NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

ANNUAL REPORT 2020/2021

Covering the period 1 July 2020 – 30 June 2021

NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

CONTENTS

New Zealand Green Investment Finance (NZGIF) is a Schedule 4a company under the Public Finance Act 1989. NZGIF is not a registered bank.

CHAIR'S FOREWORD

Tēnā koutou katoa

The Board of New Zealand Green Investment Finance is pleased to present our Annual Report for 2020/2021.

The 2020/2021 year has been a year of significant growth for NZGIF, with the addition of four new investments to our portfolio and the growth of our pool of investment capital in Budget 2021.

It was our ambition for this year to increase both the pace and size of our investments. The achievement of this ambition can be seen not only in the investments executed in the financial year but in the strong pipeline growth. I am delighted at the time of approving these financial statements to have had a further three investments executed with additional investments in the due diligence phase and a robust pipeline of future potential investments across a wide range of emissions sectors.

We are committed to using our capital to make a difference in moving New Zealand towards a low carbon future. During 2020/2021, we have grown our market presence to build a pipeline of promising opportunities for successful direct investment over the coming year.

The growth of our investment capital pool to $400 million has enabled us to increase our ambition to hunt out and execute larger investments as we create new markets and deliver products and programmes at scale over time to accelerate New Zealand's decarbonisation.

I would like to thank my fellow Board members and all of the staff of NZGIF for their hard work, enthusiasm and commitment throughout the past year and for their resilience in managing through the disruptions of Covid-19.

We look forward to working with the investment community and all market participants to accelerate the flow of private capital, with the support of government, towards low emissions investment now, and for the future.

Ngā mihi nui

Cecilia Tarrant

Chair

New Zealand Green
Investment Finance Limited

17 December 2021

“The growth of our investment capital pool to $400 million has enabled us to increase our ambition to hunt out and execute larger investments.”

CHIEF EXECUTIVE'S REPORT – YEAR IN REVIEW

For New Zealand Green Investment Finance, the 2020/2021 year confirmed the importance of our mission in accelerating investment and directing private and public capital to the critical task of decarbonising New Zealand's economy.

New Zealand's declaration of a climate emergency in December 2020 and the advice of the Climate Change Commission put the responsibility for transformational climate action on all market actors, including financial markets and corporate New Zealand. NZGIF is proud to be at the forefront of this, undertaking a breadth of supportive activity, and showing the way through our investments and market development work.

2020/2021 was a foundational year for NZGIF, building a portfolio of investments that reflect the sectoral range, breadth and flexibility of our investment mandate. Through this growing portfolio we seek to demonstrate an important ingredient fundamental to successful climate transition over the long term: that investment in better climate outcomes can deliver appropriate returns. Our investments also purposefully reveal, enhance and support another key message: there are economic opportunities for New Zealand embedded in climate action. As an institution we are excited, and motivated, by our role in making these real.

During the year, we were also pleased to have been admitted as a full member of the global Green Bank Network, joining a cohort of more than a dozen green banks with missions aligned to ours. This membership allows us to enhance our global connectivity, share knowledge, and gain valuable market intelligence and insights.

Coupled with our increased capitalisation, NZGIF's focus on scale, partnerships and leadership established in 2020/2021 provides an enhanced platform for the ongoing task at hand. We go into 2022 with a strong ambition for impactful, scalable transactions and the delivery of financial products into the market.

I thank our Board, the staff of NZGIF, and all of the many stakeholders we work with for their ambition and support in the past year and look forward to ongoing success in the year ahead.

Craig Weise
Chief Executive

New Zealand Green
Investment Finance Limited

17 December 2021

"Through our growing portfolio we seek to demonstrate an important ingredient fundamental to successful climate transition over the long term: that investment in better climate outcomes can deliver appropriate returns."

WHO WE ARE

New Zealand Green Investment Finance (NZGIF) is New Zealand's green investment bank, established by the Crown to accelerate investment that supports New Zealand's decarbonisation.

We were established to invest, and in doing so stimulate capital markets, attract private capital and demonstrate to the market what green investment looks like. We seek to combine our $400 million investment capital with other investors on a commercial basis, in companies, projects and technologies that accelerate emissions reductions.

Our ambition and impact shows to the market what is possible when capital is coupled with purpose to enable New Zealand's low carbon future.

As a limited liability company, we make our own investment decisions, informed by a Board and team with expertise in investments and financial markets.

NZGIF is listed in Schedule 4A of the Public Finance Act 1989. The Minister of Finance and Minister for Climate Change each hold 50% of NZGIF's issued share capital.

What is a green investment bank?

Globally, countries and states have established green investment banks to enable public and private investment in domestic low carbon and other environmental projects.

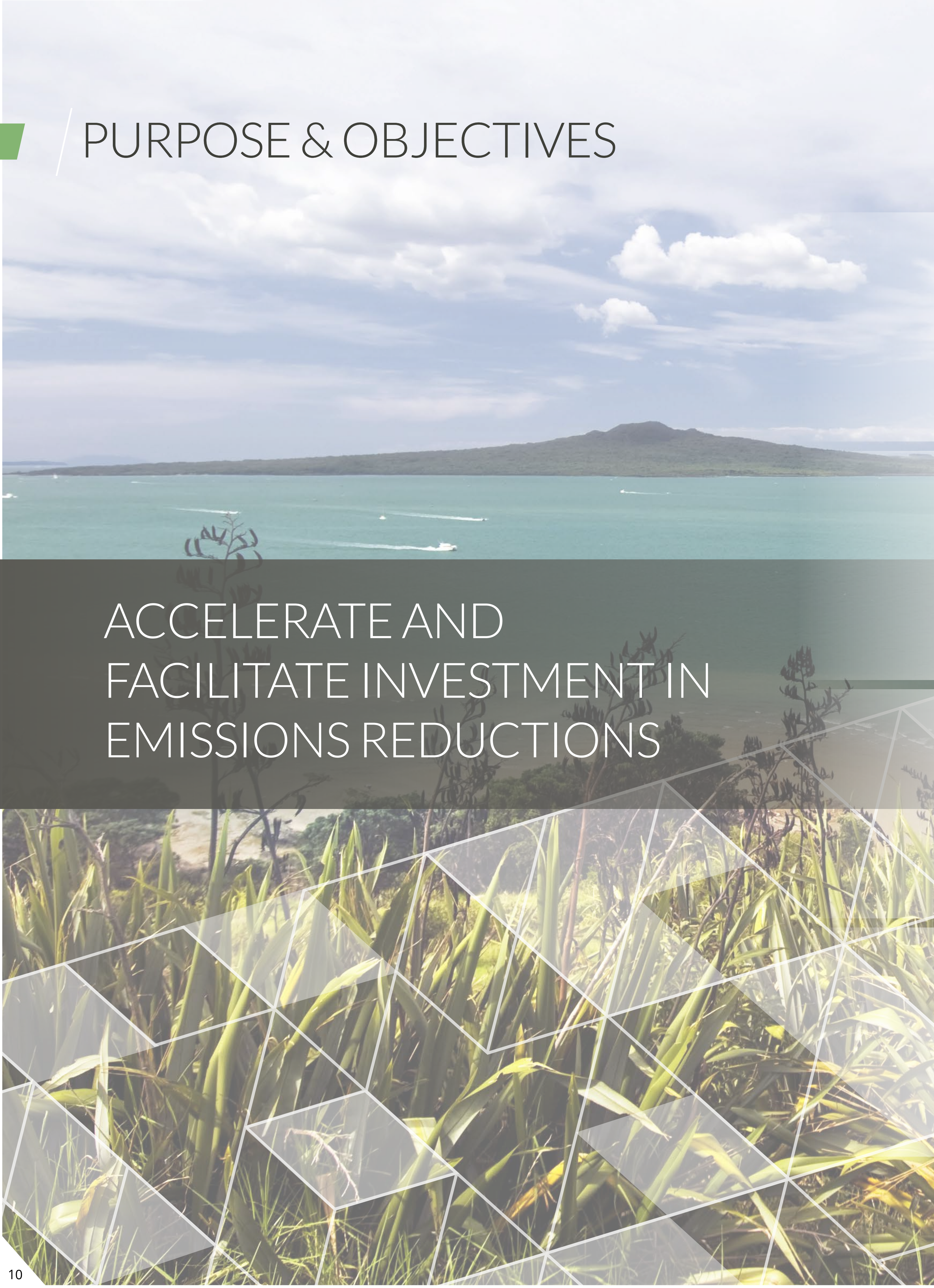
The mandate and scope of green investment banks can vary, but they generally display innovative financing approaches and specialised expertise in the sector to support capital deployment.

In December 2020, NZGIF joined the global Green Bank Network, a collection of over a dozen national and local public Green Banks formed in recent years. The benefits of engagement include real-time opportunities for knowledge sharing, understanding global best practices, relationship building and investor engagement, and showcasing New Zealand's experiences and NZGIF leadership.

NZGIF is not a registered bank.

“Our ambition and impact shows to the market what is possible when capital is coupled with purpose to enable New Zealand’s low carbon future.”

