

Sustainable Financing Allocation Report

31 August 2024



LGFA



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

SUSTAINABLE FINANCE AT LGFA - HISTORY

April 2021	Head of Sustainability appointed
June 2021	Toitū Envirocare carbonzero certification
September 2021	Sustainability Committee established
October 2021	Green, Social And Sustainability Lending Programme established
December 2022	Climate Action Loans Programme (CAL) established
March 2023	Sustainable Financing Bond Framework established
April 2023	Inaugural 15 May 2030 Sustainable Financing Bond issued under the Framework
June 2024	Sustainable Financing Loan Asset Pool reaches NZ\$3.15 billion and seven council members approved for CALs
August 2024	Climate Action Loan pool reaches NZ\$3.05 billion

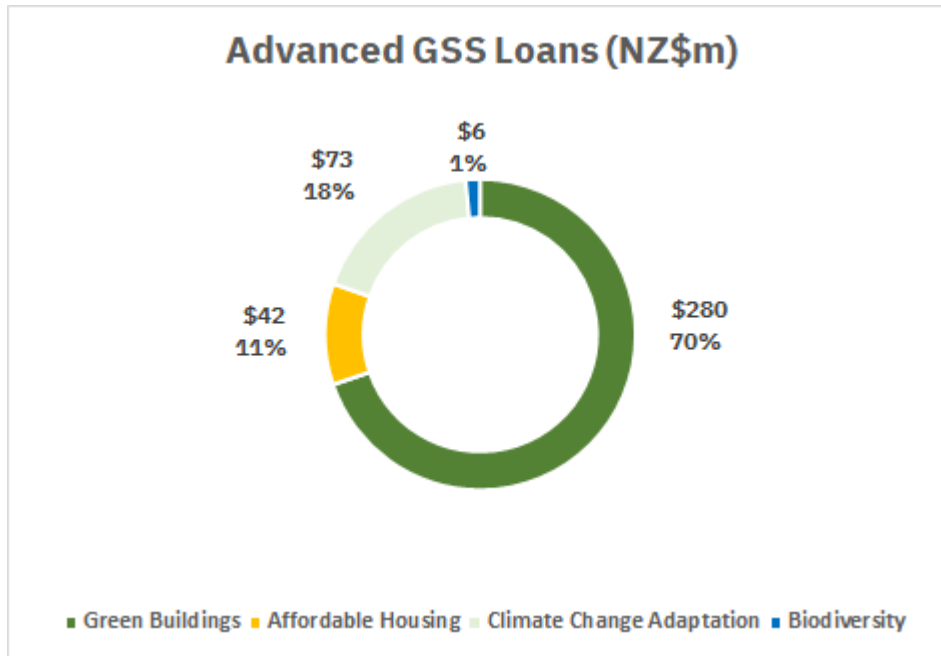
Sustainable Financing Bond Framework
(Enables issuance of Sustainable Financing Bonds by LGFA with net proceeds notionally allocated to GSS loans and CALs)

Green Social and Sustainable (GSS) Loans by LGFA to councils and CCO borrowers

Climate Action Loans (CALs) by LGFA to councils and CCO borrowers

LGFA Green, Social and Sustainability (GSS) lending programme*:

- To qualify as a GSS Loan, the loan must finance projects that meet one or more green or social loan categories.
- NZ\$401.2 million of GSS Loans advanced to date.



Green Loan Categories

- 1: Energy Efficiency
- 2: Green Buildings
- 3: Clean Transportation
- 4: Sustainable Water & Wastewater Management
- 5: Renewable Energy
- 6: Pollution Prevention & Control
- 7: Environmentally Sustainable Management of Living Natural Resources & Land Use
- 8: Climate Change Adaptation
- 9: Terrestrial & Aquatic Biodiversity Conservation

Social Loan Categories

- 1: Affordable Basic Infrastructure
- 2: Access to Essential Services
- 3: Affordable Housing

* GSS Loans are documented as debt securities under LGFA's Multi-Issuer Deed.

