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NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

ANNUAL REPORT 2021-2022

Covering the period 1 July 2021 – 30 June 2022

NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

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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 2021-2022.

It has been another productive year for NZGIF, as we look to expand our financing of green projects and establish major initiatives that will help us dramatically increase our activities in the future.

The past year has also demonstrated the importance of NZGIF's mission in stark terms, with climatic extremes, from droughts in Europe to catastrophic flooding in Asia and Australia, to brutal winters and tornadoes in North America. Closer to home, Aotearoa New Zealand has had its fair share of unseasonable weather as well, with one of the hottest summers on record followed by one of the warmest and wettest winters.

Fortunately, we have a more sustainable electricity sector than our counterparts elsewhere in the world, with more than 80% of our electricity supplied by renewables. But we have a long way to go to decarbonise the rest of our economy. Much work has been done attempting to quantify precisely how much investment is required. The numbers vary but one thing all commentators agree on is that the amount is enormous, and successful decarbonisation will require public and private finance working in partnership.

NZGIF plays a key role in this respect, sitting as it does at the nexus between the public sector and private markets. NZGIF's portfolio is proof of the opportunities for private investment. Put simply, we have the mandate and resources to demonstrate to other investors that climate positive investments make sound commercial sense.

The $300m capital injection in Budget 2021 was transformational for NZGIF in this respect. The boost to our investment capital pool was seen as a major vote of confidence and gave the market, particularly those seeking finance, increased confidence around the size and nature of transactions which NZGIF can undertake.

To this end, the 2021-22 Financial Year saw us announce six significant investments spanning solar infrastructure, fleet electrification, and more sustainable agriculture, and we have made a further investment in the first half of the 2022-23 Financial Year.

Just as important as the individual investments we have made is the work that has been done this year in laying the groundwork for further growth in the years ahead. We have many opportunities in which to invest, and we are looking at strategies to further leverage our capital by developing financial products to attract private investment.

As we turn our attention to 2023, we are looking forward to continuing to work with the private investment community, with public sector agencies involved in decarbonisation efforts, and with all market participants to accelerate the flow of private capital towards low emissions investment now, and in the future.

I would like to thank my fellow Board members for their wisdom and guidance during the year. It is an honour to work alongside you all.

Finally, I would like to thank Craig Weise, his Senior Executive team, and the entire NZGIF whānau for the work they have done in often difficult circumstances as we have learned to live with Covid-19. On behalf of the Board, we are deeply grateful for your hard work, your expertise, and your commitment to our mission.

Ngā mihi maioha,

Cecilia Tarrant
Chair
30 November 2022

" ... the 2021-22 Financial Year saw us announce six significant investments spanning solar infrastructure, fleet electrification, and more sustainable agriculture ..."

CHIEF EXECUTIVE'S REPORT – YEAR IN REVIEW

Kia ora koutou,

The 2021-2022 Financial Year has been fruitful for New Zealand Green Investment Finance, and the importance of our work – and that of similar green banks around the world – was highlighted by a major theme present at COP27: implementation.

Climate change poses a challenge on a scale the world has never previously confronted, and it's clear that the way we have thought about everything in the past – including investment and finance – is almost certainly not going to help restrict global warming to 1.5 degrees. The role of market actors mobilising capital for action is critical, and putting that capital to work in the real economy is the very essence of implementation.

Having flexibility is part of what makes a green bank like NZGIF effective. This flexibility underpins our ability to find and support new ways of thinking and doing things. It also allows us to innovate – which is a core ingredient in helping New Zealand decarbonise and take advantage of the economic opportunities presented by the significant changes that lie ahead.

For us, innovation expresses itself across our work – *what* technologies, projects and companies we invest in, *how* we structure and make our investments, *why* we make the investments we do, and *how* we create pathways for others to accelerate to access low carbon investment opportunites. Mitigating the worst effects of climate change will require innovations in technology, business models, and practices, all supported by significant investment to make these things more widely available, more quickly.

Delivering these innovations keeps us busy and motivated every day.

This year, we made our first foray into the agricultural sector, with an equity investment to support Tnue's construction of a manufacturing plant to produce a low-emissions fertiliser. In 2018, the greenhouse gas emissions associated with nitrogen fertiliser represented about six per cent of New Zealand's agricultural emissions. This product will help the farmers that use it reduce their on-farm emissions, and because Tnue will manufacture it in New Zealand, we'll avoid the emissions associated with shipping it in from overseas.

We significantly built our solar portfolio, lending to solarZero, a leading solar energy business which has been providing 'solar as a service' for residential customers for several years. With our support, the company has also recently expanded its services to the commercial market and to schools. It was wonderful to see solar panels installed at Edendale Primary School in Auckland recently – the first of what we hope will be many schools across the country to take advantage of renewable solar electricity.

We're also proud of the financing transaction we agreed with NZ Post to accelerate the transition of the NZ Post fleet and its delivery contractors' vehicles to electric vans.

This is an exciting investment, not only in terms of its scale – the initial 60 e-vans purchased through the deal represented one of the largest single orders Mercedes-Benz had received globally at that point – but because of its innovative programme and leasing structure. It brings the opportunity to build on the structure to achieve a step-change in electrifying NZ Post's independent contractor fleet of circa 1200 vehicles. The leasing solution also means the vans become even more affordable for second and third owners, effectively kickstarting a domestic secondhand market for these vans.

It has been deeply satisfying to see our progress throughout the last financial year, and it's the sort of collaboration we've had with NZ Post, solaZero and Tnue – and many others – that everyone at NZGIF is looking to continue to build in the future. For the time being, however, I want to take this opportunity to thank all the investees and investors we have worked with this year. It is a privilege to be in a position to help them achieve their goals and to contribute to Aotearoa New Zealand's low carbon future.

And, of course, thank you to everyone at NZGIF. It has been an exciting, busy year, and while we often naturally get drawn into the technical nature of our work, it is important to step back and appreciate the foundation we're helping lay for the long-term health of our climate, community and whenua. Your mahi is deeply appreciated.

Nāku noa

Nā Craig Weise
Chief Executive
30 November 2022

"The role of market actors mobilising capital for action is critical"

WHO WE ARE

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

NZGIF currently has investment capital of $400m and makes equity and debt investments in a range of decarbonisation projects across a variety of sectors. Many of these projects involve us partnering with other investors on a commercial basis, as we seek to 'crowd-in' private capital to build a thriving climate finance sector.

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. While our shareholders are government Ministers, NZGIF is a limited liability company, which means we make independent investment decisions, informed by a Board and team with expertise in investments and financial markets.

How we invest

We have two main approaches to accelerating investment in the market: direct investment and 'crowding-in' private capital by creating products, programmes and platforms.

