



DECEMBER QUARTER 2025

LGFA Quarterly Report to Shareholders

LGFA

110



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

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A. December Quarter highlights

DECEMBER QUARTER	TOTAL	BESPOKE MATURITY	APR 27	MAY 28	APR 29	MAY 30	MAY 31	MAY 32	APR 33	MAY 35	APR 37
Bonds Issued NZ\$ m	\$350.0			\$50.0	\$100.0	\$50.0		\$50.0		\$100.0	
Term Loans to Councils NZ\$ m	\$1,072.0	\$621.8	\$65.0	\$41.2	\$61.0	\$115.4	\$42.6	\$110.5	\$14.5		

2025-26 FINANCIAL YEAR	TOTAL	BESPOKE	APR 27	MAY 28	APR 29	MAY 30	MAY 31	MAY 32	APR 33	MAY 35	APR 37
Bonds Issued NZ\$ m	\$700.0			\$100.0	\$100.0	\$100.0	\$50.0	\$150.0	\$50.0	\$100.0	\$50.0
Term Loans to Councils NZ\$ m	\$1,640.0	\$976.8	\$83.0	\$59.2	\$93.0	\$134.4	\$132.6	\$140.5	\$19.5	\$1.0	

CHF BOND ISSUANCE	TOTAL	OCT 34	USD BOND ISSUANCE	TOTAL	SEPT 30
2025-26 Financial Year CHF m	180.0	180.0	2025-26 Financial Year USD m	\$500.0	\$500.0

Key points and highlights for the December quarter

- LGFA bond yields traded a wider range than normal during the December quarter, with the 2037 bond trading a range of 0.44% (44 bps) and the 2029 bonds a range of 0.64% (64 bps). The yield curve reversed the direction of the previous two quarters with yields rising and short-dated yields rising further than long dated yields as market expectations for monetary policy easings by the RBNZ shifted to anticipated tightening. The RBNZ undertook a 0.25% cut to the OCR at the November 2025 meeting to 2.25% but expectations are now for the OCR to increase to 2.75% by the end of 2026. The 2037 bond yield increased 44 bps over the quarter to 4.89% while the 2029 bond yield increased by 63 bps to 3.54%.
- LGFA borrowing margins to swap continued to narrow over the quarter between 12 bps (2028s) and 28 bps (2037s) with the average spread to swap of all ten LGFA bond maturities narrower by 16 bps to 39 bps at 31 December 2025. LGFA spreads to NZGB also tightened across the curve as the reduced issuance of LGFA NZD bonds helped narrow spreads. The LGFA bond spread to NZGB narrowed between 2 bps (2032s) and 10 bps (2037s) with the average spread to NZGB tightened by 4 bps to a record low of 18 bps i.e. the LGFA cost of borrowing is only 0.18% above the New Zealand Government.
- LGFA issued a modest NZ\$350 million of NZD bonds during the quarter through three bond tenders. There was no foreign currency issuance. The average term of issuance during the quarter was 5.64 years and was 0.6 years shorter than the prior financial year.
- Long dated lending to councils and CCOs during the quarter of NZ\$1.072 billion was below the SOI forecast. The average term of long term lending during the quarter was shorter than normal at 4.8 years and the average term of loans outstanding to councils of 3.26 years as at 31 December 2025 is the shortest on record.
- Short-term lending increased over the quarter by NZ\$112 million to a record NZ\$1.469 billion outstanding on 31 December 2025 to fifty-four councils and CCOs (an increase of seven borrowers during the quarter).

- We lent NZ\$287 million of Climate Action Loans (CALs) and NZ\$110.9 million of Green and Social (GS) Loans to councils and CCOs during the quarter. Total CALs and GS Loans outstanding as at 31 December 2025 was NZ\$4.706 billion or 19.8% of our total long term loan book. We continue to work on creating a new sustainable lending product for water entities.
- We continue to hold high levels of liquidity with liquid assets of NZ\$4.2 billion as at 31 December 2025.
- We have eight CCO members as at 31 December 2025 with CCO lending of NZ\$743.9 million or 3.1% of our total loan book. This grew by NZ\$118.8 million over the quarter, and we expect this to increase as we onboard water CCOs in the future.
- The Minister of Finance announced the completion of an increase (doubling in size to NZ\$3 billion) and term extension (from 2031 to 2037) to the Crown Liquidity Facility provided to LGFA by the New Zealand Government.
- We continue to work alongside DIA to assist councils as they implement their Water Services Delivery Plans under Local Water Done Well. LGFA is currently negotiating the accession and lending documents for the water CCOs that are expected to commence operations on 1 July 2026. We provided further guidance to councils in December regarding water sector financing from LGFA.
- At the November 2025 Annual Meeting of shareholders, Paul Anderson was elected as an independent director following the retirement of Linda Robertson after ten years of service on the board. Sarah Houston-Eastergaard has taken over as Chair of the Shareholders Council from Kathryn Sharplin.
- LGFA Net Operating Gain (unaudited management estimate) for the six month period to 31 December 2025 of NZ\$16.361 million was \$963k above budget, comprising total operating income at NZ\$25.766 million (\$976k above budget) and expenses at NZ\$9.405 million (NZ\$14k above budget). Legal expenses relating to sustainable financing initiatives and water reforms were higher than forecast.
- We have met or on track to meet nineteen out of twenty-one performance targets. The SOI targets that are behind expectations were operating expense (excluding AIL) which was NZ\$29k over budget and market share of council borrowing (79.4% vs. 80% target).

B. LGFA bond issuance over quarter

We issued \$350 million of NZD bonds across five bond maturities via three bond tenders during the quarter. We did not issue any foreign currency bonds following our USD and CHF bond issuances in the prior quarter. For the six month period to 31 December 2025, we have issued NZ\$1.94 billion equivalent of NZD and foreign currency bonds against a revised full year funding target of NZ\$4.85 billion. We reduced our funding target by NZ\$300 million as council borrowing is less than forecast.

Issuance conditions remained strong over the quarter as an abundance of liquidity, steep yield curves and a rise in interest rates helped investor sentiment. There has been offshore buying of LGFA bonds recently (after a twelve-month period of selling) and NZ Government Bonds (NZGBs) have also outperformed following a strong November 2025 syndication. Retail investor and bank balance sheet buying support continues. LGFA spreads to swap and NZGBs continue to tighten as there has been a positive market response to our reduced NZD bond issuance. Our borrowing spreads to NZGB are at historic lows of 18 bps and spreads to swap have tightened by 18 bps over the past six months to 39 bps as at 31 December 2025.

We received NZ\$989 million of bids across the three bond tenders during the quarter, contributing to a bid coverage ratio of 2.83x which is slightly lower than the historical long term average of 2.88x.

