

Quarterly investor update

**March
Quarter
2021**

Borrowing Programme Update

During the quarter LGFA issued NZ\$400 million of bonds across five bond maturities via two tenders of NZ\$200 million each.

At the December 2020 update we projected total borrowing requirement to be NZ\$3.0 billion for the 2020-21 year. Having completed NZ\$2.3 billion of funding in the nine months to March 2021, this implies a NZ\$700 million borrowing requirement in the June 2021 quarter.

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 in the June quarter. We released the Draft 2021-22 SOI in February with a forecast borrowing requirement of \$2.28 billion (2021-22), \$1.85 billion (2022-23) and \$1.90 billion (2023-24). We will update these projections when we finalise our SOI by 31st July 2021 and any changes will be due to councils updated borrowing projections as outlined in their 2021-21 Long Term Plans.

Other news

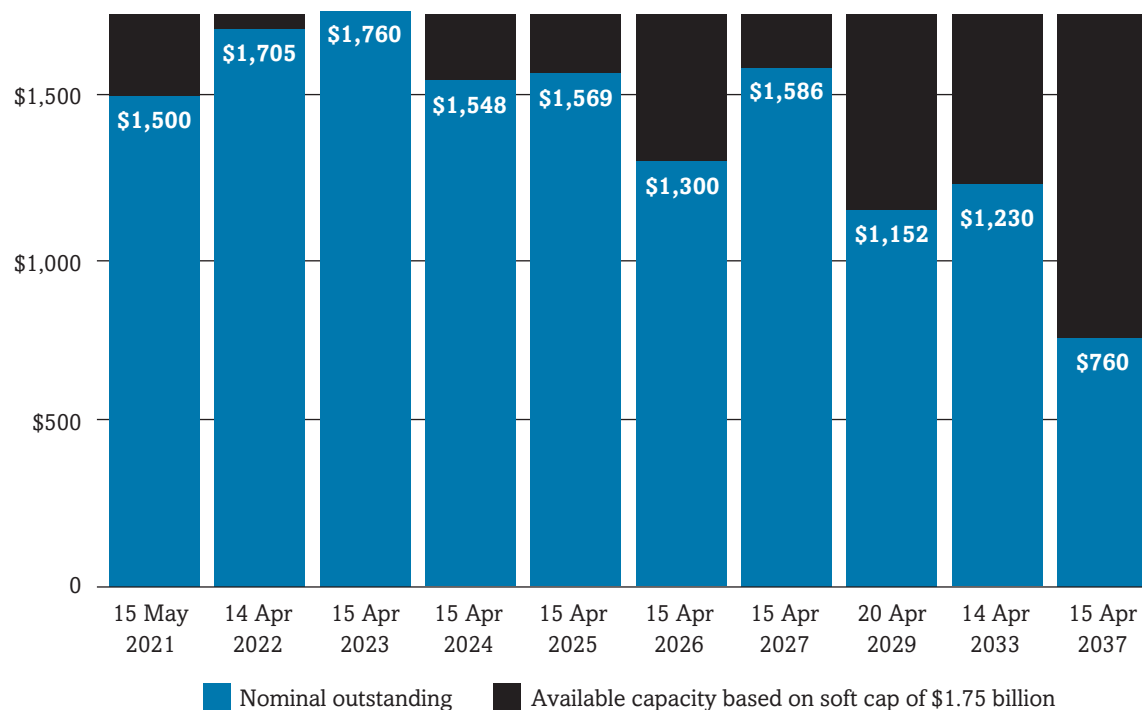
S&P Global Ratings upgraded our long term domestic rating to AAA and the foreign currency rating to AA+ on 22 February. They also upgraded the credit ratings of six of our guarantor councils to AA+.

Napier City Council joined as member during the quarter bringing the total number of members to seventy-two. Central Hawkes Bay District Council moved from a non guarantor to become a guarantor, bringing the total number of guarantors to sixty three.

Total term borrowing by councils during the quarter was NZ\$352.5 million bringing total term loans outstanding to Councils of NZ\$11.98 billion and short term loans of NZ\$297.1 million.

RBNZ purchases of LGFA bonds under the Large Scale Asset Purchase ("LSAP") Programme totalled NZ\$80 million during the quarter (compared to NZ\$261 million in the prior quarter) with the last LSAP purchase by the RBNZ on 25 February.

