JUNE QUARTER 2026

LGFA Quarterly Report to Shareholders

LGFA
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

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A. June Quarter highlights

JUNE QUARTER	TOTAL	BESPOKE MATURITY	APR 27	MAY 28	APR 29	MAY 30	MAY 31	MAY 32	APR 33	MAY 34	MAY 35	APR 37
Bonds Issued NZ$ m	**$1,100.0**			$50.0	$45.0	$50.0		$50.0	$45.0	$750.0	$60.0	$50.0
Term Loans to Councils NZ$ m	**$1,652.2**	$362.0	$12.5	$63.6	$158.2	$241.9	$314.0	$252.0	$183.0	$0.0	$50.0	$15.0

2025-26 FINANCIAL YEAR	TOTAL	BESPOKE	APR 27	MAY 28	APR 29	MAY 30	MAY 31	MAY 32	APR 33	MAY 34	MAY 35	APR 37
Bonds Issued NZ$ m	**$2,000.0**			$150.0	$145.0	$200.0	$50.0	$250.0	$95.0	$750.0	$210.0	$150.0
Term Loans to Councils NZ$ m	**$3,872.9**	$1,483.3	$135.4	$154.1	$286.2	$442.3	$534.6	$512.5	$248.5	$10.0	$51.0	$15.0

EUR BOND ISSUANCE	TOTAL	OCT 32
June Quarter USD m	**0.0**	500.0
2025-26 Financial Year USD m	**500.0**	500.0

CHF BOND ISSUANCE	TOTAL	OCT 34
June Quarter CHF m	**0.0**	0.0
2025-26 Financial Year CHF m	**180.0**	180.0

USD BOND ISSUANCE	TOTAL	SEPT 30
June Quarter USD m	**$0.0**	$0.0
2025-26 Financial Year USD m	**$500.0**	$500.0

2025-26 FINANCIAL YEAR	TOTAL
NZD Bond Issuance NZ$ m	**$2,000.0**
Foreign Currency Bond Issuance (NZ$ m equiv.)	**$2,246.0**
	$4,246.0

Key points and highlights for the June quarter

- LGFA bond yields fell over the quarter by an average of 49 bps (0.49%) and closed near the quarter lows in yield. The yield curve fell with the yields on the mid curve bonds falling further than the end points on a more positive fiscal outlook (and reduced NZGB supply) outlined in the Central Government Fiscal Budget in May. Market sentiment was also supported by the RBNZ decision not to increase the Official Cash Rate (OCR) during the quarter (but did so subsequently at the July 2026 meeting). The April 2027 bond yield fell by 0.08%, the April 2033 bond yield fell by 0.62% while the 2037 bond yield fell by 0.47%.
- LGFA borrowing margins to swap and NZGB narrowed over the quarter and reversed the widening experienced in the March quarter. The average spread of all ten LGFA bond maturities to swap narrowed by 16 bps (0.16%) to +38 bps while the average spread to NZGB narrowed by 14 bps to near historical lows of +20 bps (0.20%).
- LGFA issued NZ$1.1 billion of NZD bonds during the quarter through three domestic bond tenders and a syndication of a new May 2034 Sustainable Financing Bond ("SFB"). We also issued EUR 500 million of a 6.5 year bond. It was a busy quarter with the quarterly issuance volume equalling the issuance volume of the three previous quarters combined. The average term of issuance during the quarter was a longer than normal at 7.47 years.

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- We continue to hold high levels of liquidity with liquid assets of NZ$3.95 billion as at 30 June 2026.
- Long dated lending to sixty-nine councils and CCOs during the quarter of NZ$1.652 billion was the second largest on record and reflected the refinancing by councils and CCOs of their April 2026 loans as well as the first borrowing by a water CCO (Selwyn Water Limited). The average term of lending during the quarter was 5.06 years and the average term of loans outstanding to councils was 3.24 years as at 30 June 2026.
- Short-term lending increased over the quarter by NZ$155 million to NZ$1.536 billion outstanding on 30 June 2026 to fifty-nine councils and CCOs (an increase of seven borrowers during the quarter).
- For the twelve month period to 30 June 2026, long dated lending to councils and CCOs of $3.873 billion was 76% of the SOI forecast while short-dated lending was 160% of SOI forecast.
- We lent NZ$440.5 million of Climate Action Loans ("CALs") and NZ$1.6 million of Green and Social ("GS") Loans to councils and CCOs during the quarter. Total CALs and GS Loans outstanding as at 30 June 2026 was NZ$5.297 billion or 23.6% of our total long term loan book.
- We introduced a new Cash Advance Facility ("CAF") loan product for council, CCOs and water CCOs during the quarter and had $90 million outstanding as at 30 June 2026. We launched the new sustainable lending product (SWALe) for water CCOs on 1 July 2026.
- We have eight CCO members as at 30 June 2026 with CCO lending of NZ$895.9 million or 3.7% of our total loan book. This grew by NZ$114 million over the quarter.
- We have onboarded four water CCOs since March 2026 and Selwyn Water Limited was the first water CCO to borrow during the quarter.
- LGFA Net Operating Gain (unaudited management estimate) for the 2025-26 FY of NZ$35.851 million was NZ$11.318 million above budget, comprising total operating income at NZ$55.476 million ($10.758 million above budget) and total expenses at NZ$19.624 million (NZ$560k below budget). Legal expenses relating to sustainable financing initiatives, water reforms and new products were higher than forecast while Approved Issuer Levy ("AIL") and IT spend was lower than forecast.
- We met eighteen out of twenty-one performance targets. The SOI targets that were not met were operating expense (excluding AIL) which was NZ$527k over budget and a breach of a Treasury Policy limit. One SOI target was partially met with only one new CAL borrower (rather than meeting the target of two new borrowers) whereas we had six new GS loans compared to a target of two.

B. LGFA bond issuance over quarter

We issued NZ$1.1 billion of NZD bonds across eight bond maturities via three bond tenders and one domestic syndication during the quarter. We issued more NZD bonds during the June quarter than in the previous nine month period as the April 2026 LGFA bond matured and we refinanced that with a new May 2034 SFB in April. We also issued a EUR500 million bond in early April. For the 2025-26 FY we issued NZ$4.25 billion equivalent of NZD and foreign currency bonds against a revised full year funding target of NZ$4.25 billion. The original funding target of $5.25 billion was revised lower throughout the year as council borrowing did not meet forecast.

Issuance conditions were positive for the quarter despite the ongoing geopolitical uncertainty. Markets downplayed the inflation and economic shock risks unlike during the March quarter. Yields fell between 8 bps (2027s) and 62 bps (2033s) to close the quarter on the intra quarter lows, credit spreads tightened, and equity markets reached new highs.

LGFA spreads to both swap and NZGBs narrowed over the quarter and reversed the prior quarter widening to close near the intra quarter lows. Our borrowing spreads to NZGB narrowed on average by 14 bps to finish at +20 bps (0.20%) over NZGBs. The average spread to swap also narrowed over the quarter by 16 bps to close at the lows for the quarter of +38 bps.