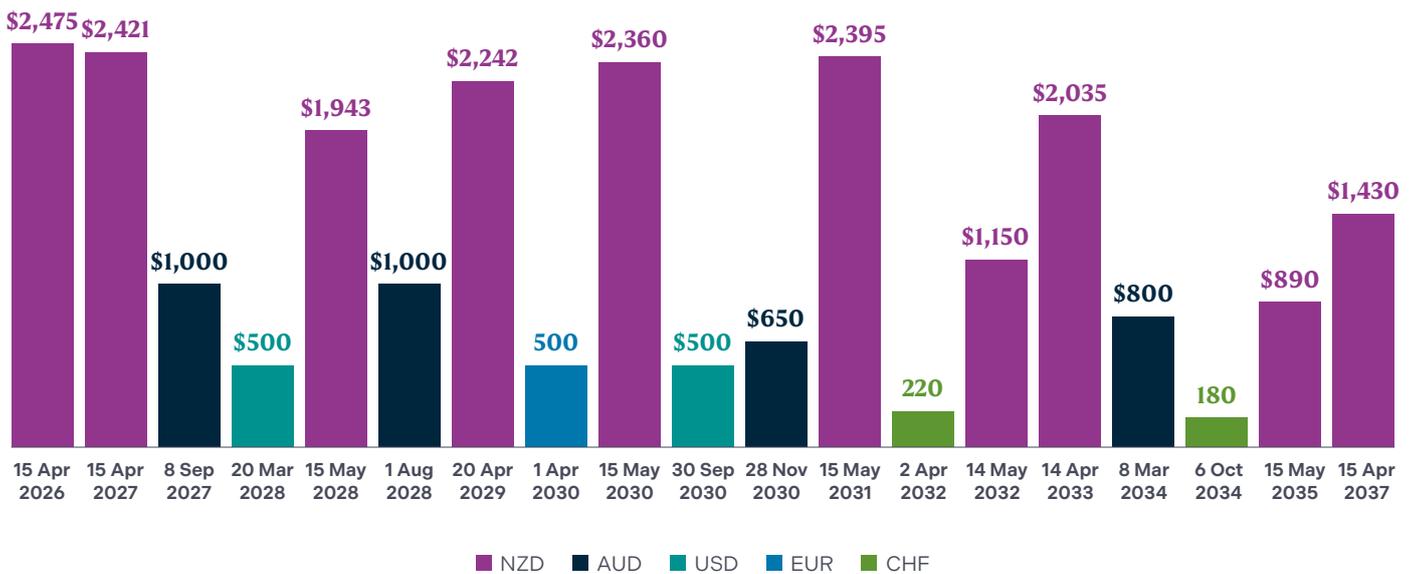
The bonds in each of the three bond tenders were issued at prevailing mid-market levels to 3 bps below, indicating the strength of demand for bonds.

The average term of issuance for the quarter was 5.64 years compared to 6.22 years for the six month period to 31 December 2025 and 5.9 years for the 2024-25 FY.

We currently have ten LGFA NZD bond maturities listed on the NZX Debt market that finance our long-term lending to councils. We had NZ\$19.341 billion of NZD bonds (including treasury stock) on issue as at 31 December 2025. We also have A\$3.45 billion of bonds issued under our Australian Medium Term Notes programme and CHF400 million, USD1 billion and EUR500 million issued under our European Medium Term Notes Programme.

LGFA bonds on issue (As at 31 December 2025)

NZ\$19,341 million and A\$3,450 million and USD1 billion and EUR500 million and CHF400 million. Includes NZ\$1,400 million treasury stock.



We have issued NZ\$4.796 billion equivalent of bonds over the twelve month period to 31 December 2025. This comprised NZ\$1.3 billion of NZD issuance (27% of total issuance) and NZ\$3.496 billion equivalent in foreign currencies (73% of total issuance). The total amount of LGFA bond issuance is a function of the volume of council and CCO borrowing from LGFA and how much we target to hold in our Liquid Asset Portfolio. The rolling 12 month issuance peaked at NZ\$7.4 billion in July 2024 and has reduced as council borrowing has reduced.

Rolling 12 month Issuance including A\$ and NZ\$ bonds (NZ\$ millions)



C. Summary financial information (management estimates)

The following results are management estimates only.

FINANCIAL YEAR (\$M)	YEAR TO DATE
Comprehensive income	For six-month period ending 31 December 2025
Interest income	\$518.201
Interest expense	\$493.813
Net interest income	\$24.388
Other operating Income	\$0.789
Unrealised gains/(losses)	\$0.588
Total operating income	\$25.766
Issuance and On-lending costs	\$1.953
Approved issuer levy	\$3.536
Operating expenses	\$3.916
Total operating expenses	\$9.405
Net Operating Gain	\$16.361
FINANCIAL POSITION (\$M)	AS AT 31 DECEMBER 2025
Retained earnings + comprehensive income	\$113.114
Total assets	\$27,900.4
Total LG loans	\$23,712.5
Total LGFA bills and ECP (nominal in NZD)	\$1,616.1
Total LGFA bonds (nominal in NZD)	\$25,939.5
Total borrower notes	\$672.9
Total equity	\$138.114

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 31 DECEMBER 2025
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	Met.
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.	Met.
LGFA's total operating income, excluding unrealised gains/losses on financial instruments, for the period to 30 June 2026.	> NZ\$44.7 million.	In line with forecast – NZ\$24.388 million as at 31 December 2025 compared to NZ\$23.840 million interim target.
LGFA's total operating expenses (excluding AIL) for the period to 30 June 2026.	< NZ\$12.0 million.	Unlikely to meet – NZ\$5.869 million as at 31 December 2025 compared to NZ\$5.84 million interim target.

There were no breaches of the Foundation Policies during the quarter.

At the November 2025 Annual Meeting of shareholders, Paul Anderson was elected as an independent director following the retirement of Linda Robertson after ten years of service on the board. Paul was appointed by the board as Chair of the Audit and Risk Committee. Sarah Houston-Eastergaard has taken over as Chair of the Shareholders Council from Kathryn Sharplin.

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 2025 at AAA (domestic currency)/AA+ (foreign currency)
- Fitch affirmed our local currency and foreign currency ratings at AA+ on 20 September 2025.

Total operating income (excluding unrealised gains/losses) at NZ\$24.388 million was 102% of target for the first six month period of the June 2026 financial year. While council lending volumes are lower, we have also reduced our bond issuance relative to SOI forecast to maintain profitability in line with forecast.

Total operating expenses (excluding AIL) were NZ\$31k above budget with IT costs below budget and legal costs relating to sustainable financing and water reforms higher than budget. Approved Issuer Levy (AIL) on our foreign currency debt issuance (A\$ MTN, EMTN and ECP) is our largest expense and was NZ\$17k under budget at NZ\$3.536 million due to less borrowing in offshore markets than forecast.

Net Operating Gain (including revaluation gains and losses) of NZ\$16.361 million was NZ\$963k above budget but it included unbudgeted unrealised valuation gains of NZ\$588k.

