an entity would need to adopt a policy on accounting for combinations under common control, either applying acquisition accounting or predecessor accounting.

Impact

Accounting for acquisitions is similar under both IFRS 3 and PBE IPSAS 40.

The accounting for amalgamations is also similar under PBE IPSAS 40 and IFRS, if, under IFRS, the entity's accounting policy for such transactions is to apply predecessor accounting.

Property, plant and equipment

PBE

In accordance with PBE IPSAS 17 Property, Plant and Equipment, PBEs are required to account for revaluation increases and decreases on an asset class basis rather than on an asset-by-asset basis.

IFRS

IFRS requires asset revaluations to be accounted for on an asset-by-asset basis.

Impact

Decreases on revaluation will be recognised in operating surplus except to the extent there is sufficient asset revaluation reserves surplus relating to the same class of assets under PBE Accounting Standards, and relating to the same asset under IFRS. This difference could result in higher operating results under PBE Accounting Standards where there is a decrease in the carrying value of an asset. This is because, to the extent that there is sufficient revaluation surplus in respect of the same asset class (as opposed to the same asset), the Financial Group recognises a revaluation decrease in asset revaluation reserves.

Borrowing costs

PBE

PBE IPSAS 5 Borrowing Costs permits PBEs to either capitalise or expense borrowing costs incurred in relation to qualifying assets. A qualifying asset is defined in PBE IPSAS 5 "as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale". The Financial Group's accounting policy is to expense all borrowing costs. As a consequence, borrowing costs are not included in the original cost or revaluations of qualifying assets.

IFRS

IAS 23 Borrowing Costs requires capitalisation of borrowing costs incurred in relation to qualifying assets. The definition of a qualifying asset is identical to that definition in PBE IPSAS 5.

Impact

This difference results in the Financial Group's property, plant and equipment value, and subsequent depreciation expense, being lower than they would be under IFRS. In addition, there is higher interest expense in the periods in which qualifying assets are constructed.

Impairment of Assets

PBE

PBEs apply PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* or PBE IPSAS 26 *Impairment of Cash-Generating Assets*, as appropriate to determine whether a non-financial asset is impaired. PBEs are therefore required to designate non-financial assets as either cash-generating or non-cash-generating. Cash-generating assets are those that are held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The PBE Accounting Standards require the value in use of non-cash-generating assets to be determined as the present value of the remaining service potential using one of the following: the depreciated replacement cost approach; the restoration cost approach; or the service units approach.

IFRS

IFRS does not provide specific guidance for the impairment of non-cash-generating assets. The value in use of an asset or a cash generating unit is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Impact

Assets with future economic benefits that are not primarily dependent on the asset's ability to generate cash and may not be impaired under PBE Accounting Standards because of the asset's ability to generate service potential might be impaired under IFRS due to limited generation of cash flows. The Financial Group's asset values may therefore be higher under PBE Accounting Standards because some impairment may not be required to be recognised, that would be required to be recognised under IFRS. Further, the value in use of an asset may be different under PBE Accounting Standards due to differences in calculation methods.

PBE Accounting Standards that have no IFRS equivalent / IFRS equivalent is not comparable

The following standards provide guidance on the same or similar topics but are not directly comparable. The comparison below identifies the key recognition and measurement difference.

Revenue from non-exchange transactions

PBE

The PBE Accounting Standards require revenue to be classified as revenue from exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions.

PBE IPSAS 23 *Revenue from Non-Exchange Transactions* deals with revenue from non-exchange transactions. The Financial Group's non-exchange revenue includes revenue from general rates, fuel tax, grants and subsidies.

Fees and user charges derived from activities that are partially funded by general rates are also considered to be revenue arising from non-exchange transactions.

The Financial Group recognises an inflow of resources from a non-exchange transaction as revenue except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when a condition is attached to the revenue that requires that revenue to be returned unless it is consumed in the specified way. As the conditions are satisfied, the liability is reduced and revenue is recognised.

IFRS

IFRS does not have a specific standard that deals with revenue from non-exchange transactions. IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* contains guidance relating to the accounting for government grants. Under IAS 20, government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. In the case of grants related to assets, IAS 20 results in setting up the grant as deferred income or deducting it from the carrying amount of the asset.

Impact

The Financial Group's accounting policy may lead to earlier recognition of revenue from non-exchange transactions than if it was recognised under IAS 20. It may also result in differences in asset values in relation to grants related to assets.

Revenue from exchange transactions

PBE

As discussed above, the PBE Accounting Standards require revenue to be classified as revenue from exchange or non-exchange transactions.

PBE IPSAS 9 *Revenue from Exchange Transactions* deals with revenue from exchange transactions. The Financial Group's exchange revenue includes revenue from fees and user charges (water and wastewater charges, development contributions, infrastructure charges, port operations, consents, licences and permits) and revenue from sales of goods.

The Financial Group recognises revenue related to services on a percentage of completion basis over the period of the service supplied. Revenue from sale of goods is recognised when the substantial risks and rewards of ownership have been passed to the buyer.

IFRS

IFRS 15 *Revenue from Contracts with Customers* introduces a single revenue model for contracts with customers. It does not distinguish between sales of goods and services. It defines transactions based on performance obligations, which are promises to transfer goods or services in a contract with a customer.

The core principle of the standard is that revenue is recognised as a result of the entity satisfying performance obligations or promises to transfer goods or services at an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. These may be satisfied over time versus at a point in time based on when control of the good or service transfers to a customer.

Impact

The Financial Group's accounting policy may result in a different timing of recognition of revenue from exchange transactions compared to IFRS 15.

For example, IFRS 15 contains more detailed guidance on identifying distinct performance obligations in a contract and allocating the consideration to these based on the standalone selling price of the performance obligations. This may result in some revenue recognised earlier or later than under PBE IPSAS 9.

Further, IFRS 15 contains detailed guidance on the accounting treatment of variable consideration which may result in change in timing of recognising revenue related to items such as rebates and price concessions.

The impact of these differences may result in revenue recognised earlier/later in the contract period however it should not impact on the total revenue recognised during the contract term.

Service Concession Arrangement (also known as Public Private Partnership Arrangements)

PBE

PBE IPSAS 32 *Service Concession Arrangements* deals with the accounting for service concession arrangements from the grantor's perspective. Service concession arrangements are more commonly known as Public Private Partnership arrangements. Broadly, service concession arrangements are arrangements between the public and private sectors whereby public services are provided by the private sector using public infrastructure (service concession asset).

PBE IPSAS 32 requires the grantor (public entity) to recognise the service concession asset and a corresponding liability on its statement of financial position. The liability can be a financial or other liability or a combination of the two depending on the nature of the compensation of the operator.

A financial liability is recognised if the grantor compensates the operator by the delivery of cash or another financial asset. A non-financial liability is recognised if a right is granted to the operator to charge the users of the public service related to the service concession asset (liability for unearned revenue).

IFRS

IFRS contains no specific guidance addressing the accounting by the grantor (public entity) in a service concession arrangement. However, IFRS contains guidance for the operator's accounting (private entity).