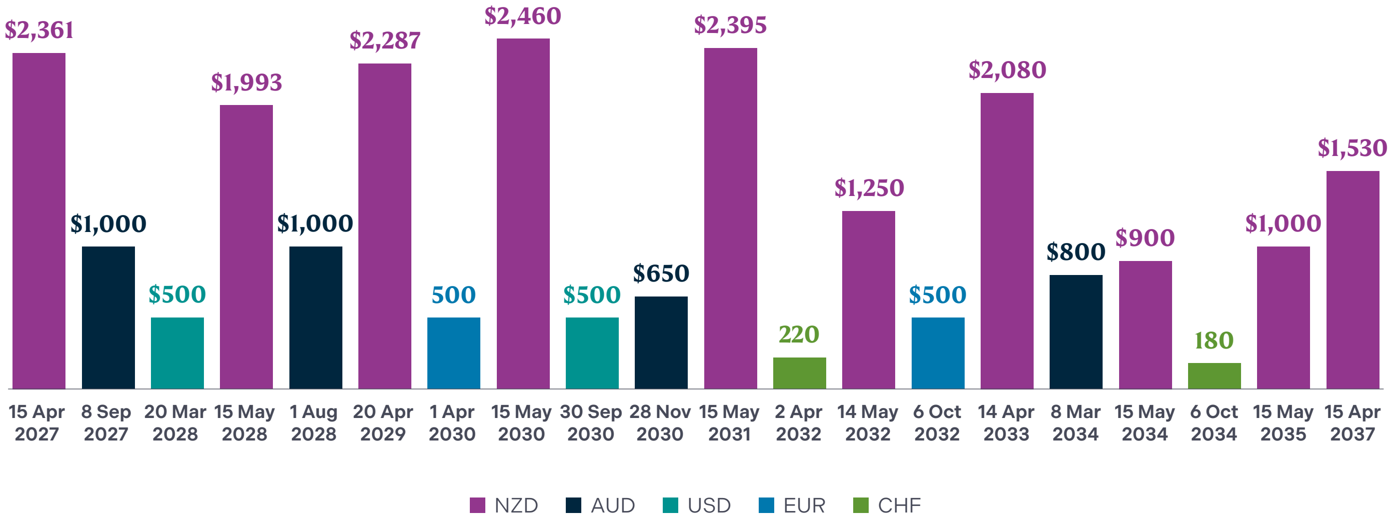
The three NZD bond tenders were successful, and we received NZ$1.347 billion of bids with a bid coverage ratio of 3.37x compared to the historical long term average of 2.88x. Most of the bonds were issued at mid-market levels to a few bps point below, indicating the strength of demand for bonds.

The highlight for the quarter was the issuance of NZ$700 million of the new May 2034 SFB via syndication. This is our third SFB and extends the SFB curve beyond the current 2030 and 2032 SFBs maturities.

The average term of issuance for the quarter was 7.47 years compared to 6.69 years for the 2025-26 FY and 5.9 years for the 2024-25 FY.

LGFA bonds on issue (As at 30 June 2026)

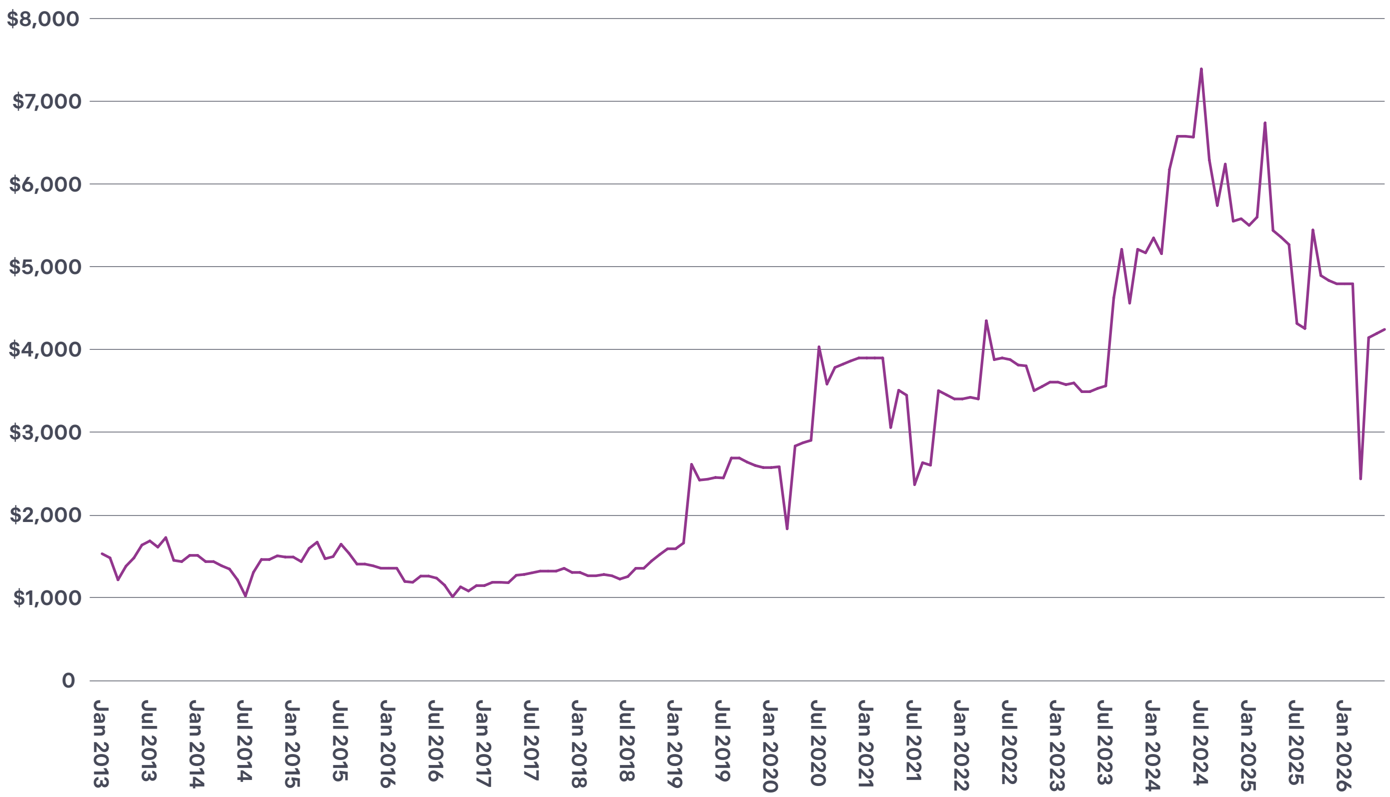
NZ$18.256 billion and A$3.450 billion and USD1 billion and EUR1 billion and CHF400 million. Includes NZ$1.45 billion treasury stock.



We currently have ten LGFA NZD bond maturities listed on the NZX Debt market. We had NZ$18.256 billion of NZD bonds (including treasury stock) on issue as at 30 June 2026. This has fallen by NZ$587 million over the past year as the April 2026 LGFA bond matured and we have been issuing more bonds in foreign currencies (swapped back into NZD). There are A$3.45 billion of bonds on issue under our Australian Medium Term Notes programme and CHF400 million, USD1 billion and EUR1 billion of bonds on issue under our European Medium Term Notes Programme.

We issued NZ$4.246 billion equivalent of bonds over the twelve month period to 30 June 2026. This comprised NZ$2 billion of NZD issuance (47% of total issuance) and NZ$2.246 billion equivalent in foreign currencies (53% of total issuance). The total amount of LGFA bond issuance is a function of the amount of council and CCO borrowing from LGFA and how much liquidity we target to hold in our Liquid Asset Portfolio. The rolling 12 month issuance volume peaked at NZ$7.4 billion in July 2024 and has reduced as council borrowing has declined.

Rolling 12 month LGFA Bond Issuance (NZ$ millions)



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C. Summary financial information (management estimates)

The following results are management estimates only.

FINANCIAL YEAR ($M)	YEAR TO DATE
Comprehensive income	**For twelve-month period ending 30 June 2026**
Interest income	$997.606
Interest expense	$945.729
Net interest income	**$51.877**
Other operating Income	$1.537
Unrealised gains/(losses)	$2.062
Total operating income	**$55.476**
Issuance and On-lending costs	$3.871
Approved issuer levy	$7.073
Operating overhead	$8.681
Total operating expenses	**$19.624**
Net Operating Gain	**$35.851**

FINANCIAL POSITION ($M)	AS AT 30 JUNE 2026
Retained earnings + comprehensive income	$140.5
Total assets	$27,685.7
Total LG loans	$24,057.6
Total LGFA bills and ECP	$1,304.5
Total LGFA bonds	$24,867.2
Total borrower notes	$732.0
Total equity (excluding Borrower Notes)	**$146.4**

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D. Strategic priorities. Performance against objectives and performance targets

D1. Governance, capability, and business practice

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 30 JUNE 2026
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	**Not achieved.** **One Treasury Policy limit breach.**
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	**Achieved.**
LGFA's total operating income, excluding unrealised gains/losses on financial instruments, for the period to 30 June 2026.	> NZ$44.7 million.	**Achieved.** **NZ$53.414 million.**
LGFA's total operating expenses (excluding AIL) for the period to 30 June 2026.	< NZ$12.0 million.	**Not achieved.** **NZ$12.551 million.**

There were no breaches of the Foundation Policies during the quarter. There was a breach in a Treasury Policy limit relating to the cross currency and interest rate hedging of the EUR500 million 6.5 year bond. While the hedging was split between two counterparties, the recent movement in the NZDEUR resulted in the maximum settlement limit per counterparty being slightly exceeded.

