

Quarterly investor update

September Quarter 2020

Borrowing Programme Update

During the September quarter **LGFA issued \$1.3 billion of bonds** across seven bond maturities via two bond tenders and a syndication with the highlight being the 2037 syndication opening up a new longer dated maturity.

The **Statement of Intent (SOI) forecasts** for long term borrowing were \$2.53 billion (2020-21), \$2.10 billion (2021-22) and \$2.15 billion (2022-23).

Based upon updated council borrowing forecasts, we have revised the projected annual programme to \$2.83 billion (2020-21), \$2.4 billion (2021-22) and \$2.15 billion (2022-23). **This implies an increase to the forecast funding requirement of NZ\$300 million for each of the 2020-21 and 2021-22 years.**

Having completed \$1.3 billion of funding in Q1 2020-21, this implies a \$1.5 billion borrowing requirement in the nine month period to 30 June 2021.

The **2020-21 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

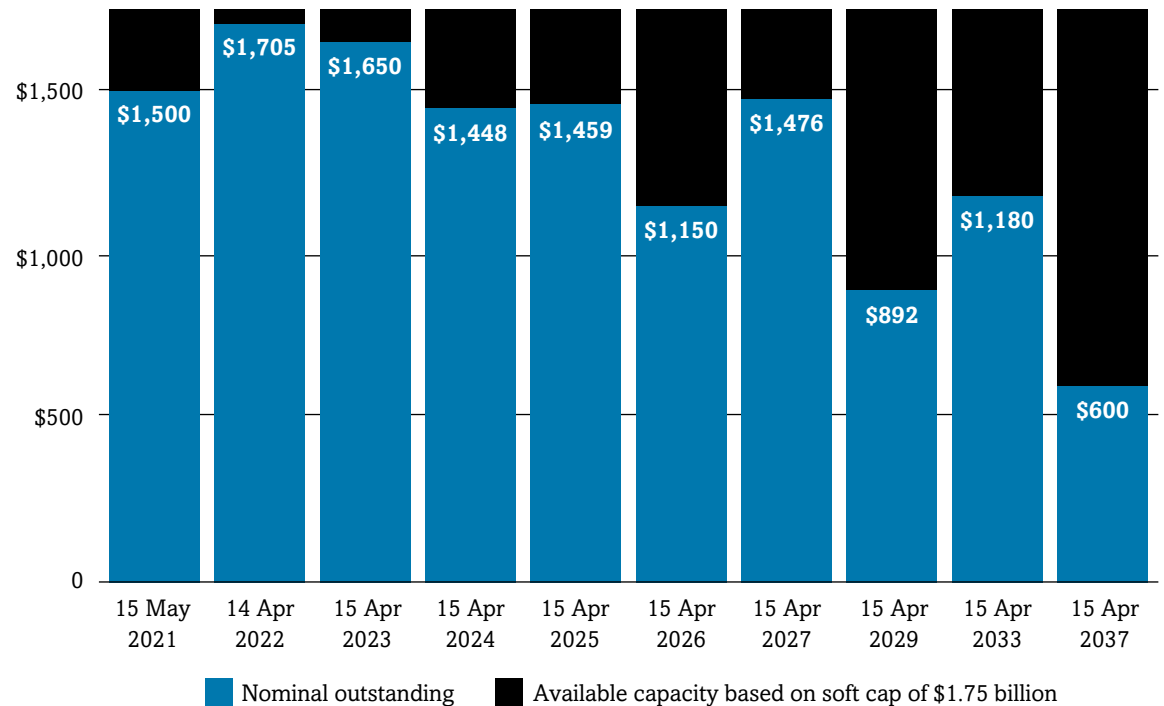
One council (South Waikato District Council) joined as a borrower and guarantor over the quarter bringing the total number of members to sixty-eight. Northland Regional and Westland District Councils both moved from non guarantors to become guarantor, bringing the total number of guarantors to fifty-six.

Total term borrowing by councils over the quarter was \$1.10 billion bringing total term loans to \$11.62 billion and short term loans of \$283.6 million as at 30 September 2020.

LGFA released its **annual report** for the 2019-20 year to the NZX on 28 August 2020.

RBNZ purchases of LGFA bonds under the Large Scale Asset Purchase ("LSAP") Programme totalled \$445 million during the quarter.

