



# STATEMENT OF PERFORMANCE EXPECTATIONS 2025-2026

The Board of Directors has prepared this Statement of Performance Expectations (SPE) for the period 1 July 2025 to 30 June 2026.

This SPE aligns with our 2023-2027 Statement of Intent (SOI) and should be read in conjunction with it. The SOI provides more information about NZGIF's operating environment and capability and sets out the organisation's purpose and objectives.

In April 2025, Shareholding Ministers passed a shareholder resolution replacing NZGIF's constitution. The updated new constitution revised NZGIF's purpose and nature as follows:

*The purpose of the Company is to effect a managed wind-down of its investment portfolio and, to that end, to manage its assets and meet its ongoing contractual (and other legal) commitments, and... realise through sale or refinance, or otherwise exit from, those assets.*

*The Company is intended to operate in a financially sustainable, self-funding, manner.*

Shareholding Ministers requested NZGIF provide a draft wind-down plan for the Company and its assets, for comment, within 90 days. At the time of publication of this Statement of Performance Expectations a draft wind-down plan has been provided to Shareholding Ministers for comment. A final plan is expected to be submitted to Shareholding Ministers by the end of July 2025.

Given statutory timelines, this Statement of Performance Expectations (and the Prospective Financial Statements contained within it) was prepared on the basis of NZGIF's existing constitution and purpose. Upon finalisation of the wind-down plan, the Board anticipates amending NZGIF's Statement of Intent and Statement of Performance Expectations to align with the Company's revised constitution and purpose.

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## 2025-26 PERFORMANCE

At the time of preparation of this 2025-26 SPE, NZGIF remained under strategic review by Shareholding Ministers. As such, for the purposes of the preparation of this SPE the performance targets and Prospective Financial Statements as outlined below assumed no new investments would be made in 2025-26.

In April 2025, Shareholding Ministers passed a shareholder resolution replacing NZGIF's constitution. The updated new constitution revised NZGIF's purpose and nature as follows:

*The purpose of the Company is to effect a managed wind-down of its investment portfolio and, to that end, to manage its assets and meet its ongoing contractual (and other legal) commitments, and (to the extent possible) realise through sale or refinance, or otherwise exit from, those assets.*

*The Company is intended to operate in a financially sustainable, self-funding, manner.*

Shareholding Ministers requested NZGIF provide a draft wind-down plan for the Company and its assets, for comment, within 90 days. At the time of publication of this Statement of Performance Expectations a draft wind-down plan has been provided to Shareholding Ministers for comment.

Given statutory timelines, this Statement of Performance Expectations (including the performance targets outlined below) was prepared on the basis of NZGIF's existing constitution and purpose. Upon finalisation of the wind-down plan, the Board anticipates amending NZGIF's Statement of Intent and Statement of Performance Expectations to align with the Company's revised constitution and purpose.

NZGIF does not intend to supply any class of outputs that is not a reportable class of outputs in 2025-2026.

## Invest to reduce emissions

Success is:

- Capital committed to enable New Zealand's decarbonisation
- Investing in infrastructure or services that support the decarbonisation of New Zealand

Measures	2025-26 Target
Lifetime total capital commitments	\$561m
All investments (100% are assessed to have a decarbonisation benefit)	100%
Estimated lifetime emissions reductions*	1300ktCO <sub>2</sub> -e – 1600ktCO <sub>2</sub> -e
Profit per tonne of estimated lifetime emissions reductions*	\$1.50 per tonne

\*new measure

Accelerating the flow of capital to low carbon technologies is a priority for delivering decarbonisation in New Zealand. NZGIF, through its direct investments and through the co-investment it attracts from private investors acts as a vehicle to accelerate our journey towards a low carbon future.

## Invest on a commercial basis

Success is:

- Generating risk-adjusted returns from our investment portfolio
- The returns generated are in line with markets using established commercial valuation methodologies and assumptions

Measures	2025-26 Target
Portfolio level returns (debt plus equity)	Meet and exceed NZGIF's portfolio level benchmark

	return of 2% over the five year government bond rate
Return on Equity [NZGIF parent only][Excluding ECL]	0.5%
Return on Equity [NZGIF parent only][Including ECL]*	0.7%
Net Investment Income [NZGIF parent only] [Excluding ECL]	(\$6.3m)
Net Investment Income [NZGIF parent only] [Including ECL]*	(\$6.3m)

\* new measure

Investing on a commercial basis and demonstrating the economics of low emissions investments demonstrates to the market that decarbonisation projects can generate attractive returns for capital providers.