Impact

Applying IFRS to service concession arrangements would not result in a significant impact on the Financial Group's financial position or financial performance as, in absence of specific guidance in NZ IFRS, prior to the adoption of PBE Accounting Standards, NZ practice has been to 'mirror' the accounting treatment of the private entity under IFRS which is consistent with the requirements of the PBE Accounting Standards.

Fair Value Measurement

PBE

There is no specific standard in the PBE Accounting Standards, however a number of PBE Accounting Standards contain guidance on the measurement of fair value in specific context (for example PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 41 *Financial Instruments*).

IFRS

IFRS 13 *Fair Value Measurement* does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

Impact

The application of IFRS 13 may result in differences in the measurement of certain property, plant and equipment compared to PBE IPSAS 17 and financial assets and liabilities compared to PBE IPSAS 41.

Lease accounting

PBE

Under PBE IPSAS 13 *Leases*, the Financial Group's current accounting policy is to make a distinction between finance leases and operating leases.

Finance leases are recognised on the statement of financial position.

Operating leases are not recognised on the statement of financial position, instead, payments are recognised in the statement of financial performance on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

IFRS

IFRS 16 *Leases* requires the lessee to recognise almost all lease contracts on the statement of financial position; the only optional exemptions are for certain short-term leases and leases of low-value assets.

There is no significant difference in respect of the accounting treatment applicable to lessors, or for lessees in contracts classified as finance leases under PBE IPSAS 13.

Impact

Where the Financial Group is the lessee in contracts classified as operating leases under its current accounting policy, applying IFRS 16 would result in the Financial Group having to recognise a 'right-of-use' asset (that is, the asset that reflects the right to use the leased asset) and a corresponding lease liability (obligation to make lease payments) on its statement of financial position.

Further, applying IFRS 16 would result in the Financial Group having to recognise interest expense on the lease liability and depreciation on the 'right-of-use' asset. Due to this, for lease contracts currently classified as operating leases, the total amount of expenses at the beginning of the lease period would be higher than under the current accounting policy of the Financial Group.

There is no significant difference where the Financial Group is a lessor in the lease arrangement or a lessee in contracts classified as a finance lease under PBE IPSAS 13.

DESCRIPTION OF THE SECURITY

General

The Notes are secured by the charge created by the debenture trust deed dated 2 December 2010 (as amended, restated or supplemented from time to time) (the “**Debenture**”) between the Issuer and Trustees Executors Limited (the “**Security Trustee**”).

The Debenture is available for inspection at the Issuer’s office at Auckland Council, 135 Albert Street, Auckland and can be viewed on the Issuer’s website at: <https://www.aucklandcouncil.govt.nz/about-auckland-council/investor-centre/Pages/security-documents.aspx>.

The charge under the Debenture is held by the Security Trustee for the benefit of all persons to whom the benefit of charge under the Debenture has been extended (“**Stockholders**”).

Under the Debenture, to extend the benefit of the Debenture to a creditor, an instrument known as stock or security stock (together, “**Stock**”) is issued to that creditor. The issue of either type of Stock (i.e., stock or security stock) to a creditor will extend the benefit of the Debenture to that creditor. In respect of the Notes, security stock has been issued to the Trustee for an amount equal to U.S.\$10,000,000,000, being the maximum principal amount of Notes to be issued under the Programme. The Trustee holds that security stock on trust for the benefit of the Noteholders from time to time.

The Issuer may from time to time, without the consent of the Security Trustee, the Noteholders or the Trustee, incur further secured indebtedness that ranks equally with the Issuer’s obligations to the Noteholders. There is no restriction in the Debenture on the amount of debt which the Issuer may issue or raise.

Charged Assets

Under the Debenture, a charge is created over all rates from time to time set or assessed and all rates revenue of the Issuer and certain proceeds of such assets, being proceeds which constitute accounts receivable, negotiable instruments or cash (“**Charged Assets**”). The charge over the Charged Assets is first ranking except to the extent that other security is preferred by law.

In the event that a receiver is appointed pursuant to the Debenture, that receiver has the power to assess and collect the Issuer’s rates and apply them in repayment of the Secured Money (the definition of which is set out at the end of this section) under the Debenture, and pay the reasonable costs of administering, assessing and collecting those rates (section 115 of the Local Government Act 2002 of New Zealand (the “**LGA**”). As the Trustee has been issued security stock to hold for the benefit of the Noteholders, the indebtedness of the Issuer in respect of the Notes forms part of the Secured Money. From the date of appointment of a receiver until such time as the appointment terminates, the rates and the rates revenue of the Issuer vest in the receiver and all power necessary for the recovery of the rates assessed under section 115 of the LGA are conferred on, and may be exercised by, the receiver.

However, under the Receiverships Act 1993 of New Zealand (the “**Receiverships Act**”), a receiver must ensure that no action by it prevents the Issuer from providing services that are essential for the maintenance of public health and safety requirements.

All rates assessed in respect of a rating unit constitute a charge against that unit (section 59 of the Local Government (Rating) Act 2002 of New Zealand (the “**Rating Act**”). Although the ratepayer (as recorded in the rates records) is primarily liable for the rates, the Issuer also has the statutory power to recover the rates outstanding from the owner (if different from the ratepayer) or from persons with an interest in the property, including any first mortgagee. If necessary, the Issuer may apply to the High Court to sell the land in order to recover the outstanding rates (section 70 of the Rating Act).

Only the Charged Assets are the subject of the charge under the Debenture. No other assets of the Issuer are charged under the Debenture and a receiver appointed under the Debenture has no recourse to any other assets of the Issuer.

The Noteholders are able to bring a claim against the other assets of the Issuer (other than the Charged Assets) as an unsecured creditor of the Issuer. However, the claims of creditors with security over those assets will rank ahead of the Noteholders in respect of those assets or any proceeds of them. There are restrictions on the ability of a receiver appointed in respect of other (non-charged) assets to alienate those assets on enforcement of any such security, and enforcement action in respect of many of the Council's assets (such as its parks and reserves) is limited.

In particular, section 40D of the Receiverships Act places certain restrictions on a receiver's ability to realise assets of the Issuer. For example, as mentioned above, a receiver must ensure that no action by it prevents the Issuer from providing services that are essential for the maintenance of public health and safety requirements. In addition, the disposal of the Council's strategic assets (identified in the Council's "*Significance and Engagement Policy*") needs to be explicitly provided for in the Council's long-term plan or an amendment to the Council's long-term plan duly passed. Both the adoption of the long-term plan and amendment of the long-term plan require use of a special consultative procedure and there are special requirements for what must be included in the consultation document where the disposal of a strategic asset is proposed. These strategic assets include, for example, Auckland Council's interests in POAL and Auckland International Airport Limited, the Council's infrastructure assets, freehold interests in waterfront land and key public buildings and facilities, such as the Auckland Art Gallery.

Enforcement

The Security Trustee's ability to take enforcement action under the Debenture is subject to the limitations, obligations and restrictions contained in the Debenture, including that an Enforcement Event (as summarised below) has occurred.

