



23 September 2016

Dear Shareholder

LGFA Annual Report 2015/16

I attach our Annual Report for 2015/16 as required under section 8 of our Statement of Intent (SOI).

We are pleased to highlight another strong year for LGFA that included a number of achievements.

1. We have made longer dated borrowing options available to an increased number of council borrowers

By 30 June 2016, LGFA had lent \$6.401 billion to fifty participating councils. This is an increase of \$1.422 billion in loans and we added five new council members from a year ago. Bespoke lending has grown in popularity with loans via this flexible borrowing option for councils totaling \$357 million or 31% of long term loans over the past year.

2. We have made short term borrowing available to councils.

We introduced to councils the ability to borrow on terms from one month to one year. As at 30 June 2016, thirteen councils have short term borrowings of \$158.7 million outstanding.

3. A strong financial position has ensured a dividend payment of 5.57% for shareholders.

The financial strength of LGFA has been enhanced with a Net Operating Profit of \$9.5 million achieved for the 2015/16 year. As a result of this outcome, a \$1.3925 million dividend has been declared by the LGFA Board for the year ended 30 June 2016.

A copy of the Annual Report is attached, it will also be available on our website www.lgfa.co.nz from today. If you would like a hard copy version please contact jane.phelan@lgfa.co.nz.

We intend holding our Annual General Meeting (AGM) on Thursday 24th November 2016 in Wellington. We will send out the Notice of AGM and Agenda by Friday 30th September 2016.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards

A handwritten signature in black ink, appearing to read 'Mark Butcher', with a stylized flourish at the end.

Mark Butcher
Chief Executive