

20 November 2020

## **Kāinga Ora's bond tender programme – questions and answers**

### **What has been announced regarding a new bond tender programme?**

On 20 November 2020, Kāinga Ora released a [media statement](#) updating its issuance plans and announcing the launch of a new bond tender programme.

Included in the announcement was a schedule of monthly tenders through to June 2021, with the first tender scheduled for 2 December 2020. Tenders will be operated through the Yieldbroker Auction System.

### **Why is Kāinga Ora launching a bond tender programme?**

Housing New Zealand Limited (a subsidiary of Kāinga Ora) returned to debt capital markets in June 2018 following a 19-year absence. All nominal bond issues to date have been through syndicated transactions, which has proven an effective way to establish and build new bond maturities.

With a growing investor base and over \$4 billion of bonds on issue, including six nominal bonds and one inflation-indexed bond, now is an appropriate time to introduce tenders into the programme. We expect more regular supply will provide investors greater access to new issues, increase turnover and improve price discovery.

### **What proportion of issuance will come from tenders?**

We expect tenders to make up around half the total bond programme in any given year, complementing the use of syndicated issues. Note, a scheduled tender may be cancelled, should this be required, to accommodate syndicated debt issues or otherwise considered appropriate.

### **Which bond maturities will be offered in tenders?**

Up to three bonds will be offered in tenders, with the selection informed through Kāinga Ora's portfolio requirements, as well as recommendations from Primary Dealers on our bond programme. These bonds will be taps of existing maturities – at this stage, new bond issues will not be offered through tenders.

### **Where can I find details on how bond tenders will work?**

Procedures for tender and settlement of bond issues can be found [here](#). Only Primary Dealers on our bond programme may participate in bond tenders.

In summary:

- Notice of tender provided not later than 2.00pm two business days prior to the tender date

- Dealer offers submitted using the Yieldbroker Auction System between 1.30pm and 2.00pm on the tender date. Each offer must be for a minimum \$1 million and multiples of \$500,000 thereafter unless otherwise specified
- Dealers informed of acceptances via the Yieldbroker Auction System as soon as practicable after the tender closes
- Settlement to occur DVP in NZClear three business days after the tender date

Tender announcements and results will be made available to dealers on the Yieldbroker Auction System and Bloomberg (HNZL <GO>))

**Will you reallocate across maturities, or consider private placements, in the event a tender is undersubscribed?**

No.

**Will you consider establishing a bond lending facility?**

We are exploring the benefits of a bond lending facility to assist market makers and will update the market in due course.

**Where can I find more information about the issuer?**

Our [Investor Centre](#) provides information for wholesale investors on our borrowing programmes, credit ratings and Sustainability Financing Framework.

Should you have any questions or would like a meeting to discuss further, please contact one of the team.