

## LGFA confirms Issue Price, Interest Rate and Issuance Yield

12 May 2021

New Zealand Local Government Funding Agency Limited announced today that it will issue NZ\$750 million of unsecured, unsubordinated, fixed rate bonds maturing 15 May 2031 (**Bonds**).

The Coupon/Interest Rate for the Bonds has been set at 2.25% per annum.

The Issuance Yield for the Bonds has been set at 2.319% per annum, based on a Margin of 0.36% per annum as previously announced.

The Issue/Settlement Price has been determined (using the formula in the Series Notice) as \$0.99399768 per Bond.

All of the Bonds have been allocated to participants (or their clients) in the bookbuild process and there is no public pool.

The Bonds are expected to be issued on 17 May 2021. The Bonds are expected to be quoted on the NZX Debt Market on 18 May 2021 under the ticker code LGF140.

## Arranger and Joint Lead Manager



Phone: 0800 284 017

## Joint Lead Managers



Phone: 0800 269 476



Commonwealth  
Bank

Phone: 0800 272 266



Phone: 0800 772 142

**SERIES NOTICE**

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY BOND**

**11 May 2021**

**IMPORTANT NOTICE**

This Series Notice sets out the key terms of the offer by New Zealand Local Government Funding Agency Limited ("**LGFA**") of fixed rate bonds maturing on 15 May 2031 ("**Bonds**") under its master trust deed dated 7 December 2011 (as amended from time to time) ("**Master Trust Deed**") as supplemented by a supplemental deed dated 15 February 2012 (as amended from time to time) (together, the "**Trust Documents**") entered into between LGFA and Trustees Executors Limited ("**Supervisor**"). The Bonds are "Retail Notes" for the purposes of the Trust Documents.

Unless defined in this Series Notice or the context requires otherwise, capitalised terms used in this Series Notice have the meaning given to them in the Trust Documents.

The offer of debt securities by LGFA is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The offer contained in this Series Notice is an offer of Bonds that will have identical rights, privileges, limitations and conditions (except for the interest rate and/or maturity date) as LGFA's:

- (a) fixed rate bonds maturing on 15 May 2021 with an interest rate of 6.00% per annum, which are quoted on the NZX Debt Market under the ticker code LGF040;
- (b) fixed rate bonds maturing on 15 April 2023 with an interest rate of 5.50% per annum, which are quoted on the NZX Debt Market under the ticker code LGF050;
- (c) fixed rate bonds maturing on 15 April 2027 with an interest rate of 4.50% per annum, which are quoted on the NZX Debt Market under the ticker code LGF060;
- (d) fixed rate bonds maturing on 15 April 2025 with an interest rate of 2.75% per annum, which are quoted on the NZX Debt Market under the ticker code LGF070;
- (e) fixed rate bonds maturing on 14 April 2033 with an interest rate of 3.50% per annum, which are quoted on the NZX Debt Market under the ticker code LGF080;
- (f) fixed rate bonds maturing on 14 April 2022 with an interest rate of 2.75% per annum, which are quoted on the NZX Debt Market under the ticker code LGF090;
- (g) fixed rate bonds maturing on 15 April 2024 with an interest rate of 2.25% per annum, which are quoted on the NZX Debt Market under the ticker code LGF100;
- (h) fixed rate bonds maturing on 20 April 2029 with an interest rate of 1.50% per annum, which are quoted on the NZX Debt Market under the ticker code LGF110;
- (i) fixed rate bonds maturing on 15 April 2026 with an interest rate of 1.50% per annum, which are quoted on the NZX Debt Market under the ticker code LGF120; and
- (j) fixed rate bonds maturing on 15 April 2037 with an interest rate of 2.00% per annum, which are quoted on the NZX Debt Market under the ticker code LGF130,

("Quoted Bonds"). Accordingly, the Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

LGFA is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("NZX") for the purpose of that information being made available to participants in the market and that information can be found by visiting <https://www.nzx.com/companies/LGF>

The Quoted Bonds are the only debt securities of LGFA that are currently quoted and in the same class as the Bonds. The Quoted Bonds with ticker code LGF040 (referred to at paragraph (a) above) have been suspended from trading since the close of business on 3 May 2021 and will mature on 15 May 2021.