In summary, the Enforcement Events under the Debenture are:

- (i) a failure to pay any principal amount in respect of any Stock (which includes security stock) issued under the Debenture within two business days of its due date (or expiration of any applicable grace period);
- (ii) a failure to pay any interest on or secured by any Stock (which includes security stock) issued under the Debenture within seven business days of its due date;
- (iii) a failure to pay any other material amount due and payable pursuant to the Debenture within 30 days after a final demand in writing has been made for that amount;
- (iv) a receiver is appointed, or an encumbrancer takes possession of or exercises a power of sale in respect of all or a material part of the Charged Assets unless the Issuer satisfies the Security Trustee that such event will not have a material adverse effect on the Issuer's ability to repay the Secured Money when it is due and payable; or
- (v) any material default (not otherwise referred to above) of any material covenant, condition or other provision contained in the Debenture is made by the Issuer and such default continues for more than 30 days after the Issuer receives written notice from the Security Trustee specifying the default and requiring it to be remedied.

If an Enforcement Event occurs under the Debenture and is subsisting, the Security Trustee may and shall, if directed by a Debenture Extraordinary Resolution, take one or more of the following steps:

- (i) subject to the conditions of any particular Stock, declare that the whole or any affected part of the Stock and Secured Money become immediately due and payable;

- (ii) enter into possession or take possession of all or any part of the Charged Assets;
- (iii) either with or without taking possession sell, call in, collect and convert into money all or any part of the Charged Assets in the manner and for the consideration the Security Trustee thinks fit;
- (iv) apply any of the Charged Assets that are accounts receivable, money or negotiable instruments (as those terms are defined in the Personal Property Securities Act 1999 of New Zealand) in or towards the satisfaction of the Secured Money; or
- (v) call a meeting of Stockholders to determine what action (if any) the Security Trustee should take.

As there are other Stockholders under the Debenture, there is a risk that the Trustee will not be able to ensure that a Debenture Extraordinary Resolution is passed without the cooperation of other Stockholders, and therefore the Security Trustee would not have to act in accordance with the Trustee's wishes and therefore the wishes of the Noteholders. To the extent that other Stockholders can pass a Debenture Extraordinary Resolution, the Security Trustee may be directed to act in accordance with their instructions, notwithstanding that such instructions may be against the interests of the Noteholders.

Enforcement by Trustee

Enforcement of the Debenture by the Trustee is essentially a two-stage process involving enforcement action under the Trust Deed (as set out in "Terms and Conditions of the Notes" and summarised below), followed by enforcement action under the Debenture.

In summary, if:

- (i) an Event of Default occurs under the Trust Deed; and
- (ii) the Notes of any Series have become immediately due and repayable in accordance with the Conditions; and
- (iii) the Notes are not repaid within two business days (defined in the Debenture as being a day on which New Zealand registered banks are open in Auckland, New Zealand for general banking business),
- (iv) the Trustee may, in its discretion, request the Security Trustee to take one of the enforcement steps listed above.

If the Security Trustee does not exercise its discretion to take such action, the Trustee may, if it holds at least 10 per cent. in nominal amount of Stock, request the Security Trustee to convene a meeting of Stockholders. The nominal amount specified in respect of the security stock issued to the Trustee is the Programme Limit. Additional security stock will be issued to the Trustee if the Programme Limit is increased. Voting under the Debenture and the nominal amount of Stock (including conversion of nominal amounts which are not denominated in New Zealand dollars) are discussed in more detail below.

The Trustee is required to take any such action if respectively directed or requested to do so:

- by an Extraordinary Resolution; or
- in writing by the Noteholders of at least 25 per cent. in aggregate principal amount of the Notes of the relevant Series then outstanding and in either case then only if it is indemnified, secured and/or pre-funded to its satisfaction.

Only the Trustee may enforce the provisions of the Debenture and Security Stock. A Noteholder is not entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Debenture and Security Stock or the Notes unless the Trustee having become bound to take proceedings fails to do so within a reasonable period and such failure shall be continuing.

Voting

Every Stockholder who is present at a meeting and entitled to vote, will, on a show of hands, be entitled to one vote only and, on a poll, be entitled to one vote for every NZ\$1.00 (converted from any other relevant currencies in which Notes may be denominated as described below) of nominal amount of Stock of which it is the holder. A Debenture Extraordinary Resolution (defined at the end of this section) is a resolution passed by extraordinary resolution under the Debenture and which requires, in summary, 75 per cent of the votes cast at a meeting approving the resolution or if a written resolution is to be passed, 75 per cent. in number of the persons with a right to vote and holding 75 per cent. of the nominal amount of the Stock approving the resolution. The quorum for a meeting to pass a Debenture Extraordinary Resolution is Stockholders present in person or by representative holding no less than 25 per cent. of the nominal value of the debt securities held by the number of Stockholders entitled to vote on the business to be transacted at the meeting.

The nominal amount of Stock is the face value of the Stock, which in the case of security stock is the amount specified on the security stock issued to the relevant Stockholder. The nominal amount specified in respect of the security stock issued to the Trustee is the Programme Limit. Additional security stock will be issued to the Trustee if the Programme Limit is increased. Similarly, the nominal amount specified in respect of the security stock issued to the relevant party in respect of each of the Issuer's various note programmes is the programme limit of that programme. The nominal amount specified in respect of the security stock issued to a facility lender to the Issuer is the commitment of that facility lender.

For the purpose of the meeting provisions set out in the second schedule of the Debenture, the Security Trustee is entitled to notionally convert the nominal amount of Stock denominated in a currency other than New Zealand dollars into New Zealand dollars, with the notional conversion to be made at the spot rate, as quoted to the Security Trustee by a reference bank, at which the Security Trustee is able to purchase New Zealand dollars with the actual currency of the nominal amount at the time at which that calculation is to be made.

Priority

Following enforcement of the charge under the Debenture and realisation of the Charged Assets, in summary, all proceeds of such realisation will be held and applied by the Security Trustee in or towards payment of the following and in the following order:

- (i) the remuneration and costs of a receiver;
- (ii) all amounts payable in respect of claims preferred by law;
- (iii) all amounts required to enable the relevant receiver to provide those services of the Issuer that are essential for the maintenance of public health and safety requirements as are applicable;
- (iv) all amounts secured by any charge having priority over the charge created by the Debenture;
- (v) all amounts owing to the Security Trustee (including by way of indemnity) under the Debenture;
- (vi) the Priority Principal Amount and the Priority Interest Amount (as described in more detail below and together, the "Priority Total Amount") owing to Stockholders;
- (vii) any other Secured Money owing to the Stockholders that do not form part of the Priority Total Amount;
- (viii) any amounts secured by any charge ranking behind to the charge created by the Debenture; and
- (ix) to or for the benefit of the Issuer.

As set out above, the Priority Total Amount relating to the security stock held by a Stockholder must be paid *pari passu* with the Priority Total Amount of other Stockholders, but in priority to other Secured Money which does not form part of Priority Total Amount.

The Debenture provides that the Priority Principal Amount, in respect of security stock held by a Stockholder, is the lesser of the nominal amount specified in respect of that security stock or the principal amount outstanding in respect of that security stock, including capitalised interest, fees, commissions and expenses (other than uncapitalised interest) owing by the Issuer to that Stockholder. The nominal amount specified in respect of the security stock issued to the Trustee is the Programme Limit.