Direct investment

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

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

Crowding-in private capital

This approach involves encouraging private capital to invest in decarbonisation projects in various ways:

- 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 in which others can invest. These structures enable the efficient scaling of capital, without investors having to participate at the individual transaction level;
- NZGIF advising, structuring or facilitating deals on behalf of third parties, but not using its own capital;
- Providing guarantees (or similar), where third parties' investments are supported through NZGIF making legal commitments.

> ***"We seek to crowd-in private capital to build a thriving climate finance sector."***

Our policy and financial context

NZGIF operates within the wider New Zealand climate change policy framework, which was established by the Climate Change Response Act 2002. Subsequently, New Zealand's domestic climate targets were established by the Climate Change Response (Zero Carbon) Amendment Act 2019, which aims for zero greenhouse gas emissions by 2050. This Act also established the Climate Change Commission, which provides the Government with expert advice on emissions budgets and mitigation and adaptation strategies to help meet the 2050 targets.

In May 2022, the Government published New Zealand's first Emissions Reduction Plan, which contains strategies, policies and actions for the country to achieve its first emissions budget and contribute to global efforts to limit global temperature rise to 1.5˚C above pre-industrial levels.

One of the key sections of the plan concerns funding and finance for emissions reduction, and it acknowledges that the public and private sectors need to work together to provide the funding and financing required to achieve our emissions targets.

Part of this funding is provided by New Zealand's emissions trading scheme, which sends price signals to industry and the market to support low-emissions choices. However, price signals alone are not enough to decarbonise our economy, which is why other initiatives have been introduced such as the Climate Emergency Response Fund (funded by ETS proceeds) and Treasury-issued Sovereign Green Bonds.

NZGIF plays a key role in these efforts to finance initiatives to decarbonise our economy, by investing directly in decarbonisation initiatives earlier and on more flexible terms than many other commercial investors. Most private investment managers have mandates that do not allow, or restrict their ability to undertake or support, direct investment through investment in any unlisted security. NZGIF's financing aims not only to help projects get underway but also to demonstrate the feasibility of these initiatives, and thereby to help develop the market for green financing deals in the future.

What is a green investment bank?

Green investment banks are becoming increasingly popular around the world as a way of enabling public and private investment in domestic low carbon and other environmental projects. In different parts of the world, they operate at the national, state, and even city level.

The mandates of green investment banks vary, but they generally deploy innovative financing approaches and specialised expertise to support capital deployment.

NZGIF is a member of the global Green Bank Network – a collection of more than a dozen national and local public Green Banks formed in recent years. This membership allows NZGIF to share ideas and knowledge with our peers overseas; gain insights into global best practices; build relationships with key international investors; and showcase New Zealand's success stories.

For more information, visit www.greenbanknetwork.org.

"NZGIF plays a key role in these efforts to finance initiatives to decarbonise our economy"

OUR PURPOSE AND OBJECTIVES

We accelerate and facilitate investment in emissions reductions

Our objectives guide our investment decisions

Invest to reduce emissions

Crowd-in private capital

Invest on a commercial basis

Show market leadership

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

Our strategic opportunity

New Zealand's climate emergency creates urgency for NZGIF to use its flexible investment mandate and market-facing solutions to better enable the decarbonisation of the economy.

Our strategic goals for 2021-22 have focused our efforts

Attract additional private and public capital at a ratio of 1:1	When compared with FY20-21, total NZGIF capital committed grew from \$39.6m to \$104.5m and total private capital attracted grew from \$50.4m to \$115m.
Seek out larger scale opportunities for decarbonisation	We focused on larger transaction commitments with an average value of \$8.7m.
Develop products for investors and capital markets	We finalised the structure for our first financial product and began negotiations with several major overseas investors.
Grow NZGIF's corporate resource base to match scale of ambition	We conducted a successful recruitment round, expanding NZGIF to 22 people with new positions in the investments and legal teams.

THE YEAR AT A GLANCE

2021

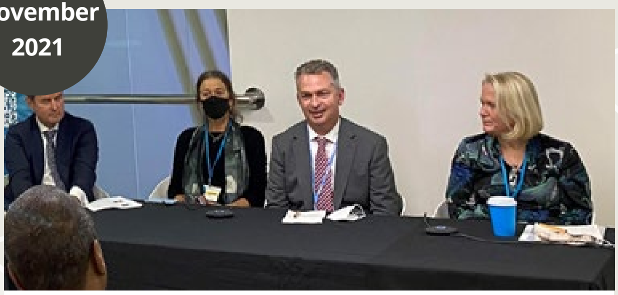
August 2021

CentrePort becomes the first port in New Zealand to use entirely electric vehicles to move container cargo, after they roll out a new fleet of seven container transfer vehicles as part of a broader port rebuild project. This is made possible by a $15m green credit facility provided by NZGIF.

November 2021

Affordable solar power will be made available to commercial customers and to schools thanks to two senior debt facilities for solarZero worth $48m in total. The facilities will directly support the growth of distributed solar power generation, reducing New Zealand's overall reliance on thermal generation, generating more than 50 GWh of electricity per annum and creating as many as 175 new clean technology jobs.

November 2021



Our Chief Executive's attendance at COP26 supported the climate finance theme of the event, our membership in the global Green Bank Network and several critical bilateral engagements. Our CEO was a contributor to the Climate Leaders Coalition/Sustainable Business Council/Warehouse Group-sponsored publication COP26 Insights Report.

December 2021

NZ Post looks to decarbonise its delivery fleet with 60 electric vans and low-emissions vehicles as part of a $20m co-financing deal with NZGIF. As well as reducing emissions for NZ Post and their contractors, the vans will help kickstart a market for second-hand commercial electric vehicles, as they move along the ownership chain.

2022

December 2021

A new low emissions fertiliser plant outside Taupō is in the works after NZGIF provides a $2.5m equity investment in agricultural company TNUE. The plan will use new Control Release Membrane technology in its treatment of urea – a fertiliser base – which significantly reduces both CO_2e emissions from the fertiliser to the atmosphere and nitrate leaching to waterways.

April 2022

European EV fleet and battery storage specialist Zenobē makes its entry into the New Zealand market, deploying electric bus fleets under long-term lease agreements with major operators in New Zealand. This is achieved through a $20m asset finance facility from NZGIF, with a further $30m in reserve to support further uptake.