PURPOSE & OBJECTIVES



ACCELERATE AND FACILITATE INVESTMENT IN EMISSIONS REDUCTIONS

Our objectives guide our investment decisions

Invest to reduce emissions

Estimated lifetime emissions benefits through our investments

Invest on a commercial basis

Generating risk-adjusted returns from our portfolio

Crowd-in private capital

Private capital is deployed into investments

Show market leadership

We demonstrate the benefits of low carbon investment to the market

Our values influence how we work

- Collaboration
- Integrity
- Impact
- Ambition

Our key attributes position us uniquely in the market

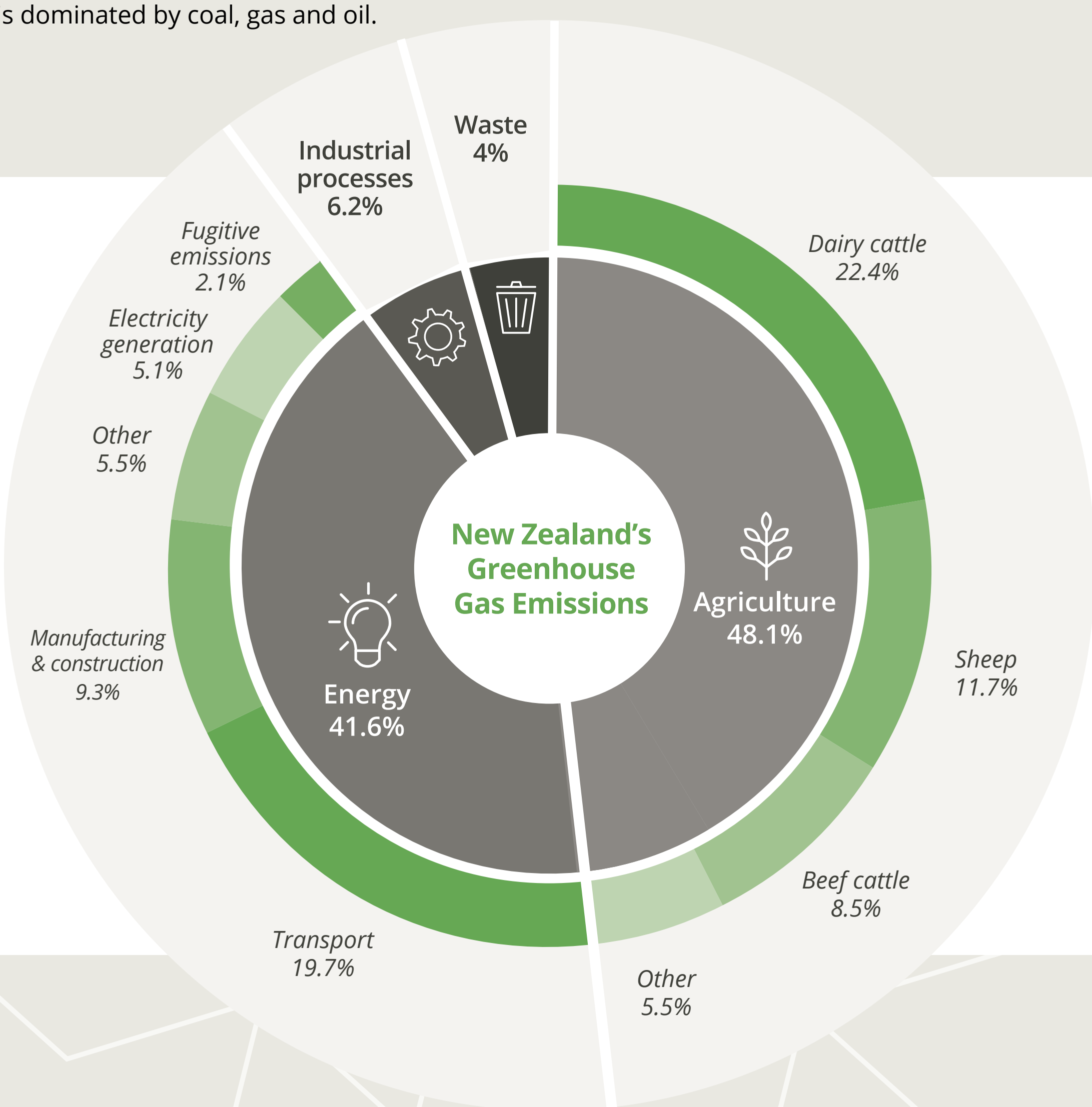
- Long-term horizon
- Investment flexibility
- Global intelligence
- Mission driven

NEW ZEALAND'S EMISSIONS PROFILE

New Zealand's emissions profile

New Zealand's emissions profile is unlike many other developed countries. A large proportion of our emissions come from the agriculture sector. Our electricity generation is highly renewable, but in our industrial and transport sectors the fuel mix is dominated by coal, gas and oil.

This means that New Zealand's opportunities for emissions reductions look different to those in many other countries, which explains our focus on transport, buildings, process heat and agriculture, waste and plastics, as well as distributed energy resources.



Note: Percentages in graph may not add up to 100 due to rounding.

Fugitive emissions are from the leaking, burning and controlled release of gases in oil and gas operations as well as escaping gases from coal mining and geothermal operations.

Source: New Zealand's Greenhouse Gas Inventory 1990-2019, published April 2021

OUR TARGET SECTORS

Target sectors for investment

AGRICULTURE
e.g. precision agriculture applications

TRANSPORT
e.g. electric vehicle deployment

PROCESS HEAT
e.g. replacing commercial coal boilers

ENERGY EFFICIENCY
e.g. commercial building retrofit programmes

DISTRIBUTED ENERGY RESOURCES
e.g. renewable energy that replaces fossil fuel systems

PLASTICS
e.g. bio-plastic alternatives

WASTE
e.g. waste-to-energy at landfill

OUR JOURNEY 2020/2021

New Zealand Green Investment Finance was incorporated in April 2019. The focus of our operations since incorporation has been on building a strong company from the ground up, generating a pipeline of investable opportunities and working with the market to help build an understanding of our purpose and objectives.

While some of those establishment and capability-building activities are ongoing, the 2020/2021 year has afforded us the opportunity to focus on the investment business.

To 30 June we have executed five investments, committing $39.6 million of capital, four of which were in the 2020/2021 financial year.

The estimated lifetime emissions reductions from these five investments is between 250,000 and 300,000 tonnes of carbon dioxide (TCO_2e). See page 19 for more information.

Through Budget 2021, NZGIF received an additional $300 million in investment capital, increasing its total pool of investment capital to $400 million.

This capital injection will allow NZGIF to grow our portfolio of investments, target larger transactions, and further demonstrate to private capital markets the benefits and returns from climate investment.

It provides additional scale, enabling NZGIF to continue to deliver on our mandate and be even more impactful in the market. This is because scale enables the delivery of greater carbon benefits and provides a platform for the development of financial products or programmes that will drive increased private capital flows towards low carbon activity.

Alongside this, NZGIF has expanded its current sector focus to include waste and plastics. Our other target sectors, which reflect New Zealand's unique emissions profile, continue to be transport, process heat, distributed renewable energy, the built environment and agriculture.

Expanding the target sectors to include plastics and waste recognises that climate action will need to accelerate across many sectors and multiple actors, as shown in the Climate Change Commission's advice.

Despite the ongoing disruption from the Covid-19 pandemic, we remained resilient, adapted and continued to operate effectively.

"To date, the estimated lifetime emissions reductions from our investments is between 250,000 and 300,000 tonnes of carbon dioxide (TCO_2e)."

OUR INVESTMENTS TO 30 JUNE 2021

CentrePort
June 2020

A $15m green credit facility to enable decarbonisation and energy efficiency projects at Wellington's port

Thinxtra, The IoT Telco
August 2020

A $1.1m equity investment in the Internet of Things company to stimulate faster adoption of IoT in New Zealand. This will enable companies to use less power and fuel to track and manage assets

Carbn Group
October 2020

A $5.8m hybrid investment in Carbn's two companies, Carbn Asset Management and Sustainable Fleet Financing (and subsequent $5m investment in SFF), to help corporates and government agencies optimise fleet size and use and transition to electric vehicles

Energy Solution Providers (ESP)
November 2020

A $2.7m equity investment to help ESP provide New Zealand companies with intelligent energy and carbon management solutions

solarZero Residential
April 2021

A $10m mezzanine debt facility to accelerate the growth of 'solar as a service' and battery technology to help households increase renewable energy usage

Subsequent Investments

solarZero Commercial

November 2021

A $10m senior debt facility (and up to $30m in reserve) to enable corporate entities to roll out large scale solar on their premises across New Zealand

NZ Post

December 2021

A $10m subordinated credit facility for Sustainable Fleet Finance from NZGIF alongside a $10m facility from NZ Post to accelerate the fleet transition to EVs

solarZero Schools

December 2021

An $8m senior debt facility combined with $10m in reserve to unlock solar for schools across New Zealand

Three subsequent investments were made during the period between 30 June 2021 and the signing of this annual report. Refer to page 63 of the Notes to the Financial Statements (Section 5, subsection b) for an explanation of these significant events after the balance date.

INVESTMENTS – PERFORMANCE

Cumulative investment snapshot *as at 30 June 2021*

Number of investment transactions

5

Total NZGIF investment capital called

$80.0m

Total NZGIF funds committed

$39.6m

NZGIF has supported projects worth a total of

$90.0m

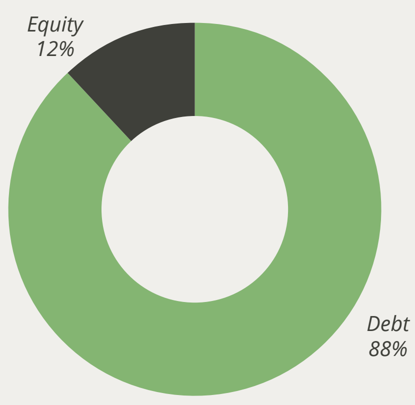
Private capital attracted

$50.4m

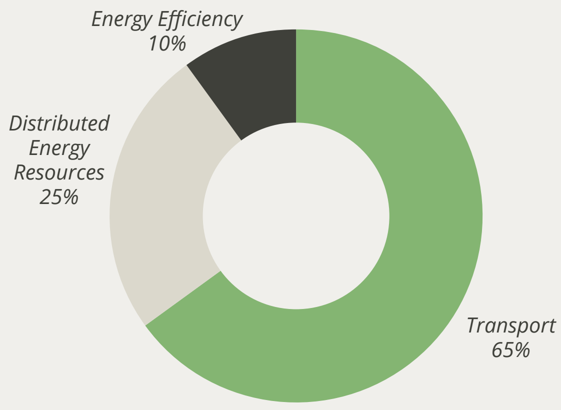
Estimated lifetime emissions reductions

250-300k TCO_2e

Funds committed by investment type



Funds committed by sector



Estimating our emissions reductions profile

Estimating the emissions impact of our investments

NZGIF's emissions impact estimation methodology has been prepared in line with practices developed by members of the Green Bank Network, particularly Australia's Clean Energy Finance Corporation (CEFC) and the UK's Green Investment Group.