## Crowd-in Private Capital

Success is:

- The facilitation of greater amounts of private capital deployed into decarbonisation investments
- Investment opportunities are created, accelerated or enhanced for third parties

Measures	2025-26 Target
Ratio of lifetime third-party capital crowded in to NZGIF commitments on a portfolio basis	1.4 : 1
Lifetime total third party capital crowded in (co-investment)	\$817m

One of NZGIF's primary objectives is to attract private capital into the low emissions investment market. This is known as "crowding-in" and can take several forms:

- Co-financing, when other investors participate at the same time as NZGIF in a particular transaction
- Unlocking additional capital from existing investors via our ongoing participation
- Capital recycling, where NZGIF exits an investment and is replaced by another investor
- Aggregating or structuring investments into financial products into which others can invest
- Guarantees (or similar) where third parties' investments are supported via NZGIF making legal commitments.

Crowding-in can also occur after NZGIF's initial investment. We use a cumulative co-investment measure to mitigate annual volatility in co-investment ratios. This reflects the practice of other green banks.

## Show market leadership

Success is:

- NZGIF is an active market participant demonstrating market leadership across sectors
- Publishing market reports and sharing pertinent information to relevant sectors
- NZGIF's engagement activity grows our market, media and digital profile

Measures	2025-26 Target
NZGIF undertakes consistent activity to generate an appropriate market and digital presence	Growth against previous year
Publish information about the estimated lifetime emissions benefits achieved through NZGIF's investments	NZGIF Emissions Report published
Positive reputation index score	Establish baseline

NZGIF uses its market leadership role to develop the low emissions market. We aspire to be a leading voice in the climate finance dialogue in New Zealand.



## STATEMENT OF RESPONSIBILITY

The Board is responsible for the prospective financial statements contained in this document, including the appropriateness of the underlying assumptions. The Board is also responsible for internal control systems that provide reasonable assurance as to the integrity and reliability of financial reporting.



David Woods

Acting Chair

New Zealand Green Investment Finance

30 June 2025



Mark Vivian

Director

New Zealand Green Investment Finance

30 June 2025

# CONSOLIDATED FINANCIAL STATEMENTS

## Prospective Consolidated Statement of Comprehensive Revenue and Expenses

*New Zealand Green Investment Finance Limited*

*For the year ended 30 June 2026*

	Notes	Budget Year ended 30 June 2026 \$m
<b>Revenue</b>		
Investment income	2(a)	13.3
Other revenue		6.8
<b>Total revenue</b>		<b>20.1</b>
<b>Less expenses</b>		
Personnel	2(b)	10.1
Depreciation & amortisation	2(c)	2.9
Other expenses	2(d)	6.0
<b>Total expenses</b>		<b>19.0</b>
<b>Surplus</b>		<b>1.1</b>
<b>Comprehensive income</b>		<b>-</b>
<b>Total comprehensive revenue and expenses for the year</b>		<b>1.1</b>
Attributable to:		
Owners of the controlling entity		1.2
Non-controlling interests		(0.1)

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

## Prospective Consolidated Statement of Movements in Equity

*New Zealand Green Investment Finance Limited*

*For the year ended 30 June 2026*

	<b>Budget Year ended 30 June 2026 \$m</b>
<b>Balance at beginning of year</b>	<b>324.6</b>
Total comprehensive revenue and expense attributable to owners of the controlling entity	1.2
<b>Other transactions</b>	
Net movement in non-controlling interest	(0.1)
<b>Balance at end of year</b>	<b>325.7</b>

NZGIF has issued \$700 million ordinary shares, of which \$400 million has been called. NZGIF does not expect to call any further redeemable preference shares or ordinary shares during the year.