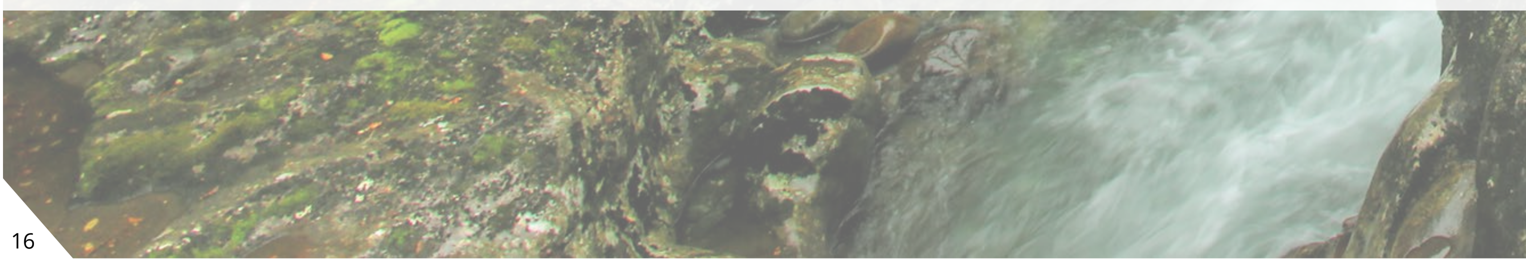
May 2022

NZGIF investee company ESP acquires carbon data management and accounting specialist BraveGen, creating New Zealand's largest energy efficiency and sustainability management solutions software and services business.
The $1.75m NZGIF investment to support the acquisition comes on top of an earlier investment in ESP in 2020, bringing our total investment in ESP to $4.45m.

INVESTMENT PERFORMANCE SNAPSHOT

Cumulative investment snapshot *as at 30 June 2022*

Total NZGIF capital committed	***Co-investment committed***
$104.5m	**$115m**
Number of investment transactions	***Total NZGIF investment capital called***
11	**$320m**
Capital reserved	***Total capital committed and reserved***
$72m	**$176.5m**



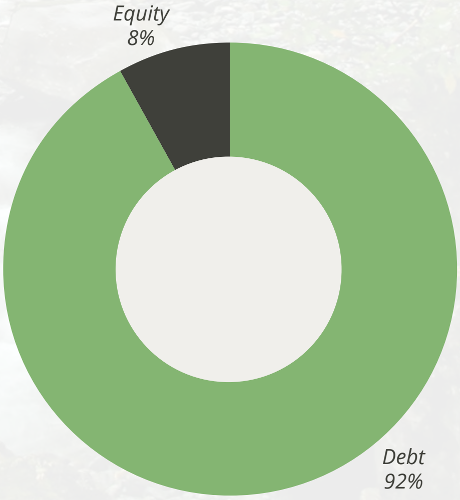
NZGIF has supported projects worth a total of

$219.5m

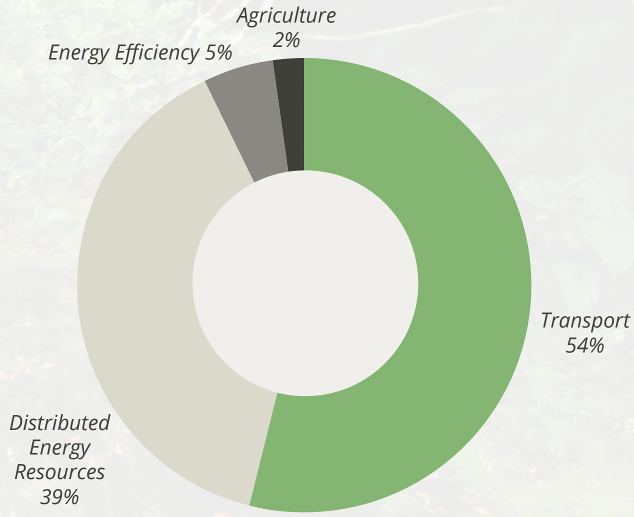
Estimated lifetime emissions reductions

580,000 – 710,000 TCO_2e*

Capital committed by investment type



Capital committed by sector



* See the Emissions Benefit Report 2021-22 for more information on our emissions estimation methodology.

OUR INVESTMENTS TO DATE

2021 – 2022 investments

solarZero Commercial

November 2021

Distributed energy

$10m senior debt facility

NZ Post

December 2021

Transport

$10m mezzanine debt facility

solarZero Schools

December 2021

Distributed energy

$8m senior debt facility

Zenobē

April 2022

Transport

$20m debt facility

TNUE Ltd

May 2022

Agriculture

$2.5m equity investment

ESP

May 2022

Energy efficiency

$1.75m equity investment

Earlier investments

CentrePort

June 2020

Infrastructure

$15m green credit facility

Thinxtra

August 2020

Energy efficiency

$1.1m equity investment

Carbn Group

October 2020

Transport

$16.8m hybrid investment

ESP

November 2020

Energy efficiency

$2.7m equity investment

solarZero Residential

April 2021

Distributed energy

$10m mezzanine debt facility

2022 – 2023 investments

Panasonic / solarZero Letter of Credit

September 2022

Distributed energy

$10m standby letter of credit

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; and
- 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, training and development, 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 (5)	People & Culture Committee (7)	Attendance
Cecilia Tarrant	10	5	7	100%
David Woods	10	n/a	7	100%
Jacqueline Cheyne	10	5	n/a	100%
Gavin Fernandez	10	5	n/a	100%
Kevin Holmes	10	5	n/a	100%
Mark Vivian	10	n/a	7	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

Executive and team

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

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 Employee performance incentive programme developed and implemented for FY 21-22 Remuneration review undertaken to benchmark employee salaries against the market
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

Workplace demographic profile

As at 30 June 2022, NZGIF had 20 fulltime equivalent staff, all of whom were permanent employees.

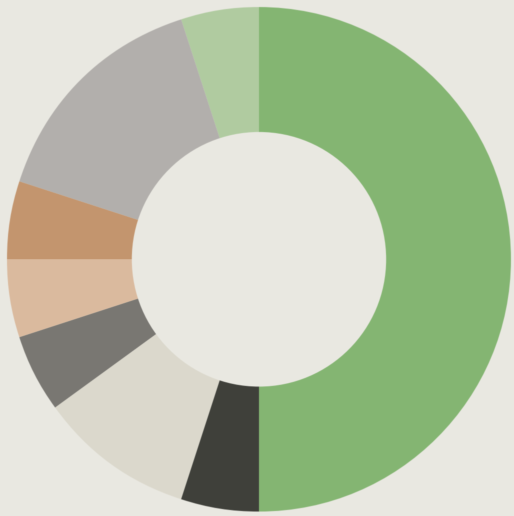
These charts show a breakdown of the age, ethnicity and gender demographics of NZGIF employees.