In line with other green banks, NZGIF reports 100% of the emissions impact of a project or company it has financed in the aggregate lifetime reduction estimates, not the proportionate share.

The emissions impact is estimated for every investment at the time the investment is entered into, using assumptions available at that time. These assumptions include, amongst others:

- likelihood of customers transitioning to EVs over time in the absence of the intervention (SFF)
- average mileage travelled (SFF, CPL)
- projected customer acquisitions and growth based on business plans (SFF, solarZero, ESP)
- average generation capacity of solar panels (solarZero)
- use of forecast grid average emissions factors
- an equity investment adjustment to take into account uncertainties around business plan projections (ESP) (in line with green banks' practices)

Project eligibility and use of assumptions

There is significant uncertainty in the calculations due to the use of estimates and projections.

In some cases, there is not sufficiently reliable past or forecast data upon which to base an assessment of emissions reductions. In these cases, forecast emissions reductions from some projects may be excluded from the estimated lifetime emissions reductions reported until more reliable data can be obtained over time. Estimated emissions from our investments in Thinxtra and Carbn Asset Management Limited have been excluded on these grounds due to the potentially diverse nature of future business opportunities.

Reviewing and updating our estimates

The Board of NZGIF has received (and will continue to commission) independent reviews of NZGIF's estimation methodology and application to NZGIF's investments.

Investments will be monitored to ensure that initial estimates are in line with actual performance; where material divergences arise, our aggregate emissions estimate will be updated accordingly.

Example
Sustainable Fleet Finance (SFF)

Project impact

Corporate and government customers convert their fleets from leased internal combustion engine (ICE) vehicles to low emission vehicles (LEVs), and these LEV vehicles are assumed to travel the same distances as ICE vehicles each year.

NZGIF emissions estimates assumptions

- LEV vehicles travel the same distances as ICE vehicles per year
- Publicly available data is used for the per km emissions from ICE and LEV vehicles which includes emissions from charging LEVs
- Only four years of emissions reductions has been included for each vehicle as it is assumed that every SFF customer would have converted to LEVs within a four-year period without the SFF financing assistance.

CARBN GROUP

- **TRANSPORT**
- **$10.8 MILLION HYBRID INVESTMENT (COMBINED DEBT AND EQUITY)**
- **CREATING A PLATFORM TO SCALE UP FINANCE AND HELP THE TRANSITION OF FLEETS TO ELECTRIC VEHICLES (EVS)**

Carbn Group is a parent company of two distinct subsidiaries formed to support the uptake of low emissions vehicles in corporate and government-owned fleets.

The two companies – Carbn Asset Management (CAM) and Sustainable Fleet Finance (SFF) – operate independently to reduce emissions from New Zealand's light vehicle fleet, the country's fastest-growing emissions sector. CAM provides fleet optimisation and transition planning for fleet owners, while SFF provides financing for EV fleets.

Carbn Group's activities give a wide range of New Zealanders the opportunity to experience driving EVs through workplace exposure, helping to mainstream EV use. It will also help build the second-hand market for EVs in New Zealand.

Carbn is significantly scaling up its fleet financing operations to finance more transitions of private corporate and government fleets to EVs.

Benefits

CARBON REDUCTION

Reducing carbon in New Zealand's fastest growing emissions sector

Transport is our second-largest source of emissions. It is responsible for approximately 20% of gross domestic emissions and 43% of total domestic CO_2 emissions. Approximately two-thirds of these emissions come from light vehicles – cars, sport utility vehicles (SUVs), vans, utility vehicles (utes) and trucks under 3.5 tonnes.

EV GROWTH

Helping build a second-hand EV market in New Zealand

With more affordable second-hand EVs in the market, more consumers will be encouraged to switch to EVs and reduce carbon emissions.

FINANCING EVS

Accelerating fleet transitions

NZGIF's investment in Carbn has financed (through SFF) EVs for a range of customers, including Tall Poppy Real Estate, Genesis, ASB, Mevo and UBCO.

ESP

- ENERGY EFFICIENCY
- $2.7 MILLION EQUITY INVESTMENT
- PROVIDING GROWTH CAPITAL FOR A SUCCESSFUL COMPANY FOCUSED ON SCALING ITS ENERGY AND DECARBONISATION SERVICES, DELIVERING COST SAVINGS AND PRODUCTIVITY IMPROVEMENTS

ESP helps companies achieve carbon reduction and cost savings through intelligent energy and carbon management solutions. ESP is one of the largest specialist companies of its kind in New Zealand and is well regarded as a market leader due to its proven results, specialist consulting energy and decarbonisation capability, and leading-edge technology including using Machine Learning to deliver gains in energy efficiency.

ESP is using this $2.7m equity investment to grow its New Zealand business by building the customer base, enhancing software functionality and building ESP's carbon reporting capability.

The growth potential for a company like ESP is large, with the benefits accessible to many New Zealand businesses.

ESP continues to perform well. This year, the company announced a rebrand (no simple task for a company with 20 years in the market) as it moves to a market position that places greater emphasis on its carbon management and reporting capabilities. This coincides with the launch of its new platform and improvements in real-time reporting.

Benefits

UP TO 50% SAVINGS

Annual energy savings of 10% to 50% for large energy users

Historically, ESP's solutions have generally delivered 10% to 20% energy savings for large energy users, with some clients achieving up to 50% energy savings. In addition to electricity and building efficiency, ESP's services can optimise the use of process heating plants, reducing emissions in a sector that is proving challenging to decarbonise.

$ LOWER COSTS

Energy efficiency and optimisation

New Zealand's businesses stand to benefit from using energy more efficiently as it translates to lower energy costs and improved profitability.

MARKET DEMONSTRATION

The use of Artificial Intelligence and Machine Learning for energy monitoring and efficiency is innovative in New Zealand. This investment sends a signal to the market that NZGIF will invest in new technology where it delivers sustainable reductions in emissions.

SOLARZERO

SOLARZERO

- DISTRIBUTED ENERGY RESOURCES
- $10 MILLION SUBORDINATED DEBT INVESTMENT
- OUR INVESTMENT IN SOLARZERO WILL ACCELERATE THE UPTAKE OF RENEWABLE SOLAR ELECTRICITY GENERATION TO RESIDENTIAL CUSTOMERS

solarZero's 'energy as a service' offers New Zealand households the opportunity to swap their existing bill for cheaper, cleaner and renewable electricity, at a fixed price for 20 years and with no upfront cost. solarZero's combination of efficient solar, battery technology and intelligent energy management allows the customer to benefit from renewable energy and the wider system to benefit from demand response capability and enhanced resilience.

solarZero holds significant market share in the New Zealand residential sector, with more than 4,800 residential customers using its distributed energy network. NZGIF's investment will allow solarZero to accelerate its expansion into the residential sector, significantly increasing the company's customer base, and provides working capital for the company to enhance its soft-and hardware technologies that support grid stability and peak demand reductions.

Benefits

16.9GWh
ELECTRICITY DELIVERED

Generating renewable electricity

Last year, solarZero generated an estimated 16.9 GWh of solar electricity across its growing distributed energy network. On average, solarZero systems generate 40-50% of a household's electricity consumption.

MARKET GROWTH

Growing the market and driving uptake of battery technology

In the last financial year, more than 500 batteries were installed and 800 customers took up new contracts. This led to significant direct and indirect emissions benefits.

$2.3M
SAVED

solarZero's customers have made an estimated $2.3 million in power bill savings and avoided 4,000 tonnes of carbon emissions in the past two years

According to solarZero, on average, customers save $230 off their yearly power bill and avoid 15 tonnes of carbon over 20 years. Figures are based on 5,000 households' average savings over two years.

OUR CONTEXT

Working with private capital markets and co-investors

NZGIF's purpose is to accelerate the flow of capital to investment that can reduce emissions. NZGIF has two main approaches to accelerating investment in the market: direct investment and taking action to enable additional flows of capital, including the creation of products, programmes and platforms.

Direct investment

We are willing and able to use different investment instruments – such as equity and debt – as appropriate for a particular investment opportunity.

We always consider other key investment parameters, such as the term of investment and its security, in order to maximise the likelihood of success for our investments while seeking an appropriate risk-adjusted return.

Our aim is to limit equity investment exposures to no more than 50% of our total investment portfolio. In addition, we typically will not allocate

NZGIF has two main approaches to accelerating investment in the market: direct investment and taking action to enable additional flows of capital, including the creation of products, programmes and platforms.

more than 33% of our capital to any one technology or industry, and no more than 20% of our capital to any one counterparty.

How we invest – crowding-in private capital

Success against our performance measure to crowd-in private capital is defined as:

- Private capital is deployed into investments to support New Zealand's decarbonisation
- Investment opportunities are created, accelerated or enhanced for third parties

One of NZGIF's primary objectives is to attract private capital into the low emissions investment market, known as 'crowding-in'. The form of crowding-in can take a range of forms:

- Co-financing, when other investors participate at the same time as NZGIF in a particular transaction
- Capital recycling, when NZGIF exits an investment and is replaced by another investor
- Aggregating or structuring investments into financial products into which others can invest
- NZGIF advising, structuring or facilitating deals on behalf of third parties, but does not result in NZGIF using its own capital
- Guarantees (or similar), where third parties' investments are supported through NZGIF making legal commitments

Other than in a co-financing transaction, crowding-in can occur after NZGIF's initial investment.

In this regard, NZGIF's experience is expected to mirror that of our international peers (green investment banks), which is that the amount of private capital flowing to investments rises steadily over the early years of investment activity.

Outside of co-investment alongside or facilitated by NZGIF, crowding-in can be achieved through the development of 'financial products'. These products provide investors with opportunities to invest in structures that may include a number of underlying investments. These structures enable the efficient scaling of capital, without investors having to participate at the individual transaction level. As a way of accelerating the level of co-investment, NZGIF intends to develop its first financial product during the 2021/2022 year.