- To qualify for a CAL, a council or CCO borrower (Borrower) must have the following*:
 - Emission Reduction Plan (**ERP**) setting out Emissions Reduction Targets including:
 - The Borrower’s intended pathway to reduce its “Scope 1” and “Scope 2” Greenhouse Gas (**GHG**) emissions in line with the science-based trajectory (i.e. to support limiting global warming to no greater than 1.5 degrees Celsius above pre-industrial levels and net zero by 2050); and
 - Annual GHG targets (for Scope 1 and 2 GHG emissions) covering short-term periods and medium-term targets that ultimately support the Borrower to achieve its long-term goal of net zero by 2050 (or sooner) and an alignment to the science-based trajectory).
 - Borrowers must obtain external verification (by a credible provider) of their GHG emissions inventory to verify its report is in alignment with the guidelines outlined in the CAL criteria and that must be provided to LGFA annually by 30 November.
- Progress to date:
 - Seven Borrowers approved as eligible for CALs
 - NZ\$3,046.7 million of CALs advanced to date
 - LGFA is working with a further 2 Borrowers on their CAL applications

* CALs are documented as debt securities under LGFA’s Multi-Issuer Deed.

LGFA ALLOCATION REPORTING

As at 31 August 2024

Sustainable Financing Bonds Summary and Sustainable Loan Asset Pool

Sustainable Financing Bond (NZX ticker)	Sustainable Financing Bond (NZ\$ million)	Issue Date	Maturity Date
LGF170	1,100	17/04/23	15/05/30
LGF170	500	12/09/23	15/05/30
LGF170	50	11/03/24	15/05/30
LGF170	50	06/05/24	15/05/30
LGF170	60	04/06/24	15/05/30
LGF170	70	08/07/24	15/05/30
LGF170	80	14/08/24	15/05/30
Total	1,910		

	NZ\$ million
Total Value of GSS Loans*	401.2
Total Value of CALs*	3,046.7
Total Value of Sustainable Loan Asset Pool*	3,447.9
Total principal amount of Sustainable Financing Bonds on Issue	1,910.0
Surplus Sustainable Loan Assets	1,537.9
Sustainable Loan Ratio (x)	1.81x

The net proceeds of the Sustainable Financing Bond will be notionally allocated to Sustainable Loans in accordance with the Framework.

LGFA intends to notionally allocate an amount equal to the net proceeds of Sustainable Financing Bonds to GSS Loans and CALs within 24 months of the issue date of the relevant Sustainable Financing Bonds.

If the Surplus Sustainable Loan Assets amount is negative (and the Sustainable Loan Ratio is less than 1.0), it means that the amount of Sustainable Financing Bonds that have been issued is greater than the amount of Sustainable Loan Assets held. In this instance the net proceeds will be invested in line with the Framework pending notional allocation to GSS loans and CALs.

Source: LGFA

* Based on principal amount advanced under the relevant GSS Loans or CALs (as applicable).

LGFA ALLOCATION REPORTING

As at 31 August 2024

Sustainable Loans – Green, Social and Sustainability (GSS) Loans

GSS Category	Borrower	Date Sustainable Loan Approved*	Project Description	Sustainable Loan Type	Approved Amount for Project* (NZ\$ million)	Principal Amount Advanced to date (NZ\$ million)	Allocation to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Green Buildings	Wellington City Council	14 October 2021	Tākina, Wellington Convention and Exhibition Centre	Green Loan	180	180	180
Green Buildings	Hutt City Council	28 June 2022	Naenae Pool and Fitness Centre	Green Loan	41	41	41
Green Buildings	Whangarei District Council	19 August 2022	Te Iwitahi - Whangārei Civic Centre	Green Loan	59	59	59
Total Green Buildings Loans					280	280	280
Climate Change Adaptation	Greater Wellington Regional Council	2 December 2021	Te Wai Takamori o Te Awa Kairangi - RiverLink Project	Green Loan	227	73	73
Total Climate Change Adaptation Loans					227	73	73
Biodiversity Conservation	Tauranga City Council	10 October 2023	Kopurererua Valley Stream Realignment	Green Loan	10.3	6.0	6.0
Biodiversity Conservation					10.3	6.0	6.0
Affordable Housing	Christchurch City Council	17 November 2022	ŌCHT Social Housing	Social Loan	55	42.2	42.2
Total Social Loans					55	42.2	42.2
Total	5 Borrowers				572.3	401.2	401.2

*Where a GSS Loan is “approved”, LGFA is not committed to provide those funds. Rather, LGFA has indicated to the relevant Borrower that, subject to satisfaction of conditions precedent, LGFA intends to advance the relevant amount as GSS Loan(s) when the Borrower makes a request under LGFA’s Multi-Issuer Deed.