Priority Interest Amount is defined under the Debenture as being all interest (other than capitalised interest) but excluding any interest which has been due and owing since a date more than six months prior to the date on which the charge created by the Debenture is enforced by the Security Trustee. This six-month limit applies for all Stockholders, including the Noteholders. Upon enforcement, the payment of any interest that has been due and owing for more than six months will rank behind payment of the Priority Total Amount. Any such interest remains payable and continues to have the benefit of the charge under the Debenture. This includes the ability of a receiver to levy rates to recover such amounts.

For the purpose of calculating any person's share of any sum payable to it, the Security Trustee shall be entitled to notionally convert the Secured Money owed to that person into New Zealand dollars, with such notional conversion to be made at the spot rate, as quoted to the Security Trustee by a reference bank, at which the Security Trustee is able to purchase New Zealand dollars with the actual currency of the Secured Money owed to that person at the time at which that calculation is to be made provided that:

- (i) such notional conversion shall not alter the amount owing to, or secured in favour of, such person; and
- (ii) where a notional conversion is undertaken in respect of the application and distribution of proceeds following enforcement as described above, the conversion shall be undertaken on the same date as the Security Trustee makes such distribution.

Following application of the priority clause set out above, for the purpose of distributing the amount available for distribution to the relevant Stockholder, the Security Trustee will convert the New Zealand dollar amount available to be distributed to a Stockholder (the "**Relevant Dollar Amount**") to the relevant foreign currency in which the Secured Money is owing at the spot rate, as quoted to the Security Trustee by a reference bank, at which the Security Trustee is able to purchase that foreign currency with the Relevant Dollar Amount at the time at which that distribution is to be made.

Amendments to the Debenture

The Debenture or the terms of any Stock may be amended by the Issuer and the Security Trustee:

- (a) without the consent of Stockholders where the amendment does not, to the satisfaction of the Security Trustee, have a material adverse effect on the affected Stockholders and in the opinion of the Security Trustee is necessary or desirable:
 - (i) to correct a manifest error or omission, or to correct an error of a minor, formal or technical nature;
 - (ii) to facilitate the expedient issue of Stock by the Issuer or to make provision for outstanding Stock to be issued in bearer form;
 - (iii) to facilitate the expedient issue of types of Stock not specifically provided for in the Debenture;
 - (iv) to comply with the Financial Markets Conduct Act 2013 ("**FMCA**") and the Financial Markets Conduct Regulations 2014 of New Zealand in relation to the issue of Retail Stock to which that Act or those regulations may apply;

- (v) to facilitate the listing or maintenance of a listing of any Stock on a stock exchange;
- (vi) to facilitate the establishment and maintenance of multiple Stock registers, and the appointment of multiple registrars or paying agents, in respect of the issuance of different types of Stock;
- (vii) to facilitate the transfer of Retail Stock under a system authorised or approved by the FMCA of New Zealand; or
- (viii) to comply with, or as a result of the coming into effect of, any applicable law; or
- (b) with the consent of Stockholders given by way of a Debenture Extraordinary Resolution of each class of Stockholders that is or may be adversely affected by the amendment; or
- (c) if the Security Trustee is satisfied that it does not have a material adverse effect on the affected Stockholders,

provided always that:

- (i) no variation or addition will be made in the terms and conditions of issue of any Security Stock (as distinct from the provisions of the Debenture) that have a material adverse effect on the Stockholders of that Security Stock without the consent in writing of the relevant holder of that Stock; and
- (ii) in relation to an amendment affecting Stock, the Trustee must, where required by the FMCA, provide or, where applicable, obtain the certificates required under section 108(2)(b) of the FMCA.

Defined terms

In this section, capitalised terms which are not otherwise defined in this Offering Circular have the meaning set out below:

“Debenture Extraordinary Resolution” means a resolution:

- (i) passed at a duly convened meeting (including an adjourned meeting) of Stockholders by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes given on such poll; or
- (ii) in writing signed by at least three-fourths in number of the persons having the right to vote on that resolution, having in the aggregate at least three-fourths in nominal amount of the Stock giving the right to vote at a meeting of Stockholders, provided that the person or persons promoting that resolution have given the Security Trustee, the Issuer and the Stockholders at least three business days’ prior notice of the proposed resolution.

“Secured Money” means the principal and interest payable on, or in respect of, the Stock and, to the extent that such is lawfully entered into by the Issuer, all other money owing or payable to or at the direction of the Security Trustee or any receiver or any Stockholder under the Debenture or the terms of issue of any Stock.

DESCRIPTION OF THE COUNCIL'S OPERATIONS

General

Auckland Council (the “**Issuer**” or the “**Council**”) is the local government territorial authority for the Auckland region of New Zealand. It also has the responsibilities, duties and powers of a regional council of New Zealand.

The Council is responsible for a wide range of activities, including regulatory functions such as the issuing of permits and consents for building activity within the Auckland region, and the enforcement of legislation governing parking, licensing and the environment. The Council, together with its CCOs, provides and maintains infrastructure such as transport networks and essential public services such as water supply, wastewater and storm water, refuse collections and street lighting. The Council also operates libraries and community facilities and provides and maintains parks, reserves and sports fields.

Recent Developments

As at the date of this Offering Circular, the New Zealand Government (“**Government**”) has only recently lifted the final COVID-19 restrictions. The Council is continuing its recovery from the effects of COVID-19, as use of the Financial Group's services and facilities has steadily increased. This is reflected in the increase in revenue compared to prior years. Alongside the recovery, the Financial Group faced on-going economic pressures from higher-than-expected inflation and interest rates. The severe weather events in Auckland in early 2023 also added unforeseen costs to clean up the region and repair or write-down damaged assets.

Severe weather events in Auckland

Auckland experienced two severe weather events in January and February 2023, the Auckland Anniversary flood and Cyclone Gabrielle. These were followed by a storm event in May. These weather events caused widespread damage to the Financial Group's property and infrastructure from flooding, landslides and extreme wind, which in turn resulted in the accumulation of silt, debris, and contamination of sites. Some of the damage to the Financial Group's assets was covered by insurance.

These weather events required the Financial Group to re-direct resources and funding to support the community. Immediate storm response and recovery costs were largely funded by reductions in other expenditure, insurance recoveries and government assistance. To help mitigate the impacts from the economy and weather events, the Financial Group implemented tight spending controls, particularly on discretionary spend.

The Council has agreed to a cost sharing arrangement with the Government that will involve co-funding the ongoing costs of recovery from the early 2023 weather events and projects to increase the resilience of the region's infrastructure. This arrangement would see the Council and the Government fund on a 50/50 basis the estimated buy-out costs of residential properties where there is an intolerable risk to life and it is not feasible to mitigate this risk. The arrangement also provides incremental funding for the costs of recovering the Council's transport networks and proposed investment in wider flood mitigation and resilience work, the Making Space for Water programme. Across these areas the Government would be contributing around NZ\$1 billion. The Council would be required to contribute a similar amount. Further details of this programme (including valuation and acquisition methodology) continues to be worked through.