New Zealand's climate policy context

NZGIF operates within the wider New Zealand climate change policy framework. At the heart of the framework sits the Climate Change Response (Zero Carbon) Amendment Act 2019, and under that the Climate Change Commission.

The Climate Change Commission's advice to government confirms that significant investment is required to meet New Zealand's climate aspirations. In the report, this investment includes public expenditure, corporate expenditure and capital flows to low carbon initiatives.

NZGIF submitted on the Climate Change Commission's initial advice to government to help New Zealand transition to a climate-resilient and low emissions future. We fully support the Commission's recommendation that investment is aligned across the economy in response to the challenges presented by New Zealand's climate targets. We believe that investment capital will need to largely be new capital actively targeted at new low carbon activities, involving the re-orientation of both public and private capital.

Our submission focused on one specific area of the Commission's report – the challenges and opportunities of mobilising private sector finance as part of aligning investment for climate outcomes. This reflects the increasingly well-understood view that public investment and Emissions Trading Scheme mechanisms on their own will not be sufficient to implement the actions required to deliver on emissions budgets over their 15-year span.

Climate finance environment and NZGIF's role in the market

Direct investment is a tool for accelerating low carbon initiatives as it can be specifically targeted. However, the majority of professionally managed investment capital in New Zealand is not available for direct investment but is deployed in listed markets. We are seeing a trend towards integration of environmental, social and governance factors in investment products in listed equity markets. Yet this does not necessarily channel investment to new low carbon initiatives as secondary equity markets in New Zealand infrequently deliver new capital.

This challenge is compounded by other supply-side challenges because our market is small overall, and the 'green' market is still developing. Funds with an environmental mandate are beginning to emerge, as capability to identify and understand the technological and economic bases for such investments develop; yet progress is too slow. Further, most investment managers have mandates that do not allow or severely restrict their ability to undertake or support direct investment through investment in any unlisted security. This means that most professionally managed private capital is not able to be deployed for low carbon purposes in a targeted way.

Direct investment not only provides greater supply of targeted capital more quickly, but also can ultimately enable the aggregation of low carbon investments to be delivered into secondary capital markets.

This is why NZGIF was created. We exist to overcome these obstacles, deploy and crowd-in capital and demonstrate to the market that achieving commercial outcomes and reducing emissions is possible. We work to complement the wider climate change response, and we will continue to engage with stakeholders to ensure that initiatives are aligned, and the best outcomes are achieved.

> ***Cabinet has mandated a review of NZGIF every five years from 2023, which will enable our mandate to be reviewed to ensure it is delivering on the outcomes we seek on the way to a low emissions economy by 2050.***

OUR ORGANISATION

Governance

Shareholding Ministers

The Minister of Finance and the Minister for Climate Change each hold 50% of NZGIF's issued share capital. Shareholding Ministers are responsible for overseeing the Crown's Shareholding interests in NZGIF.

Shareholding Ministers do not have visibility of NZGIF's 'investment pipeline'; nor can they influence or approve NZGIF's investment decisions.

Board of Directors

All NZGIF's Board members have been appointed by NZGIF's Shareholding Ministers. The Board is committed to the highest standards of corporate governance. The Board establishes all strategic priorities and all decisions about operations are made under its authority.

Committees of the Board

The Board has two committees to review and advise the Board on specialist matters:

- The Audit and Risk Committee, which assists the Board in discharging its responsibilities relative to its oversight of enterprise-wide risk management, financial management, financial and non-financial reporting, and legislative compliance

- The People and Culture Committee, which assists the Board in discharging its responsibilities relating to human resources policies and processes, organisational capability and culture, remuneration policies, health and safety policies, and compliance with the relevant legislation.

Board attendance

The table below shows the number of meetings attended by each board member for the reporting period.

NZGIF	NZGIF Board (10)	Audit & Risk Committee (6)	People & Culture Committee (7)	Other (investment or information sessions) (4)	Attendance
Cecilia Tarrant	10	6	7	4	100%
David Woods	10	n/a	7	3	95%
Jacqueline Cheyne	10	6	n/a	4	100%
Gavin Fernandez	10	6	n/a	4	100%
Kevin Holmes	10	6	n/a	4	100%
Mark Vivian	10	n/a	7	4	100%

NZGIF Board (left to right): Gavin Fernandez, Jacqueline Cheyne, Kevin Holmes, Mark Vivian, Cecilia Tarrant and David Woods.

Cecilia Tarrant

CHAIR

Joined NZGIF 12 April 2019

David Woods

DEPUTY CHAIR,
CHAIR OF PEOPLE AND CULTURE COMMITTEE

Joined NZGIF 12 April 2019

Jacqueline Cheyne

CHAIR OF AUDIT AND RISK COMMITTEE

Joined NZGIF 1 June 2019

Kevin Holmes

DIRECTOR

Joined NZGIF 1 June 2019

Gavin Fernandez

DIRECTOR

Joined NZGIF 1 June 2019

Mark Vivian

DIRECTOR

Joined NZGIF 1 June 2019

NZGIF Executive (left to right): Ed Montague, Jenny Lackey, Jason Patrick and Craig Weise

Executive and team

Board

Craig Weise
Chief Executive

- **Jenny Lackey**
  Head of Communications and Government Relations
  - Market demonstration
  - Communications and media
  - Government engagement
  - Digital
- **Jason Patrick**
  Chief Investment Officer
  - Direct investment
  - Market analysis
  - Portfolio management and governance
  - External investment partnerships
  - Programme and product development
- **Ed Montague**
  Chief Operating Officer
  - Legal
  - Finance
  - HR and corporate
  - Risk
  - Investment monitoring

NZGIF as a good employer

New Zealand Green Investment Finance is committed to being a good employer. Our approach to performance and people at NZGIF is to:

- Ensure that we have the right capability to deliver on our strategy
- Ensure all our staff deliver to their fullest potential by facilitating consistent and structured performance and development conversations
- Support the continuous learning and development of our people
- Align individual objectives to wider team and NZGIF priorities
- Maintain a Code of Conduct to outline the standard of behaviour expected from our people
- Ensure a full suite of Human Resources and Health, Safety and Wellbeing policies are in place and scheduled for regular review

Element	New Zealand Green Investment Finance outcomes
Leadership, accountability and culture	Introduction of NZGIF's Performance and Development Framework Alignment between strategy, team objectives and individual performance reviews
Recruitment, selection and induction	Introduction of NZGIF's Performance and Development Framework Alignment between strategy, team objectives and individual performance reviews Equal Opportunities Employer
Employee development, promotion and exit	Exit interview process introduced Annual training programme developed
Flexibility and work design	IT systems facilitate effective remote working Flexible working arrangements supported Secondment programme in place
Remuneration, recognition and conditions	Transparent, equitable and gender-neutral job evaluation practices
Harassment and bullying prevention	Organisational values in place, formulated with staff Staff Code of Conduct and Employee Handbook available to staff
Safe and healthy environment	Health, Safety and Wellbeing policy in place Access to Employee Assistance Programme (EAP) for all staff Annual wellbeing payment for all staff

Health, safety and wellbeing

NZGIF has a Health, Safety and Wellbeing framework to ensure compliance with the Health and Safety at Work Act 2015.

Wellness benefits include free, confidential access to the Employee Assistance Programme (EAP) and an allowance of up to $3,000 a year to spend on health and wellness benefits for each permanent and fixed-term employee.

Workplace demographic profile

As at 30 June 2021, NZGIF had 12 full-time equivalent staff.

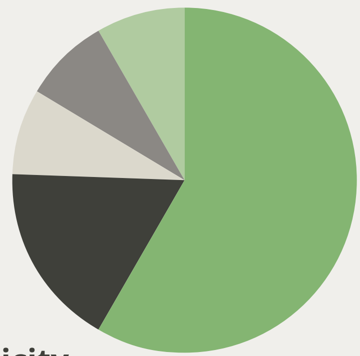
These charts show a breakdown of the age and gender demographics of NZGIF employees.

Gender

Male | Female | Non-binary

Age

20-30 | 30-40 | 40-50 | 50+



Ethnicity

NZ European/Pākehā | Other European | Māori | Asian | Asian/European | Pacific Peoples | Other

Sustainability

While NZGIF's small size and the nature of our business does not give us a large carbon footprint, we believe it is important to live in line with our purpose and objectives, where we can. We are conscious of environmental issues and try to minimise our impact on the environment where possible.

Most of our emissions arise from air travel and the energy used in our offices.

NZGIF Group produced 76.61 TCO_2e of emissions in 2020/21

NZGIF reports its emissions using the GHG Protocol Corporate Standard methodology. We have adopted the operational control approach for reporting our group emissions, meaning we report 100% of the emissions we control in our inventory. For 2020/2021 our group emissions include the Carbn Group Holdings subsidiary. We voluntarily report a number of Scope 3 emissions as outlined below and will investigate full value chain reporting in the future. Emissions factors have been generally sourced from New Zealand's Ministry for the Environment.

SCOPE 1

NZGIF Group created 0.62 TCO_2e in 2020/21 from the use of leased and rental cars

SCOPE 2

NZGIF produced 1.69 TCO_2e related to its electricity consumption sourced from Ecotricity, a renewable electricity supplier

SCOPE 3

NZGIF created 74.31 TCO_2e of emissions, the majority of which were from domestic air travel and staff commuting

Scope of emissions	Energy source	2020/21 TCO_2e	2019/20 TCO_2e	% Change YoY
Scope 1	Leased cars	0.47	0.00	0%
	Rental cars	0.15	0.00	0%
Scope 2	Electricity	1.69	0.84	102%
Scope 3	Business travel – flights	50.86	44.67	14%
	Staff commuting	10.22	6.53	57%
	Well to Tank (WTT) emissions	8.95	0.00	0%
	Business travel – accommodation	1.98	1.69	18%
	Business travel – taxis	1.10	0.31	254%
	Business travel – staff mileage	0.64	0.00	0%
	Other Scope 3 emissions	0.56	6.65	-92%
Total		76.61	60.69	26%

NZGIF Group emissions

Our 2021 total emissions cannot be directly compared to our 2020 emissions due to the inclusion of Carbn Group Holdings. Taking only NZGIF, our emissions increased by 2% over 2020 from 60.69 to 61.64 TCO_2e.