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

## Prospective Consolidated Statement of Financial Position

New Zealand Green Investment Finance Limited

As at 30 June 2026

	Notes	Budget As at 30 June 2026 \$m
<b>Equity</b>		
Redeemable preference shares		27.9
Ordinary shares		400.0
Accumulated deficit		(102.1)
<b>Equity attributable to owners of the controlling entity</b>		<b>325.8</b>
Non-controlling interest		(0.1)
<b>Total equity</b>		<b>325.7</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		26.3
Term deposits		190.4
Debt investments	1(i)	5.2
Low-emission vehicle (LEV) loan receivables	1(i)	0.4
Trade and other receivables		4.8
<b>Total current assets</b>		<b>227.1</b>
<b>Non-current assets</b>		
Debt investments	1(i)	48.0
LEV loan receivables	1(i)	1.1
Equity investments	1(i)	24.3
Intangible assets		2.2
Work in progress, property, plant & equipment		31.8
<b>Total non-current assets</b>		<b>107.4</b>
<b>Total assets</b>		<b>334.5</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings		0.8
Contingent consideration		0.5
Employee entitlements		1.2

Trade payables – exchange transactions	1.9
Unearned revenue	0.6
<b>Total current liabilities</b>	<b>5.0</b>
<b>Non-current liabilities</b>	
Borrowings	2.1
Contingent consideration	1.7
<b>Total non-current liabilities</b>	<b>3.8</b>
<b>Total liabilities</b>	<b>8.8</b>
<b>Net assets</b>	<b>325.7</b>

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

## Prospective Consolidated Statement of Cash Flows

New Zealand Green Investment Finance Limited

For the year ended 30 June 2026

**Budget**  
**Year ended 30**  
**June 2026**  
**\$m**

### **Cash flows from operating activities**

#### **Cash was provided from:**

Investment income 12.6

Receipts from customers 7.5

#### **Cash was applied to:**

Payments to suppliers and employees (16.2)

**Net cash from operating activities 3.9**

### **Cash flows from investing activities**

#### **Cash was provided from:**

Debt instrument repayments 6.2

Term deposit maturities 258.3

#### **Cash was applied to:**

Debt and equity investments (27.1)

Acquisition of business (0.2)

Term deposit placements (238.1)

Purchase of property, plant and equipment (3.0)

**Net cash (used in) investing activities (3.9)**

### **Cash flows from financing activities**

#### **Cash was provided from:**

Proceeds from borrowings 1.7

#### **Cash was applied to:**

Interest paid on borrowings (0.1)

Repayment of borrowings (1.6)

**Net cash from financing activities 0.0**

**Net increase (decrease) in cash and cash equivalents 0.0**

Total cash and cash equivalents at the beginning of the period 26.3

**Closing cash and cash equivalents****26.3**

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

# NOTES TO THE PROSPECTIVE CONSOLIDATED FINANCIAL STATEMENTS

## Section 1:

### General information, compliance and significant accounting policies

#### 1(a) Corporate information

These are the prospective consolidated financial statements of New Zealand Green Investment Finance Limited (NZGIF) and its subsidiaries: Carbn Group Holdings Limited (“Carbn”) and its subsidiaries (together, “the Group”). The prospective consolidated financial statements for the financial year 2025-2026 have been developed based on key assumptions, detailed below, and a forecast year-end position for the 2024-2025 year.

NZGIF and its wholly owned subsidiaries are public purpose Crown-controlled companies and consequently exempt from the payment of income tax.

The registered office is Level 4, 2 Commerce Street, Auckland.

#### 1(b) Statement of compliance and basis of preparation

The Group is a public benefit entity (PBE) for the purposes of financial reporting under Public Sector PBE Standards (PBE Standards) as its primary purpose is to accelerate and facilitate low-emissions investment in New Zealand.

The prospective consolidated financial statements have been prepared under the specific accounting policies outlined below, which are expected to be applied to the consolidated financial statements to be included in NZGIF’s 2025-26 Annual Report.

The financial information contained within is prospective and, by its nature, contains assumptions and estimates which may lead to material differences between the prospective consolidated financial information and the actual financial results prepared in future reporting periods. The Group has undertaken a review of its financial models and believe they remain fit for purpose in preparing prospective consolidated financial information.