Investors should look to the market price of the Quoted Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

| <b>Programme:</b>                                | New Zealand Local Government Funding Agency Bond  |                              |                    |                              |  |   |     |                                       |  |     |
|--|---|------------------------------|--------------------|------------------------------|--|---|-----|---------------------------------------|--|-----|
| <b>Issuer:</b>                                   | New Zealand Local Government Funding Agency Limited   |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Description:</b>                              | The Bonds are direct, unsecured, unsubordinated, New Zealand dollar ("NZD") fixed rate interest bearing debt obligations of LGFA.   |                              |                    |                              |  |   |     |                                       |  |     |
| <b>NZClear Series Code:</b>                      | LB0531, Tranche 1.  |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Offering:</b>                                 | NZD 300 million, with the ability to accept unlimited oversubscriptions at LGFA's discretion.<br><br>The offer is not underwritten.<br><br>NZD 100,000,000 of Bonds are reserved for subscription by LGFA. LGFA will subscribe for these Bonds at the Issue/Settlement Price calculated as set out below and will initially hold these Bonds as treasury stock for the purposes of its bond lending facility.   |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Minimum Principal Amount for transfers:</b>   | NZD 10,000 and in multiples of NZD 1,000 thereafter.  |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Credit Rating:</b>                            | <p>LGFA has issuer credit ratings and the Bonds are expected to have an issue rating from:</p> <table border="1" data-bbox="496 1234 1370 1543"> <thead> <tr> <th></th> <th>LGFA Credit Rating</th> <th>Expected Issue Credit Rating</th> </tr> </thead> <tbody> <tr> <td>S&amp;P Global Ratings Australia Pty Limited ("S&amp;P")</td> <td>AAA (stable) NZD long-term<br/>A-1+ short-term</td> <td>AAA</td> </tr> <tr> <td>Fitch Australia Pty Limited ("Fitch")</td> <td>AA+ (stable) NZD long-term<br/>F1+ short-term</td> <td>AA+</td> </tr> </tbody> </table> <p>The ratings are not a recommendation to you to buy, sell or hold the Bonds and the ratings may be subject to revision, qualification or withdrawal at any time by S&amp;P and/or Fitch. Any downward revision, qualification or withdrawal of the ratings may affect your ability to sell your Bonds and the price you are able to sell them for.</p> |                              | LGFA Credit Rating | Expected Issue Credit Rating | S&P Global Ratings Australia Pty Limited ("S&P") | AAA (stable) NZD long-term<br>A-1+ short-term | AAA | Fitch Australia Pty Limited ("Fitch") | AA+ (stable) NZD long-term<br>F1+ short-term | AA+ |
|  | LGFA Credit Rating  | Expected Issue Credit Rating |                    |                              |  |   |     |                                       |  |     |
| S&P Global Ratings Australia Pty Limited ("S&P") | AAA (stable) NZD long-term<br>A-1+ short-term   | AAA                          |                    |                              |  |   |     |                                       |  |     |
| Fitch Australia Pty Limited ("Fitch")            | AA+ (stable) NZD long-term<br>F1+ short-term  | AA+                          |                    |                              |  |   |     |                                       |  |     |
| <b>Opening Date:</b>                             | 11 May 2021   |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Closing Date:</b>                             | Bids due by 2pm, 12 May 2021  |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Rate Set Date:</b>                            | 12 May 2021   |                              |                    |                              |  |   |     |                                       |  |     |
| <b>Issue Date and allotment date:</b>            | 17 May 2021   |                              |                    |                              |  |   |     |                                       |  |     |