Our credit ratings remain equivalent to the New Zealand Government from both S&P Global Ratings (S&P) and Fitch Ratings. The current ratings and most recent actions are:

- S&P affirmed our domestic and foreign currency long term ratings on 18 March 2026 at AAA (domestic currency)/AA+ (foreign currency)
- Fitch affirmed our local currency and foreign currency ratings at AA+ on 26 March 2026. However, they lowered the rating outlook from "stable" to "negative." The outlook change reflected the lowering of the New Zealand Government rating outlook from "stable" to "negative" on 20 March 2026. LGFA is credit linked entity to the New Zealand Government under the Fitch ratings methodology.

Net Operating Gain (including revaluation gains and losses) of NZ$35.851 million was NZ$11.318 million above budget i.e. 45% above forecast and a record financial result.

Total operating income (excluding unrealised gains/losses) at NZ$53.414 million was 119% of target for the 2025-26 FY. While council lending volumes were lower, we reduced our bond issuance relative to SOI forecast delayed our bond issuance until Q4 and borrowed more cheaply in offshore markets to maintain profitability above forecast.

Total operating expenses (excluding AIL) were NZ$527k above budget with legal, NZX and consulting fees above budget while IT and personnel expenses were below budget. The higher legal fees related to the sustainable financing programme, new products (CAFs and SWALes), and the onboarding of water CCOs. AIL on our foreign currency debt issuance (A$ MTN, EMTN and ECP) is our largest expense but was NZ$1.087 million under budget at NZ$7.073 million. This was due to less borrowing in offshore markets than forecast.

D2. Optimising financing services for local government

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 30 JUNE 2026
Share of aggregate long-term debt funding to the Local Government sector. The market share excludes entities who are ineligible for borrowing from LGFA e.g. water entities not financially supported by their parent councils.	> 80%	**Achieved.** **100% market share.**
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.	**Achieved.** **94% outturn in December 2025 Survey.**
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	**Achieved.**
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	**Achieved.**

Our market share of council and CCO borrowing for the twelve month period to 30 June was 100% and significantly above the 80% SOI target. Auckland Council did not borrow in NZD in its own name over the past year, and overall council borrowing was lower than implied from their Long Term Plan forecasts. Council borrowing for the year at $3.8 billion was the lowest since the 2021-22 FY.

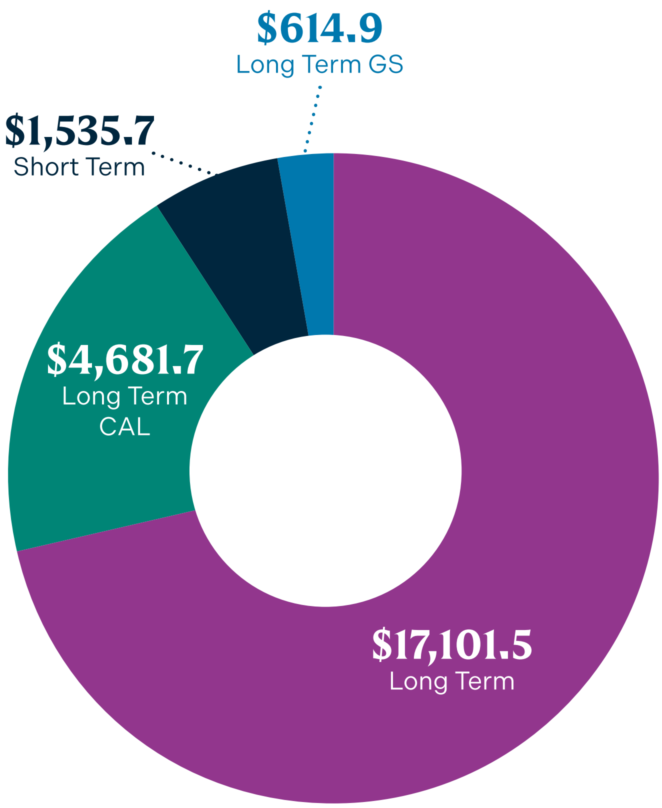
We lent NZ$1.652.2 billion of long term loans to sixty-nine councils and CCOs during the June quarter with Wellington City, Dunedin City Treasury Limited, Tauranga City, and Greater Wellington Regional being the largest borrowers.

Importantly we undertook our first lending to a water CCO with Selwyn Water Limited borrowing during the quarter.

Council and CCO loans outstandings as at 30 June 2026 ($ millions)

LGFA provides short term loans (less than one year maturity), long term loans (between one year and April 2037), Green and Social (GS) Loans, Climate Action Loans (CALs), Standby Facilities and Cash Advance Facilities (CAFs) to councils and CCOs. Long term loans, GS loans and CALs can be on a floating or fixed rate basis.

We have developed a sustainable loan product for water CCOs. Sustainable Water Action Loans ("SWALe") are similar to CALs and will be available from 1 July 2026.



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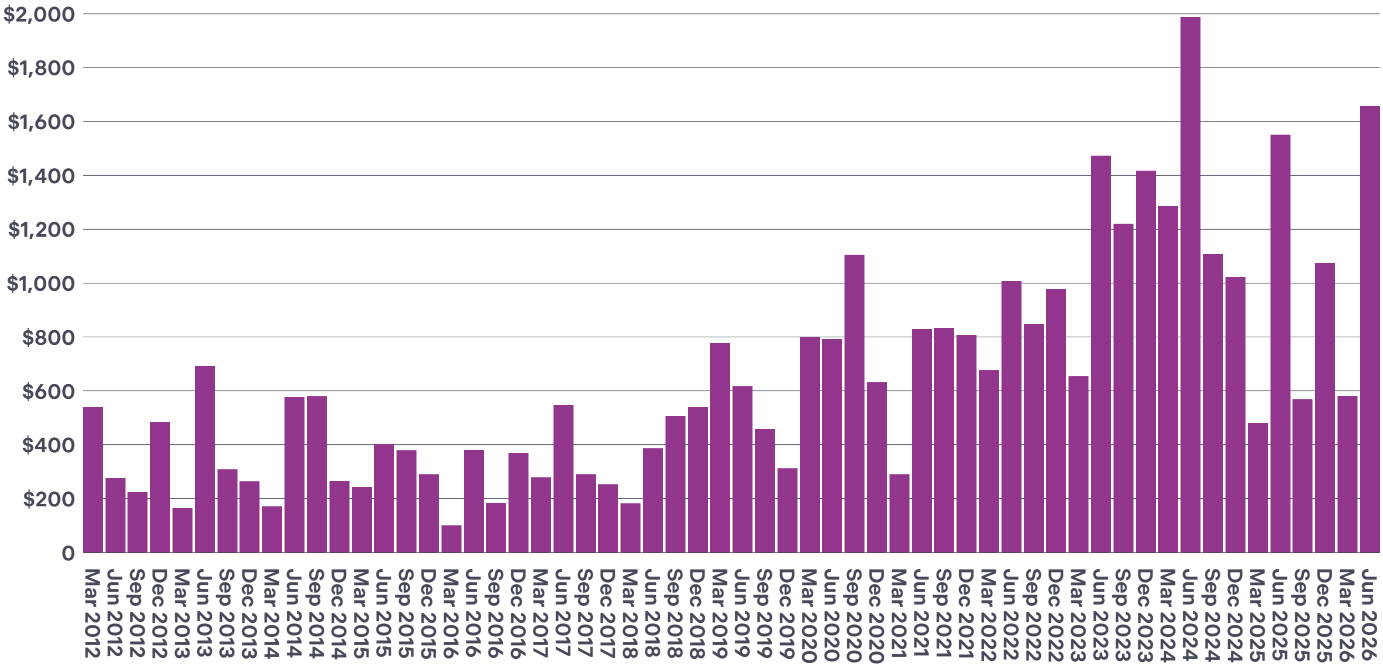
Council Borrowing from LGFA – quarterly ($ millions)