The sources of funding for the Council's share of this investment will be considered through the Long-term Plan 2024-2034, with several options available including debt, reducing or deferring other capital spending, the sale of assets, service reductions and rates increases. These decisions may also be impacted by the outcomes of the Government's water reform process.

Annual Budget 2023/2024

The Issuer adopted its Annual Budget 2023/2024 on 29 June 2023. Rapid increases in inflation and interest rates since the adoption of the previous budget resulted in the estimated annual operating gap increasing to NZ\$325 million.

This operating gap of NZ\$325 million was addressed for 2023/2024 through a package of budget mitigations which included:

- a higher rates increase than previously planned;
- a partial sale of the Council's shareholding in Auckland International Airport Limited (AIAL) to pay down around NZ\$865 million of debt, with a net funding benefit of NZ\$115 million over the next eight years; and
- NZ\$83 million of further operating spend reductions, over and above sizable existing savings targets.

The Annual Budget 2023/2024 also included some additional operating funding and a reprioritisation of capital expenditure to respond to the severe weather events that occurred in the first half of 2023.

For more information, please refer to the Annual Budget 2023/2024, which can be accessed at: <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-plans-strategies/budget-plans/Pages/annual-budget-2023-2024.aspx>.

Water services reform programme

The Government has recently announced reforms to water services in New Zealand. Such reforms will apply to all New Zealand local authorities which provide water services including the Issuer.

The Government has worked with local government, iwi (tribal groups of the indigenous people of New Zealand) and water industry leaders to create a plan to make sure New Zealand's three waters system is in good condition to meet challenges like population growth, climate change and natural disasters.

Under this plan, 10 (previously four) new publicly-owned water services entities ("**WSEs**") will run New Zealand's drinking water, wastewater and stormwater services – currently operated by councils on behalf of communities.

The Government's plan will build these new WSEs on the foundations of existing council infrastructure, people, and expertise. The plan is designed to give the new water organisations the financial flexibility to make the necessary upgrades more affordable for everyone.

The Government is establishing ten publicly-owned water services entities, from 1 July 2024 to 1 July 2026. The reform has been enacted by three pieces of legislation.

- The Water Services Entities Act 2022 contains the water entities' ownership, governance, and accountability arrangements.
- The Water Services Entities Amendment Act 2023 amends the Water Services Entities Act 2022 to establish 10 water services entities based on existing regional boundaries. It also provides for every territorial authority to be represented on the regional representative group of their entity, together with an equal number of mana whenua representatives, and introduces a staggered approach to establishing the entities, with all entities going live between 1 July 2024 and 1 July 2026. It provides for an operational establishment date of 1 July 2024 for the Northland and Auckland Water Services Entity.
- The Water Services Legislation Act 2023 provides water services entities with the necessary legislative functions, responsibilities, and powers to be fully operational from their 'go live' date.

- The Water Services Economic Efficiency and Consumer Protection Act 2023 provides the economic regulation and consumer protection frameworks for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Water Services Economic Efficiency and Consumer Protection Act 2023 came into force on 31 August 2023.

Under this legislation, the Financial Group will be impacted by the transfer of the urban stormwater network and some associated functions from Auckland Council, as well as the transfer of the assets and operations of Watercare Services Limited.

The National Transition Unit within the Department of Internal Affairs issued draft transfer principles and associated guidance in December 2022. Due to the timing of the issuance of these principles, the impact of the potential transfers from the Financial Group has not yet been determined with any certainty as at the date of this Offering Circular.

Government policy on water reform and the above legislation could change following New Zealand's general election held on 14 October 2023. However, as at the date of this Offering Circular, there is not yet sufficient certainty to determine what the potential implications of any changes for the Financial Group might be.

Council Group Structure

On 1 November 2010, the previous eight local authorities in the Auckland region amalgamated to form the Council. The disestablished local authorities were Auckland City Council, Auckland Regional Council, Franklin District Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council and Waitakere City Council.

At the same time, many of the former CCOs were reorganised into a number of new CCOs. Some CCOs of the former councils were disestablished while the ownership of the remainder transferred either to the Council or one of the newly formed substantive CCOs.

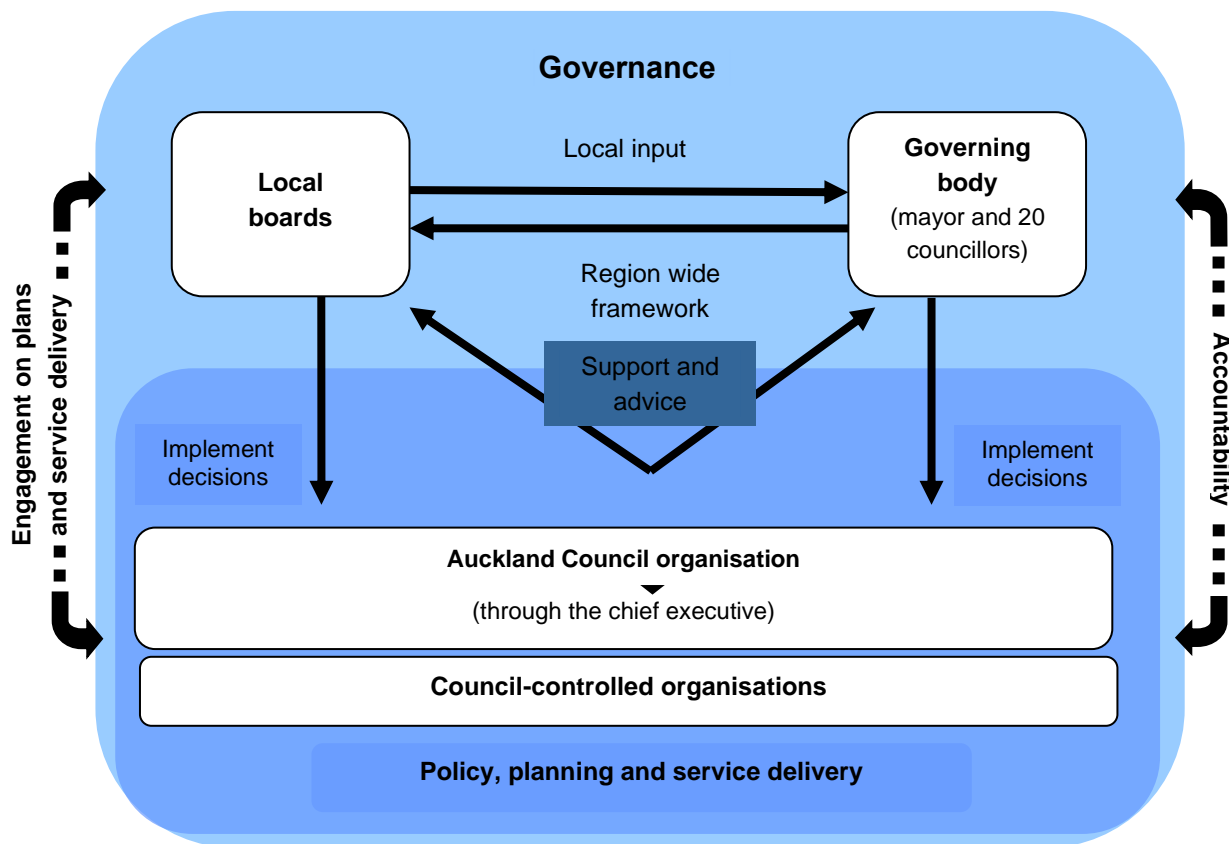
The Council is established under the Local Government (Auckland Council) Act 2009¹ (“**ACA**”) and the amalgamation and dissolution process of the predecessor local authorities were effected under the Local Government (Tamaki Makaurau Reorganisation) Act 2009 and the Local Government (Auckland Transitional Provisions) Act 2010. In addition to the ACA, the Council is also subject to the Local Government Act 1974 and the Local Government Act 2002 (“**LGA**”), which apply to all New Zealand local authorities.