|                                     |   |
|-------------------------------------|---|
| <b>Maturity Date:</b>               | 15 May 2031   |
| <b>Principal Amount:</b>            | NZD 1.00 Per Bond   |
| <b>Coupon/Interest Rate:</b>        | <p>The Coupon/Interest Rate will be set by LGFA, taking into account the Issuance Yield set on the Rate Set Date.</p> <p>As at the date of this Series Notice, LGFA expects the Coupon/Interest Rate to be 2.25% per annum.</p> <p>The Coupon/Interest Rate will be announced by LGFA via NZX on or shortly after the Rate Set Date.</p> <p>Interest on the Bonds will be paid semi-annually in arrear.</p>   |
| <b>Issuance Yield:</b>              | <p>The Issuance Yield will be the sum of the Margin and the Base Rate on the Rate Set Date.</p> <p>The Issuance Yield will be announced by LGFA via NZX on or shortly after the Rate Set Date.</p>  |
| <b>Indicative Margin:</b>           | The indicative range of the Margin is 0.35 – 0.38 per cent per annum.   |
| <b>Margin:</b>                      | <p>The Margin will be determined by LGFA in consultation with the Joint Lead Managers following completion of the bookbuild and announced via NZX on or shortly after the Rate Set Date.</p> <p>The bookbuild process enables certain investors and brokers to lodge bids for the Bonds and, on the basis of these bids, LGFA (in consultation with the Joint Lead Managers) determines the Margin, Issuance Yield, Coupon/Interest Rate and the total amount of Bonds to be issued.</p>  |
| <b>Base Rate:</b>                   | The semi-annual mid-market swap rate for an interest rate swap from the Issue Date to the relevant Maturity Date as calculated by the Joint Lead Managers in conjunction with LGFA on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) and expressed on a semi-annual basis, rounded to 3 decimal places if necessary, with 0.0005 rounded up.  |
| <b>Interest Accrual Start Date:</b> | 15 May 2021   |
| <b>Interest Accrual:</b>            | 2 days accrued interest   |
| <b>First Interest Payment Date:</b> | <p>15 November 2021</p> <p>The interest payment on the First Interest Payment Date will be a full semi-annual interest payment.</p>   |
| <b>Interest Payment Dates:</b>      | 15 May and 15 November in each year up to, and including, the Maturity Date.  |
| <b>Daycount convention:</b>         | ACT/ACT   |
| <b>Holidays/Business Days:</b>      | Wellington, Auckland  |
| <b>Guarantors:</b>                  | <p>Other than the New Zealand Government, each holder of ordinary shares in LGFA must be (and, as at the date of this Series Notice, is) a Guarantor.</p> <p>In addition, as at the date of this Series Notice, LGFA's policy is that:</p> <ul style="list-style-type: none"> <li>any local authority that borrows from LGFA or has a facility agreement with LGFA where LGFA's commitment is more than NZD 20,000,000 must be a Guarantor; and</li> <li>any CCO Shareholder must be a Guarantor, where its council-controlled organisation has entered into one or more lending arrangements with LGFA. In summary, a "<b>council-controlled organisation</b>" is a company where one or more</li> </ul> |

local authorities (each such local authority, being a "CCO Shareholder") holds or controls, directly or indirectly, 51% or more of the voting rights of that company, with the balance (if any) held by the New Zealand Government.

However, as at the date of this Series Notice, LGFA has not entered into any lending arrangements with any council-controlled organisation.

As at the date of this Series Notice, the Guarantors are:

- Ashburton District Council
- Auckland Council
- Bay of Plenty Regional Council
- Canterbury Regional Council
- Central Hawke's Bay District Council
- Central Otago District Council
- Christchurch City Council
- Clutha District Council
- Far North District Council
- Gisborne District Council
- Gore District Council
- Grey District Council
- Hamilton City Council
- Hastings District Council
- Hauraki District Council
- Hawke's Bay Regional Council
- Horowhenua District Council
- Hurunui District Council
- Hutt City Council
- Invercargill City Council
- Kaipara District Council
- Kapiti Coast District Council
- Manawatu District Council
- Manawatū-Whanganui Regional Council
- Marlborough District Council
- Masterton District Council
- Matamata-Piako District Council
- Napier City Council
- Nelson City Council
- New Plymouth District Council
- Northland Regional Council
- Ōtorohanga District Council
- Palmerston North City Council
- Porirua City Council
- Queenstown-Lakes District Council
- Rotorua District Council
- Ruapehu District Council
- Selwyn District Council
- South Taranaki District Council
- South Waikato District Council
- South Wairarapa District Council
- Stratford District Council
- Taranaki Regional Council
- Tararua District Council
- Tasman District Council

