

# Quarterly investor update

**December Quarter 2020**

## Borrowing Programme Update

At the last quarterly funding update released in September 2020 we forecast a funding programme of NZ\$2.8 billion (2020-21) and NZ\$2.4 billion (2021-22) and NZ\$2.15 billion (2022-23). **Based upon council borrowing and May 2021 refinancing intentions we have increased our funding programme estimate by NZ\$200 million for the 2020-21 year to NZ\$3.0 billion. There is no change to the outer years projected funding requirement.**

Having completed NZ\$1.9 billion of funding in H1 2020-21, this implies a NZ\$1.1 billion borrowing requirement in the six month period to 30 June 2021. The bond tender programme dates remain unchanged but as always we reserve the right to replace one or more tenders with syndications and could prefund some of the 2021-22 funding requirement earlier if market conditions are conducive.

## Other news

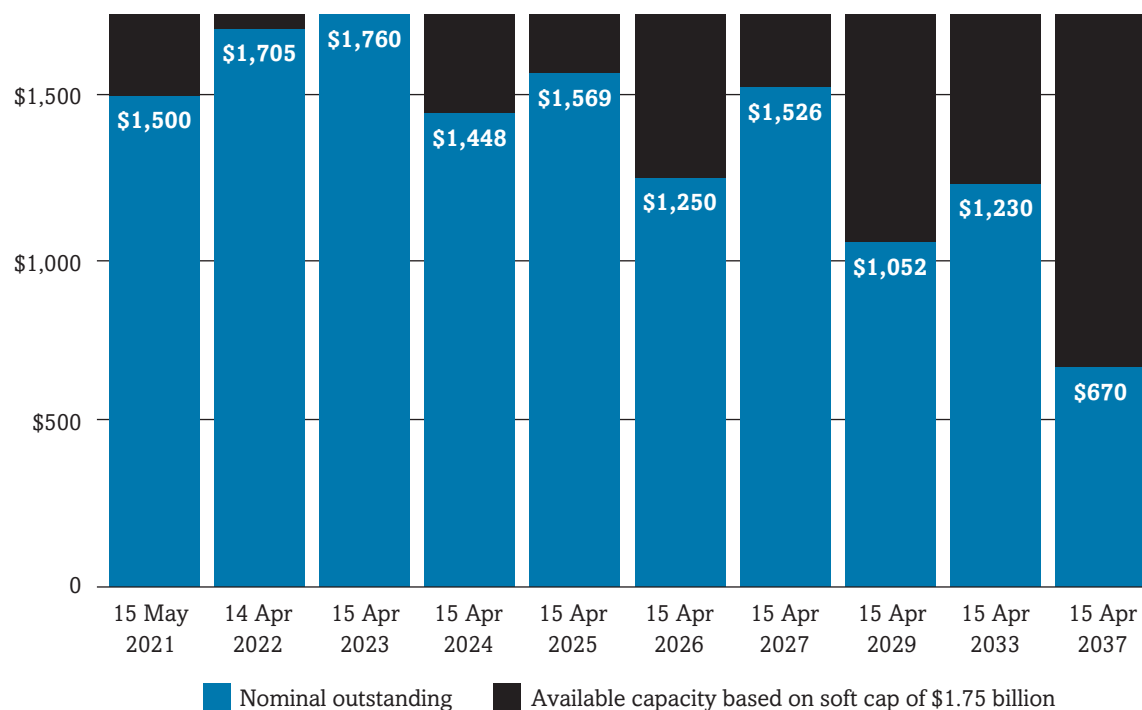
**Three councils** (Waitaki, Central Otago and Kawerau District Councils) joined as members over the December quarter bringing the total number of members to seventy-one. Clutha District Council moved from a non guarantor to become a guarantor, bringing the total number of guarantors to fifty-nine.

**Total term borrowing by councils** over the December quarter was NZ\$632.3 million bringing total term loans outstanding to NZ\$11.98 billion and short term loans of NZ\$343.4 million.

**RBNZ purchases of LGFA bonds** under the Large Scale Asset Purchase ("LSAP") Programme totalled NZ\$261 million during the December quarter (compared to NZ\$445 million in the prior quarter).