D2. Optimising financing services for local government

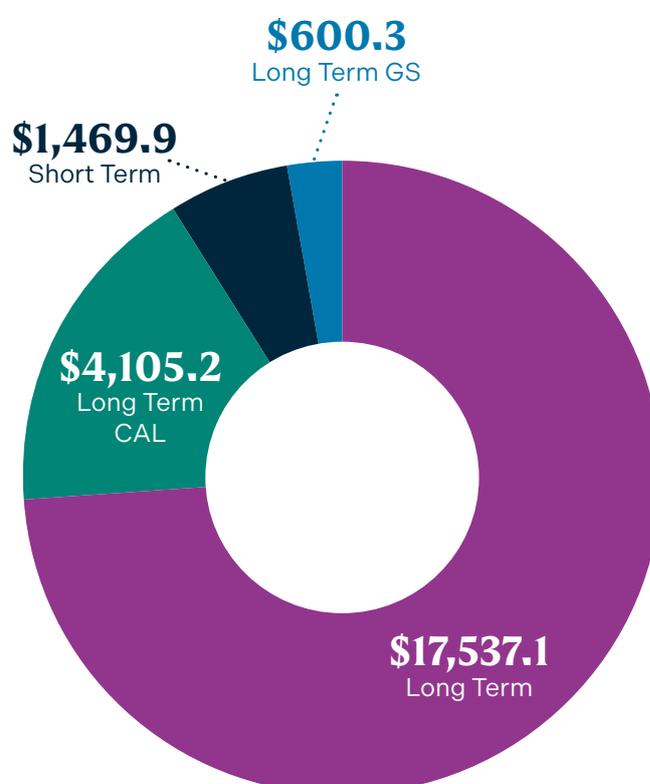
PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 31 DECEMBER 2025
Share of aggregate long-term debt funding to the Local Government sector. The market share excludes entities who are ineligible for borrowing from LGFA e.g. water entities not financially supported by their parent councils.	> 80%	Not met – 79.4%
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.	Met – 94% outturn.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Met.
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Met.

Our market share of council and CCO borrowing for the twelve month period to 31 December 2025 is just below our 80% target. Auckland Council has preferred to issue short-dated bonds in its own name rather than borrow from LGFA and some councils have borrowed on a short term basis (less than 12 months) that is not reflected in the market share statistics. Adjusting for Auckland Council borrowing in their own name our market share is 98.7%. Councils have also borrowed slightly less than that implied from their Long Term Plan forecasts.

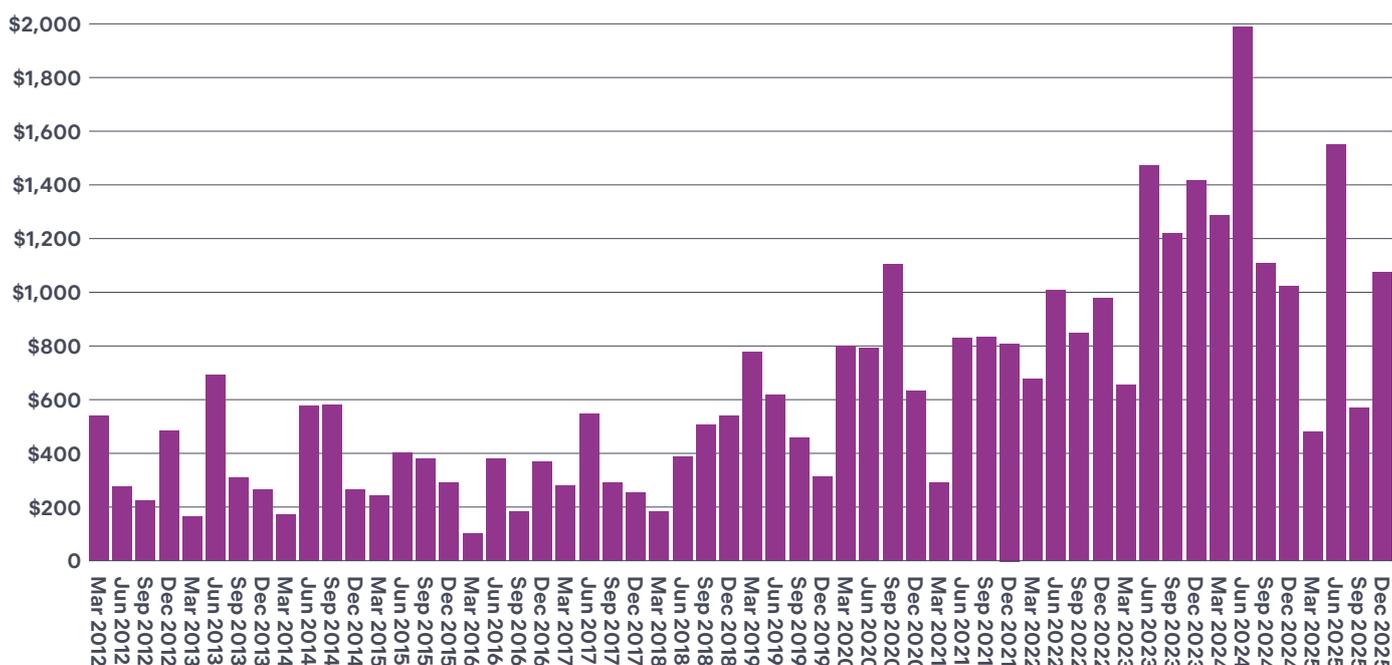
We lent NZ\$1.072 billion of long term loans to thirty-nine councils and CCOs during the December quarter with Christchurch City Council, Tauranga City Council and Dunedin City Treasury being our largest borrowers. All borrowing requests were met, and some councils restructured their borrowings with us.

Council and CCO loans outstanding as at 31 December 2025 (\$ 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) and standby facilities to councils and CCOs. Long term loans, GS loans and CALs can be on a floating or fixed rate basis.



Council Borrowing from LGFA – quarterly (\$ millions)