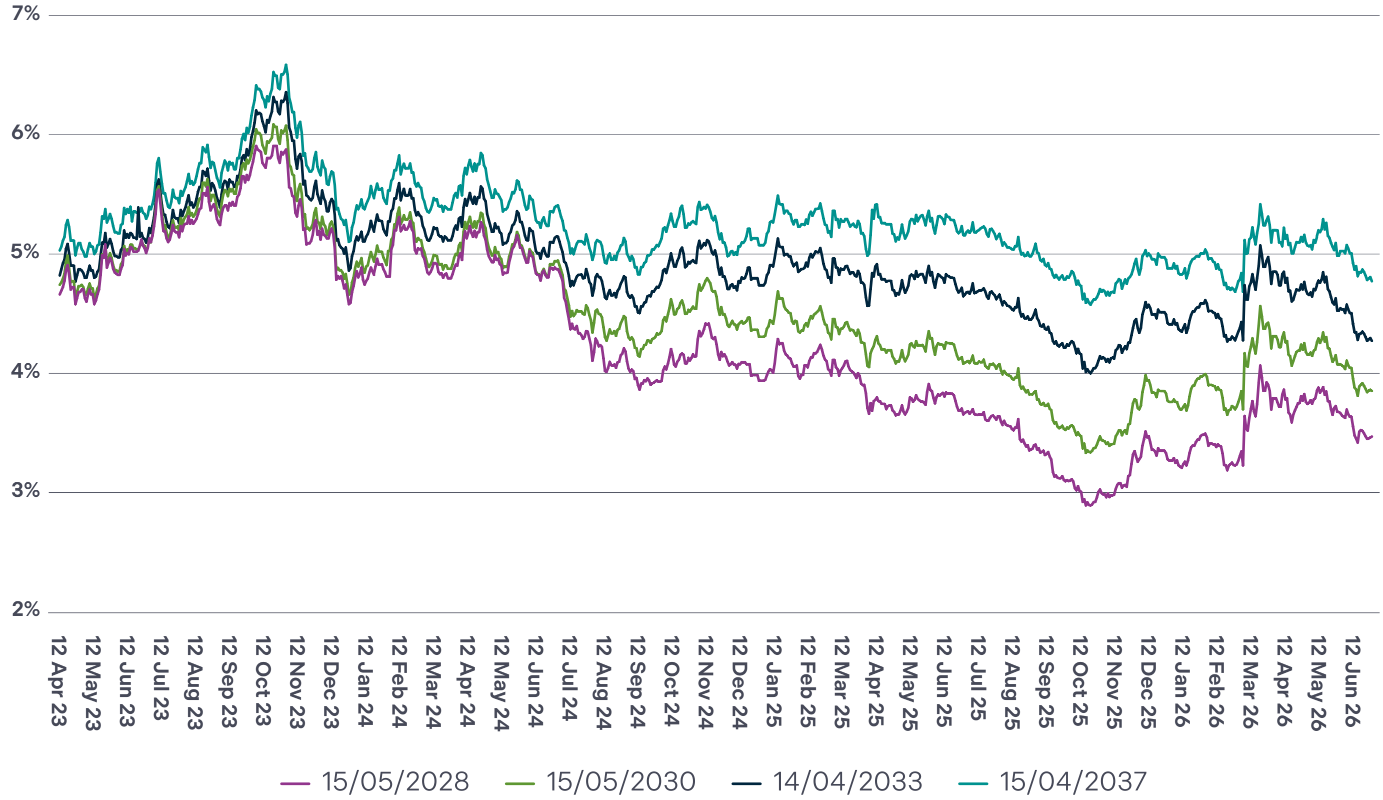


Our domestic borrowing margins relative to other high-grade issuers such as the AAA rated global borrowers and New Zealand banks improved over the June quarter by between 5 bps (to banks) and 13 bps (to SSAs). Our LGFA domestic bond spread to New Zealand Government Bonds ("NZGB") narrowed over the quarter by 14 bps (and by 10 bps over the past year) on average to a spread of 20 bps. The average spread to swap of 38 bps was 13 bps narrower over the June quarter (and 22 bps tighter over the past year).

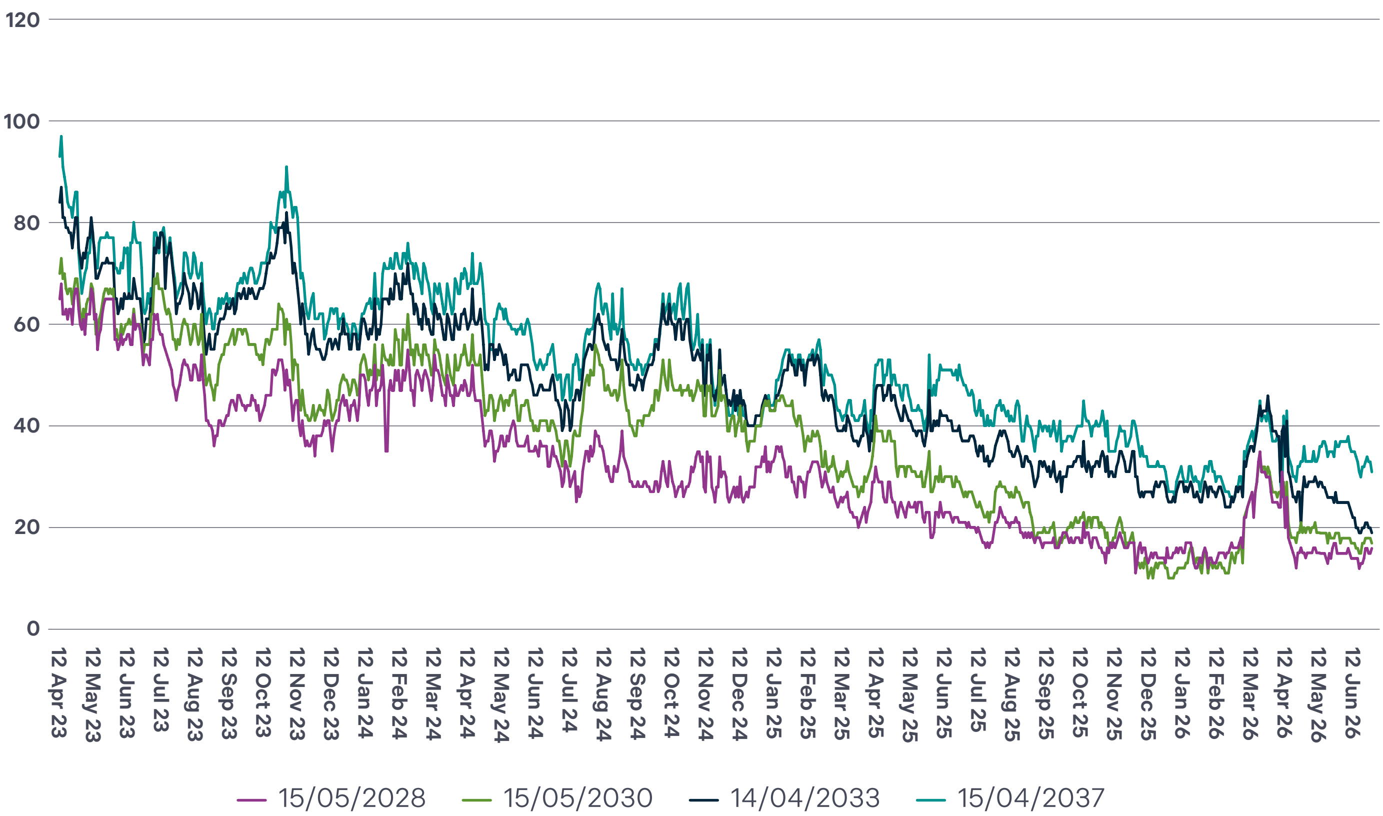
Comparison to other high-grade issuers – secondary market spread to swap (bps)