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|   | <ul style="list-style-type: none"> <li>• Taupo District Council</li> <li>• Tauranga City Council</li> <li>• Thames-Coromandel District Council</li> <li>• Timaru District Council</li> <li>• Upper Hutt City Council</li> <li>• Waikato District Council</li> <li>• Waikato Regional Council</li> <li>• Waimakariri District Council</li> <li>• Waipa District Council</li> <li>• Waitaki District Council</li> <li>• Waitomo District Council</li> <li>• Wellington City Council</li> <li>• Wellington Regional Council</li> <li>• Western Bay of Plenty District Council</li> <li>• Westland District Council</li> <li>• Whakatane District Council</li> <li>• Whanganui District Council</li> <li>• Whangarei District Council</li> </ul>   |
| <b>Guarantee and Security Arrangements:</b> | <p>LGFA's obligations in relation to (among other things) the debt securities (including the Bonds) issued under Trust Documents are guaranteed by the local authorities that are from time to time Guarantors under the Guarantee (as defined in the "Additional Information" section of this Series Notice).</p> <p>Other than the Guarantors under the Guarantee, neither the Supervisor, the Registrar, nor any of their respective directors, officers or employees, nor any other person, guarantees the payment of interest or any other amounts due under the Bonds.</p> <p>The New Zealand Government does not guarantee any of LGFA's obligations or liabilities in relation to the Bonds.</p> <p>Each Guarantor has entered into a debenture trust deed ("<b>Debenture Trust Deed</b>") under which a security interest is granted in favour of a trustee ("<b>Debenture Trustee</b>") over certain rates related assets of that local authority for the benefit of the local authority's secured creditors.</p> <p>The security granted by each of the Guarantors under their respective Debenture Trust Deeds secures their obligations under the Guarantee.</p> <p>More information on the Guarantee and security arrangements is set out under the heading "Guarantee and Security Arrangements" in the "Additional Information" section of this Series Notice.</p> |
| <b>Early repayment:</b>                     | LGFA is not obliged to repay the Bonds prior to the Maturity Date.   |
| <b>Issue/Settlement Price:</b>              | <p>Determined in accordance with the bond formula on the last page of this Series Notice, using the Coupon/Interest Rate and the Issuance Yield as determined on the Rate Set Date following the bookbuild. The Issue/Settlement Price will be announced via the NZX on or shortly after the Rate Set Date.</p> <p>The Issue/Settlement Price includes 2 days of accrued interest.</p>   |
| <b>How to apply:</b>                        | <p>All of the Bonds (other than the NZD 100,000,000 reserved for subscription by LGFA), including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the offer. Accordingly, retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how</p>  |

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|   | <p>they may acquire Bonds. You can find a primary market participant by visiting <a href="https://www.nzx.com/services/market-participants/find-a-participant">https://www.nzx.com/services/market-participants/find-a-participant</a></p> <p>In respect of oversubscriptions or generally, any allotment of Bonds will be at LGFA's discretion, in consultation with the Joint Lead Managers. LGFA reserves the right to refuse all or any part of an application without giving any reason.</p>   |
| <b>NZX Quotation:</b>   | <p>LGFA will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted.</p> <p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Series Notice have been duly complied with. However, NZX accepts no responsibility for any statement in this Series Notice.</p> <p>NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.</p>  |
| <b>NZX Ticker Code:</b>   | LGF140  |
| <b>Expected Date of Quotation on NZX Debt Market:</b>               | 18 May 2021   |
| <b>ISIN Code:</b>   | NZLGFDT017C3  |
| <b>Singapore Securities and Futures Act Product Classification:</b> | Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "SFA"), LGFA has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).  |
| <b>Selling restrictions:</b>  | <p><b>Part A - Initial Selling Restrictions</b></p> <p>If sold in New Zealand, the Bonds may only be offered in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of the Bonds by LGFA under this Series Notice ("<b>Initial Offer</b>"), no Bonds may be offered in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions set out below in this Part A. This Series Notice may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.</p> <p><b>United States of America</b></p> <p>The Bonds have not been and will not be registered under the Securities Act of 1933, as amended ("<b>Securities Act</b>") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("<b>Regulation S</b>")).</p> <p>None of LGFA, the Joint Lead Managers, nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) in relation to the Bonds, and each of LGFA and the Joint Lead Managers have complied and will comply with the offering restrictions in Regulation S.</p> <p>The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds, as determined and certified by the Joint Lead Managers. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period</p> |

require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

“The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date. Terms used above have the meaning given to them by Regulation S.”