#### 1(c) Basis of consolidation

The prospective consolidated financial statements comprise the prospective financial statements of NZGIF and its subsidiaries as at 30 June 2026.

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

#### 1(d) Going concern

These prospective consolidated financial statements have been prepared on a going concern basis. On 19 June 2025, the directors of NZGIF resolved that, following the resolution of Shareholding Ministers in April 2025, the going concern assumption is no longer appropriate for NZGIF. This approach remains subject to audit procedures.



## **1(e) Functional and presentation currency**

Items included in the prospective consolidated 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. All values are presented in millions rounded to the nearest one hundred thousand dollars (\$m).

## **1(f) Goods and services tax**

All items in the prospective consolidated financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

## **1(g) Significant judgements, estimates and assumptions**

In preparing these prospective consolidated financial statements the Group has made judgements, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions 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.

Significant assumptions in the prospective consolidated financial information include the resumption of investment origination at the conclusion of the Shareholders review of NZGIF (but no new investments executed), continued control of subsidiaries through the financial year, market interest rates, speed of deployment to debt and equity investments, investment portfolio composition and headcount. As set out above, after the date of preparation of these prospective financial statements, Shareholding Ministers resolved to change NZGIF's constitutional purpose such that NZGIF should cease undertaking new investments and should wind down and exit its investment portfolio over time.

## **1(h) Revenue**

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.

## **1(i) Investments**

The Group holds a number of direct equity investments in private companies, along with loans, advances and guarantees made to entities. The Group also leases LEVs to lessees. These investments are included as Equity investments, Debt investments and LEV loan receivables in the Prospective Consolidated Statement of Financial Position. These investments are accounted for based on the type of investment and the level of holding and control or influence that NZGIF has over the investee as outlined below:

### **Associates**

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies.

If the Venture Capital Organisation (VCO) exemption is applied for an investment in an associate, the investment is initially recognised at fair value and subsequently measured at fair value through surplus or deficit (FVTSD).

### **Debt investments**

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

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

### **Equity investments**

Equity investments in which the Group does not have significant influence or has elected to apply its VCO exemption are measured at FVTSD.

### **LEV loan receivables**

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

## Section 2:

### Financial performance

**2(a)** *investment income* includes interest and fee income from its investments, including cash and deposits with trading banks. The table below shows the reconciliation of these:

<b>Investment income</b>	<b>Year ended 30 June 2026 (\$m)</b>
Interest and fees from investments	4.5
Interest from cash and cash equivalents	1.0
Interest from term deposits	7.7
Other income	0.1
<b>Total investment income</b>	<b>13.3</b>

**2(b)** *personnel* includes expenses related to employees and contractors. The table below shows the reconciliation of these:

<b>Personnel</b>	<b>Year ended 30 June 2026 (\$m)</b>
Contractors	0.8
Salaries, wages and benefits	8.8
Defined contribution plan employer contributions	0.5
<b>Total personnel</b>	<b>10.1</b>

**2(c)** *depreciation and amortisation* includes depreciation charges on property, plant and equipment and amortisation of intangible assets.

**2(d)** *other expenses* includes all costs that are not personnel or depreciation and amortisation. The table below shows the reconciliation of these:

<b>Other expenses</b>	<b>Year ended 30 June 2026 (\$m)</b>
Fees to auditor	0.4
Investment related costs	0.2
Staff and Board travel	0.2
Operating lease expenses	0.5
Accounting and tax services	0.3
Consulting fees	1.1
Recruitment expenses	0.2
<b>IT services and subscriptions</b>	<b>0.7</b>
Insurance	0.3
Cost of vehicles	1.5
<b>Credit costs</b>	<b>0.1</b>
Other expenses	0.5
<b>Total other expenses</b>	<b>6.0</b>

## Statement of cash flows

The definitions of the terms used in the statement of cash flows are:

1. **cash and cash equivalents** includes cash held in bank accounts and term deposits with original maturities of three months or less.
2. **operating activities** are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
3. **investing activities** are those activities relating to the acquisition, issue or disposal of current and non-current investments, property, plant and equipment, intangible assets and LEV Loan receivables.
4. **financing activities** are those activities that result in changes in the size and composition of the contributed equity of the Group, along with borrowings to fund investing activities.