30 JUN 26	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037
LGFA (AAA)	6	17	23	30	37	42	47	50	61	73
Kainga Ora (AAA)	21	23		30					66	
Asian Development Bank (AAA)	2	19			26					
IADB (AAA)	5	22		27						
International Finance Corp (AAA)	16	21	25							
KBN (AAA)	5			33						
Nordic Investment Bank (AAA)			23	26						
Rentenbank (AAA)	1		19							
World Bank (AAA)	15	19		26		31	34			
ASB (AA-)	25			53						
ANZ (AA-)		44		53						
Kiwibank (AA-)	43	52	60							
BNZ (AA-)	25	40	49		56					
Westpac Bank (AA-)	17		52	58						
SSA Average	7	20	22	28	26	31				
Bank Average	28	45	54	55	56					

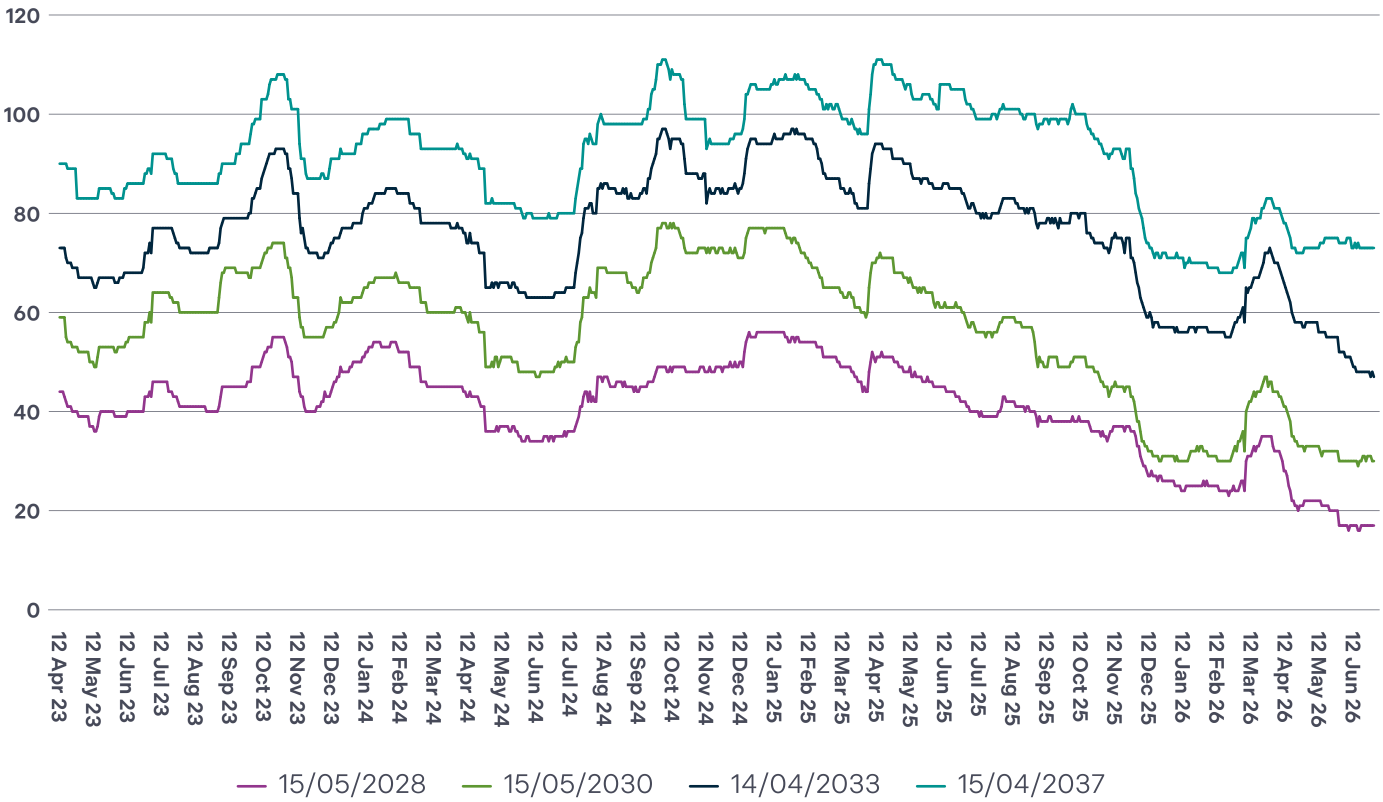
LGFA Bond Yields



LGFA Spread to NZGB (bps)



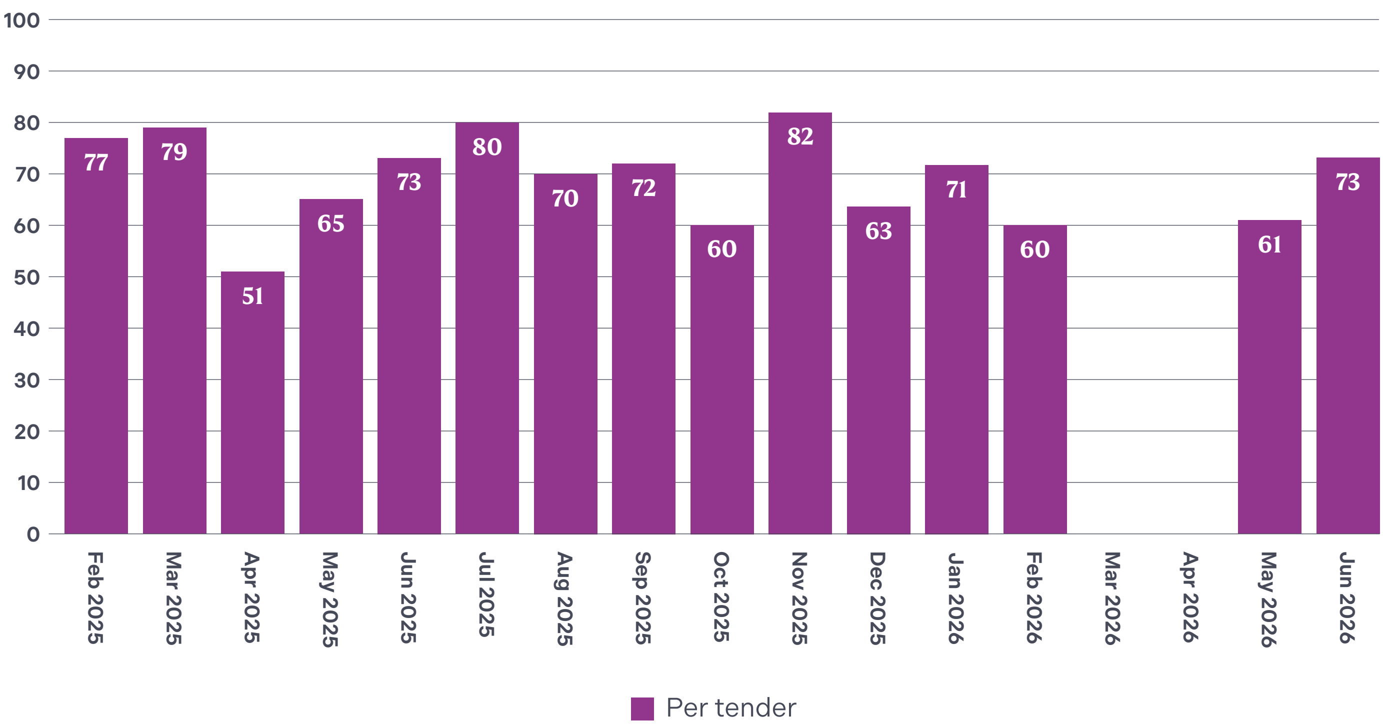
LGFA Bond Spread to Swap (bps)



The average borrowing term (excluding short-dated borrowing) for the June 2026 quarter by council and CCO borrowers was 5.06 years. The average borrowing term over the 2025-26 FY was 5.00 years which was longer than the 4.64 years average borrowing term for the prior 2024-25 FY.