Gender

Female Male

Age

20-29 30-39 40-49 50+



Ethnicity

NZ European	10
Sinhala	1
Indian	2
Welsh	1
European / Pacific Peoples	1
European / Asian	1
European / Great Britain	3
NZ European / Māori	1

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.

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 85.34 TCO_2e of emissions in 2021-22

NZGIF reports its emissions using the GHG Protocol Corporate Standard methodology. We have adopted the operational control consolidation approach for reporting our Group emissions, meaning we report 100% of the emissions we control in our inventory. For 2021-2022, 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 no Scope 1 emissions in 2021-22

SCOPE 2

NZGIF produced 2.66 TCO_2e related to its electricity consumption.

SCOPE 3

NZGIF created 82.68 TCO_2e of emissions, the majority of which were from air travel and staff commuting.

Scope of emissions	Energy source	2021-22 TCO_2e	2020-21 TCO_2e	% Change YoY
Scope 1	Leased cars	-	0.47	-100%
	Rental cars	-	0.15	-100%
Scope 2	Electricity	2.66	1.69	57%
Scope 3	Business travel – flights	57.52	50.86	13%
	Staff commuting	10.04	10.22	-2%
	Well to Tank (WTT) emissions	8.6	8.95	-4%
	Business travel – accommodation & petrol	3.06	1.96	56%
	Other Scope 3 emissions	3.46	2.3	50%
Total		85.34	76.61	11%

NZGIF Group emissions

Our 2022 total Group emissions increased by 11% over 2021 from 76.61 to 85.34 TCO_2e. Increased air travel was the most significant source of increased emissions. Emissions from air travel increased over the period primarily from the resumption of normal business activity following Covid-19 lockdowns, opening a new office in Auckland and an increase in NZGIF's headcount. On a per person basis however, our emissions reduced by 33% from 6.38 TCO_2e per FTE in 2021 to 4.27 TCO_2e in 2022, which reflects the benefits of having Auckland-based staff (i.e. no longer having to fly from Wellington).

New Zealand Green Investment Finance offsets 120% of its total group emissions. The offsets purchased and retired are New Zealand Carbon Units (NZUs) produced in the Rameka project[1].

1. Situated on the slopes towering above the Tākaka Valley in Golden Bay, Project Rameka is a community-based forest carbon project restoring 93ha of indigenous forest on marginal farmland.

STATEMENT OF RESPONSIBILITY

For the 12-month period ended 30 June 2022

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 Group.

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 2022.

Signed on behalf of the Board.

30 November 2022

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 2021-22 Statement of Performance Expectations. All relevant performance targets and milestones were met.

Accelerate and facilitate investment in emissions reductions

Success is:

- Capital committed to reduce emissions
- Estimated lifetime emissions benefits through our investments
- Investing in infrastructure or services that support the decarbonisation of New Zealand

Target as stated in SPE 2021-22	2021-22 performance	Further information
Up to $150m total NZGIF capital committed to qualifying investments (cumulative)	$104.5 million contractually committed to 30 June 2022 (cumulative)	See page 60 of the Financial Statements and Notes for details of additional investment capital committed after 30 June 2022
6-10 transactions made	Six investments were executed and three transactions executed in respect of existing investments	Six new investments: solarZero Commercial Limited solarZero Public Sector PPAs Limited SFF Low Emissions Delivery Limited (NZ Post transaction) TNUE Zenobē ESP (II – BraveGen) Other transactions: Solar Developments Exercise of Carbn warrants Sale of 200k Carbn shares to PowerFinance
Estimated reductions (cumulative) in lifetime emissions – to be reported when each investment 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. NZGIF's primary output measure is investment in projects or companies that contribute to decarbonising the economy. See page 17 of this report for more information.*	
100% of investments are consistent with NZGIF's investment mandate	100%	
Information on expected carbon benefits of all investments is published	100%	See page 17 of this report

Invest on a commercial basis

Success is:

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

Target as stated in SPE 2021-22	2021-22 performance	Further information
Return on total 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 5.89% to 30 June 2022	This portfolio-level target is a long-term goal. Our performance in 2021-22 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 48 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%	

1. NZGIF's medium-term return target, as set out in our Statement of Intent 2020-24, is to achieve or exceed the benchmark portfolio level return of 2% over the 5-year bond rate. It is not practical to set a short-term return target for a one-year period given the diverse range of investments under active consideration and the timeframe over which the performance of our investments will be realised.

Crowd-in private capital

Success is:

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

Target as stated in SPE 2021-22	2021-22 performance	Further information
Ratio of overall investment to NZGIF investment on a portfolio basis is greater than 2020-21 baseline	2.1:1	Total overall investment $219.5m NZGIF investment $104.5m (FY20-21 = 2.3:1)
Ratio of private investment to NZGIF investment on a portfolio basis	1:1	New measure – not included in SPE 21-22. Total private investment $115m NZGIF investment $104.5m
Development of one financial product and/or programme	Solar Product developed	The Solar Product was identified, developed, structured and marketed during FY22 and approved by the NZGIF Board in FY23
Allocation of up to $50 million NZGIF capital to support product and/or programme to attract private co-investment	$50 million NZGIF capital allocated to solar product	
Case studies are provided as applicable where investment opportunities are created, accelerated or enhanced for third parties	Case studies provided for NZ Post and ESP	Visit nzgif.co.nz/case-studies and nzgif.co.nz/news-and-events/

Market leadership and demonstration

Success is:

- Information on low carbon investment is provided to the market
- NZGIF is an active market participant
- NZGIF's market and digital profile grows

Target as stated in SPE 2021-22	2021-22 performance	Further information
NZGIF provides at least two sets of information on our investments in our annual report	Two provided	See case studies on pages 8-11 of the Emissions Benefit Report 2021-22
Publishing at least two market reports, providing market information or other publications	Two	NZ Herald Sustainable Business supplement – July 2021 Climate-conscious legal drafting case study – May/ June 2022
NZGIF undertakes consistent activity to generate an appropriate market and digital presence	Appropriate presence generated	Measured by growth in social media activity, website traffic, global profile and digital reach
Activity in waste and plastic sectors integrated into NZGIF	Activity integrated	Waste sector report (including plastics) commissioned; waste opportunities being actively sought and considered

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 2022

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 of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group and the Company on pages 36 to 61, that comprise the statement of financial position as at 30 June 2022, 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 28 to 31.