#### **Member States of the European Economic Area**

In relation to each Member State of the European Economic Area, no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Series Notice in relation thereto to the public in that Member State except that an offer of Bonds to the public in the Member State may be made:

- (a) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Joint Lead Manager and/or Joint Lead Managers nominated by LGFA for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of the Bonds shall require LGFA or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of the Bonds to the public**" in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

#### **United Kingdom**

No Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Series Notice in relation thereto to the public in the United Kingdom except that an offer of Bonds to the public in the United Kingdom may be made:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Joint Lead Manager and/or Joint Lead Managers nominated by LGFA for any such offer; or
- (c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 ("**FSMA**"),

provided that no such offer of the Bonds shall require LGFA or any Joint Lead Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of the Bonds to the public**" in relation to any Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.



**Other regulatory restrictions**

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to LGFA.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

**Japan**

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds in Japan or to a Japanese person except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**Singapore**

Each Joint Lead Manager has acknowledged that this Series Notice has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Series Notice or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **Hong Kong**

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distribute or publish, any Series Notice, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia, unless:
  - (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
  - (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
  - (iii) such action complies with all applicable laws, regulations and directives; and
  - (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Series Notice, each person to whom the Bonds are issued (an "**Investor**"):

- (a) will be deemed by LGFA and any Joint Lead Manager to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
  - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
  - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by LGFA and any Joint Lead Manager to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Series Notice is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

**Switzerland**

This Series Notice is not intended to constitute an offer or solicitation to purchase or invest in the Bonds. The Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Series Notice nor any other offering or marketing material relating to the Bonds constitutes a prospectus pursuant to the FinSA, and neither this Series Notice nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland. The Bonds do not constitute collective investments within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, holders of the Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of LGFA.

**United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Joint Lead Manager has represented and agreed that the Bonds have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates ("**UAE**") other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

**Dubai International Financial Centre**

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Bonds to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- (b) made only to persons who meet the "**Professional Client**" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

**South Korea**

A registration statement for the offering and sale of the Bonds has not been and will not be filed with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Bonds may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder) except as otherwise permitted under applicable Korean laws and regulations.

**Part B – General Selling Restrictions**

LGFA has not taken any action which would permit an offer of the Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

You may only offer for sale or sell, directly or indirectly, or transfer any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.

No disclosure document, advertisement or any other offering material in respect of any Bond may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

|                             |  |
|-----------------------------|--|
| <b>Further issues:</b>      | LGFA may from time to time issue additional bonds or incur other debt obligations which rank equally with the Bonds without your consent. LGFA may incur such further debt obligations on such terms as it thinks fit in NZD or in other currencies.   |
| <b>Registrar:</b>           | Computershare Investor Services Limited  |
| <b>Supervisor:</b>          | Trustees Executors Limited   |
| <b>Arranger:</b>            | <b>Bank of New Zealand</b>   |
| <b>Joint Lead Managers:</b> | <p><b>ANZ Bank New Zealand Limited</b><br/> Level 10, ANZ Centre<br/> 171 Featherston Street<br/> Wellington 6011<br/> New Zealand<br/> Phone: 0800 269 476</p> <p><b>Bank of New Zealand</b><br/> Level 4<br/> 80 Queen Street<br/> Auckland 1010<br/> New Zealand<br/> Phone: 0800 284 017</p> <p><b>Commonwealth Bank of Australia (ABN 48 123 123 124) (acting through its New Zealand branch)</b><br/> 12 Jellicoe Street<br/> ASB North Wharf<br/> Auckland 1140<br/> New Zealand<br/> Phone: 0800 272 266</p> <p><b>Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)</b><br/> Westpac on Takutai Square<br/> 16 Takutai Square<br/> Auckland 1010<br/> New Zealand<br/> Phone: 0800 772 142</p> |

## Additional Information

### **Guarantee and Security Arrangements**

LGFA's obligations in relation to (among other things) the Securities are guaranteed by the local authorities that are from time to time Guarantors under the Guarantee (as defined below). Other than the New Zealand Government, each holder of ordinary shares in LGFA must be (and, at the date of this Series Notice, is) a Guarantor. In addition, see "Guarantors" above in relation to LGFA's policy regarding other local authorities that must be Guarantors.