Average total months to maturity – on lending to councils

Last 15 tenders



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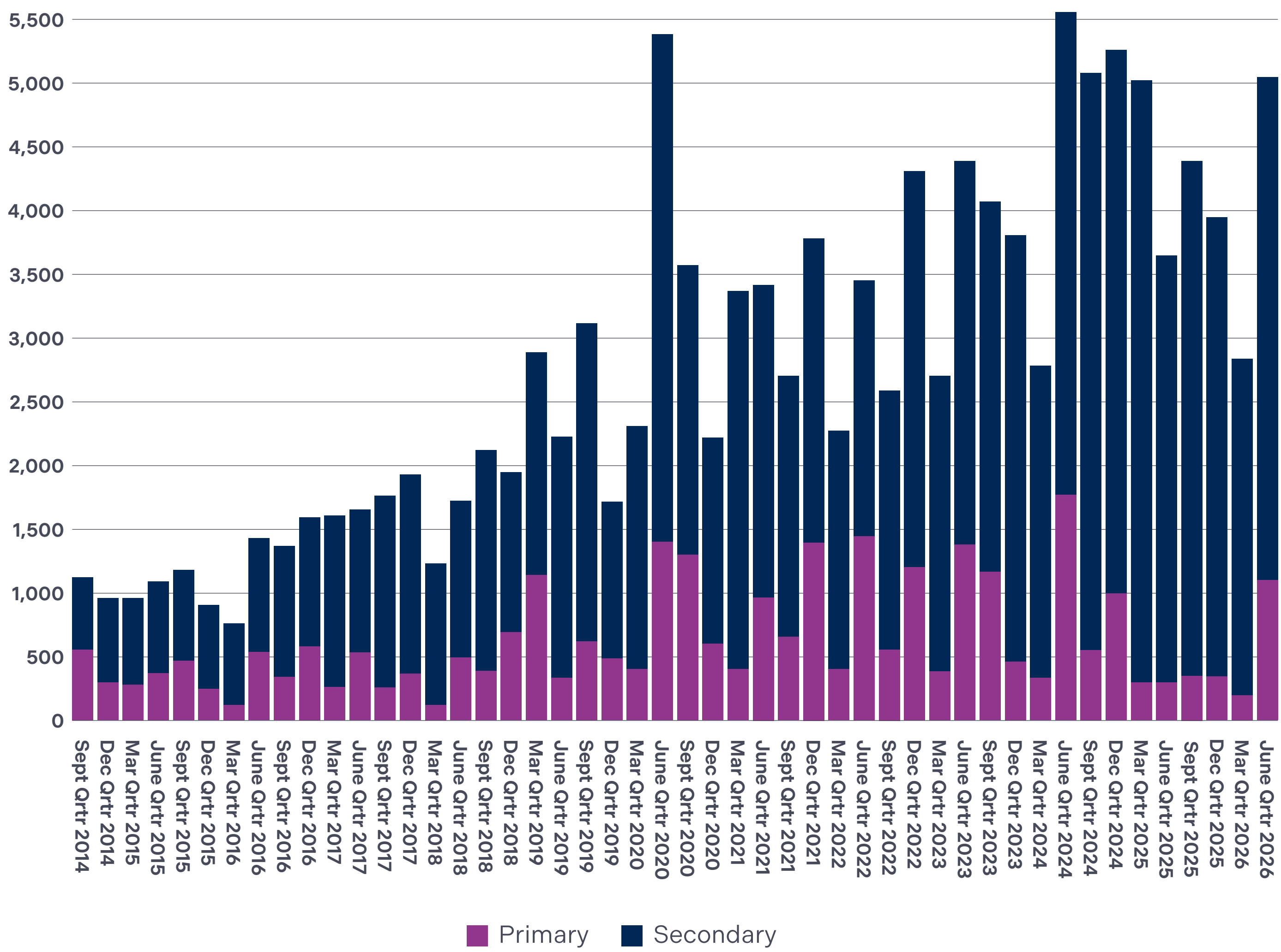
Short-term borrowing by councils and CCOs with loan terms of between one month and 12 months remains well supported with NZ$1.536 billion outstanding as of 30 June 2026 to a record fifty-nine councils and CCOs. The number of councils and CCOs using this product increased by seven over the quarter while the total amount outstanding increased by NZ$155 million.

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in NZD for LGFA bonds. The primary market is the new issuance market (syndication and tenders), and we measure strength through participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a high turnover implies a healthy market.

Activity in LGFA NZD bonds in both the primary market and secondary market remains strong. Combined primary and secondary market activity in our NZD bonds of NZ$5.034 billion for the June 2026 quarter was the fifth highest on record reflecting the SFB syndication, April 2026 bond maturity and stronger secondary market turnover.

LGFA NZD Primary and Secondary Market Activity – Quarterly (NZ$ million)



LGFA commenced issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at 30 June 2026 there were NZ$826 million of LGFA Bills on issue. We use proceeds from LGFA bills to fund short term lending and hold the balance for liquidity purposes in our liquid asset portfolio.

LGFA documented a Euro Commercial Paper ("ECP") Programme in late 2023 and commenced issuing short-dated money market instruments in foreign currencies in April 2024. To date we have issued in USD, EUR and HKD and fully hedge the issuance proceeds back into NZD. LGFA had NZ$479 million equivalent of ECP on issue as at 30 June 2026. Over the quarter our ECP on issue declined while the NZD Bills on issue increased.

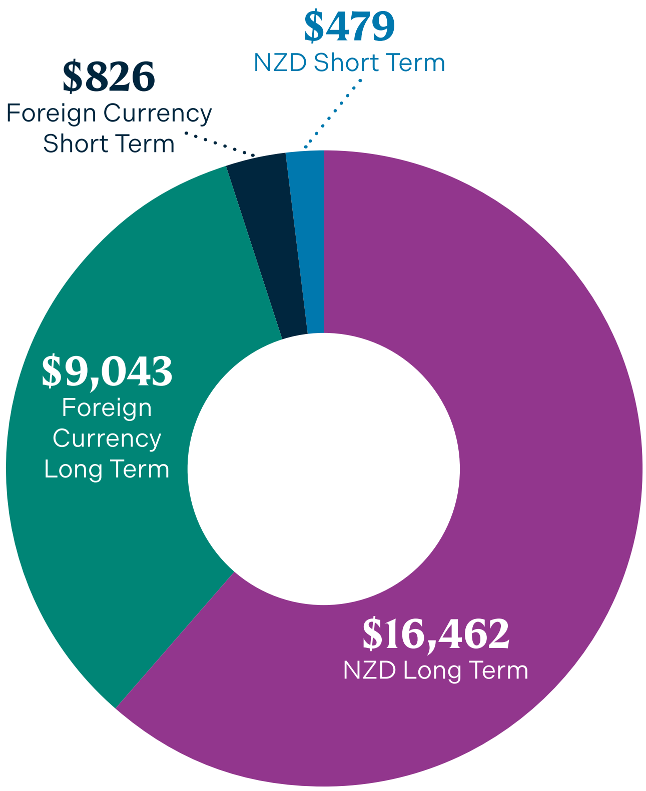
LGFA documented an Australian Medium-Term Notes Programme in November 2017 and updated the Programme in March 2020 and July 2023. We did not issue bonds in the AUD market during the quarter, and our last issuance was in August 2024.

We documented a Euro Medium Term Note ("EMTN") Programme in January 2025 which enabled LGFA to issue long dated bonds denominated in foreign currencies. We issued EUR500 million of a 6.5 year bond under the EMTN Programme during the quarter.

Foreign currency borrowing diversifies our investor base, reduces our financing risk and is currently cheaper than LGFA issuing the equivalent NZD bonds. All foreign currency borrowing is fully hedged back into NZD to avoid any foreign currency exposure.

We established a LGFA Bond Repurchase Programme and commenced weekly repurchase tenders of the April 2026 bond on 14 May 2025. Following the maturity of the April 2026 bond we now undertake fortnightly repurchase tenders of the April 2027 bond. This will assist with our liquidity management and reduce our refinancing risk while providing market support. As at 30 June 2026 we had repurchased NZ$60 million of the April 2027 bonds with NZ$2.361 billion remaining on issue.