LGFA retail bonds on issue (\$ million)
As 31 March 2021: NZ\$ 13,710 million



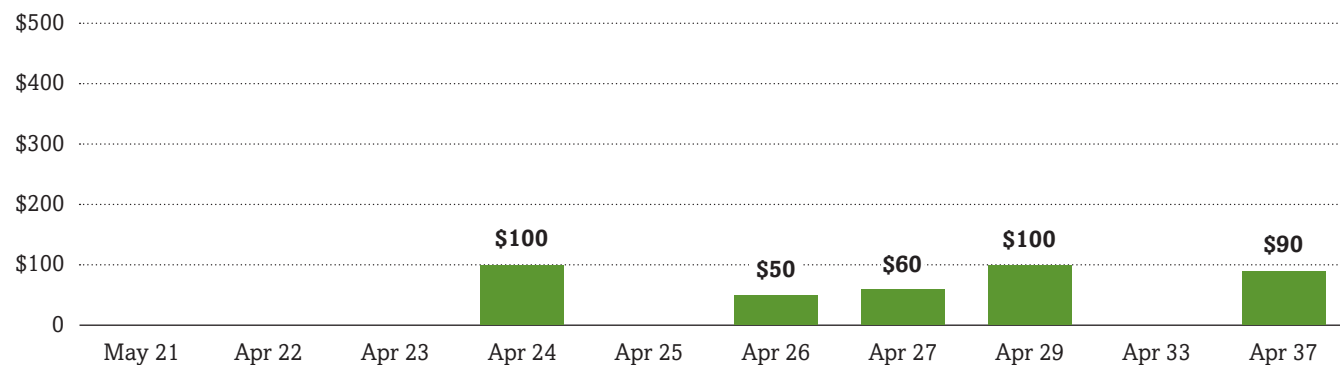
Includes \$950 million treasury stock

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

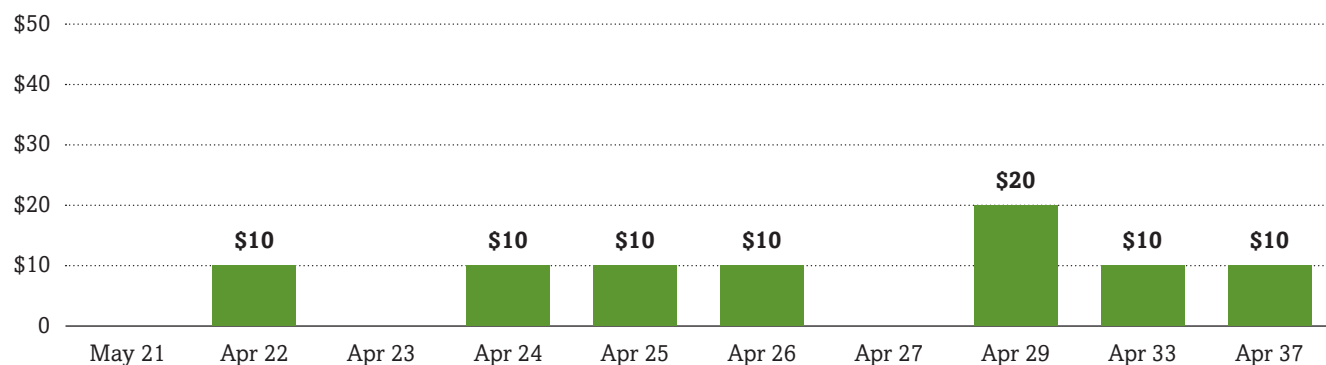
Quarterly investor update

March
Quarter
2021

March Quarter LGFA Bond Issuance (\$ million)



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



March Quarter Secondary Market Activity (\$ million)