In our opinion:

- the financial statements of the Group and the Company on pages 36 to 61:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; and
        - its financial performance and cash flows for the year then ended; 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 28 to 31:
    - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2022, 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.
    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 November 2022. 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 27 and 62, but does not include the financial statements of the Group and the Company and the performance information of the Group, 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 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 2022

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 2022

	Notes	Group YEAR ENDED 30 JUNE 2022 $000	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2022 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Parent 2022 BUDGET $000
Revenue						
Investment income	**2(a)**	3,089	952	2,740	886	1,726
Revenue Crown - non-exchange	**2(b)**	122	18	-	-	-
Net fair value gain/(loss) on financial assets	**3(g)**	-	-	470	-	-
Gain on disposal of shares	**3(g)**	-	-	14	-	-
Total revenue		**3,211**	**970**	**3,224**	**886**	**1,726**
Less expenses						
Personnel	**2(c)**	5,343	3,511	4,719	3,172	5,399
Depreciation and amortisation		255	194	241	188	234
Other expenses	**2(d)**	2,656	1,661	2,261	1,517	3,682
Total expenses		**8,254**	**5,366**	**7,221**	**4,877**	**9,315**
Surplus (deficit)		**(5,043)**	**(4,396)**	**(3,997)**	**(3,991)**	**(7,589)**
Comprehensive income		**-**	**-**	**-**	**-**	**-**
Total comprehensive revenue and expense for the period		**(5,043)**	**(4,396)**	**(3,997)**	**(3,991)**	**(7,589)**
Attributable to:						
Owners of the controlling entity		(4,863)	(4,261)	(3,997)	(3,991)	(7,589)
Non-controlling interests	**3(k)**	(180)	(135)	-	-	-

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 2022

	Notes	Group YEAR ENDED 30 JUNE 2022 $000	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2022 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Parent 2022 BUDGET $000
Balance at beginning of period		**88,371**	**44,580**	**88,529**	**44,580**	**88,511**
Total comprehensive revenue and expense attributable to owners of the controlling entity	**3(k)**	(4,863)	(4,261)	(3,997)	(3,991)	(7,589)
Owner transactions						
Capital contribution - ordinary shares	**3(k)**	150,000	40,000	150,000	40,000	120,000
Capital contribution - redeemable preference shares	**3(k)**	5,420	7,940	5,420	7,940	7,500
Conversion of warrants in subsidiary	**3(g),3(k)**	(177)	-	-	-	-
Disposal of shares in subsidiary	**3(g),3(k)**	533	-	-	-	-
Other transactions						
Net movement in non-controlling interest	**3(k)**	64	112	-	-	-
Balance at end of period		**239,348**	**88,371**	**239,952**	**88,529**	**208,422**

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 2022

	Notes	Group AS AT 30 JUNE 2022 $000	Group AS AT 30 JUNE 2021 $000	Parent AS AT 30 JUNE 2022 $000	Parent AS AT 30 JUNE 2021 $000	Parent 2022 BUDGET $000
Equity						
Redeemable preference shares	**3(k)**	19,360	13,940	19,360	13,940	21,440
Ordinary shares	**3(k)**	230,000	80,000	230,000	80,000	200,000
Accumulated deficit	**3(k)**	(10,188)	(5,681)	(9,408)	(5,411)	(13,018)
Equity attributable to owners of the controlling entity		**239,172**	**88,259**	**239,952**	**88,529**	**208,422**
Non-controlling interest	**3(k)**	176	112	-	-	-
Total equity		**239,348**	**88,371**	**239,952**	**88,529**	**208,422**
Assets						
Current assets						
Cash and cash equivalents	**3(a)**	55,355	29,139	55,160	27,456	14,174
Term deposits	**3(b)**	139,137	37,022	139,137	37,022	162,913
Debt investments	**3(c)**	576	7,474	6,468	7,474	10,701
LEV loan receivables	**3(d)**	5,920	1,165	-	-	-
Trade receivables and prepayments		1,778	489	850	335	297
Total current assets		**202,766**	**75,289**	**201,615**	**72,287**	**188,085**
Non-current assets						
Debt investments	**3(c)**	24,833	5,789	29,820	11,228	15,577
LEV loan receivables	**3(d)**	4,528	2,988	-	-	-
Equity investments	**3(g)**	7,583	3,799	9,067	4,599	4,611
Goodwill	**3(i)**	193	193	-	-	-
Intangible assets		97	161	97	161	79
Property, plant and equipment		1,199	912	807	898	505
Total non-current assets		**38,433**	**13,842**	**39,791**	**16,886**	**20,772**
Total assets		**241,199**	**89,131**	**241,406**	**89,173**	**208,857**
Liabilities						
Current liabilities						
Employee entitlements		770	366	726	337	-
Lease incentives		24	24	24	24	25
Provisions		74	-	84	-	-
Trade payables - exchange transactions		643	288	517	201	353
Unearned revenue		283	-	46	-	-
Total current liabilities		**1,794**	**678**	**1,397**	**562**	**378**
Non-current liabilities						
Lease incentives		57	82	57	82	57
Total liabilities		**1,851**	**760**	**1,454**	**644**	**435**
Net assets		**239,348**	**88,371**	**239,952**	**88,529**	**208,422**

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 2022

	Notes	Group YEAR ENDED 30 JUNE 2022 $000	Group YEAR ENDED 30 JUNE 2021 $000	Parent YEAR ENDED 30 JUNE 2022 $000	Parent YEAR ENDED 30 JUNE 2021 $000	Parent 2022 BUDGET $000
Cash flows from operating activities						
Cash was provided from:						
Investment income		2,670	1,023	2,226	1,105	1,693
GST collected		-	11	12	5	-
Receipts from the Crown		-	8	-	-	-
Cash was applied to:						
GST paid		(4)	-	-	-	-
Payments to suppliers and employees		(7,948)	(4,936)	(6,433)	(4,468)	(8,921)
Net cash provided by/(used in) operating activities		**(5,282)**	**(3,894)**	**(4,195)**	**(3,358)**	**(7,228)**
Cash flows from investing activities						
Cash was provided from:						
Receipts from sale of subsidiary shares	**3(g)**	-	-	586	-	-
Cash was applied to:						
Cash flow to investment		(21,344)	(21,271)	(21,130)	(22,823)	(7,700)
Cash flows to acquire shares in subsidiary	**3(g)**	-	-	-	(688)	-
Cash flows to convert warrants in subsidiary to shares	**3(g)**	-	-	(800)	-	-
Cash flow to term deposits		(102,115)	(6,015)	(102,115)	(6,015)	(114,021)
Purchase of intangible assets		-	(149)	-	(149)	-
Purchase of property, plant & equipment		(463)	(24)	(62)	(3)	(89)
Net cash provided by/(used in) investing activities		**(123,922)**	**(27,459)**	**(123,521)**	**(29,678)**	**(121,810)**
Cash flows from financing activities						
Proceeds from issue of redeemable preference shares	**3(k)**	5,420	7,940	5,420	7,940	7,500
Proceeds from issue of ordinary shares	**3(k)**	150,000	40,000	150,000	40,000	120,000
Net cash provided by/(used in) financing activities		**155,420**	**47,940**	**155,420**	**47,940**	**127,500**
Net increase (decrease) in cash and cash equivalents		**26,216**	**16,587**	**27,704**	**14,904**	**(1,538)**
Total cash and cash equivalents at the beginning of the period		**29,139**	**12,552**	**27,456**	**12,552**	**15,712**
Closing cash and cash equivalents		**55,355**	**29,139**	**55,160**	**27,456**	**14,174**

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 2022

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 subsidiaries Carbn Group Holdings Limited (Carbn) and NZGIF Security Trustee Limited (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 9 (South End), 7 Waterloo Quay, Pipitea 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.