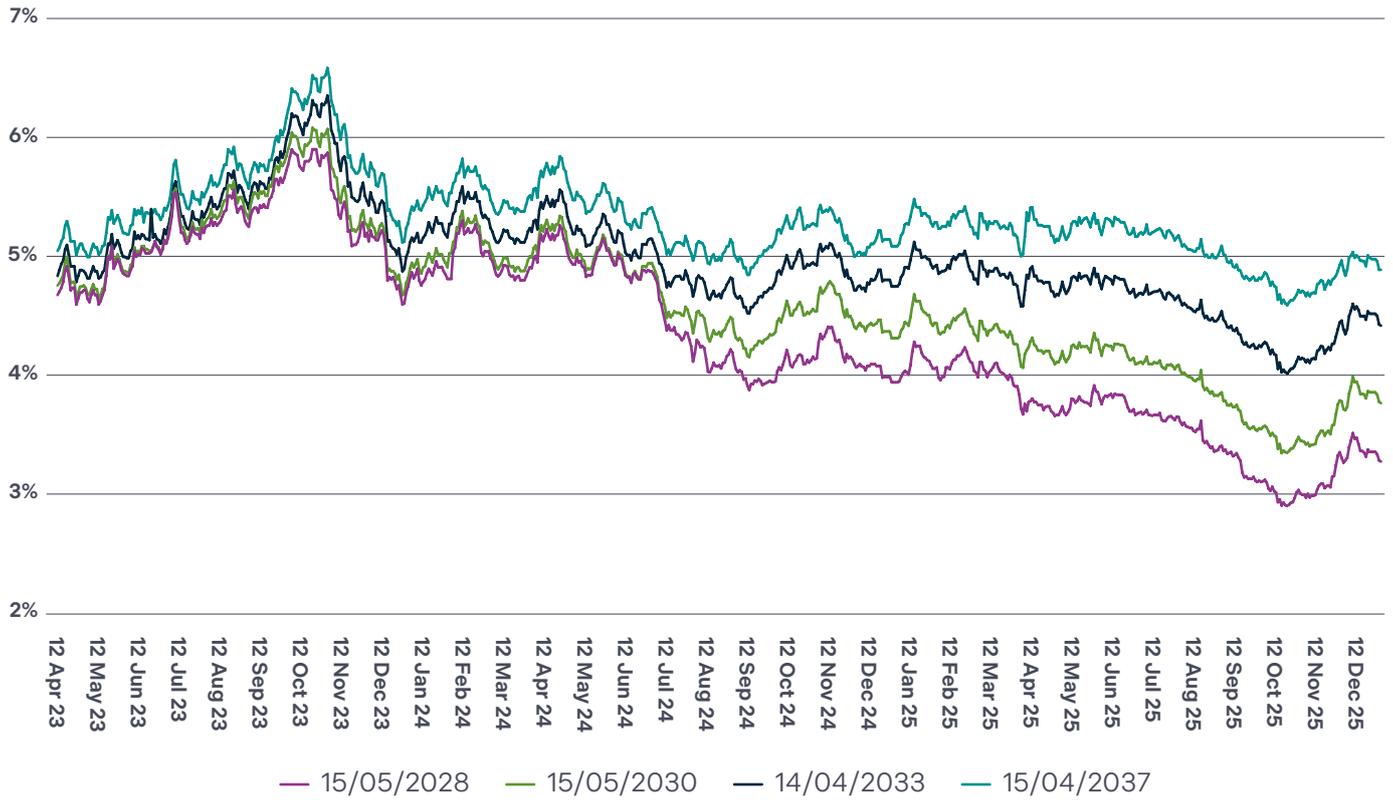


Our domestic borrowing margins relative to other high-grade issuers such as the AAA rated global borrowers and New Zealand Government Bonds (“NZGBs”) have narrowed over the quarter between 5 bps and 11 bps. The narrowing is due to the reduced supply of LGFA bonds in NZD as we raise more funding in offshore markets. Our LGFA domestic bond spreads to NZGBs has narrowed over the quarter by 4 bps on average on the increased supply of NZGBs. The average spread is at its tightest level on a historical basis at 18.3 bps.

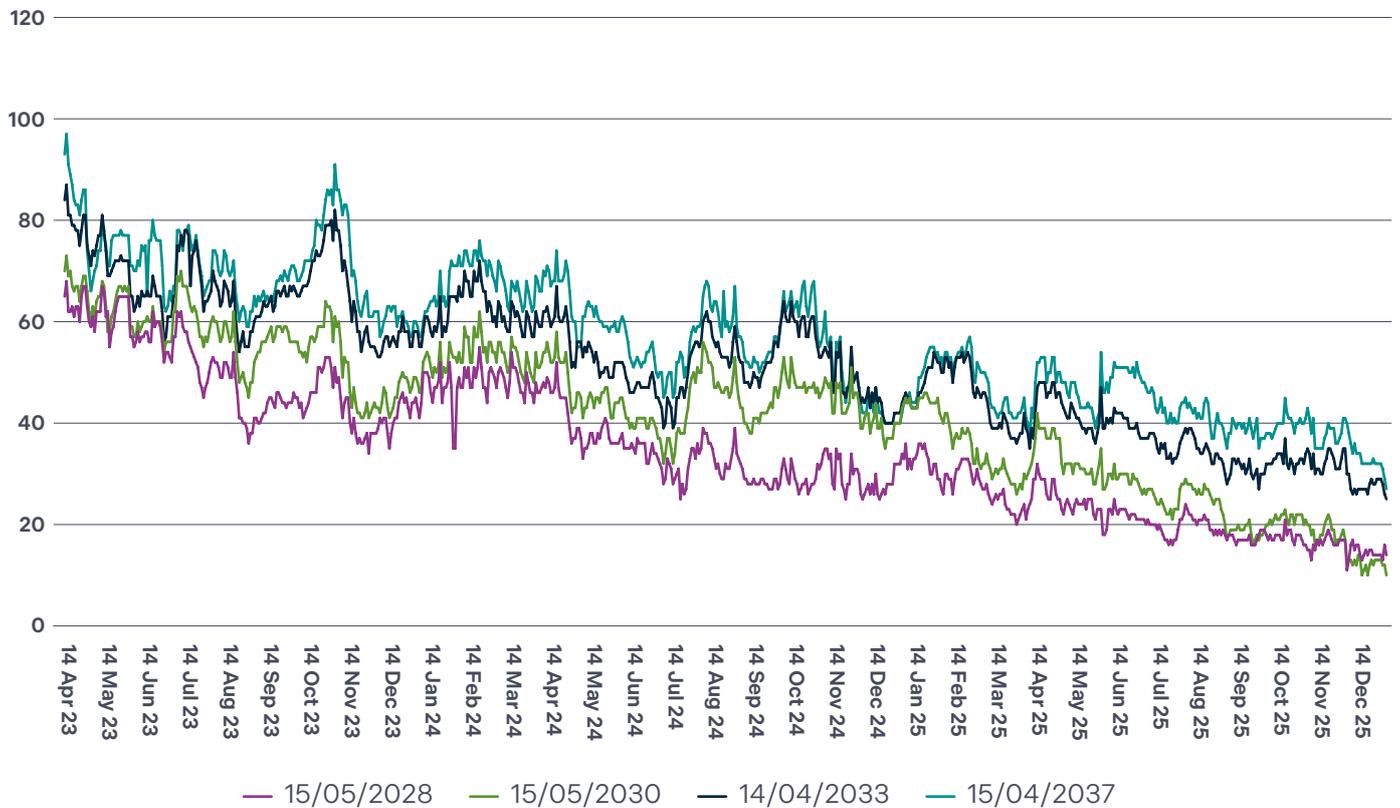
Comparison to other high-grade issuers – secondary market spread to swap (bps)

31 DEC 25	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037
LGFA (AAA)	7	12	25	28	31	44	51	57		67	71
NZ Government (AAA)	7	4	11	18	21	29	31	31	33	35	45
Kainga Ora (AAA)	6	19	27		34					72	
Asian Development Bank (AAA)	7	11	21			36					
IADB (AAA)	8	14	27		34						
International Finance Corp (AAA)	7	16	24	29							
KBN (AAA)	6	16			42						
Nordic Investment Bank (AAA)				25	30						
Rentenbank (AAA)		13		28							
World Bank (AAA)	6	14	21		32		39				
ASB (AA-)	12	29			59						
ANZ (AA-)			44		58						
Kiwibank (AA-)	22	45	55	61							
BNZ (AA-)	14	28	47	58							
Westpac Bank (AA-)	20	25		54							
SSA Average	7	14	23	27	35	36					
Bank Average	17	32	49	58	59						