The components of the Council

The Council has two complementary and non-hierarchical decision-making parts; the governing body and 21 local boards. The Mayor of Auckland is a member of the governing body and has a statutory role to articulate and promote a vision for Auckland, and provide leadership in order to achieve objectives that contribute to that vision. The Mayor, the 20 members of the governing body and the 149 local board members are elected triennially.

¹ All legislative references are to New Zealand legislation.

The diagram below shows the mechanics of how the different parts of the governance structure are designed to interact and the relationships between them.



The governing body

The governing body of the Council consists of the mayor, elected by all Aucklanders, and 20 councillors elected on a ward basis. The governing body focuses on region-wide strategic decisions and is responsible for, among other things, preparing and adopting the long-term plan, annual plan and annual report, setting rates and making bylaws, decision making in relation to, and implementation of, certain regulatory and non-regulatory matters (including the Unitary Plan), the governance of the Council's CCOs, considering the views and preferences of local boards and monitoring and reviewing the performance of the Council.

Council-controlled organisations

A CCO is defined under the LGA as an organisation in which the Council solely or jointly with other local authorities or persons, controls 50 per cent. or more of the votes, or has the right to appoint 50 per cent. or more of the directors or trustees.

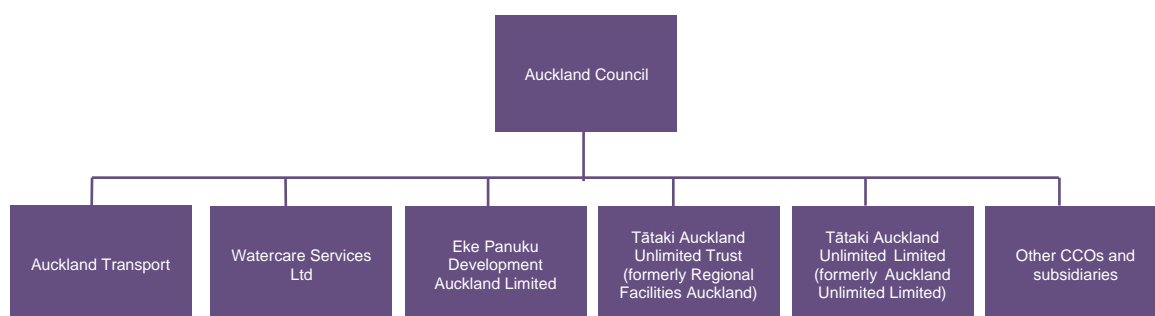
CCOs are governed by their directors or trustees, and operate at arm’s length to the Council. CCOs are, however, accountable to the Council, which determines the objectives for each CCO and monitors their performance.

The Council has five large (referred to as “substantive”) CCOs as well as a number of smaller (“**legacy**”) CCOs. The legacy CCOs include certain charitable trusts, which were created by the predecessor local councils prior to the creation of the Council.

A substantive CCO is defined under the ACA as a CCO that is either wholly owned or wholly controlled by the Council and is either responsible for the delivery of a significant service or activity on behalf of the Council, or that owns or manages assets valued at more than NZ\$10 million. The ACA imposes additional governance requirements on substantive CCOs such as the requirement to give effect to the Council’s Long-term Plan. The Council is also required to prepare an accountability policy in respect of substantive CCOs.

On 1 December 2020, Auckland Tourism Events and Economic Development Limited was amalgamated with Auckland Unlimited Limited (formerly Regional Facilities Auckland Limited). The resulting entity (named Auckland Unlimited Limited at the time of amalgamation) was renamed Tātaki Auckland Unlimited Limited on 13 May 2022. Tātaki Auckland Unlimited Limited acts as trustee of the Tātaki Auckland Unlimited Trust (formerly Regional Facilities Auckland trust). In addition to acting as trustee of the Tātaki Auckland Unlimited Trust, Tātaki Auckland Unlimited Limited carries on the business of the former CCO Auckland Tourism Events and Economic Development Limited separate to its capacity as trustee of the Tātaki Auckland Unlimited Trust.

As of the date of this Offering Circular, the Council owns all of the shares in POAL. Although the Council controls 100 per cent. of the voting shares in POAL, the LGA provides that POAL as a port company under the Port Companies Act 1988 is not a CCO.



Chief Executive and Executive Team

The Chief Executive is appointed by the governing body and is responsible for implementing the decisions of the governing body and local boards, and effectively and efficiently managing the activities of the Council within the budgetary constraints established by the governing body.

Importantly, all Council officers and employees are appointed directly or indirectly by the Chief Executive. These appointments, except some appointments in the Mayoral Office, are apolitical, and survive changes to the elected members of the Council. Details of the Council’s executive team can be found on the Council’s website at:

http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/executive_team/Pages/Home.aspx

Further information about the Council’s governance and democratic structure and processes can be found on the Council’s website at:

http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/HowCouncilWorks/auckland_council_explained/Pages/Home.aspx

Council plans

The Council is required to consult publicly on important decisions as set out in its “*Significance and Engagement Policy*”, and to prepare a number of planning documents which include:

- (i) the Auckland plan (a 30-year vision for Auckland’s development) (“**Auckland Plan**”);
- (ii) the long-term plan (which is a 10-year plan, including budgeting, focusing on implementing objectives of the Auckland Plan) (“**Long-term Plan**”);
- (iii) an annual plan (a budgeting plan) (“**Annual Plan**”); and
- (iv) other specific plans relating to land use and regulatory matters, including the Unitary Plan.

Long-term Plan

Every three years, the Council is required to prepare a long-term plan. This is a 10-year audited prospective document which describes the intended activities, services and projects that will be delivered over the 10-year period and outlines their projected costs and funding.

The Council adopted its Long-term Plan for the 10-year period from 1 July 2021 to 30 July 2031 in June 2021, this was known as the Recovery Budget as it responded to the impact of COVID-19 on the Issuer’s revenue and other challenges. The Council also adopted the amendment to the 10-year Budget on 8 June 2023.

The Recovery Budget provides information on matters including:

- the Issuer’s operating revenue and expenditure projections, including the projected financial impacts of COVID-19;
- the Issuer’s assets sale programme (including the sale of underutilised non-strategic assets);
- the Issuer’s capital expenditure programme (including key capital expenditure outflows and funding sources); and
- the Issuer’s response to specific issues such as climate change, housing demand, environment degradation and aging community asset.