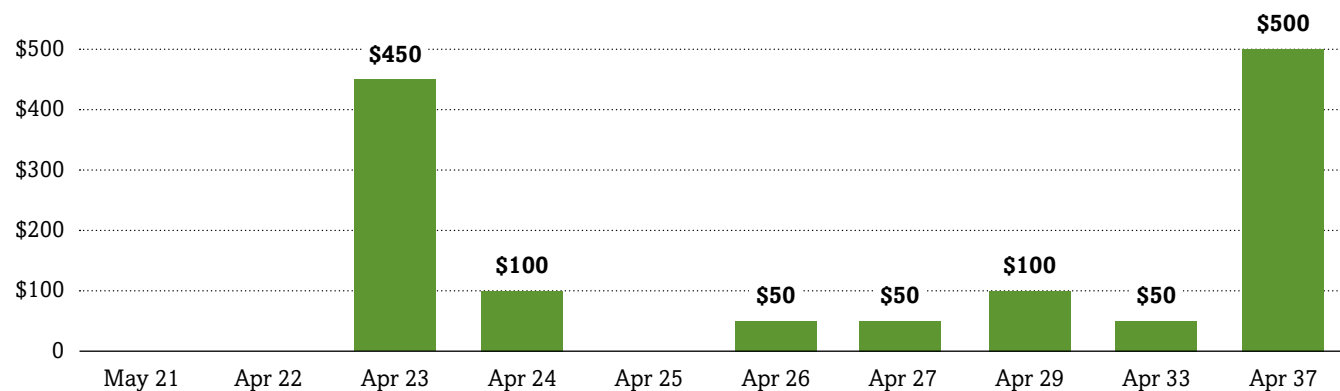
LGFA retail bonds on issue (\$ million)
As 30 September 2020: \$12,860 million



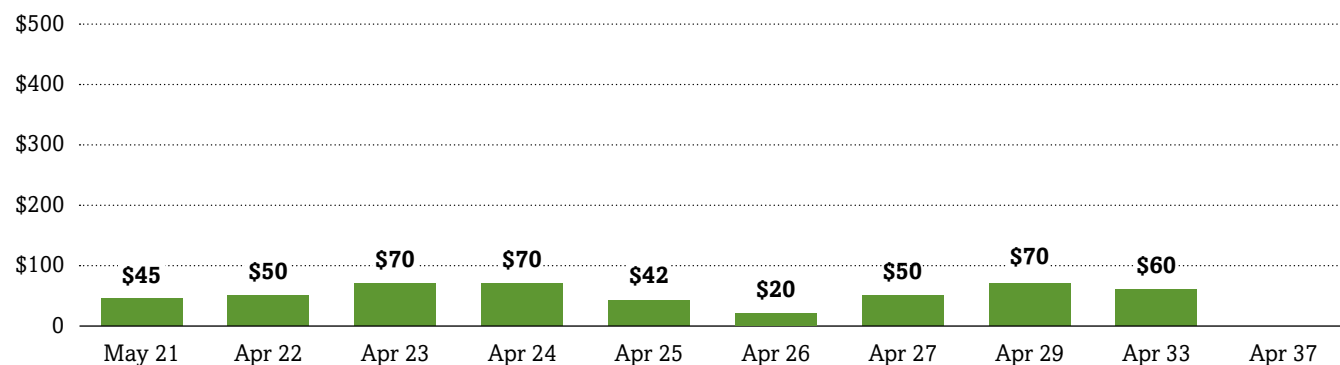
Includes \$900 million treasury stock

In addition to the retail bonds listed on the NZDX, LGFA has \$130 million of Wholesale Floating Rate Notes and \$594.5 million of LGFA Bills on issue as at 30 September 2020.

September Quarter LGFA Bond Issuance (\$ million)



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



September Quarter Secondary Market Activity (\$ million)