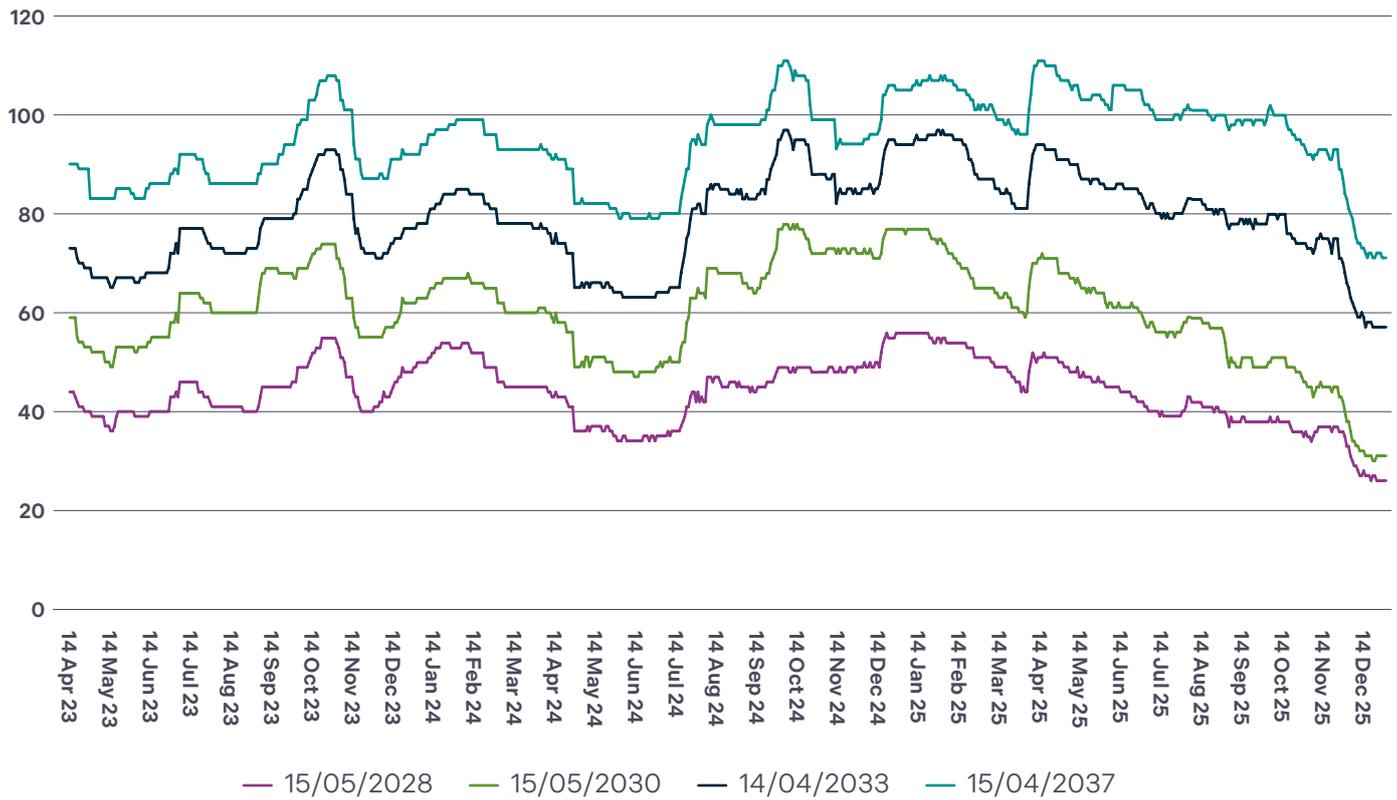
LGFA Bond Yields



LGFA Spread to NZGB (bps)



LGFA Bond Spread to Swap (bps)



The average borrowing term (excluding short-dated borrowing) for the December 2025 quarter by council and CCO borrowers was 4.8 years. The average borrowing term over the twelve month period to December 2025 was 4.88 years.

Average total months to maturity – on lending to councils

Last 15 tenders

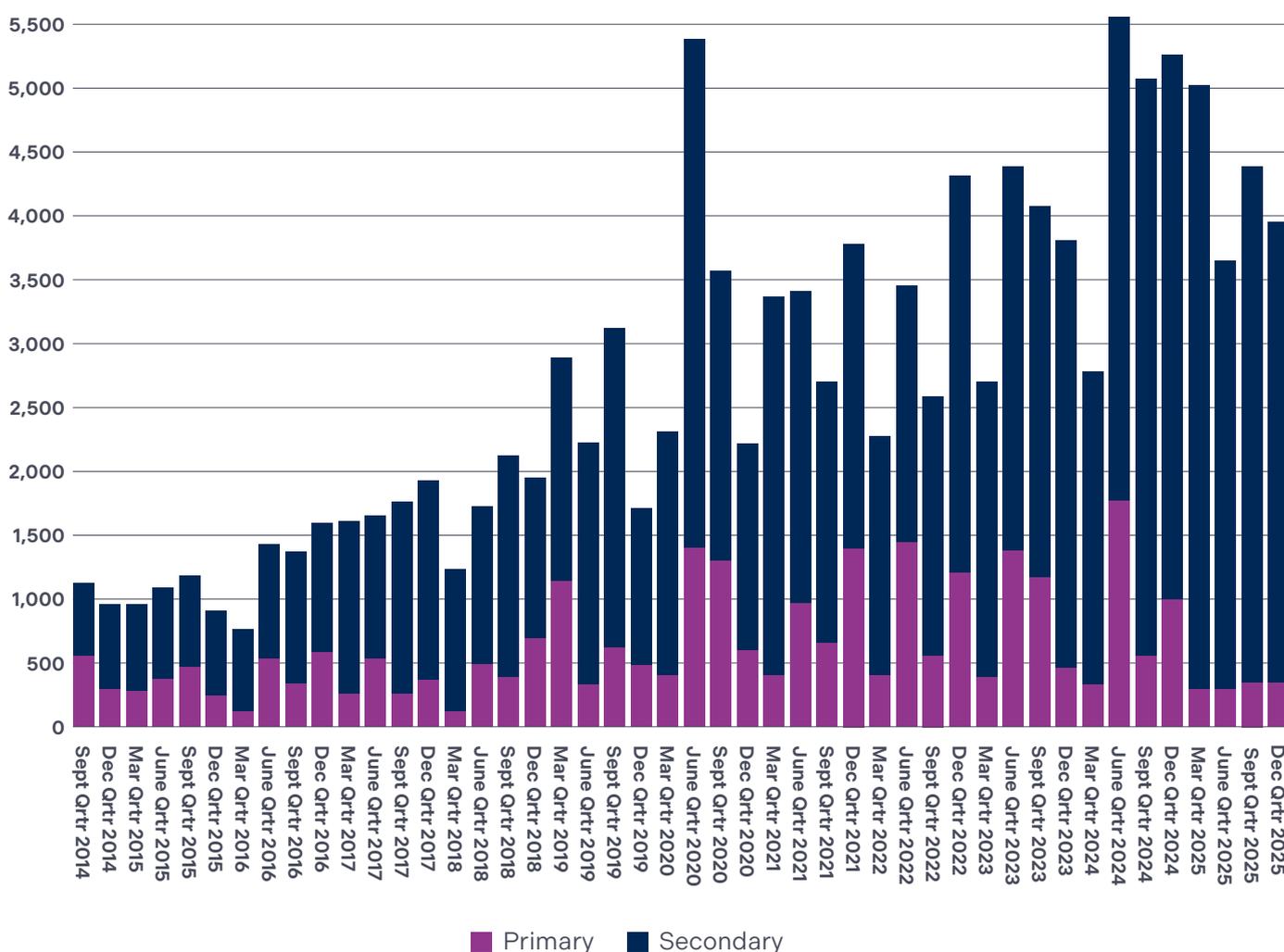


Short-term borrowing by councils and CCOs with loan terms of between one month and 12 months remains well supported with a record NZ\$1.469 billion outstanding as of 31 December 2025 to fifty-four councils and CCOs. The number of councils and CCOs using this product increased by seven over the quarter while the total amount outstanding increased by NZ\$112 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, 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 (tender or syndicated issuance) and secondary market (between banks and investors) remains strong. Combined primary and secondary market activity in our NZD bonds of NZ\$3.9 billion for the December 2025 quarter is lower than recent quarters but reflects the lack of new issuance of LGFA bonds in the primary market. Secondary market turnover of NZ\$3.6 billion during the quarter was the seventh largest quarter on record.