As well as describing the Council’s intended levels of service, financial strategy, and supporting policies, the 2021-2031 Long-term Plan includes information about the Council, its CCOs and the local board.

A copy of this plan can be found at:

<https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-plans-strategies/budget-plans/our-10-year-budget/Pages/default.aspx>

Work is now underway on the development of the Council’s next long-term plan for the 10-year period from 1 July 2024 to 30 June 2034. This updated plan will be adopted in June 2024 following public consultation.

Annual Plan

The first year of the long-term plan is regarded as the Annual Plan for that year. For each of the other two years between long-term plans, the Council is required to prepare a separate Annual Plan that describes the activities, services and projects for that year. A copy of the Council’s current Annual Plan can be found at:

Auckland Unitary Plan

The Auckland Unitary Plan is a combined plan for Auckland and meets the requirements of a regional policy statement, a regional plan, including a regional coastal plan and a district plan. The purpose of the regional policy statement is to achieve the purpose of the Resource Management Act 1991 of New Zealand by providing an overview of the resource management issues of the region and policies and methods to achieve integrated management of the natural and physical resources of the whole region. The purpose of the regional and district plans is to assist the Issuer (as regional council and territorial authority) to carry out its functions in order to achieve the purpose of the Resource Management Act 1991 of New Zealand. The Auckland Unitary Plan includes objectives, policies, methods and rules to promote the sustainable management of the Auckland region's natural and physical resources. The Unitary Plan provisions guide Auckland Council's regulatory decision making when considering applications for resource consents (planning consents) to undertake work in the region.

Council's sources of revenue

Rates are the primary source of revenue for the Council. However, the Council has various other sources of revenue from the provision of services (e.g., water and wastewater user charges, public transport and parking fees), development contributions, consents and licensing fees, grants and subsidies, port operations, rental income, facility hire charges, fuel taxes and dividend income from equity investments.

The power of local authorities (including the Council) to rate is found in the Local Government (Rating) Act 2002 (the "**Rating Act**"). The Rating Act allows a local authority to set and assess a general rate for all rateable land in its district or region. The Rating Act also empowers local authorities to set a uniform annual general charge, and targeted rates in certain circumstances. Rates are principally assessed on a rateable property's rateable value, but there are also various powers to set and assess rates based on a variety of factors. Auckland Council sets rates for each financial year in accordance with its funding impact statement for the relevant financial year. Currently, rates within the Auckland region are assessed on a differential basis according to the type or location of the property based on capital value (comprising land value plus improvements).

All rates assessed in respect of a rating unit constitute a charge against that unit (section 59 of the Rating Act). Although the ratepayer (as recorded in the rates records) is primarily liable for the rates, local authorities also have the statutory power to recover the rates outstanding from the owner (if different from the ratepayer) or from persons with an interest in the property, including any first mortgagee. If necessary, a local authority has the power to apply to the Registrar of the New Zealand High Court to have a judgment for rates enforced by the sale or lease of the property (section 67 of the Rating Act).

The Council has created a charge over all of its rates and rates revenue and certain proceeds of such assets and the Noteholders have the benefit of such security. Further information regarding the security, the charged assets and the ability of creditors to enforce against the Council is set out in the section entitled "Description of the Security".

Weathertightness and associated building defects litigation

One of the Council's functions is to grant building consents and to issue code compliance certificates, which certify that the relevant building is compliant with the building consent granted for that building. In the last decade, as a result of defective building products and construction methods, certain buildings in Auckland, both residential and non-residential, have been issued with such certificates but have experienced issues, which have meant that those buildings have not been weathertight (for example, water penetration into walls resulting in timber rot).

Where the Council has issued a code compliance certificate for a building that has subsequently developed weathertightness issues, claims have been brought against the Council and other building parties.

There is a limitation period in the Building Act 2004 for bringing building related claims. This is 10 years from the date of the issue of the code compliance certificate. This limitation applies to both residential and non-residential buildings.

To address weathertightness issues on residential buildings the Government established the Weathertight Homes Resolution Service (“WHRS”) as an alternative forum to resolve claims in a cost effective and expeditious manner. Claims however may still be brought in either the New Zealand District Court or High Court. The Council is party to weathertight claims on residential buildings in the WHRS and also residential and non-residential claims that have been brought in either the New Zealand District Court or High Court (active claims). The Council is also aware of claims that are pending and about to start in either forum but are not yet active (reported claims). The Council may also be liable for claims in future years relating to weathertightness building defects that are not yet identified (unreported claims).

In respect of potential claims for both residential and non-residential buildings, the Council has made a provision in its accounts for 30 June 2023 totalling NZ\$257 million (2022 – NZ\$264 million) for the likely costs to be incurred as a result of active, reported and unreported claims. The costs for the reported and unreported claims are based on an actuarial valuation as at 30 June 2023. Active claims are provided for based on a blended estimate of claim information as at 30 June 2023 and the assumptions used in the reported provision actuarial model. This provision includes both estimates of the repair costs as well as the estimated legal costs and other professional fee expenses. The provision has been discounted for the time value of money.

The length of time that the weathertightness issue has now been prevalent, the historical data and trends available, and the use of an actuary to utilise this information to reach an estimated claims figure means the unreported claims can be estimated with sufficient reliability to include as a provision rather than as a contingent liability. However, due to the significant degree of estimation that has been involved to calculate the provision for weathertightness and associated building defect claims in previous years, there continues to exist unquantifiable contingent liability, as a result of which the Council may be subject to further liability that is not currently recognised.

No guarantee by the New Zealand Government

The New Zealand Government does not guarantee any liability of the Council and accordingly is not a guarantor of, or otherwise an obligor under, the Notes. Payments by the Issuer of principal and interest with respect to its outstanding indebtedness, including the Notes, 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 Notes.

THE SUSTAINABLE FINANCE FRAMEWORK

The current Sustainable Finance Framework can be found free of charge on the Issuer's website at: <https://www.aucklandcouncil.govt.nz/about-auckland-council/investor-centre/information-for-investors/more%20information/sustainable-finance-framework.pdf>.

None of the Arrangers or the Dealers have reviewed the Sustainable Finance Framework or assessed whether any Green Bonds would comply with the Sustainable Finance Framework or any investors' green investment requirements.

No assurance or representation is given by the Arrangers or the Dealers as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Green Bonds. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of any applicable Pricing Supplement. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Arrangers or the Dealers to buy, sell or hold any such Green Bonds. The Noteholders have no recourse against the Arrangers or the Dealers for the contents of any such opinion or certification. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Green Bonds. Currently, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight.

No assurance is given by the Arrangers or the Dealers that the use of the proceeds of issue of the Green Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. The Arrangers and the Dealers will not have any responsibility for monitoring the application of any such proceeds.

For the avoidance of doubt, neither the Sustainable Finance Framework nor any Second Party Opinion are, and none shall be deemed to be, incorporated by reference into and/or form a part of this Offering Circular.

Please see also "*Risk Factors – Risks Relating to the Notes Issued under the Programme – Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable development assets*".

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. It relates only to the position of holders who are the absolute beneficial owners of their Notes and all payments made under such Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

New Zealand

Where used in this section, “interest” has the meaning given to that term in New Zealand taxation legislation for withholding tax purposes. Other words or phrases used in this section which are defined in New Zealand’s Income Tax Act 2007 have the meaning given in that Act.

