

Client Market Services  
NZX Limited  
Level 1, NZX Centre  
11 Cable Street  
Wellington 6011

09 September 2016

**FOR ANNOUNCEMENT TO THE MARKET**  
**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED TO ESTABLISH A BOND**  
**LENDING FACILITY**

Dear Sir/Madam

New Zealand Local Government Funding Agency Limited (“LGF”) intends to establish a bond lending facility.

From time to time LGF will subscribe for LGF bonds as part of its tender process and will hold these bonds as treasury stock. Initially, LGF intends to hold \$50 million of each series of LGF bond as treasury stock. LGF will make these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short term repurchase transactions (“**Repo Transactions**”).

The objective of the bond lending facility is to assist with improving secondary market liquidity in LGF bonds. LGFA currently has \$6.435 billion of LGF bonds listed on the NZX and is one of the largest issuers of NZD bonds after the New Zealand Government.

NZX has granted a waiver from Listing Rule 7.12.1 so that LGF is not required to disclose to the market each time it acquires LGF bonds under a Repo Transaction. LGF will however notify the market on a monthly basis the amount of outstanding Repo Transactions and LGF bonds held as treasury stock.

Yours sincerely



Mark Butcher  
Chief Executive  
Telephone +64 4 494 6744