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Kāinga Ora announces 2020 issuance plan, following increased Borrowing Protocol limit

Overview

Kāinga Ora – Homes and Communities advises that its Borrowing Protocol limit¹ has increased from \$3.05 billion to \$7.10 billion. The increased limit provides headroom for future debt issuance, helping us to continue financing much-needed warm, dry and safe houses across New Zealand.

To provide debt capital markets with greater certainty of supply, Kāinga Ora is announcing a bond programme of around \$2.5 billion for the 2020 calendar year. Further details on the issuance plan, as well as the financing strategy, are provided below.

Issuance plan for 2020

Housing New Zealand Limited, a subsidiary of Kāinga Ora, plans to issue around \$2.5 billion of Wellbeing Bonds in the 2020 calendar year under its Sustainability Financing Framework and New Zealand Dollar Medium Term Note Programme. Issuance is expected across the curve, with the exception of the June 2023 maturity.

All Wellbeing Bond maturities, excluding June 2023, are forecast to increase to a maximum \$2.0 billion per tranche over time, subject to the total size of the Borrowing Protocol limit. We consider the \$2.0 billion limit balances maximising liquidity in individual issues with an acceptable level of refinancing risk, given current and expected gaps between maturities.

We expect to launch a longer-dated Wellbeing Bond in the next few months, subject to market conditions, extending the curve beyond the existing October 2028 maturity. Increasing the average maturity of the debt portfolio is an important goal for Kāinga Ora, given the nature of our asset base, and we remain open to reverse enquiry for longer-dated issues (15 years and beyond).

Syndication will continue to be the preferred approach for debt issuance as we develop the portfolio and build liquidity in individual maturities. Tenders may play a role in primary issuance over time, particularly for more liquid maturities, and we will update the market on our planned approach in due course.

Please contact us with feedback or general enquiries. If you would like to be added to our distribution list, please email treasury@kaingaora.govt.nz. Our [Investor Centre](#) also provides useful information on our borrowing programmes, credit ratings and approach to sustainability.

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¹ Kāinga Ora's Borrowing Protocol is an agreement between Responsible Ministers (the Minister of Housing and the Minister of Finance) and the Kāinga Ora Board that sets out the limit of debt from sources other than the Crown. The official announcement of the increased Borrowing Protocol limit is available at <https://gazette.govt.nz/>