New Zealand Green Investment Finance has qualified for Ekos Climate Positive Business Operations certification for the 2021 financial year, based on its offsetting 120% of its total group emissions. The offsets purchased and retired for this certification are New Zealand Carbon Units (NZUs) produced in the Rameka Forest Carbon Project in Golden Bay, New Zealand.

STATEMENT OF RESPONSIBILITY

For the 12-month period ended 30 June 2021

UNDER THE REQUIREMENTS OF THE PUBLIC FINANCE ACT 1989, SECTION 19A, THE BOARD IS RESPONSIBLE FOR THE PREPARATION OF NEW ZEALAND GREEN INVESTMENT FINANCE LIMITED'S ANNUAL REPORT, WHICH INCLUDES FINANCIAL STATEMENTS AND A STATEMENT OF PERFORMANCE, AND FOR THE JUDGEMENTS MADE THEREIN.

The Board of Directors of New Zealand Green Investment Finance Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting for the Company.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and performance of New Zealand Green Investment Finance Limited for the 12-month period ended 30 June 2021.

Signed on behalf of the Board.

17 December 2021

Yours sincerely

Cecilia Tarrant,
Chair of the Board

Jacqueline Cheyne,
Chair of the Audit and Risk Committee

STATEMENT OF SERVICE PERFORMANCE

NZGIF performed well against its targets as set out in the 2020/2021 Statement of Performance Expectations. All relevant performance targets and milestones were met.

Accelerate and facilitate investment in emissions reductions

Success is:

- Capital is deployed to reduce emissions in New Zealand
- Estimated reductions in lifetime emissions reductions are catalysed

Targets as stated in SPE 2020/2021	2020/2021 performance	Further information
Up to $80 million total capital committed to deploy in qualifying investments	$39. 6 million committed to 30 June 2021	See page 63 of the Financial Statement and Notes for details of additional investment capital committed post 30 June 2021
2–6 investments made	Four new investments were executed	Thinxtra Carbn Group ESP solarZero Residential See pages 16 to 17 of this report
Estimated reductions (cumulative) in lifetime emissions – to be reported when each investment transaction is executed	*Due to the outcome-based and forward-looking nature of this measure, it is more appropriate to report estimated potential lifetime emissions reductions outside of the Statement of Service Performance. This is because the SSP is designed to capture output related performance measures. NZGIFs primary output measure is investment in projects or companies that contribute to decarbonising the economy. See page 19 of this report for more information.*	
100% of investments are consistent with NZGIF's investment mandate	100%	
NZGIF provides at least two case studies on our investments that describe expected emissions impacts	Done	See pages 20 to 22 of this report

Invest on a commercial basis

Success is:

- Risk-adjusted returns are generated from our investment portfolio
- The returns generated are in line with markets

Targets as stated in SPE 2020/2021	2020/2021 performance	Further information
Return on deployed NZGIF capital, net of overhead and transaction costs to be a medium-term target of 2% over the 5-year bond rate rather than a target for a one-year period	Weighted average interest on deployed debt capital was 4.4% to 30 June 2021	This portfolio-level target is a long-term goal. Our performance in the 2020/2021 signals our progress towards the target, but excludes the performance of NZGIF's equity investments as realised performance will not be known until the investments are exited from.[1] See page 53 of the Financial Statements and Notes for further information
100% of investments are priced using established commercial valuation methodologies and assumptions	100%	
100% of investments are priced in line with market conditions	100%	

Crowd-in private capital

Success is:

- Private capital is deployed into low emissions investment
- Investment opportunities are created, accelerated or enhanced for third parties

Targets as stated in SPE 2020/2021	2020/2021 performance	Further information
Ratio of overall investment to NZGIF investment on a portfolio basis is greater than one	2.3:1	Total overall investment $90m: NZGIF investment $39.6m
Ratio of private investment to NZGIF investment on a portfolio basis[2]	1.3:1	Total private investment $50.4m: NZGIF investment $39.6m
Case studies are provided as applicable where investment opportunities are created, accelerated or enhanced for third parties	Done	Visit nzgif.co.nz/case-studies/

1 A review of NZGIF return on deployed capital will occur as part of the 2023 Cabinet-mandated evaluation.
2 NZGIF has elected to report an additional crowding in measure that is consistent with the typical measure used by green banks.

Market leadership and demonstration

Success is:

- Information on low emissions investment is provided to the market
- NZGIF is an active market participant

Targets as stated in SPE 2020/2021	2020/2021 performance	Further information
NZGIF provides at least two case studies on our investments in our annual report	Three case studies	See pages 20 to 22 of this report
NZGIF contributes to at least two market reports or other publications	Three	CBI Green Loans in Australia and New Zealand Oct 2020 Green Bank Design Network State of Green Banks 2020 report Nov 2020 Centre for Social Impact Overview of Impact Investing in Aotearoa Nov 2020
NZGIF establishes a baseline of consistent activity to generate an appropriate market and digital presence	Done	Measured by web and social media analytics.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NEW ZEALAND GREEN INVESTMENT FINANCE LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of New Zealand Green Investment Finance Limited (the 'Company') and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG New Zealand, to carry out the audit of the financial statements of the Group and the Company and the performance information, including the performance information for an appropriation of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group and the Company on pages 42 to 64, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenses, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 34 to 36.

In our opinion:

- the financial statements of the Group and the Company on pages 42 to 64:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Group on pages 34 to 36:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2021, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 17 December 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements of the Group and the Company and the performance information of the Group, we comment on other information and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements of the Group and the Company and the performance information of the Group

The Board of Directors is responsible on behalf of the Group and the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group and the Company for assessing the Group's and the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements of the Group and the Company and the performance information of the Group

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company and the performance information of the Group, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 33 and 65, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagements in the area of greenhouse gas advisory services, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the company.

Brent Manning

KPMG New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

30 JUNE 2021

NEW ZEALAND GREEN INVESTMENT FINANCE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Revenue and Expenses

New Zealand Green Investment Finance Limited

For the year ended 30 June 2021

	Notes	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Group & Parent PERIOD ENDED 30 JUNE 2020 $000	Parent 2021 BUDGET (UNAUDITED) $000
Revenue					
Investment income	**2(a)**	952	886	573	564
Revenue Crown – non-exchange	**2(b)**	18	-	2,800	-
Total revenue		**970**	**886**	**3,373**	**564**
Less expenses					
Personnel	**2(c)**	3,511	3,172	3,193	4,025
Depreciation and amortisation		194	188	126	146
Other expenses	**2(d)**	1,661	1,517	1,474	1,486
Total expenses		**5,366**	**4,877**	**4,793**	**5,657**
Surplus (deficit)		**(4,396)**	**(3,991)**	**(1,420)**	**(5,093)**
Comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive revenue and expense for the period		**(4,396)**	**(3,991)**	**(1,420)**	**(5,093)**
Attributable to:					
Owners of the controlling entity		(4,261)	(3,991)	(1,420)	(5,093)
Non-controlling interests	**3(l)**	(135)	-	-	-

The period ended 30 June 2020 is for the period from NZGIF's incorporation on 12 April 2019 to 30 June 2020.

These financial statements should be read in conjunction with the accompanying Notes.

Consolidated Statement of Movements in Equity

New Zealand Green Investment Finance Limited

For the year ended 30 June 2021

	Notes	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Group & Parent PERIOD ENDED 30 JUNE 2020 $000	Parent 2021 BUDGET (UNAUDITED) $000
Balance at beginning of period		**44,580**	**44,580**	**-**	**44,152**
Total comprehensive revenue and expense attributable to owners of the controlling entity	**3(l)**	(4,261)	(3,991)	(1,420)	(5,093)
Owner transactions					
Capital contribution – ordinary shares	**3(l)**	40,000	40,000	40,000	40,000
Capital contribution – redeemable preference shares	**3(l)**	7,940	7,940	6,000	6,000
Other transactions					
Non-controlling interest	**3(l)**	112	-	-	-
Balance at end of period		**88,371**	**88,529**	**44,580**	**85,059**

These financial statements should be read in conjunction with the accompanying Notes.

Consolidated Statement of Financial Position

New Zealand Green Investment Finance Limited

As at 30 June 2021

	Notes	Group AS AT 30 JUNE 2021 $000	Parent AS AT 30 JUNE 2021 $000	Group & Parent AS AT 30 JUNE 2020 $000	Parent 2021 BUDGET (UNAUDITED) $000
Equity					
Redeemable preference shares	3(l)	13,940	13,940	6,000	12,000
Ordinary shares	3(l)	80,000	80,000	40,000	80,000
Accumulated deficit	3(l)	(5,681)	(5,411)	(1,420)	(6,941)
Equity attributable to owners of the controlling entity		**88,259**	**88,529**	**44,580**	**85,059**
Non-controlling interest	3(l)	112	-	-	-
Total equity		**88,371**	**88,529**	**44,580**	**85,059**
Assets					
Current assets					
Cash and cash equivalents	3(a)	29,139	27,456	12,552	3,694
Term deposits	3(b)	37,022	37,022	31,328	27,524
Debt investments	3(c)	7,474	7,474	-	15,000
LEV loan receivables	3(d)	1,165	-	-	-
Trade receivables and prepayments		489	335	171	281
Total current assets		**75,289**	**72,287**	**44,051**	**46,499**
Non-current assets					
Debt investments	3(c)	5,789	11,228	-	38,000
LEV loan receivables	3(d)	2,988	-	-	-
Equity investments	3(g)	3,799	4,599	-	-
Goodwill	3(j)	193	-	-	-
Intangible assets		161	161	89	-
Property, plant and equipment		912	898	1,084	879
Total non-current assets		**13,842**	**16,886**	**1,173**	**38,879**
Total assets		**89,131**	**89,173**	**45,224**	**85,378**
Liabilities					
Current liabilities					
Employee entitlements		366	337	287	-
Lease incentives		24	24	25	25
Trade payables - exchange transactions		288	201	226	195
Total current liabilities		**678**	**562**	**538**	**220**
Non-current liabilities					
Lease incentives		82	82	106	99
Total liabilities		**760**	**644**	**644**	**319**
Net assets		**88,371**	**88,529**	**44,580**	**85,059**