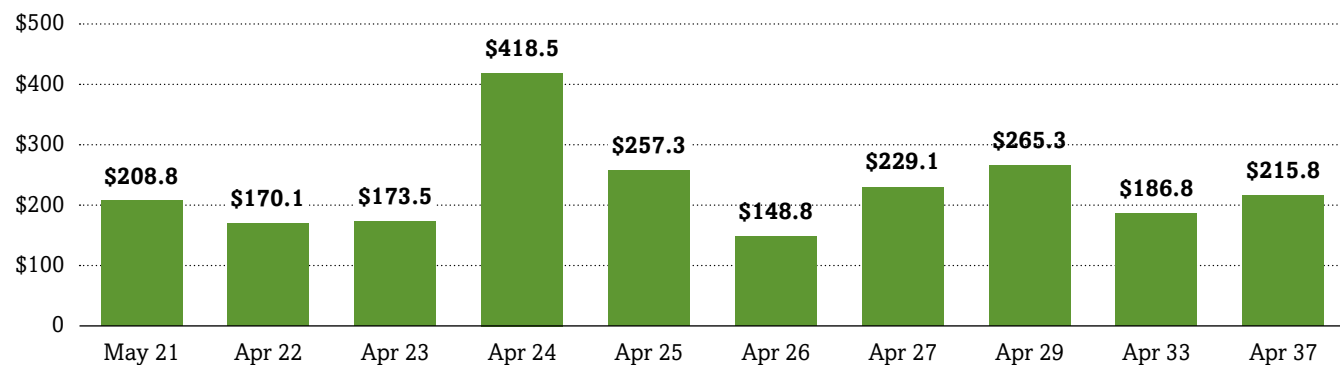


Photo: Motuoapa Reservoir, Taupo District Council



Quarterly investor update

September
Quarter
2020

September 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 74 (9 Sept)				\$50.0			\$50.0	\$50.0	\$50.0		\$200.0
Syndication (30 July)		\$400.0								\$500.0	\$900.0
Tender 73 (8 July)		\$50.0		\$50.0		\$50.0		\$50.0			\$200.0
	\$0.0	\$450.0	\$0.0	\$100.0	\$0.0	\$50.0	\$50.0	\$100.0	\$50.0	\$500.0	\$1,300.0

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
September	\$34.4	\$87.9	\$62.4	\$70.1	\$107.9	\$58.1	\$71.2	\$98.8	\$71.7	\$55.9	\$718.4
August	\$133.7	\$62.6	\$51.7	\$200.5	\$90.7	\$51.9	\$112.7	\$110.4	\$85.4	\$159.9	\$1,059.5
July	\$39.9	\$19.6	\$59.4	\$147.9	\$58.7	\$38.8	\$45.2	\$56.1	\$29.7		\$495.3
	\$208.0	\$170.1	\$173.5	\$418.5	\$257.3	\$148.8	\$229.1	\$265.3	\$186.8	\$215.8	\$2,273.2

As at month end	Holdings by Investor Group (\$ million)				Holdings by Investor Group (% of outstandings)			
	Banks	Offshore	Domestic Investors	RBNZ	Banks	Offshore	Domestic Investors	RBNZ
September	\$4,158.2	\$2,919.1	\$3,583.6	\$1,531.0	34.10%	23.90%	29.40%	12.60%
August	\$3,985.7	\$2,957.1	\$3,701.2	\$1,331.0	33.30%	24.70%	30.90%	11.10%
July	\$3,906.7	\$2,782.1	\$3,220.2	\$1,151.0	35.30%	25.20%	29.10%	10.40%
June	\$3,836.0	\$2,805.6	\$3,214.0	\$1,004.0	35.30%	25.80%	29.60%	9.20%

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



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
September	0.29%	0.19%	0.19%	0.23%	0.30%	0.41%	0.51%	0.78%	1.13%	1.48%
August	0.33%	0.25%	0.22%	0.31%	0.41%	0.53%	0.65%	0.94%	1.27%	1.62%
July	0.37%	0.39%	0.46%	0.55%	0.66%	0.80%	0.92%	1.17%	1.51%	1.83%
June	0.35%	0.39%	0.48%	0.60%	0.75%	0.89%	1.00%	1.27%	1.63%	

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
September	13 bps	17 bps	20 bps	31 bps	38 bps	39 bps	40 bps	49 bps	50 bps	54 bps
August	13 bps	13 bps	12 bps	18 bps	27 bps	31 bps	35 bps	48 bps	55 bps	62 bps
July	15 bps	14 bps	16 bps	23 bps	32 bps	39 bps	44 bps	56 bps	66 bps	75 bps
June	14 bps	13 bps	18 bps	22 bps	31 bps	34 bps	36 bps	44 bps	58 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
September	6 bps	14 bps	16 bps	19 bps	22 bps	27 bps	29 bps	40 bps	49 bps	68 bps
August	9 bps	16 bps	15 bps	20 bps	24 bps	29 bps	33 bps	43 bps	50 bps	68 bps
July	10 bps	20 bps	27 bps	33 bps	40 bps	47 bps	51 bps	61 bps	73 bps	90 bps
June	9 bps	18 bps	25 bps	32 bps	40 bps	45 bps	48 bps	57 bps	69 bps	

LGFA Bond Tender Schedule for the next quarter

Tender	Announcement date	Tender date	Settlement date
75	Mon 5 October 2020	Wed 7 October 2020	Mon 12 October 2020
76	Tue 10 November 2020	Thu 12 November 2020	Mon 16 November 2020
77	Mon 14 December 2020	Wed 16 December 2020	Mon 21 December 2020

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*