The Guarantors each jointly and severally guarantee to TEL Security Trustee (LGFA) Limited ("**Security Trustee**"), for the benefit of the Supervisor (in the case of each Series of Retail Securities), each holder of Wholesale Securities (in the case of each Series of Wholesale Securities) and other creditors of LGFA to whom LGFA extends the benefit of the Guarantee and the Security Trust Deed from time to time (each such creditor, including the Supervisor and the holders of Wholesale Securities, a "**Beneficiary**"), LGFA's due payment and delivery of all amounts LGFA is or may at any time become liable to pay to the Beneficiaries ("**Guarantee**").

In the case of each Series of Retail Securities, the Security Trustee must make a demand under the Guarantee on behalf of the Supervisor when the Supervisor requests the Security Trustee to do so and confirms to the Security

Trustee that an Event of Default has occurred. However, the Supervisor may refrain from exercising its powers to make such a request until it has been instructed to do so by an Extraordinary Resolution of the holders of the affected Retail Securities.

In the case of each Series of Wholesale Securities, the Security Trustee must make a demand under the Guarantee on behalf of each holder of Wholesale Securities when such holder requests the Security Trustee to do so and confirms to the Security Trustee that an Event of Default has occurred.

Each demand the Security Trustee makes under the Guarantee must be made on a pro-rata basis according to each Guarantor's prior year's annual rates revenues. If a Guarantor fails to pay its pro-rata share of a demand under the Guarantee, the Security Trustee will make further demands on the other Guarantors for payment of the unpaid amount on a pro-rata basis until the outstanding amounts are paid in full.

Each Guarantor must have entered into a Debenture Trust Deed with a Debenture Trustee. In summary, each Debenture Trust Deed creates a security interest in favour of the Debenture Trustee over all rates the local authority sets or assesses from time to time under certain legislation or arising under section 115 of the Local Government Act 2002 and all rates revenue in respect thereof. The security is limited to rates and rates revenues, and does not extend to any other assets of the local authorities. The security interest is held by the Debenture Trustee for the benefit of all creditors of the Guarantor to whom the Guarantor has issued Stock (including Security Stock). Each Guarantor must have issued Security Stock to the Security Trustee to secure its liabilities under the Guarantee. The Security Trustee holds the benefit of the Security Stock on behalf of the Supervisor (in the case of each Series of Retail Securities), each holder of Wholesale Securities (in the case of each Series of Wholesale Securities) and the other Beneficiaries from time to time.

Each Guarantor must have issued a Security Stock Certificate to the Security Trustee in relation to the Guarantee.

- In the case of certain Guarantors, the relevant Security Stock Certificate provides that the Priority Amount of the Security Stock is (subject to certain exclusions specified in the relevant Debenture Trust Deed and/or Security Stock Certificate) the aggregate amount of the obligations the relevant Guarantor owes the Security Trustee under the Guarantee from time to time. That Guarantor's obligations to the Security Trustee rank equally with all other obligations of the Guarantor in respect of which "first ranking" Stock (including Security Stock) has been issued from time to time, up to the Security Trustee's Priority Amount. Amounts above the Security Trustee's Priority Amount rank behind the claims of other "first ranking" holders of Stock ("**Stockholders**") but before claims of any subsequent security holders of the relevant Guarantor.
- In the case of all other Guarantors, the relevant Guarantor's obligations to the Security Trustee rank equally with all other obligations of the Guarantor in respect of which Stock (including Security Stock) has been issued from time to time, without any Stock having preference or priority over any other Stock, unless the terms of the relevant Stock expressly subordinate it to other Stock.

If a Guarantor does not satisfy its obligations under the Guarantee, the Security Trustee may request the relevant Debenture Trustee to enforce the security interest created by the Debenture Trust Deed. The Security Trustee is not required to exercise its rights as holder of Security Stock unless it is requested to do so by Beneficiaries whose aggregate Exposures amount to not less than 25% of the aggregate Exposures of all Beneficiaries at the relevant time and those Beneficiaries have confirmed to the Security Trustee that an event of default has occurred.