Sources of Borrowing as at 30 June 2026 (NZ$ equivalent millions)



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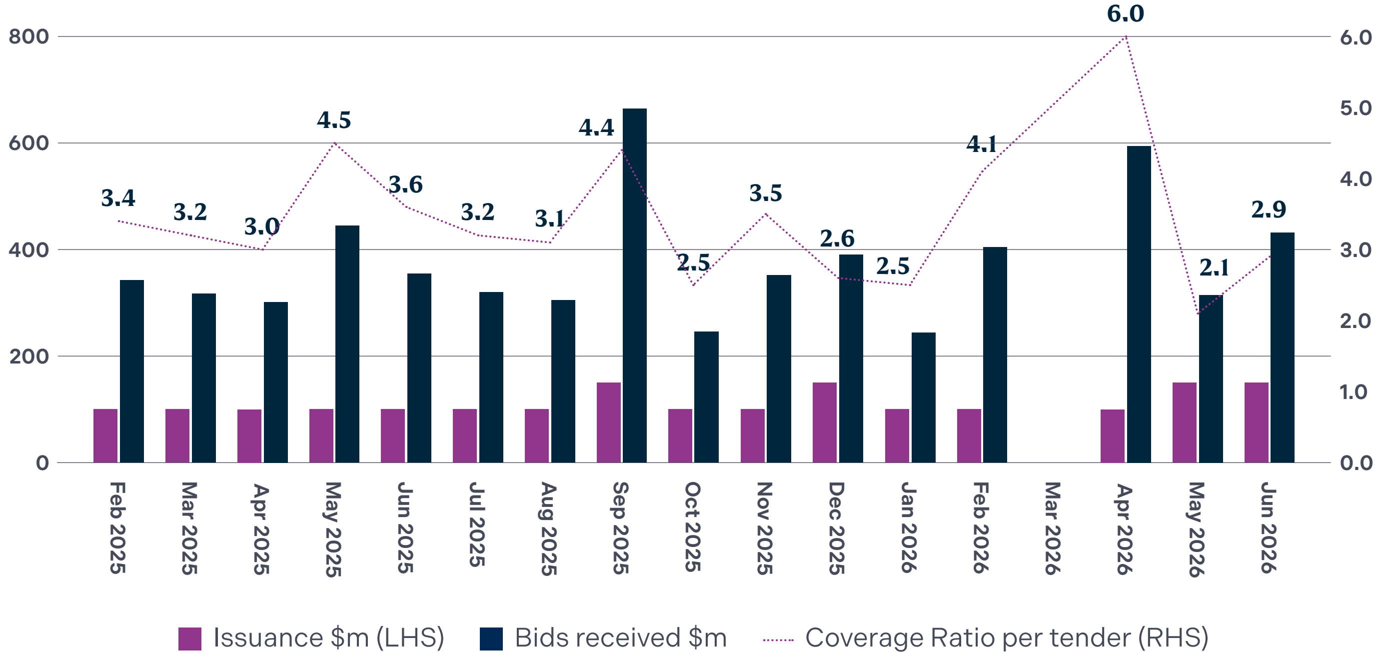
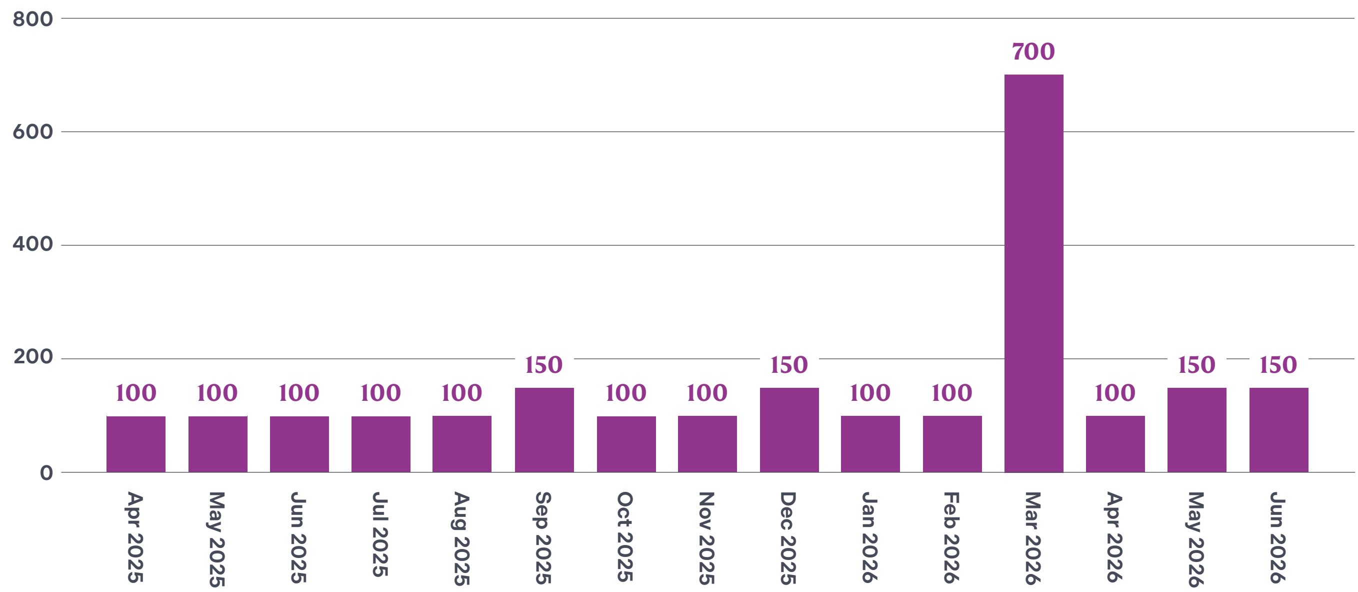
Tender bid coverage ratio

Last 15 tenders



LGFA NZD bond issuance ($ million)

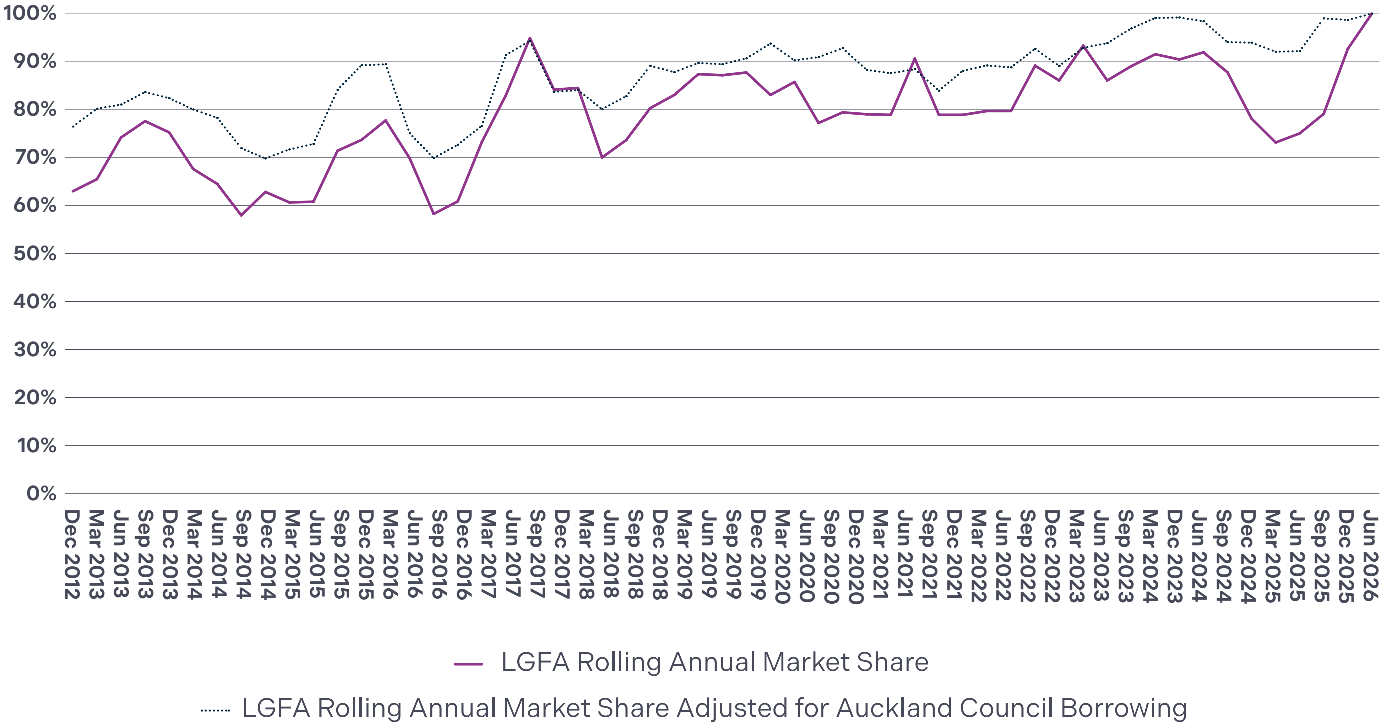
Last 15 tenders and syndications. (Excludes issuance of treasury stock)



Council membership and market share

We use our own data and the PwC Local Government Quarterly Debt Report to estimate our market share of council borrowing. Our estimated market share for the rolling twelve-month period to 30 June 2026 was 100%. This was due to Auckland Council not borrowing in NZD over the past year. Our current market share is above our historical average of 78.6% and remains high compared to our global peers.