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



LGFA commenced issuing LGFA Bills in 2015. As at 31 December 2025 there were NZ\$540 million of LGFA Bills on issue. We use proceeds from LGFA bills to fund short term lending to councils and hold the balance in our liquid asset portfolio.

LGFA documented a Euro Commercial Paper (“ECP”) Programme at the end of 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 back into NZD. LGFA had NZ\$1.062 million equivalent of ECP on issue as at 31 December 2025.

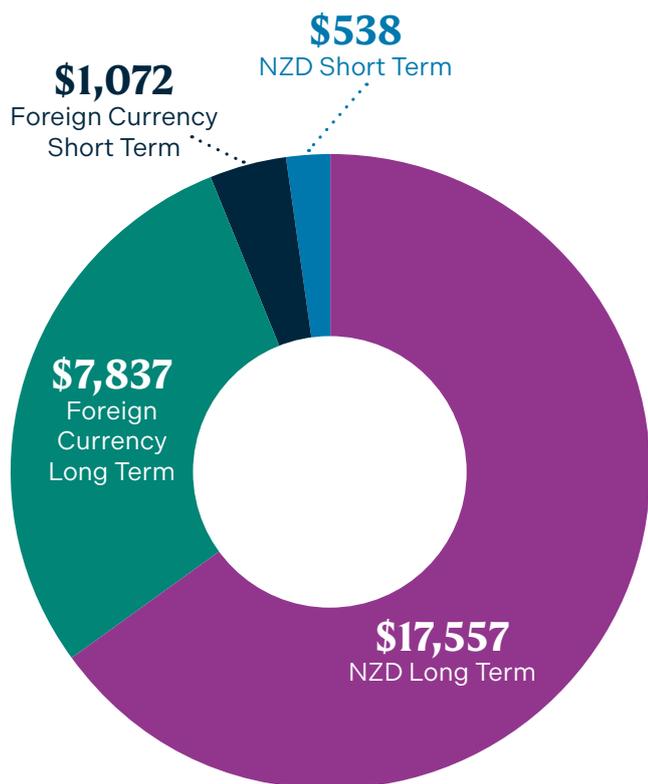
LGFA documented an Australian Medium-Term Notes (“AMTN”) Programme in November 2017 and updated the Programme in March 2020 and July 2023. We did not issue bonds in the AUD market during the quarter and our last issuance was in August 2024.

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 did not issue bonds under the EMTN Programme during the quarter as we last issued a CHF and a USD bond during the September 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.

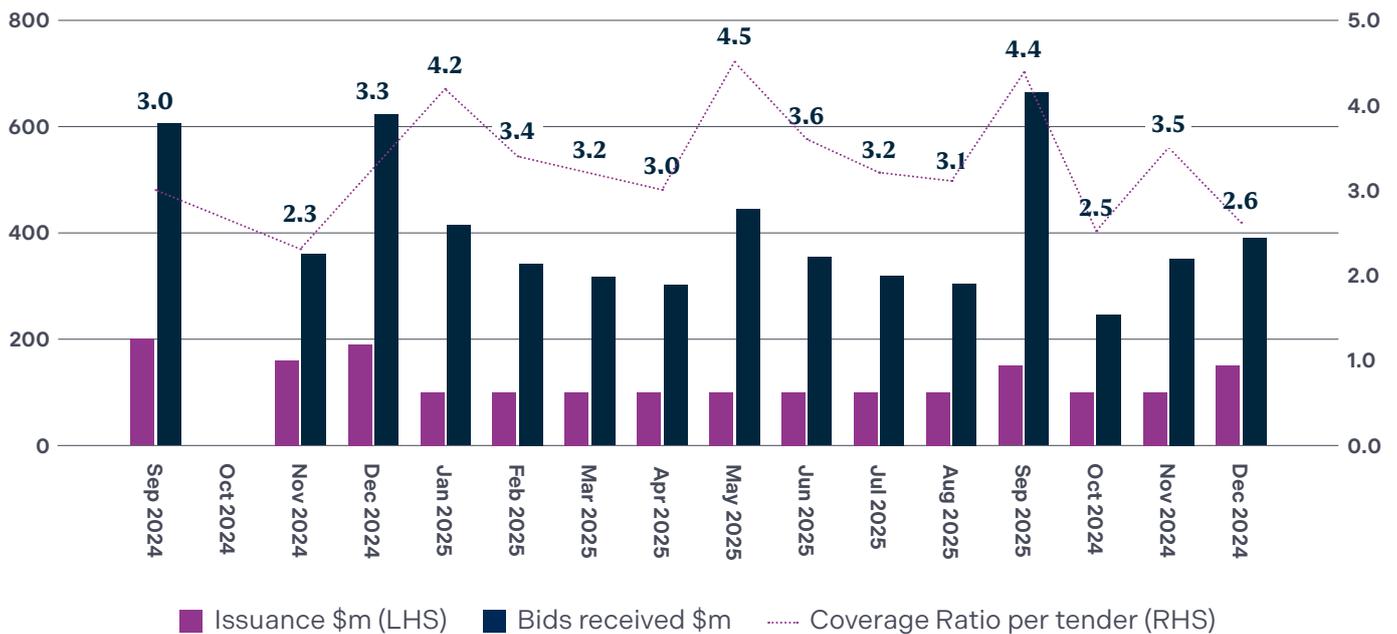
We established a LGFA Bond Repurchase Programme and commenced weekly repurchase tenders of the April 2026 bond on 14 May 2025. This will assist with our liquidity management and reduce our refinancing risk while providing market support. As at 31 December 2025 we had repurchased NZ\$380 million of the bonds with NZ\$2.4 billion remaining on issue.