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 all figures in Note 3(g)(i) and 3(g)(ii), 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 subsidiaries as at 30 June 2022.

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 2021-2022 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 since NZGIF has an additional $180.64 million of allocated capital available as at 30 June 2022 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 15% (i.e. 100% of the 15% GST rate) (2021: 13.5%). 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 Inland Revenue (IR) 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, IR is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, IR, 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) 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 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Interest from investments	1,405	349	1,354	350
Interest from cash and cash equivalents	343	8	343	8
Interest from term deposits	973	521	973	521
Other income	368	74	70	7
Total investment income	**3,089**	**952**	**2,740**	**886**

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. This rate 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 relates to government grant funding and Covid-19 government support received by the Group.

(c) Personnel expenses

	Group Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Contractors	845	670	677	617
Salaries, wages and benefits	4,081	2,701	3,622	2,450
Defined contribution plan employer contributions	93	61	81	55
Increase (decrease) in employee entitlements	324	79	339	50
Total personnel costs	**5,343**	**3,511**	**4,719**	**3,172**

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

	Group Actual 2022	Group Actual 2021	Parent Actual 2022	Parent Actual 2021
Total remuneration paid (including at risk salary accrual and discretionary incentive payments) that is or exceeds $100,000:				
570,000 to 579,999	1	-	1	-
410,000 to 419,999	-	1	-	1
400,000 to 409,999	1	-	1	-
380,000 to 389,999	1	-	1	-
330,000 to 339,999	-	1	-	1
310,000 to 319,999	1	-	1	-
300,000 to 309,999	1	1	1	1
260,000 to 269,999	1	1	1	1
250,000 to 259,999	-	1	-	1
240,000 to 249,999	-	1	-	1
200,000 to 209,999	2	-	2	-
180,000 to 189,999	1	-	1	-
150,000 to 159,999	1	-	-	-
140,000 to 149,999	1	-	-	-
130,000 to 139,999	1	-	1	-
110,000 to 119,999	2	-	2	-
100,000 to 109,999	2	2	2	1
Total	**16**	**8**	**14**	**7**

(d) Other expenses

	Notes	Group Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Fees to auditor					
- fees to KPMG for audit of financial statements		110	89	110	89
- fees to KPMG for other services		7	12	7	12
Investment related costs		575	339	575	339
Staff and Board travel		177	114	150	103
Operating lease expenses		211	127	180	110
Accounting, bookkeeping and tax services		231	183	209	157
Expected credit losses	3(c),3(d)	(63)	185	(81)	199
Consulting expenses		187	57	140	57
Recruitment costs		246	65	183	65
IT services and subscriptions		306	159	304	159
Other expenses		669	331	484	227
Total other expenses		**2,656**	**1,661**	**2,261**	**1,517**

Fees to KPMG for non-audit services related to the review of NZGIF's implementation of its greenhouse gas impact estimation methodology in both 2021 and 2022.

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 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
- it is not designated as at FVTSD.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire; or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset transferred; or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The difference between the carrying value of the financial asset and proceeds received on disposal are recognised as a gain or loss in the statement of surplus or deficit.

(a) Cash and cash equivalents

	Group Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Cash at bank and on hand	32,515	12,604	32,320	10,921
Term deposits with maturities of three months or less	22,840	16,535	22,840	16,535
Total cash and cash equivalents	**55,355**	**29,139**	**55,160**	**27,456**

The weighted average interest rate on cash and cash equivalents was 0.69% during the year (2021: ranged between 0.05% and 0.85%).

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 and Parent	
	Actual 2022 **$000**	Actual 2021 **$000**
Current portion	139,137	37,022
Total term deposits	**139,137**	**37,022**

The weighted average interest rate on term deposits was 1.42% during the year (2021: ranged between 0.29% and 2.65%).

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

	Group Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
At amortised cost				
Current portion				
CentrePort Limited	-	7,474	-	7,474
Sustainable Fleet Finance Limited (SFF)	-	-	5,892	-
Zenobē NZ Rental 1 Limited	576	-	576	-
Total current portion	**576**	**7,474**	**6,468**	**7,474**
Non-current portion				
CentrePort Limited	10,999	-	10,999	-
SFF Low Emissions Delivery Limited	44	-	44	-
solarZero Energy Services Limited	8,303	5,789	8,303	5,789
SFF	-	-	4,987	5,439
Zenobē NZ Rental 1 Limited	4,987	-	4,987	-
At FVTSD				
Energy Solution Providers Limited (ESP)	500	-	500	-
Total non-current portion	**24,833**	**5,789**	**29,820**	**11,228**
Total debt investments	**25,409**	**13,263**	**36,288**	**18,702**

<table>
<tr><th></th><th>Weighted average interest rate
Actual 2022</th><th>Weighted average interest rate
Actual 2021</th><th>Group ECL
Actual 2022
$000</th><th>Group ECL
Actual 2021
$000</th><th>Parent ECL
Actual 2022
$000</th><th>Parent ECL
Actual 2021
$000</th></tr>
<tr><td>solarZero Developments Limited</td><td rowspan="8">5.9%</td><td></td><td rowspan="6">101</td><td></td><td rowspan="8">133</td><td></td></tr>
<tr><td>solarZero Commercial PPAs Limited</td><td></td><td></td><td></td></tr>
<tr><td>solarZero Public Sector PPAs Limited</td><td></td><td></td><td></td></tr>
<tr><td>Zenobē NZ Rental 1 Limited</td><td></td><td></td><td></td></tr>
<tr><td>CentrePort Limited</td><td rowspan="3">4.4%</td><td rowspan="2">136</td><td rowspan="3">199</td></tr>
<tr><td>solarZero Energy Services Limited</td></tr>
<tr><td>SFF</td><td></td><td></td></tr>
<tr><td>SFF Low Emissions Delivery Limited</td><td></td><td></td><td></td><td></td></tr>
</table>

N.B. Shaded area shows which investments a particular column relates to.