**Fitch Ratings** affirmed the LGFA credit ratings at AA/AA+ with outlook positive/stable on 4th November.

**LGFA retail bonds on issue (\$ million)**  
**As 31 December 2020: NZ\$ 13,710 million**



Includes \$950 million treasury stock

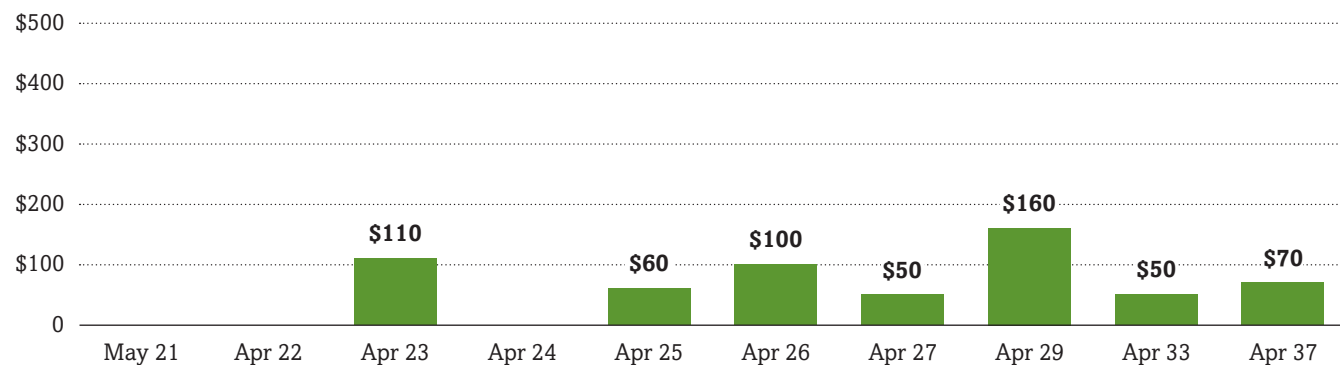
In addition to the retail bonds listed on the NZDX, LGFA has NZ\$130 million of Wholesale Floating Rate

Notes on issue

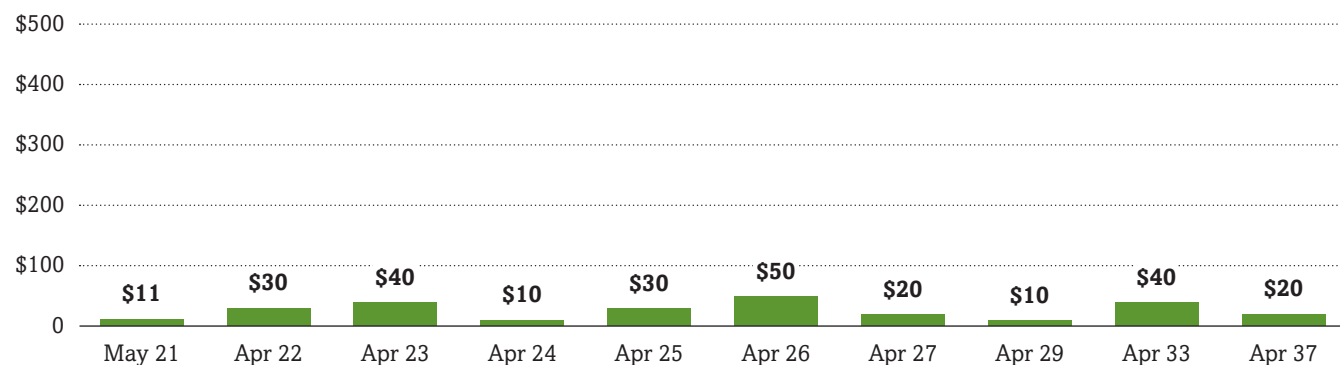
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## December Quarter LGFA Bond Issuance (\$ million)



## December Quarter Purchases of LGFA Bonds by RBNZ under the LSAP (\$ million)



## December Quarter Secondary Market Activity (\$ million)

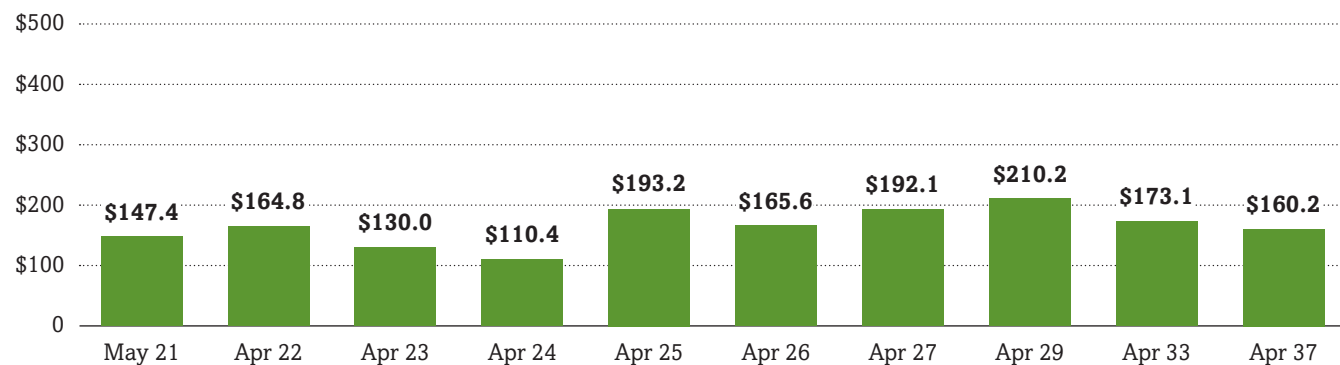


Photo: Motuoapa Reservoir, Taupo District Council





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December Quarter LGFA Bond Issuance (\$ million)											
	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37	Total
Tender 77 (16 Dec)			\$60.0			\$50.0		\$50.0		\$40.0	\$200.0
Tender 76 (12 Nov)					\$60.0		\$50.0	\$60.0		\$30.0	\$200.0
Tender 75 (7 Oct)			\$50.0			\$50.0		\$50.0	\$50.0		\$200.0
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$110.0</b>	<b>\$0.0</b>	<b>\$60.0</b>	<b>\$100.0</b>	<b>\$50.0</b>	<b>\$160.0</b>	<b>\$50.0</b>	<b>\$70.0</b>	<b>\$600.0</b>