Sources of Borrowing as at 31 December 2025 (NZ\$ equivalent millions)



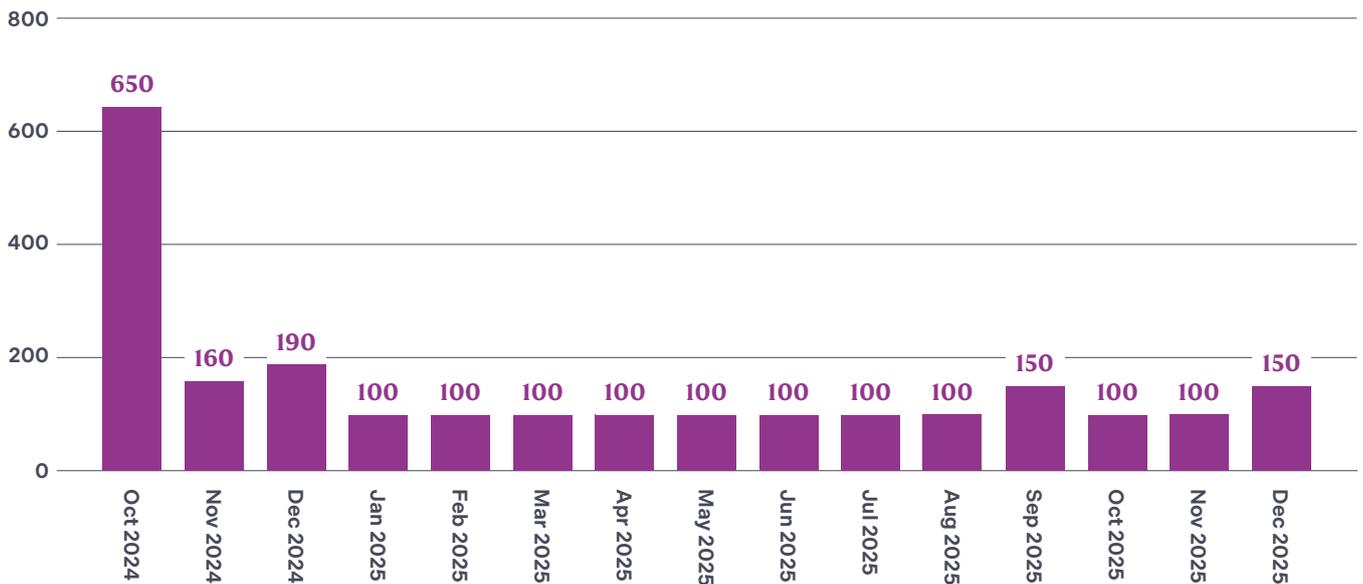
Tender bid coverage ratio

Last 15 tenders



LGFA NZD bond issuance (\$ million)

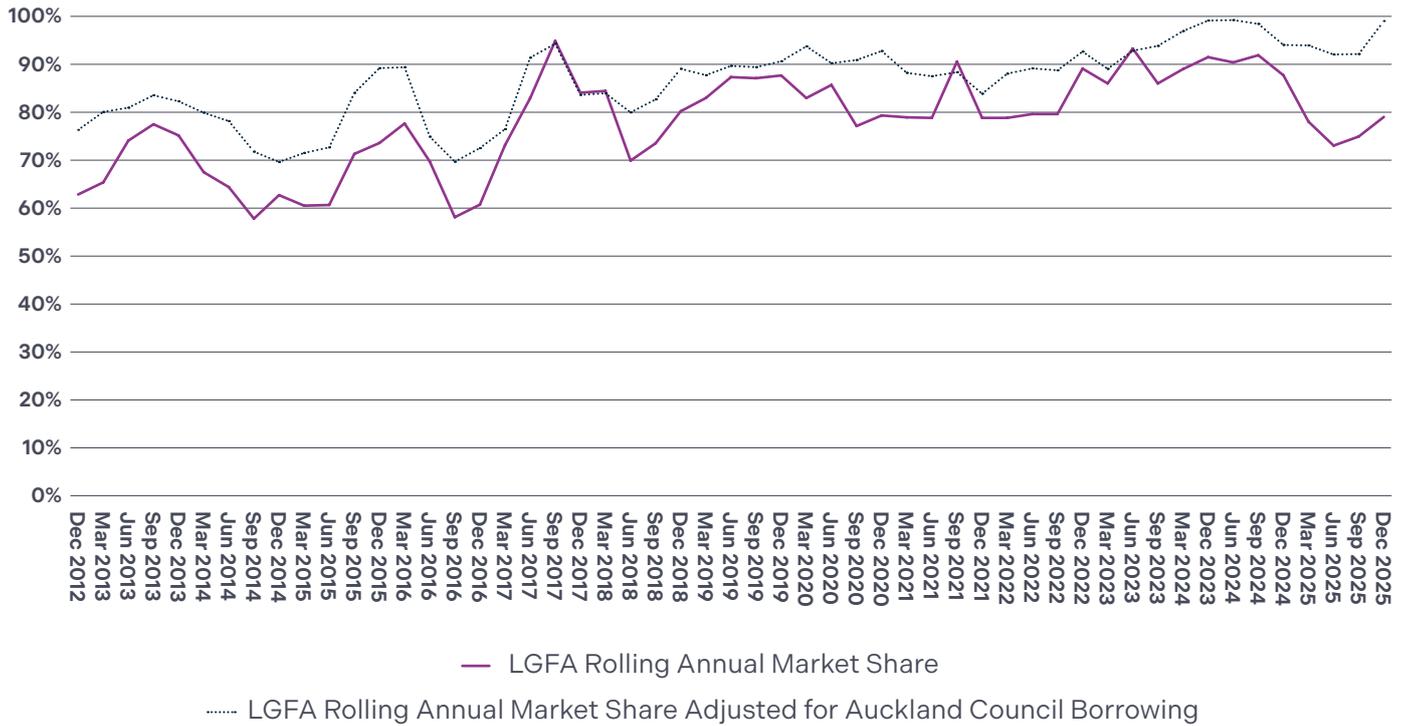
Last 15 tenders and syndications. (Excludes issuance of treasury stock)