The Supervisor and each holder of Wholesale Securities are Beneficiaries under the Security Trust Deed and so may request the Security Trustee to exercise its rights under a Debenture Trust Deed as a holder of Security Stock. However, in the case of Retail Securities, the Supervisor may refrain from making such a request until it has been instructed to do so by an Extraordinary Resolution of the holders of the affected Retail Securities.

The Debenture Trustee is not required to enforce the security interest created by the Debenture Trust Deed unless directed to do so by an extraordinary resolution of Stockholders and/or in certain cases a specified percentage of "majority stockholders". The Debenture Trustee is not bound to comply with such a direction if it is not first indemnified to its satisfaction against any actions, proceedings, claims, demands, costs and expenses that it may face

as a result of complying with the direction. The Debenture Trustee has the power under each Debenture Trust Deed to appoint a receiver to levy a special rate on the relevant local authority's ratepayers.

When used in this section, these capitalised words have the following meanings:

**Exposures** means, in relation to a Beneficiary at any time, the amount in New Zealand dollars owing at that time by LGFA to that Beneficiary.

**Priority Amount** means, if applicable to a local authority, the aggregate amount up to which a Stockholder of that local authority is deemed to have a first ranking pari passu payment right pursuant to the terms of that local authority's Debenture Trust Deed.

**Retail Securities** means Securities which are part of a Series which may be offered or sold to members of the public, under a regulated offer or in accordance with clause 19 to schedule 1 of the FMCA.

**Securities** means debt securities denominated in NZD issued by LGFA under the Master Trust Deed.

**Security Stock** means security stock issued under a Debenture Trust Deed in respect of obligations owed by a local authority.

**Security Stock Certificate** means a certificate issued by a local authority pursuant to a Debenture Trust Deed in respect of Security Stock.

**Security Trust Deed** means the security trust deed entered into between LGFA and the Security Trustee dated 7 December 2011 (as amended, supplemented or replaced from time to time).

**Stock** means stock issued in accordance with a Debenture Trust Deed and includes Security Stock.

**Wholesale Securities** means Securities which are part of a Series which are not permitted to be offered or sold under a regulated offer or in accordance with clause 19 to schedule 1 of the FMCA.

#### ***Dates may change***

The dates and times set out in this Series Notice are indicative only and are subject to change. LGFA has the right in its absolute discretion and without notice to change the Opening Date, the Closing Date, the Rate Set Date or the Issue Date, to accept late applications, or to choose not to proceed with the offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

#### ***Trading on the NZX***

Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number ("**CSN**"), an authorisation code ("**FIN**") and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.

#### ***Documentation***

Copies of the Trust Documents are available at LGFA's website at <https://www.lgfa.co.nz/for-investors/investor-information>

Any internet site addresses provided in this Series Notice are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Series Notice.

#### ***Investors should obtain advice***

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

### Issue/Settlement Price

The issue/settlement price per N dollars of principal shall be calculated on the basis of the following formula:

$$\text{ISSUE/SETTLEMENT PRICE PER \$N PRINCIPAL} = \left( \frac{\frac{1}{(1+i)^n} + r \left[ c + \frac{1 - \frac{1}{(1+i)^n}}{i} \right]}{(1+i)^{\frac{a}{b}}} \right) N$$

- Where
- N = the principal of the Bonds (\$)
  - r = the annual Coupon/Interest Rate divided by two hundred, i.e. the semi-annual Coupon/Interest Rate (%)
  - i = the yield divided by two hundred, i.e. the semi-annual yield (%)
  - c = where the Issue Date is after the Record Date and up to, but not including, the next Interest Payment Date "c" has the value of 0, otherwise "c" has the value of 1
  - n = the number of full half years between the next Interest Payment Date and the Maturity Date
  - a = the number of days from the Issue Date to the next Interest Payment Date
  - b = the number of days in the half year ending on the next Interest Payment Date

The issue/settlement price will be rounded to the nearest cent (0.01 to 0.49 of a cent being rounded down and 0.50 to 0.99 of a cent being rounded up).

Settlements during the period from the Record Date up to, but not including, the Interest Payment Date of any Bonds offered will be on an ex-coupon interest basis. All other settlements will be on a cum-coupon interest basis.

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED**  
**LGFA Authorised Signatory:**

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**Name: MARK BUTCHER**  
**Title: CHIEF EXECUTIVE**  
**Date: 11 May 2021**

**This document is a Series Notice.**