LGFA Market Share – rolling one year average



Council and CCO Membership (as at 30 June 2026)

As at 30 June 2026, there are seventy-seven councils, eight CCO and four water CCO members of LGFA. Waikato Water Limited, Tiaki Wai Limited, Selwyn Water Limited and IAWAI Flowing Water Limited all joined during the quarter. The number of guarantors was unchanged over the quarter at seventy-four.

Our CCO lending comprises NZ$895.9 million of loans to five CCOs. The amount of CCO loans outstanding increased by NZ$114 million over the quarter and comprises 3.7% of total loans outstanding.

- Dunedin City Treasury Limited joined as a member in November 2022 and has borrowings outstanding of NZ$680 million as at 30 June 2026 (up NZ$110 million over the quarter).

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- Infrastructure Holdings Limited joined as a member in September 2023 and has borrowings outstanding of NZ$120 million as at 30 June 2026 (down NZ$3 million over the quarter).
- Far North Holdings Limited joined as a member in August 2024 and has borrowings outstanding of NZ$70.3 million as at 30 June 2026 (up NZ$1.6 million over the quarter).
- Timaru District Holdings joined as a member in December 2024 and has borrowings outstanding of NZ$15.6 million as at 30 June 2026 (an increase of NZ$1 million over the quarter).
- Invercargill City Holdings Limited joined as a member in July 2021 and has borrowings outstanding of NZ$10 million as at 30 June 2026 (an increase of NZ$5 million over the quarter).

Whanganui District Council Holdings and Christchurch City Holdings have yet to borrow from LGFA and Destination Westland has no borrowings outstanding.

Of the four water CCOs only Selwyn Water Limited had borrowings of NZ$86.7 million as at 30 June 2026. That was 0.4% of the total loans outstanding.

D3. Environmental and social responsibility

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 30 JUNE 2026
Health and Safety	No notifiable incidents	**Achieved.**
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.	**Achieved.**
Meet reduction targets outlined in our carbon reduction management plan.	< 8.7 tCO2e annual per person GHG emissions.	**Achieved.**
Increase our GS Lending Book and Climate Action Loans	Two new GS loans and two new borrowers enter into CALs.	**Partially achieved.** **Seven new GS projects approved, and six new GS loans made. However, only one new CAL borrower.**
Develop a sustainable financing option for the water sector	New sustainable financing option is available to water entities	**Achieved.** **SWALe launched on 1 July 2026.**
Enhance our insight into climate-related risks through council lending	Climate change is incorporated into LGFA's credit risk assessments.	**Achieved.**
Assess required governance skills for LGFA's climate-related risks and opportunities	Develop a director skills matrix.	**Achieved.** **Climate related training undertaken.**

There were NZ$1.6 million of drawdowns to finance pre-approved projects under our Green and Social Lending Programme during the quarter. There are fifteen projects with a combined pre-approved loan value of NZ$1.319 billion outstanding. There have been NZ$614.9 million in loans undertaken across the fifteen projects as at 30 June 2026. Eligible projects will receive a discounted loan margin.

We have eight councils and CCOs approved as CAL borrowers (Auckland Council, Dunedin City Treasury, Hutt City Council, Kapiti District Council, Wellington City Council, Tauranga City Council, Greater Wellington Regional Council and Napier City Council). We had NZ$4.682 billion of CALs to the eight councils as at 30 June 2026 which was an increase of NZ$441 million during the quarter. Eligible councils receive a discounted loan margin if they have in place a GHG Emission Reduction Plan and are meeting their emission reduction targets. The advantage of CALs is that unlike GS loans, they do not have to be project specific.

The amount of sustainable loans (comprising GS and CALs) made during the 2025-26 FY was $1.1512 billion or 29.8% of total long term lending. The total outstandings of sustainable loans as at 30 June 2026 was NZ$5.297 billion or 23.6% of the long term lending book.

D4. Effective management of loans

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 30 JUNE 2026
Review each participating borrower's financial position.	100%	**Achieved.**
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	**Achieved.**

We undertook fifty-two meetings with councils and CCOs and water CCO establishment teams during the June 2026 quarter. Over the past fifteen months to 30 June 2026, we undertook one hundred and forty-one meetings with councils and CCOs.

Councils and CCOs are required to provide compliance certificates for LGFA covenants by 30 November of each year. We have received compliance certificates as at 30 June 2025 from all seventy-seven councils. Councils can request that compliance is measured on a group basis, but no council has requested that.

D5. Industry leadership and engagement

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 30 JUNE 2026
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	**Achieved.**
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	**Achieved.**
Support councils with Local Water Done Well by providing timely and responsible advice for on-boarding water CCOs.	On-boarding process is underway for all water CCOs who have requested to join LGFA.	**Achieved.**
Provide a governance opportunity for a council or CCO staff member under the LGFA Future Director Programme.	One Future Director appointed for an 18 month term.	**Achieved.** **Bruce Allan (Hastings District Council) was appointed in 2025.**

During the quarter we have had meetings with DIA, Commerce Commission, and the Minister of Local Government regarding council finances and the Local Water Done Well ("LWDW") Programme. We had meetings with staff and elected officials at councils, their advisers, and water CCOs over the quarter to share our views on LWDW.

We have onboarded four water CCOs since March 2026. We expect a further thirteen will apply to join LGFA by 1 July 2027.

LGFA continues to assist the Ratepayer Assistance Scheme (RAS) project managed by a group of councils with advice from Cameron Partners. The business case for RAS has been presented to the Minister of Local Government to receive his support.

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We continue to progress two initiatives to reduce compliance and documentation requirements for councils when they borrow from LGFA.

- Simpson Grierson and Russell McVeagh have agreed the changes required to the Debenture Trust Deed (DTD) of a council to allow for the issuance of a universal stock security certificate to cover all future borrowing by a council. This is now being rolled out to councils who wish to amend their DTDs in this manner.
- Central Government have approved our request to allow the delegation of the signing of a Section 118 Certificate to a council staff member other than the Chief Executive. This change to the Local Government Act change is made through the Local Government (System Improvements) Amendment Bill that was introduced to the House on 17 July 2025. However progress on the Bill has stalled.

We have launched a new Cash Advance Facility ("CAF") product for councils, CCOs and water CCOs. As at 30 June 2026 we had NZ$90 million of CAFs issued compared to NZ$782 million of the existing Standby Facilities.

E. Investor relations

Managing relations with our investor base is especially important as the amount of LGFA bonds on issue continues to grow and we require investors and banks to support our ongoing tender issuance. Our mix of investors is well balanced across the various groups of LGFA bond holders.

Over the quarter we issued NZ$1.1 billion of LGFA NZD bonds but was offset by the $2.375 billion of the April 2026 LGFA bond maturing. The change in the NZD bond holdings amongst our investor groups during the quarter was:

- Offshore investor holdings decreased by NZ$1.06 billion to be NZ$3.82 billion on 30 June 2026 (22.2% of bonds on issue).
- Domestic bank holdings decreased by NZ$402.1 million to be NZ$5.56 billion on 30 June 2026 (34.0%).
- Domestic investor (retail and institutional) holdings increased by NZ$97.8 million to be NZ$6.65 billion on 30 June 2026 (38.6%).
- The Reserve Bank of New Zealand (RBNZ) holdings decreased by NZ$73.9 million to be NZ$882 million as of 30 June 2026 (5.1%).

The decline in offshore investor holdings of the LGFA NZD bonds is understandable given the strong outperformance of LGFA bonds relative to NZGBs.

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LGFA Bond Holdings by Investor Group (% and $ billions)