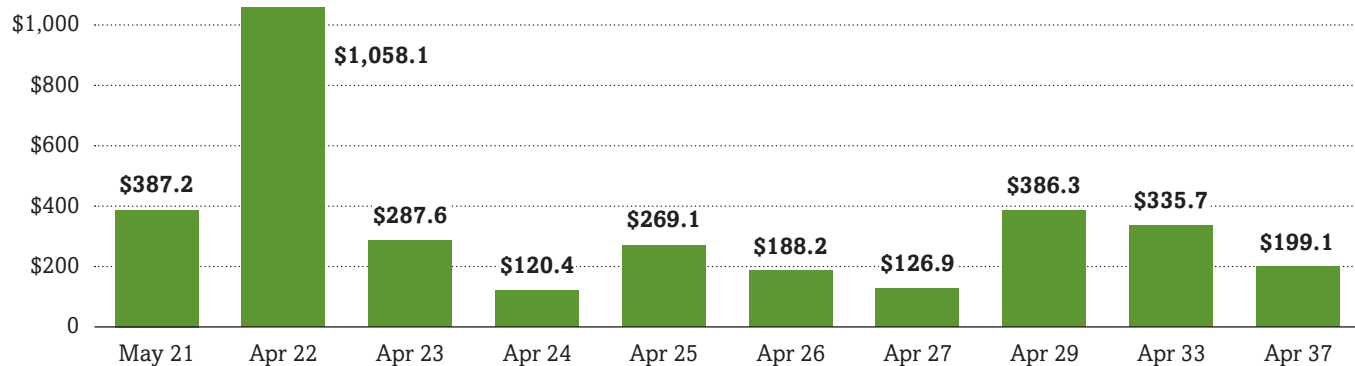


Photo: Motuoapa Reservoir, Taupo District Council



Quarterly investor update

March
Quarter
2021

March 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 79 (10 Mar)				\$40.0		\$50.0		\$60.0		\$50.0	\$200.0
Tender 78 (03 Feb)				\$60.0			\$60.0	\$40.0		\$40.0	\$200.0
	\$0.0	\$0.0	\$0.0	\$100.0	\$0.0	\$50.0	\$60.0	\$100.0	\$0.0	\$90.0	\$400.0

Secondary Market Turnover of LGFA Bonds estimated by LGFA (\$ million) ¹											
	May-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-29	Apr-33	Apr-37	Total
March	\$43.8	\$171.7	\$131.9	\$42.5	\$15.1	\$82.8	\$70.7	\$167.7	\$115.4	\$77.9	\$919.4
February	\$115.8	\$493.7	\$136.5	\$16.1	\$58.6	\$63.7	\$34.3	\$83.7	\$94.6	\$77.1	\$1,174.1
January	\$227.6	\$392.7	\$19.2	\$61.8	\$195.4	\$41.7	\$22.0	\$134.8	\$125.8	\$44.2	\$1,265.1
	\$387.2	\$1,058.1	\$287.6	\$120.4	\$269.1	\$188.2	\$126.9	\$386.3	\$335.7	\$199.1	\$3,358.5

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
March	\$3,896.0	\$3,050.8	\$4,356.3	\$1,905.0	29.50%	23.10%	33.00%	14.40%
February	\$3,764.5	\$2,993.4	\$4,402.2	\$1,885.0	28.90%	22.90%	33.70%	14.40%
January	\$3,871.0	\$2,957.8	\$4,169.2	\$1,812.0	30.20%	23.10%	32.60%	14.10%
December 2020	\$4,428.2	\$2,769.7	\$3,805.1	\$1,792.0	34.60%	21.60%	29.70%	14.00%

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
March	0.33%	0.40%	0.54%	0.78%	1.05%	1.34%	1.59%	2.02%	2.55%	2.93%
February	0.35%	0.38%	0.57%	0.83%	1.11%	1.40%	1.62%	2.02%	2.55%	3.01%
January	0.34%	0.39%	0.44%	0.56%	0.69%	0.84%	0.97%	1.29%	1.72%	2.16%
December 2020	0.33%	0.38%	0.42%	0.52%	0.62%	0.75%	0.85%	1.14%	1.54%	1.97%

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
March	9 bps	14 bps	26 bps	29 bps	34 bps	41 bps	46 bps	51 bps	51 bps	56 bps
February	11 bps	10 bps	21 bps	24 bps	26 bps	32 bps	34 bps	36 bps	41 bps	49 bps
January	3 bps	10 bps	12 bps	24 bps	27 bps	32 bps	35 bps	37 bps	41 bps	48 bps
December 2020	9 bps	13 bps	15 bps	19 bps	25 bps	29 bps	29 bps	42 bps	45 bps	54 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
March	3 bps	3 bps	6 bps	11 bps	16 bps	21 bps	23 bps	31 bps	40 bps	51 bps
February	4 bps	6 bps	7 bps	10 bps	14 bps	18 bps	20 bps	28 bps	39 bps	60 bps
January	5 bps	10 bps	10 bps	11 bps	14 bps	17 bps	17 bps	28 bps	38 bps	58 bps
December 2020	6 bps	12 bps	12 bps	14 bps	16 bps	19 bps	19 bps	30 bps	40 bps	61 bps

2021 Tender and Settlement Dates			
Tender	Announcement date	Tender date	Settlement date
80	Tue 13 April 2021	Thur 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

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

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