A deduction on account of New Zealand resident withholding tax will be made from the payment of interest under a Note, Receipt or Coupon if:

- (i) the person deriving the interest is:
 - (a) resident in New Zealand; or
 - (b) a registered bank that is not resident in New Zealand but is engaged in business in New Zealand through a fixed establishment in New Zealand and is not an associated person of the Issuer; or
 - (c) not resident in New Zealand but holds the relevant Note, Receipt or Coupon for the purposes of a business they carry on in New Zealand through a fixed establishment in New Zealand; or
 - (d) otherwise a person, the payment of interest to whom will be subject to New Zealand resident withholding tax,(each a “**New Zealand Holder**”); and
- (ii) at the time of such payment, the New Zealand Holder does not hold RWT-exempt status for New Zealand resident withholding tax purposes and is not otherwise exempt from RWT.

Under the Conditions, the Issuer is not obliged to make any additional payments where a deduction on account of New Zealand resident withholding tax is made or required.

Although New Zealand law requires a deduction on account of non-resident withholding tax to be made from the payment of interest under a Note, Receipt or Coupon to a person who is not a New Zealand Holder (a “**non-New Zealand Holder**”), the Issuer intends (to the extent permitted by law and for so long as they do not incur any increased cost or detriment from so doing) to reduce the applicable rate of non-resident withholding tax to zero per cent. by registering the Programme and the relevant Notes with the New Zealand Inland Revenue Department and paying, on its own account, an approved issuer levy which is currently equal to 2 per cent. of the relevant interest payment. Approved issuer levy will not be available if the non-New Zealand Holder is an “associated person” of the Issuer and/or if the interest relates to a “related-party debt” as these terms are defined in New Zealand’s Income Tax Act 2007.

Under the Conditions, if the Issuer makes a deduction on account of New Zealand non-resident withholding tax, the Issuer is obliged to pay such additional amounts as may be necessary in order that the net amount received by the relevant Noteholder after such deduction is equal to the payment that would have been received in the absence of such deduction. Exceptions to the obligation to pay an additional amount are set out in Condition 8.

Where a non-New Zealand Holder derives interest under a Note, Receipt or Coupon jointly with one or more persons, and one or more of those persons is resident in New Zealand for income tax purposes, the approved issuer levy regime will not apply to interest paid to the non-New Zealand Holder and New Zealand non-resident withholding tax must be deducted from interest paid to the non-resident at the applicable rate of New Zealand resident withholding tax. Relief from New Zealand tax under an applicable double taxation treaty may be available, but only on application to the New Zealand Inland Revenue Department for a refund of over-deducted tax. Under the Conditions, the Issuer is not obliged to make any additional payments to such non-New Zealand Holders where a deduction on account of New Zealand non-resident withholding tax is made.

Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including New Zealand) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed U.S. Treasury regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant Issuer). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. New Zealand has enacted legislation amending the Tax Administration Act 1994 to give effect to the CRS.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer or the Arranger takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

Book-Entry Ownership

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of Euroclear and Clearstream.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. Each Global Certificate will have an International Securities Identification Number (“ISIN”) and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Euroclear and Clearstream will be permitted only in the circumstances set forth in “Summary of Provisions Relating to the Notes while in Global Form — Exchange — Permanent Global Certificates”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 2 November 2023 between the Issuer, the Dealers and the Arranger (the “**Dealer Agreement**”), the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Arranger, the Dealers and certain of their affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Dealers and/or their affiliates in the ordinary course of the Issuer’s or their business. The Arranger, the Dealer or certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Arranger, the Dealers or their affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

In connection with the offer and sale of each Series of Notes, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes will be listed. No assurances can be given that the Programme will qualify for listing on a stock exchange. In addition, no assurances can be given that if the Programme qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such Series of Notes will be listed on a stock exchange, that such Notes will trade from their date of issuance until maturity (or early redemption) and that such listing will be maintained.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States in reliance on Regulation S under the

Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer, sell or, in case of Bearer Notes deliver, any Notes within the United States, except as permitted by the Dealer Agreement.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) may agree with the Issuer as a term of the issuance and purchase of such Notes, which additional U.S. selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; 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 (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Unless the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has

not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the “**Corporations Act**”)) in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”), ASX Limited or the financial market operated by it (“**ASX**”), or any other regulatory authority in Australia. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Pricing Supplement otherwise provides, it:

- (i) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, subscription, sale or purchase of any Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any Offering Circular, any prospectus, offering document or other offering material or advertisement relating to any Notes in Australia or received in Australia,

unless in either case (i) or (ii):

- (a) the minimum aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee in Australia (including any person who receives an offer or invitation or offering materials in Australia) is at least A\$500,000 (or its equivalent in other currencies, and in either case, disregarding moneys lent by the offeror, inviter or its associates (within the meaning of that expression in Part 6D.2 of the Corporations Act)) or the offer or invitation does not otherwise require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act, and in each case, is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (b) the offer, invitation or distribution complies with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;
- (c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs; and
- (d) such action does not require any document to be lodged or registered with ASIC, ASX or any other regulatory authority in Australia.

For the purposes of this selling restriction, the Notes include interests or rights in the Notes held in Euroclear or Clearstream or any other clearing system.

New Zealand

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes, Receipts, Talons or Coupons may not be offered for issue or sale to any person in New Zealand and no offering document or advertisement may be published or distributed in New Zealand, except to wholesale investors within the meaning of, and in compliance with, the Financial Markets Conduct Act 2013 of New Zealand.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September

1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

1. The Issuer has obtained and has agreed to obtain from time to time all necessary internal consents, approvals and authorisations for the issue of Notes under the Programme.
2. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or of the Financial Group since 30 June 2023 and no material adverse change in the financial position or prospects of the Issuer or of the Financial Group since 30 June 2023.
3. Except as disclosed in this Offering Circular, none of the Issuer nor any of its CCOs is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
4. Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: *“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”*.
5. The Issuer has made applications to the Euroclear and Clearstream systems (which are the entities in charge of keeping the records) for acceptance in their respective book-entry systems in respect of the Notes. The relevant ISIN, the Common Code and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Pricing Supplement.

The Legal Entity Identifier of the Issuer is 213800RWHTSELJS5LA96.

6. Application has been made to the SGX-ST for permission to deal in, and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List and any quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes, for so long as such Notes are listed on the SGX-ST, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

7. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer:
 - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons), the Agency Agreement and the Debenture;
 - (ii) the audited consolidated financial statements of the Issuer in respect of the years ended 30 June 2022 and 30 June 2023;
 - (iii) the most recently published audited annual financial statements of the Issuer from time to time;
 - (iv) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular; and
 - (v) each Pricing Supplement (save that Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the EEA and/or in the UK nor offered in the EEA and/or the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity).
8. The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
9. The Auditor-General of New Zealand has audited the consolidated financial statements of the Issuer for the year ended 30 June 2023, which are incorporated by reference in this Offering Circular, in accordance with NZ Tier 1 Public Benefit Entity (PBE) accounting standards based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

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