These financial statements should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

New Zealand Green Investment Finance Limited

For the year ended 30 June 2021

	Notes	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Group & Parent PERIOD ENDED 30 JUNE 2020 $000	Parent BUDGET (UNAUDITED) $000
Cash flows from operating activities					
Cash was provided from:					
Investment income		1,023	1,105	245	497
GST collected		11	5	-	-
Receipts from the Crown		8	-	2,800	-
Cash was applied to:					
GST paid		-	-	(35)	-
Payments to suppliers and employees		(4,936)	(4,468)	(4,229)	(5,511)
Net cash provided by / (used in) operating activities		**(3,894)**	**(3,358)**	**(1,219)**	**(5,014)**
Cash flows from investing activities					
Cash was applied to:					
Cash flow to investment		(21,271)	(22,823)	-	(53,000)
Cash flow to acquire subsidiary	**3(k)**	-	(688)	-	-
Cash flow to term deposits		(6,015)	(6,015)	(31,007)	12,521
Purchase of intangible assets		(149)	(149)	(64)	-
Purchase of property, plant & equipment		(24)	(3)	(1,158)	-
Net cash provided by / (used in) investing activities		**(27,459)**	**(29,678)**	**(32,229)**	**(40,479)**
Cash flows from financing activities					
Proceeds from issue of redeemable preference shares	**3(l)**	7,940	7,940	6,000	6,000
Proceeds from issue of ordinary shares	**3(l)**	40,000	40,000	40,000	40,000
Net cash provided by / (used in) financing activities		**47,940**	**47,940**	**46,000**	**46,000**
Net increase (decrease) in cash and cash equivalents		**16,587**	**14,904**	**12,552**	**507**
Total cash and cash equivalents at the beginning of the period		**12,552**	**12,552**	**-**	**3,187**
Closing cash and cash equivalents		**29,139**	**27,456**	**12,552**	**3,694**

These financial statements should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

New Zealand Green Investment Finance Limited

For the year ended 30 June 2021

Section 1:
General information, compliance, and significant accounting policies

(a) Corporate Information

These are the financial statements of New Zealand Green Investment Finance (NZGIF) and its subsidiary Carbn Group Holdings (together, the Group). NZGIF is a limited liability company incorporated on 12 April 2019 under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. NZGIF is also a public purpose Crown-controlled company in terms of the Income Tax Act 2007 and is exempt from income tax.

The registered office is Level 2, 26 The Terrace, Wellington.

(b) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Crown Entities Act 2004.

NZGIF is a Public Benefit Entity (PBE), as its primary purpose is to accelerate and facilitate low emissions investment in New Zealand. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the Tier 2 Reduced Disclosure Regime (RDR) as the Group's expenditure is less than $30 million.

NZGIF (Parent) reporting has been disclosed in addition to Group reporting, as presenting both is more transparent and the best representation of business performance. The Parent entity relates solely to the results of NZGIF.

Comparative figures are for the period from 12 April 2019, incorporation date, to 30 June 2020 and are the same for Group and Parent reporting, as NZGIF had no subsidiaries during the comparative period.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at reporting date.

The financial statements are presented in New Zealand dollars (NZD) and all values are rounded to the nearest thousand dollars ($000) except for Board Members' and Senior Management Team's remuneration in Note 4(d) and all figures in Section 5: Other disclosures, which are rounded to the nearest dollar.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. This ensures the substance of the underlying transactions or other events is reported. Accounting policies relating to specific financial statement items are set out in the relevant notes to the financial statements. Accounting policies that materially affect the financial statements as a whole are set out below.

(c) Basis of consolidation

The consolidated financial statements comprise the results of NZGIF and its subsidiary Carbn Group Holdings (Carbn) as at 30 June 2021.

The accounting policies of Carbn have been adjusted to PBE policies where relevant and have been applied consistently throughout the period.

In preparing consolidated financial statements, all inter-entity transactions, balances, unrealised gains and losses are eliminated.

Surplus or deficit and other comprehensive income of the subsidiaries acquired during the reporting period are recognised from their effective date, as applicable.

(d) Budget figures

The budgeted figures for the Parent are prepared in accordance with NZ GAAP and derived from NZGIF's 2020-2021 Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget amounts have not been audited.

(e) Going concern

The financial statements have been prepared on a going concern basis as NZGIF has an additional $336.06 million of allocated capital available as at 30 June 2021 to be called from Shareholding Ministers as required to meet its operational and investment requirements.

(f) Foreign currency translation

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates, which is New Zealand dollars (NZD). It is also the presentation currency. Transactions denominated in a foreign currency are converted to NZD at the date of the transaction.

(g) Goods and services tax (GST)

NZGIF is registered for GST and is able to claim back GST on expenses to the extent that it makes taxable supplies. These statements have been prepared on the current claimable GST portion of 13.5% (i.e. 90% of the 15% GST rate) (2020: 15%). NZGIF is required to complete an annual wash-up of GST dependent on the taxable supplies for that year. Any variance from the current claimable portion is required to be settled with the Inland Revenue Department (IRD) in the following GST period.

Items in the financial statements are presented exclusive of GST, except for payables and receivables, which are presented on a GST-inclusive basis. Where GST is not estimated as recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including GST relating to investing or financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

(h) Significant judgements and estimates in applying accounting policies

In preparing these financial statements, the Board and management are required to make judgements and use estimates concerning the future. Uncertainty about these judgements and estimates could differ from actual results and subsequently result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in future periods. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgements and estimates are listed below.

- Business model application to debt investments – Note 3(c)
- Solely payments of principal and interest (SPPI) assessment – Note 3(c)
- Expected credit losses (ECL) supervisory slotting method – Note 3(e)
- Venture Capital Organisation (VCO) designation – Note 3(g)
- Equity investment valuation – Note 3(g)

Section 2:
Financial performance

(a) Investment income

	Group Actual 2021 $000	Parent Actual 2021 $000	Actual 2020 $000
Interest from investments	349	350	4
Interest from cash and cash equivalents	42	42	106
Interest from term deposits	487	487	463
Other income	74	7	-
Total investment income	**952**	**886**	**573**

Accounting Policy

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. This method applies this rate to the principal outstanding to determine investment income each period.

(b) Non-exchange revenue

Non-exchange revenue in 2021 relates to government grant funding received by the Group. Revenue from the Crown in 2020 was the residual of Treasury's establishment appropriation transferred to the Group in the previous reporting period. There were no conditions attached to the funding from the Crown. However, the Group can incur expenses only within the scope and limit of the original appropriation (i.e. for establishment purposes).

(c) Personnel expenses

	Group Actual 2021 $000	Parent Actual 2021 $000	Actual 2020 $000
Contractors	670	617	1,058
Salaries, wages and benefits	2,701	2,450	1,812
Defined contribution plan employer contributions	61	55	36
Increase (decrease) in employee entitlements	79	50	287
Total personnel costs	**3,511**	**3,172**	**3,193**

Salaries and wages are recognised as an expense, as employees provide services.

	Group Actual 2021	Parent Actual 2021	Actual 2020
Total remuneration paid (including at risk salary accrual) that is or exceeds $100,000:			
410,000 to 419,999	1	1	-
370,000 to 379,999	-	-	1
330,000 to 339,999	1	1	-
300,000 to 309,999	1	1	-
280,000 to 289,999	-	-	1
270,000 to 279,999	-	-	1
260,000 to 269,999	1	1	1
250,000 to 259,999	1	1	-
240,000 to 249,999	1	1	-
180,000 to 189,999	-	-	1
140,000 to 149,999	-	-	1
110,000 to 119,999	-	-	1
100,000 to 109,999	2	1	-

During the period ended 30 June 2021, no employees received compensation or other benefits in relation to cessation (2020: 40).

(d) Other expenses

	Notes	Group Actual 2021 $000	Parent Actual 2021 $000	Actual 2020 $000
Fees to auditor				
- fees to KPMG for audit of financial statements		89	89	54
- fees to KPMG for non-audit services		12	12	-
Investment-related costs		339	339	75
Staff and Board travel		114	103	122
Operating lease expenses		127	110	90
Accounting, bookkeeping and tax services		183	157	273
Expected credit losses	3(c),3(d)	185	199	-
Other expenses		612	508	860
Total other expenses		**1,661**	**1,517**	**1,474**

Fees to KPMG for non-audit services relate to the review of NZGIF's implementation of its greenhouse gas impact estimation methodology.

Section 3:
Cash management and investments

Financial Investments Accounting Policy

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument. They are initially recognised at fair value.

The Group subsequently classifies its financial investments into two categories – fair value through surplus or deficit (FVTSD) or amortised cost. The Group has no investments that qualify as fair value through other comprehensive revenue and expenses.

A financial asset is measured at amortised cost if it:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding; and
- is not designated as at FVTSD.

(a) Cash and cash equivalents

	Group	Parent	
	Actual 2021	Actual 2021	Actual 2020
	$000	**$000**	**$000**
Cash at bank and on hand	12,604	10,921	12,552
Term deposits with maturities of three months or less	16,535	16,535	-
Total cash and cash equivalents	**29,139**	**27,456**	**12,552**

Interest rates on cash and cash equivalents ranged between 0.05% and 0.85% during the year.

Accounting Policy

Cash and cash equivalents include cash on hand, cash held in bank accounts, demand deposits and other highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as amortised cost, initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(b) Term deposits

	Group & Parent	
	Actual 2021	Actual 2020
	$000	**$000**
Current portion	37,022	31,328
Total term deposits	**37,022**	**31,328**

Interest rates on term deposits ranged between 0.29% and 2.65% during the year.