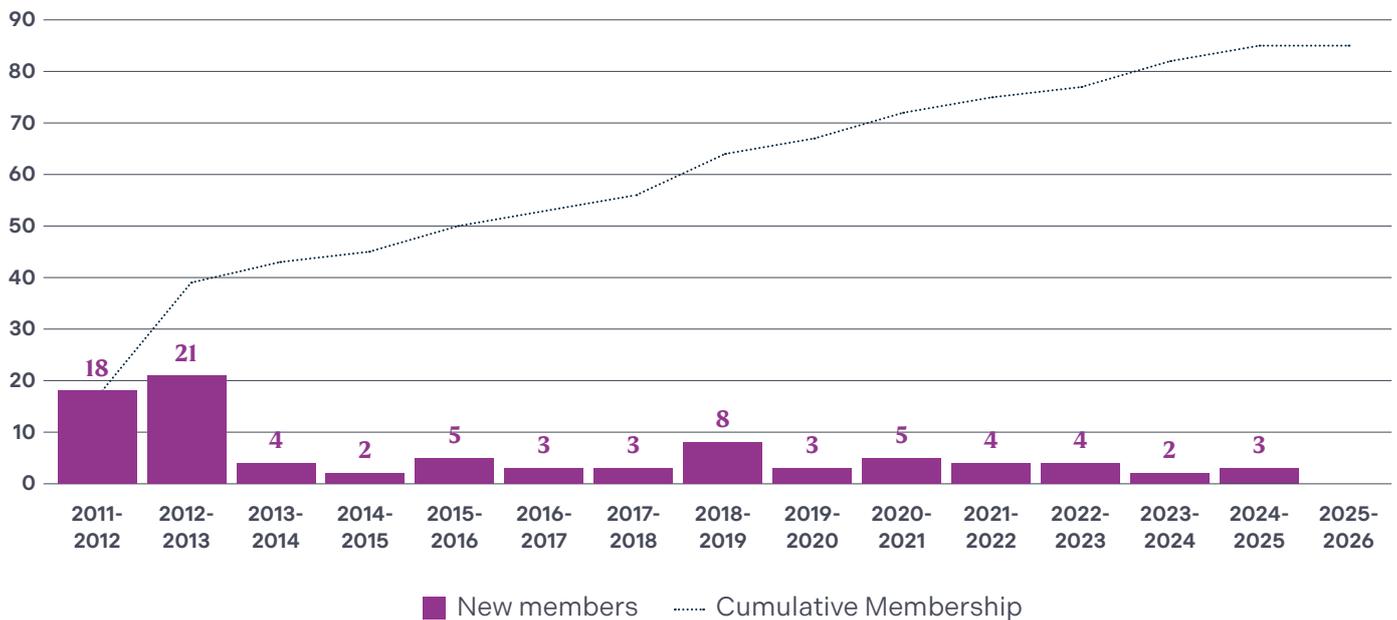
Council membership and market share

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 31 December 2025 was 79.4%. If we adjust for Auckland Council borrowing from both LGFA and from the market in its own name, our market share increased to 98.7% (as Auckland Council borrowed in its own name over the past year). Our current market share is in line with our historical average of 78.1% and remains high compared to our global peers.

LGFA Market Share – rolling one year average



Council and CCO Membership (as at 31 December 2025)



As at 31 December 2025, there were seventy-seven councils and eight CCO members of LGFA. There were no changes to the number of members during the quarter. The number of guarantors was unchanged at seventy-four.

Our CCO lending comprises NZ\$743.9 million of loans to four CCOs. The amount of CCO loans outstanding increased by NZ\$118.8 million over the quarter and comprises 3.1% of total loans outstanding.

- Dunedin City Treasury Limited joined as a member in November 2022 and has borrowings outstanding of NZ\$540 million as at 31 December 2025 (up NZ\$120 million over the quarter).

- Infrastructure Holdings Limited joined as a member in September 2023 and has borrowings outstanding of NZ\$123 million as at 31 December 2025 (up NZ\$5 million over the quarter).
- Far North Holdings Limited joined as a member in August 2024 and has borrowings outstanding of NZ\$67.3 million as at 31 December 2025 (down NZ\$8.2 million over the quarter).
- Timaru District Holdings joined as a member in December 2024 and has borrowings outstanding of NZ\$13.6 million as at 31 December 2025 (an increase of NZ\$2 million over the quarter).

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

D3. Environmental and social responsibility

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 31 DECEMBER 2025
Health and Safety.	No notifiable incidents.	Met.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	Met.
Meet reduction targets outlined in our carbon reduction management plan.	< 8.7 tCO ₂ e annual per person GHG emissions.	On Track.
Increase our GSS Lending Book and Climate Action Loans.	Two new GSS loans and two new borrowers enter into CALs.	On Track – 7 new GSS projects approved and six new GSS loans made. No new CAL borrowers.
Develop a sustainable financing option for the water sector.	New sustainable financing option is available to water entities.	On Track.
Enhance our insight into climate-related risks through council lending.	Climate change is incorporated into LGFA's credit risk assessments.	On Track.
Assess required governance skills for LGFA's climate-related risks and opportunities.	Develop a director skills matrix.	On Track.

There were NZ\$110.9 million of drawdowns to finance pre-approved projects under our Green and Social Lending Programme during the quarter. The total number of GS loans approved increased by one to fourteen projects with a combined value of NZ\$1.387 billion and there have been NZ\$600.3 million in loans undertaken across thirteen projects as at 31 December 2025. Eligible council or CCO projects will receive a discounted loan margin.

The new project approved was a green loan (climate change adaptation) for Hawkes Bay Regional Council – Infrastructure Resilience Programme for NZ\$49.8 million

For further information on GSS loans see our website [Green and Social Loans | New Zealand Local Government Funding Agency \(lgfa.co.nz\)](https://www.lgfa.co.nz/green-and-social-loans)

We have seven councils and CCOs approved as CAL borrowers (Auckland Council, Dunedin City Treasury, Hutt City Council, Kapiti District Council, Wellington City Council, Tauranga City Council and Greater Wellington Regional Council). There have been no new councils or CCOs approved as CAL borrowers during the quarter. We have NZ\$4.11 billion of CALs to the seven councils as at 31 December 2025 which was an increase of NZ\$290 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. For further information on CALs see our website [Climate Action Loans | New Zealand Local Government Funding Agency \(lgfa.co.nz\)](https://www.lgfa.co.nz/climate-action-loans)

The total amount of sustainable loans (comprising GS and CALs) is NZ\$4.706 billion or 19.8% of the total LGFA long term lending book as at 31 December 2025.

D4. Effective management of loans

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 31 DECEMBER 2025
Review each participating borrower's financial position.	100%	Met.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Met – 141 council visits.

We undertook thirty meetings with councils, CCOs and water CCO establishment teams during the December 2025 quarter. LGFA continues to review council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list. Over the past fifteen months to 31 December 2025, 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 and 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.

All councils complied with all LGFA covenants except Mackenzie District Council who breached the 110% liquidity Covenant as at 30 June 2025 with an outcome of 109.5%. This breach was rectified in July 2025 and LGFA has written to the Council reminding them of their obligations.

D5. Industry leadership and engagement

PERFORMANCE TARGET	2025-26 TARGET	PERFORMANCE AGAINST TARGET AS AT 31 DECEMBER 2025
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	On Track.
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.	On Track.
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.	Met.
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.	Met – Bruce Allan (Hastings District Council) was appointed.

During the quarter we have had meetings with DIA, OAG and Infrastructure Commission regarding council finances and the Local Water Done Well ("LWDW") Programme. We have met with staff and elected officials at numerous councils, their advisers, and Water NZ over the quarter to share our views on LWDW. LGFA accepted the invitation from the Minister of Local Government to be a member of the panel reviewing the Water Services Delivery Plans.

We would expect two water CCOs to be members of LGFA by June 2026.

The Minister of Finance announced on 31 October 2025 the completion of an increase (doubling in size to NZ\$3 billion) and term extension (from 2031 to 2037) to the Crown Liquidity Facility provided to LGFA by the New Zealand Government. We acknowledge the support of the Ministers and officials that ensures LGFA retains the confidence of our investor base and the credit rating agencies.

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.

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 and should be passed in early 2026.

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 December 2025 quarter we issued NZ\$350 million of LGFA NZD bonds. The change in holdings amongst our investor groups during the quarter was:

- Offshore investor holdings increased by NZ\$95 million to be NZ\$4.95 billion on 31 December 2025 (27.0% of bonds on issue).
- Domestic bank holdings decreased by NZ\$344 million to be NZ\$5.97 billion on 31 December 2025 (32.5%).
- Domestic investor (retail and institutional) holdings increased by NZ\$593 million to be NZ\$6.7 billion on 31 December 2025 (36.5%).
- The Reserve Bank of New Zealand (RBNZ) holdings were unchanged at NZ\$732 million as of 31 December 2025 (4.0%).

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