Secondary Market Turnover of LGFA Bonds estimated by LGFA (\$ million) <sup>1</sup>											
	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37	Total
December	\$27.0	\$49.7	\$61.9	\$6.9	\$71.0	\$17.1	\$89.0	\$62.4	\$35.1	\$64.2	\$484.3
November	\$98.1	\$64.8	\$39.2	\$13.5	\$66.8	\$82.6	\$85.0	\$76.3	\$94.4	\$49.2	\$669.9
October	\$22.2	\$50.3	\$29.0	\$90.0	\$55.5	\$65.9	\$18.1	\$71.5	\$43.6	\$46.8	\$492.9
	<b>\$147.4</b>	<b>\$164.8</b>	<b>\$130.0</b>	<b>\$110.4</b>	<b>\$193.2</b>	<b>\$165.6</b>	<b>\$192.1</b>	<b>\$210.2</b>	<b>\$173.1</b>	<b>\$160.2</b>	<b>\$1,647.1</b>

Holdings by Investor Group (\$ million)					Holdings by Investor Group (% of outstandings)			
As at month end	Banks	Offshore	Domestic Investors	RBNZ	Banks	Offshore	Domestic Investors	RBNZ
December	\$4,428.2	\$2,769.7	\$3,805.1	\$1,792.0	34.60%	21.60%	29.70%	14.00%
November	\$4,273.8	\$2,915.8	\$3,687.4	\$1,737.0	33.90%	23.10%	29.20%	13.80%
October	\$4,284.2	\$2,895.1	\$3,589.7	\$1,637.0	34.50%	23.30%	29.00%	13.20%
September	\$4,158.2	\$2,919.1	\$3,583.6	\$1,531.0	34.10%	23.90%	29.40%	12.60%

1. estimate based upon daily data provided to LGFA by Computershare Investor Services Limited, LGFA's registrar.

Photo: Newly built Waverley Water Treatment Plant, South Taranaki District Council



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## Secondary Market Yields on LGFA Bonds (month end)

	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37
December	0.33%	0.38%	0.42%	0.52%	0.62%	0.75%	0.84%	1.14%	1.54%	1.97%
November	0.30%	0.35%	0.37%	0.45%	0.56%	0.66%	0.76%	1.06%	1.44%	1.84%
October	0.26%	0.16%	0.15%	0.21%	0.29%	0.40%	0.49%	0.79%	1.14%	1.55%
September	0.30%	0.22%	0.21%	0.26%	0.33%	0.44%	0.53%	0.81%	1.16%	1.50%

## Secondary Market Spreads to NZGB for LGFA Bonds (month end)

	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37
December	9 bps	13 bps	15 bps	19 bps	25 bps	29 bps	29 bps	42 bps	45 bps	54 bps
November	10 bps	16 bps	17 bps	21 bps	26 bps	28 bps	29 bps	41 bps	44 bps	56 bps
October	6 bps	12 bps	20 bps	22 bps	28 bps	31 bps	33 bps	46 bps	49 bps	57 bps
September	12 bps	17 bps	21 bps	23 bps	31 bps	34 bps	36 bps	46 bps	51 bps	60 bps

## Secondary Market Spreads to Swap for LGFA Bonds (month end)

	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37
December	6 bps	12 bps	11 bps	13 bps	15 bps	18 bps	18 bps	29 bps	40 bps	62 bps
November	6 bps	12 bps	12 bps	14 bps	17 bps	19 bps	19 bps	31 bps	40 bps	61 bps
October	7 bps	16 bps	16 bps	19 bps	23 bps	26 bps	27 bps	41 bps	49 bps	66 bps
September	7 bps	14 bps	16 bps	18 bps	22 bps	26 bps	29 bps	41 bps	49 bps	67 bps

## 2021 Tender and Settlement Dates

Tender	Announcement date	Tender date	Settlement date
78	Mon 1 February 2021	Wed 3 February 2021	Mon 8 February 2021
79	Mon 8 March 2021	Wed 10 March 2021	Mon 15 March 2021
80	Tue 13 April 2021	Thu 15 April 2021	Mon 19 April 2021
81	Mon 10 May 2021	Wed 12 May 2021	Mon 17 May 2021
82	Fri 4 June 2021	Wed 9 June 2021	Mon 14 June 2021
83	Mon 5 July 2021	Wed 7 July 2021	Mon 12 July 2021

## LGFA Issuer Credit Ratings

	Short Term	Long Term (local currency)	Long Term (foreign currency)
S&P Global Ratings Australia Pty Limited	A-1+	AA+ (positive outlook)	AA (positive outlook)
Fitch Australia Pty Limited	F1+	AA+ (stable outlook)	AA (positive outlook)



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*Photo: Pipe replacement on Queens Drive,  
Invercargill. Invercargill City Council*