Accounting Policy

Term deposits represent cash deposits with maturities of more than 3 months but less than 12 months that earn interest income. The carrying value of term deposits approximate their value as the Group does not hold any term deposits with maturities in excess of 12 months. Term deposits are classified as amortised cost, initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Investments

(c) Debt investments

	Weighted average interest rate	Group ECL	Parent ECL	Group	Parent	
	Actual 2021	Actual 2021	Actual 2021	Actual 2021	Actual 2021	Actual 2020
		$000	**$000**	**$000**	**$000**	**$000**
Current portion						
CentrePort Limited				7,474	7,474	-
Non-current portion	4.4%	136	199			
solarZero Energy Services Limited				5,789	5,789	-
Sustainable Fleet Finance Limited				-	5,439	-
Total non-current portion				**5,789**	**11,228**	**-**
Total debt investments				**13,263**	**18,702**	**-**

The Group has provided a credit facility to CentrePort which is scheduled to expire in June 2022 unless both parties agree to extend or renegotiate terms.

NZGIF provided Sustainable Fleet Finance with a 60-month credit facility in October 2020, which is due to expire in October 2025. An additional 15-month credit facility established in May 2021 is due to expire in August 2022.

The Group provided solarZero Energy Services with a credit facility in April 2021. The facility is due to expire in March 2030.

Accounting Policy

Debt investments are initially recognised at fair value, with transaction costs directly attributable to the investment included in their fair value.

Debt investments are classified as amortised cost and subsequently measured at amortised cost using the effective interest rate method.

Key judgement – Business model application to debt investments

The Group assesses the objective of the business model at a portfolio level in which a financial asset is held because this best reflects the way the business is managed, and how information is provided to management.

The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, or expected cash outflows.

The information considered also includes:

- how the performance of the portfolio is evaluated and reported to the Group's management and Board
- the risks that affect the performance of the management model and how those risks are managed.

The Group has assessed the business model for debt investments and concluded that all are held to collect contractual cash flows. The Group has judged that although there may be exit or sale opportunities for some investments, the overall objective of the portfolio is to encourage green investment. As such, the Group has judged that holding the instruments to maturity is consistent with this objective and the Group's investment mandate.

The business model is evaluated for appropriateness at least once a year.

Key judgement – SPPI assessment

In assessing whether debt investments contractual cash flows are SPPI, the Group considers the contract terms. This includes assessing whether the debt investment contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows

– terms that may adjust the contractual interest rate

– prepayment and extension features

The Group has made judgements in assessing whether debt investments consist of basic lending arrangements and in determining the SPPI criterion has been met to be measured at amortised cost. If the debt investment did not meet the criterion to be classified as SPPI, the investment would not be measured at amortised cost.

(d) Low emission vehicle (LEV) loan receivables

	Group	
	Actual 2021	Actual 2020
	$000	**$000**
Not later than one year	1,377	-
Later than one year and not later than five years	2,866	-
Total future LEV loan receivables	**4,243**	**-**
Less unearned finance income	(630)	-
Discounted unguaranteed residual value	589	-
Less ECL	(49)	-
Total LEV loan receivables	**4,153**	**-**

LEV loan receivables represent Carbn's LEV finance leases to its customers. LEV loan receivables have set dates for principal and interest repayments. These are secured over both the leased motor vehicles and all personal property of the external borrowers.

Accounting Policy

LEV leases that transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments as loan receivables. Subsequent to initial recognition, interest income is recognised, and the loan receivables are reduced by lease payments.

LEV lease receivables are classified as amortised cost and subsequently measured at amortised cost using the effective interest rate method.

(e) Measurement of ECL

ECL are forward looking and based on the probability of default, which was determined using quantitative and qualitative factors.

Key judgement – ECL Calculation Method

The Group and the Company have used significant judgement in selecting the supervisory slotting method. This method is where each credit facility is assigned to one of four risk categories (slots) which in turn determines how much to provision for.

(f) Impairment of financial assets held at amortised cost

Accounting Policy

The Group adopts a three-stage approach to impairment provisioning:

- Stage 1 – the recognition of 12-month ECL that is the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition
- Stage 2 – lifetime ECL for debt investments for which credit risk has increased significantly since initial recognition
- Stage 3 – lifetime ECL for debt investments which are credit impaired.

The Board and management assess individual debt investments and LEV loan receivables at each reporting date to determine whether there is impairment. If a debt investment or LEV loan receivable is impaired, impairment losses are recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the period in which they occur and the ECL is deducted from the gross carrying amount of the debt investment or LEV loan receivable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

(g) Equity investments

	Measurement	Group	Parent	
	Actual 2021	Actual 2021	Actual 2021	Actual 2020
		$000	$000	$000
Thinxtra Limited	FVTSD	1,074	1,074	-
Energy Solution Providers Limited	FVTSD	2,725	2,725	-
Carbn - ordinary shares	FVTSD	-	688	-
Carbn - warrants	FVTSD	-	112	-
Total equity investments		**3,799**	**4,599**	**-**

Accounting Policy

The Group initially recognises its equity investments at fair value, and subsequently measures these investments at FVTSD. The investments are revalued at each reporting date, with gains or losses recognised in surplus or deficit. The Group has not designated any equity investments as fair value through other comprehensive revenue and expenses.

Key judgement – VCO

The Group made an equity investment in Energy Solution Providers and has determined it has significant influence. This investment would ordinarily be an associate and subsequently equity accounted under PBE IPSAS 35. However, NZGIF has applied the VCO designation for this investment and has used the exemption available under PBE IPSAS 35 to measure it at FVTSD instead of equity accounting for the investment.

Key judgement – Equity investment valuation

The Group has not performed a year-end revaluation of equity investments, as it has concluded that the transaction prices paid during the year are the best representation of fair value. All equity investments were acquired during the financial year in arm's length transactions and there have been no material changes to the major inputs of the acquisition valuations or the economic environments during the period. As such, the Group has concluded that the carrying values are an appropriate representation of fair value and no gains or losses have been recognised in the year.

(h) Subsidiaries and business combination

		Ownership interest	
		Actual 2021	Actual 2020
	Note	%	%
Carbn Group Holdings Limited		66.67	-
Carbn Asset Management Limited	(i)	66.67	-
Sustainable Fleet Finance Limited	(i)	66.67	-

(i) Carbn's wholly owned subsidiaries are Carbn Asset Management and Sustainable Fleet Finance.

On 30 September 2020, NZGIF acquired shares and voting interest in Carbn, obtaining control. Carbn is an entity that specialises in financing of LEV fleets and transition management via its two wholly owned subsidiaries, Sustainable Fleet Finance Limited and Carbn Asset Management Limited. NZGIF acquired control of Carbn to help accelerate LEV fleet transition and uptake by corporate entities and government departments and agencies.

Accounting Policy

The Group accounts for business combinations using the acquisition method when control is established. The acquisition method involves recognising at acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI), separate from goodwill. The consideration and identifiable net assets in the acquisition are measured at fair value. Any goodwill that arises is tested once a year for impairment.

(j) Carbn acquisition and goodwill (Group)

The table below summarises the consideration paid, amounts of assets acquired, and liabilities assumed at the date of acquisition at fair value for the consideration transferred.

	Group Actual 2021 **$000**
Consideration – ordinary shares in Carbn	229
NCI	18
Assets acquired and liabilities assumed	**247**
Cash	11
Other receivables	6
Unpaid capital due from shareholders	80
Other liabilities	(43)
Net assets acquired	**54**
Goodwill	**193**

The goodwill is attributable to the Carbn founders' industry experience, expertise and track record, as well as synergies expected to be achieved from integrating Carbn into the Group's existing business.

NCI is calculated using the holder's proportion method.

(k) Carbn acquisition (Parent)

NZGIF records the Carbn ordinary shares (2021: 688) and warrants (2021: 112) as financial instruments. They are measured at fair value, with gains or losses recognised in surplus or deficit. These financial instruments are eliminated upon consolidation.

(l) Equity

The Group's capital is its equity, which comprises of ordinary shares, redeemable preference shares (RPS), NCI and accumulated deficits. Equity is represented by net assets.

Both ordinary shares and RPS have been recognised directly in contributed equity. RPS capital is not recognised as a liability as the option to redeem is solely at NZGIF's discretion and as there are no contractual obligations to pay cash such as interest payments.

	Group	Parent	
	Actual 2021	Actual 2021	Actual 2020
	$000	$000	$000
Contributed capital – ordinary shares			
Balance at beginning of period	40,000	40,000	-
Capital contribution	40,000	40,000	40,000
Balance at 30 June – 100,000,100 ordinary shares paid to 80 cents	**80,000**	**80,000**	**40,000**
Contributed capital – RPS			
Balance at beginning of period	6,000	6,000	-
Capital contribution	7,940	7,940	6,000
Balance at 30 June – 30,000,000 RPS paid to 46 cents	**13,940**	**13,940**	**6,000**
Accumulated surplus (deficit)			
Balance at beginning of period	(1,420)	(1,420)	-
Deficit for the period	(4,261)	(3,991)	(1,420)
Balance at 30 June	**(5,681)**	**(5,411)**	**(1,420)**
Non-controlling interest			
Balance at beginning of period	-	-	-
NCI on acquisition of Carbn	18	-	-
NCI on equity contribution	229	-	-
Comprehensive revenue and expense attributable to NCI	(135)	-	-
Balance at 30 June	**112**	**-**	**-**
Total equity at 30 June	**88,371**	**88,529**	**44,580**

Section 4:
Related party

(a) Related party transactions

Accounting Policy

Parties are considered related if one party can control the other party or exercise significant influence over the other party in making financial or operating decisions.

(b) Parent entity related parties

The Group and NZGIF are controlled by the Crown.

NZGIF has these related party transactions with its subsidiary, Sustainable Fleet Finance Limited:

	Parent Actual 2021 **$000**	Actual 2020 **$000**
Loans	5,439	-
Interest repayments	172	-

All subsidiaries have been disclosed in Note 3(h).