Source: LGFA

LGFA ALLOCATION REPORTING

As at 31 August 2024

Sustainable Loans – Climate Action Loans (CALs)

Borrower	Maturity Date Range of CALs	Principal Amount Advanced to date (NZ\$ million)	Allocated to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Auckland Council	May 2028 to April 2033	1,100	1,100
Dunedin City Treasury Limited	February 2030 to April 2033	270.0	270.0
Greater Wellington Regional Council	August 2026 to August 2033	327.0	327.0
Hutt City Council	October 2026 to July 2031	310.7	310.7
Kapiti Coast District Council	May 2026 to October 2030	160.0	160.0
Tauranga City Council	April 2027 to May 2031	369.0	369.0
Wellington City Council	July 2027 to May 2031	510.0	510.0
Total		3,046.7	3,046.7

Source: LGFA

GSS LOANS WITH COUNCILS AND CCOS

Sustainable Loans – Green, Social and Sustainability (GSS) Loans

GSS Category	Borrower	Date Sustainable Loan Approved*	Project Description	Sustainable Loan Type	Approved Amount for Project* (NZ\$ million)	Principal Amount Advanced to date (NZ\$ million)	Allocation to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Green Buildings	Wellington City Council	14 October 2021	Tākina, Wellington Convention and Exhibition Centre	Green Loan	180	180	180
Green Buildings	Hutt City Council	28 June 2022	Naenae Pool and Fitness Centre	Green Loan	41	41	41
Green Buildings	Whangarei District Council	19 August 2022	Te Iwitahi - Whangārei Civic Centre	Green Loan	59	59	59
Total Green Buildings Loans					280	280	280
Climate Change Adaptation	Greater Wellington Regional Council	2 December 2021	Te Wai Takamori o Te Awa Kairangi - RiverLink Project	Green Loan	227	55	55
Total Climate Change Adaptation Loans					227	55	55
Biodiversity Conservation	Tauranga City Council	10 October 2023	Kopurererua Valley Stream Realignment	Green Loan	10.3	6.0	6.0
Biodiversity Conservation					10.3	6.0	6.0
Affordable Housing	Christchurch City Council	17 November 2022	ŌCHT Social Housing	Social Loan	55	42.2	42.2
Total Social Loans					55	42.2	42.2
Total	5 Borrowers				572.3	383.2	383.2

*Where a GSS Loan is “approved”, LGFA is not committed to provide those funds. Rather, LGFA has indicated to the relevant Borrower that, subject to satisfaction of conditions precedent, LGFA intends to advance the relevant amount as GSS Loan(s) when the Borrower makes a request under LGFA’s Multi-Issuer Deed.

Source: LGFA As at 31 July 2024

CALS WITH COUNCILS AND CCOS

LGFA has advanced NZ\$2,946.7 million in CALs to councils to date

Borrower	Maturity Date Range of CALs	Principal Amount Advanced to date (NZ\$ million)	Allocated to Sustainable Loan Asset Pool under Framework (NZ\$ million)
Auckland Council	May 2028 to April 2033	1,100	1,100
Dunedin City Treasury Limited	February 2030 to April 2033	270.0	270.0
Greater Wellington Regional Council	August 2026 to August 2033	327.0	327.0
Hutt City Council	October 2026 to July 2031	290.7	290.7
Kapiti Coast District Council	May 2026 to October 2030	160.0	160.0
Tauranga City Council	April 2027 to May 2031	339.0	339.0
Wellington City Council	July 2027 to May 2031	460.0	460.0
Total		2,946.7	2,946.7