The Group's loan to ESP is due to be repaid on or before April 2024. Refer to Section 5: Other disclosures for further details on other debt investments' expiry dates.

Accounting Policy

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 rate method or classified as and measured at FVTSD.

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 gains from trading.

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 accelerate low emissions investments in Aotearoa New Zealand as opposed to making gains from trading. 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 – Solely payment of principal and interest (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 2022 $000	Actual 2021 $000
Not later than one year	6,351	1,377
Later than one year and not later than five years	5,146	2,866
Total future LEV loan receivables	**11,497**	**4,243**
Less unearned finance income	(1,013)	(630)
Discounted unguaranteed residual value	-	589
Less ECL	(36)	(49)
Total LEV loan receivables	**10,448**	**4,153**

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

(e) Measurement of expected credit losses (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 NZGIF have used significant judgement in estimating ECL. Management applies judgement based on an assessment of the credit risk of each facility; forward looking default rates based on different economic scenarios; the probability weightings of those scenarios; and due to lack of historical default data, the industry data used to estimate losses of each credit facility if a default were to occur.

(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 includes forward-looking information.

(g) Equity investments

	Note	Measurement	Group Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Thinxtra		FVTSD	1,108	1,074	1,108	1,074
ESP		FVTSD	3,975	2,725	3,975	2,725
Carbn - ordinary shares	(ii)	FVTSD	-	-	1,484	688
Carbn - warrants	(i)	FVTSD	-	-	-	112
TNUE		FVTSD	2,500	-	2,500	-
Total equity investments			**7,583**	**3,799**	**9,067**	**4,599**

(i) In 2022 the Company exercised all warrants held in Carbn for the exercise price of $1. At the Group level this transaction did not result in a loss of control of Carbn and resulted in an increase in non-controlling interest of $177,234 and an increase in accumulated deficit of the same amount. See note 3k.

(ii) The Company also disposed of 200,000 shares in Carbn for consideration of $600,000, resulting in a gain on sale of $14,482. The net fair value gain on this investment was $469,658 during the year. Both gains were recognised in the surplus or deficit for the Company. At the Group level this transaction did not result in a loss of control of Carbn and resulted in an increase in minority interest of $67,074 and a decrease in accumulated deficit of $532,926. See note 3k.

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 TNUE Limited and increased its shareholding in ESP. The Group has determined it has significant influence over these entities. These investments would ordinarily be an associate and subsequently equity accounted under PBE IPSAS 35. However, the Group has applied the VCO designation for these investments and has used the exemption available under PBE IPSAS 35 to measure them at FVTSD instead of equity accounting for the investments.

Key judgement – Equity investment valuation

The Group has concluded that the most recent transaction prices paid for ESP and TNUE are the best representation of fair value. The TNUE investment was acquired, and further shares in ESP were subscribed for, during the financial year. Both investments have had 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 for these investments are an appropriate representation of fair value and no gains or losses have been recognised in the year.

When undertaking its fair value assessment of its investment in Thinxtra, given the range of potential outcomes, it was considered that one single valuation method would not provide an appropriate result. Accordingly, Management have used a range of valuation techniques which provide different scenario outcomes. Multiple discounted cash flow models were utilised, alongside a comparable multiples valuation of industry peers. This resulted in an indicative valuation range, the bottom of which was immaterially different to last year's valuation of AU$2.35 per share (which was based on cost, being the most recent market transaction). Management have determined that this share price remains the best representation of fair value at 30 June 2022.

For the investment in Carbn, Management have determined that the exercise price of $1 of its warrants that it exercised in March 2022 is the best representation of fair value at balance date. Although there was a more recent arm's length transaction for less than 10% of the outstanding share base at a higher price, Management have determined that a broad market does not exist to support a valuation for its entire shareholding at that level.

(h) Subsidiaries and business combination

		Ownership interest	
		Actual 2022	Actual 2021
	Note	%	%
Carbn		69.57	66.67
Carbn Asset Management Limited	(i)	69.57	66.67
SFF	(i)	69.57	66.67
SFF Low Emissions Delivery Limited	(i)	69.57	-
NZGIF Security Trustee Limited	(ii)	100.00	-

(i) Carbn's wholly owned subsidiaries are Carbn Asset Management, SFF and SFF Low Emissions Delivery.

Carbn is an entity that specialises in financing of LEV fleets and transition management via its three wholly owned subsidiaries - SFF, Carbn Asset Management Limited and SFF Low Emissions Delivery Limited. NZGIF acquired control of Carbn to help accelerate LEV fleet transition and uptake by corporate entities and government departments and agencies.

(ii) NZGIF Security Trustee was incorporated during the year to provide security trustee services in respect of transactions involving members of the Group.

Accounting Policy

i. Business combination

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.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

From the date an entity ceases to be a controlled entity, provided it does not become either an associate or a jointly controlled entity, it shall be accounted for as a financial instrument.

iii. Minority interests

Minority interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(i) Carbn acquisition and goodwill (Group)

On 30 September 2020, NZGIF acquired shares and voting interest in Carbn, obtaining control. 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.

(j) Carbn acquisition (Parent)

NZGIF records the Carbn ordinary shares 1,484 (2021: 688) and warrants 0 (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. See note 3g for further details of measurement in 2022.

(k) Equity

The Group's capital is its equity, which comprises 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 Actual 2022 $000	Group Actual 2021 $000	Parent Actual 2022 $000	Parent Actual 2021 $000
Contributed capital - ordinary shares				
Balance at beginning of period	80,000	40,000	80,000	40,000
Capital contribution	150,000	40,000	150,000	40,000
Balance at 30 June - 300,000,100 ordinary shares paid to 77 cents	**230,000**	**80,000**	**230,000**	**80,000**
Contributed capital - redeemable preference shares				
Balance at beginning of period	13,940	6,000	13,940	6,000
Capital contribution	5,420	7,940	5,420	7,940
Balance at 30 June - 30,000,000 RPS paid to 65 cents	**19,360**	**13,940**	**19,360**	**13,940**
Accumulated deficit				
Balance at beginning of period	(5,681)	(1,420)	(5,411)	(1,420)
Deficit for the period	(4,863)	(4,261)	(3,997)	(3,991)
Conversion of warrants in subsidiary	(177)	-	-	-
Disposal of shares in subsidiary	533	-	-	-
Balance at 30 June	**(10,188)**	**(5,681)**	**(9,408)**	**(5,411)**
Non-controlling interest				
Balance at beginning of period	112	-	-	-
NCI on acquisition of Carbn	-	18	-	-
NCI on equity contribution	-	229	-	-
NCI on conversion of warrants	177	-	-	-
NCI on disposal of shares	67	-	-	-
Comprehensive revenue and expense attributable to NCI	(180)	(135)	-	-
Balance at 30 June	**176**	**112**	-	-
Total equity at 30 June	**239,348**	**88,371**	**239,952**	**88,529**

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, SFF and its investee, ESP:

	Parent	
	Actual 2022 **$000**	Actual 2021 **$000**
Loans	11,423	5,439
Interest repayments	486	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:

- 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 (2021: 4). The total remuneration is determined on a full-time equivalent basis, including all employee benefits (salaries and annual leave).