(c) Other related parties

Related party disclosures have not been made for transactions with related parties that are both:

- within a normal supplier or client relationship
- on terms and conditions no more or less favourable than those that it is reasonable to expect NZGIF would have adopted in dealing with the party at arm's length in the same circumstances.

Additionally, all transactions with other government agencies are not disclosed when they have been entered into on an arm's length basis as part of normal operating arrangements between government agencies.

(d) Key management personnel

The key management personnel are the Board members and the senior management team. The senior management team comprises four employees (2020: 4). The total remuneration is determined on a full-time equivalent basis, including all employee benefits (salaries and annual leave). The increase between periods reflects that the senior management team was recruited during the 2020 period and so 2021 is the first full year of remuneration.

	Group & Parent	
	Actual 2021	Actual 2020
Board member remuneration	355,592	536,204
Senior management team remuneration	1,287,436	1,080,188
Total key management personnel remuneration	**1,643,028**	**1,616,392**

(e) Board member remuneration

The total value of remuneration paid or payable to each Board member:

	Group & Parent	
	Actual 2021 $000	Actual 2020 $000
Cecilia Tarrant (Chair)	99	151
George (David) Woods (Deputy Chair, Chair of the People & Culture Committee)	61	86
Jacqueline Cheyne (Chair of the Audit & Risk Committee)	49	75
Mark Vivian	49	75
Gavin Fernandez	49	75
Kevin Holmes	49	74
Total Board member remuneration	**356**	**536**

In 2020, the Board received higher fees relating to additional duties performed in the establishment of NZGIF as approved by its Shareholding Ministers.

Section 5:
Other disclosures

(a) Contingent and unrecognised contractual commitments

The Group does not have any contingent commitments.

The Group has a contractual commitment for a credit facility of up to $10 million to solarZero Energy Services Limited. At balance date $4.1 million of this limit was undrawn.

The Group has a contractual commitment for a credit facility of up to $15 million to CentrePort Limited. At balance date $7.5 million of this limit was undrawn.

NZGIF has a contractual commitment for credit facilities of up to $10 million to Sustainable Fleet Finance Limited. At balance date $4.5 million of this limit was undrawn.

(b) Events after the balance date

During the period between 30 June and the signing of these accounts, these significant events occurred:

Investment events

On 3 December 2021 the Company signed an agreement to provide a 48-month, $10 million credit facility to SFF Low Emissions Delivery Limited, which is a wholly owned subsidiary of Sustainable Fleet Finance Limited.

On 13 December 2021 the Group signed an agreement to provide a 36-month, $7 million credit facility to solarZero Developments Limited. On the same day, the Group also signed an agreement to provide a 120-month, $10 million credit facility to solarZero Commercial PPAs Limited as well as a 120-month, $8 million credit facility to solarZero Public Sector PPAs Limited.

Equity events

NZGIF requested a further drawdown of ordinary share capital of $58 million, which it received on 1 December 2021.

(c) Impact of the Covid-19 pandemic

The Group has considered the impact of the Covid-19 pandemic (Covid-19) on both its operations and investments.

During August and September 2020 and February and March 2021, the Auckland region moved into Alert Levels 3 and 2; other parts of the country moved into Alert Level 2. Towards the end of June 2021, the Wellington region moved into Alert Level 2 for one week.

Covid-19 has had no direct material impact on the Group expenditure or operations. The Group continued to operate effectively while New Zealand was in lockdown with all staff able to work from home and all processes being managed remotely. As New Zealand transitioned back to Level 1, staff were able to return to work while following all recommended safe-working practices. It is anticipated that if and when Wellington or the rest of New Zealand returns to higher alert levels, then the Group will continue to function effectively – without significant operational or financial impact.

Covid-19 has not increased the counterparty credit risk, and expected credit losses have not increased.

From an investment perspective, the Company considers that Covid-19 has had limited impact on its pipeline of deals and its ability to progress and close transactions under active consideration.

One area that may be impacted by Covid-19 is the Company's ability to attend conferences or other market engagement activities. The Company will address this risk if it materialises by increasing the amount of direct engagement it conducts.

(d) Explanation of major variances against budget

Explanations for major variances from the Parent's expenditure budget for 2020–2021 set out in the Statement of Performance Expectations are noted below.

Statement of Comprehensive Revenue and Expense

Investment income

Due to uncertainty in rates, terms and cash balances NZGIF budgeted a conservative figure for interest income and did not budget revenue for any deals not closed before the budget was finalised.

Personnel expenses

Personnel costs were below budget due to staff vacancies and delayed recruitment.

Statement of Financial Position

Cash and cash equivalents

Due to working capital requirements and investment commitments, higher cash on hand was required at year end than budgeted.

Debt and equity investments

Deployed funds were lower than budgeted due to drawdowns on investments being lower than forecasted and investment opportunities taking longer to complete and settle than anticipated.

Term deposits

Term deposits were higher than budgeted due to investments being lower than forecasted and funds drawn down on debt facilities.

Payables and employee entitlements

Together these items were above budget as employee entitlements were not accrued for budget purposes.

Statement of Cash Flows

Investment income

Budgeted figures only contemplated term deposit income with conservative interest rates as no deals had been executed at that time. Interest income was also received from the CentrePort, Sustainable Fleet Finance and solarZero Energy Services deals, as disclosed in note 2(a).

Cash flow to investment

Deployed funds were lower than budgeted due to drawdowns on investments being lower than planned and investment opportunities falling through and being delayed during the year. Cash flows to equity investments totalled $3,923,176 while cash flows to debt investments totalled $18,900,000.

Cash flow to term deposits

Funds were applied to term deposits in the absence of the investment drawdown profile budgeted.

Purchase of property, plant and equipment and intangibles

Amounts were not budgeted as they were deemed insignificant and difficult to estimate reliably.

DIRECTORY

Shareholders

The Minister of Finance

The Minister for
Climate Change

Auditor

KPMG Wellington

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Jason Patrick, Chief Investment Officer

Edward Montague, Chief Operating Officer

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George (David) Woods (Deputy Chair of the Board, Chair of the People and Culture Committee)

Jacqueline Cheyne (Chair of Audit and Risk Committee)

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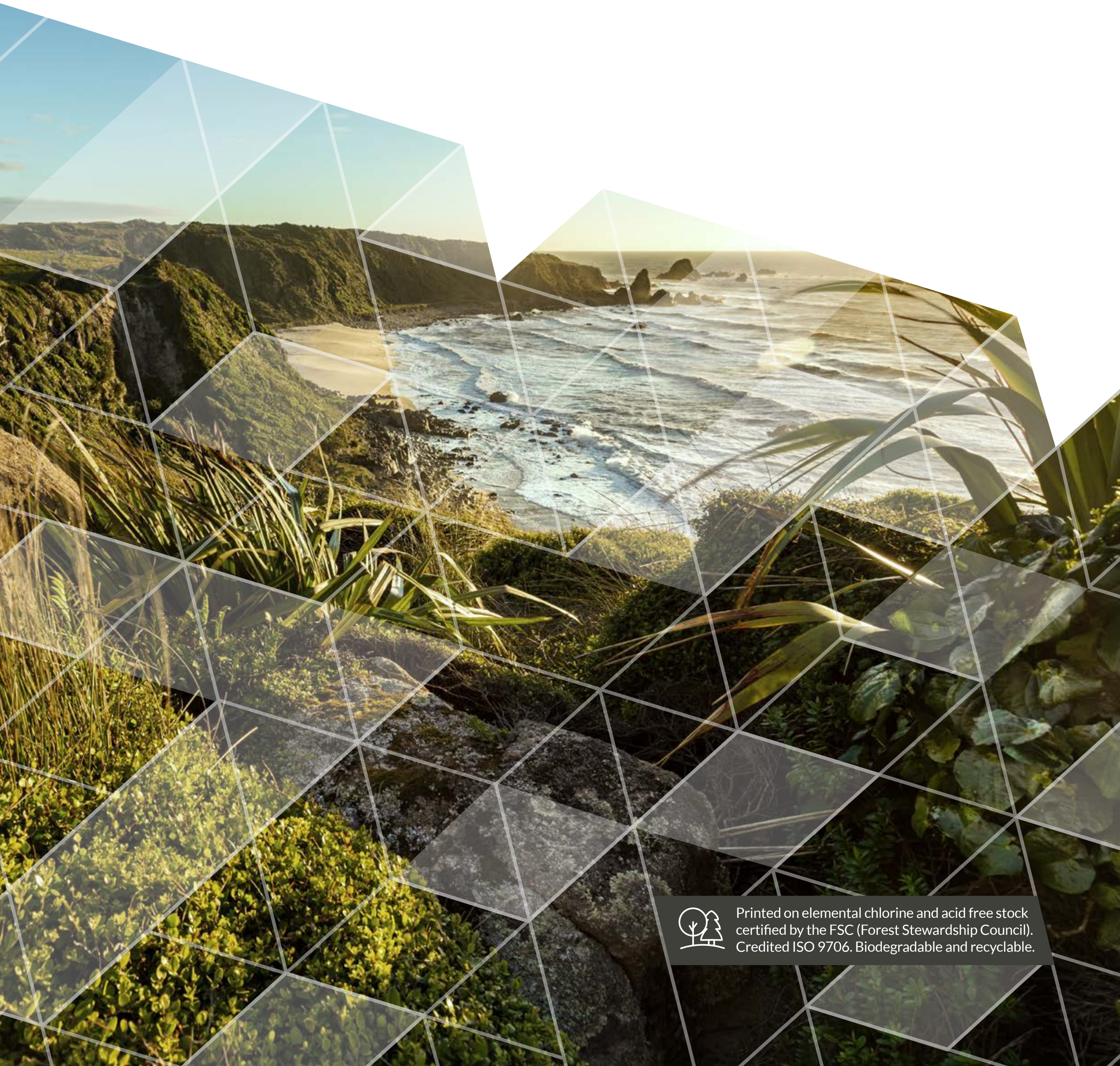

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