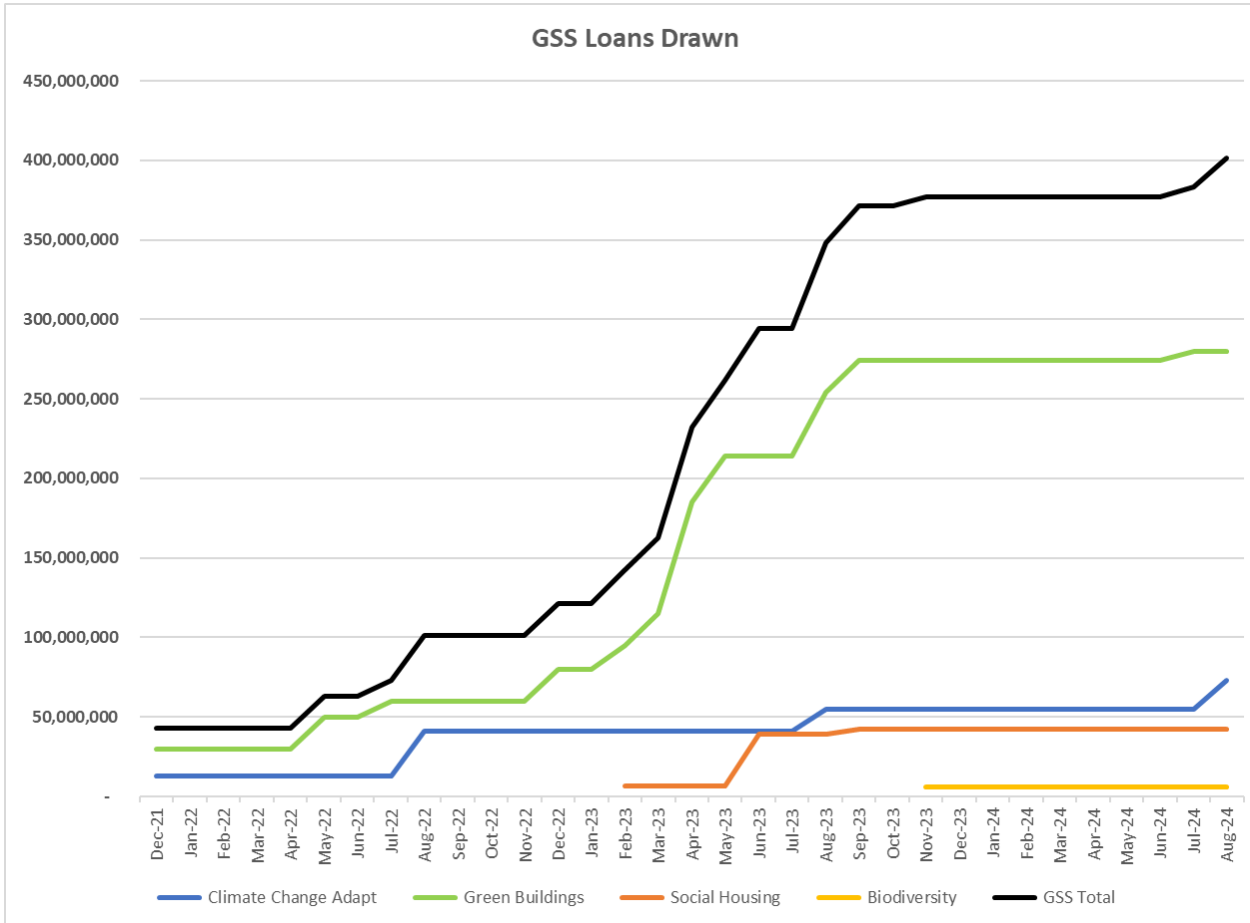
LGFA is working with a further 4 Borrowers on their CAL applications.



Source: LGFA As at 31 July 2024

GSS AND CALS HISTORICAL DRAWDOWN GROWTH

First GSS loans advanced in December 2021



First CALs advanced in April 2023