	Group & Parent	
	Actual 2022	Actual 2021
Board member remuneration	355,250	355,592
Chief Executive remuneration	573,890	413,827
Senior management team remuneration (excluding Chief Executive)	1,100,172	873,609
Total key management personnel remuneration	**2,029,312**	**1,643,028**

Group Chief Executive's remuneration (Years ended 30 June 2022 and 30 June 2021)

Year	Base salary	Taxable benefits[i]	Fixed remuneration[ii]	Pay for performance Short term incentive[iii] (STI)	Total remuneration
FY22	456,214	20,556	476,770	97,119	573,890
FY21	397,047	16,780	413,827	-	413,827

Multi-year remuneration summary

Year	Single figure remuneration	% STI against maximum
FY22	573,890	82%
FY21	413,827	N/A
FY20	372,221	N/A

The Group Chief Executive received no remuneration prior to FY20 as this was the first year of activity for the Group.

(i) Taxable benefits comprises 3% KiwiSaver employer contribution on base salary and wellness benefit payments.

(ii) Fixed remuneration is base salary plus KiwiSaver employer contributions and wellness benefit payments.

(iii) STI is payment based on performance achieved for the applicable period and includes 3% KiwiSaver employer contribution. The level of STI payment for the Chief Executive is decided by the Board based on their assessment of the achievement of KPIs set at the beginning of the financial year.

(e) Board member remuneration

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

	Group & Parent	
	Actual 2022 $000	Actual 2021 $000
Cecilia Tarrant (Chair)	98	99
George (David) Woods (Deputy Chair, Chair of the People & Culture Committee)	61	61
Jacqueline Cheyne (Chair of the Audit & Risk Committee)	49	49
Mark Vivian	49	49
Gavin Fernandez	49	49
Kevin Holmes	49	49
Total Board member remuneration	**355**	**356**

Insurance

From 30 May 2022, The Group's directors' and officers' liability insurance was renewed to cover risks normally covered by such policies. Insurance is not provided for dishonest, fraudulent, or wilful acts or omissions.

Board development and training

Board development and training costs paid for by the Group:

	Group & Parent	
	Actual 2022 $000	Actual 2021 $000
Total Board development and training	**2**	**2**

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 $30 million ($10 million at balance date) to solarZero Energy Services Limited. At balance date $1.7 million of this limit was undrawn. The credit facility is due to expire in March 2031.

The Group has a contractual commitment for a credit facility of up to $15 million to CentrePort Limited. At balance date $4 million of this limit was undrawn. The credit facility is due to expire in July 2023 unless both parties agree to extend or renegotiate terms.

The Group has a contractual commitment for a credit facility of up to $7 million to solarZero Developments Limited. At balance date $7 million of this limit was undrawn. The credit facility is due to expire in December 2024.

The Group has a contractual commitment for a credit facility of up to $8 million to solarZero Public Sector PPAs Limited. At balance date $8 million of this limit was undrawn. The credit facility is due to expire ten years after the first drawdown.

The Group has a contractual commitment for a credit facility of up to $10 million to solarZero Commercial PPAs Limited. At balance date $10 million of this limit was undrawn. The credit facility is due to expire ten years after the first drawdown.

The Group has a contractual commitment for a credit facility of up to $20 million to Zenobē NZ Rental 1 Limited. At balance date $14.4 million of this limit was undrawn. The credit facility is due to expire in June 2032.

NZGIF has a contractual commitment for credit facilities of up to $15 million to SFF. At balance date $4.1 million of this limit was undrawn. The credit facilities are due to expire in December 2022, June 2023 and October 2025.

NZGIF has a contractual commitment for a credit facility of up to $10 million to SFF Low Emissions Delivery Limited. At balance date $10 million of this limit was undrawn. The credit facility is due to expire in December 2025.

(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 2 September 2022 the Group signed an agreement to provide solarZero Limited with a letter of credit facility of up to $10 million.

Equity events

NZGIF requested a further drawdown of ordinary share capital of $90 million, which it received on 27 July 2022.

(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.

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 raised alert levels under the Covid-19 Alert System and under the Covid-19 Protection Framework (traffic light system). All staff were able to work from home and all processes able to be managed remotely. As New Zealand transitioned into appropriate alert levels and traffic light settings, staff were able to return to work while following all recommended safe-working practices. It is anticipated that if Wellington or the rest of New Zealand returns to conditions where lockdowns are mandated 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 2021–2022 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.

Net fair value gain/(loss) on financial instruments

Due to uncertainty NZGIF did not budget for any fair value movements on its financial instruments.

Other expenses

Other expenses were below budget due to investment related legal and advisor cost savings.

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.

Term deposits

Term deposits were lower than budgeted due to investment commitments at year end.

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 contemplated term deposit income with conservative interest rates, and only the income from deals that had already been executed at the end of the prior financial year.

Cash flow to investment

Deployed funds were higher than budgeted due to new investments being executed and drawn during the financial year.

DIRECTORY

Shareholders

The Minister of Finance

The Minister for Climate Change

Auditor

KPMG Wellington

Senior Management Team

Craig Weise, Chief Executive

Jason Patrick, Chief Investment Officer

Edward Montague, Chief Operating Officer

Jenny Lackey, Head of Communications and Government Relations

Registered office

Level 9 (South End)
7 Waterloo Quay
Pipitea
Wellington

Solicitors

Bell Gully

Chapman Tripp

DLA Piper

Russell McVeagh

Board of Directors

Cecilia Tarrant (Chair of the Board)

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

Jacqueline Cheyne (Chair of Audit and Risk Committee)

Gavin Fernandez

Kevin Holmes

Mark Vivian

Contact address

PO Box 1054
Wellington 6140
New Zealand

Email: info@nzgif.co.nz
www.nzgif.co.nz

Bankers

Westpac New Zealand Limited

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NZGIF / NEW ZEALAND GREEN INVESTMENT FINANCE

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- www.twitter.com/nzgreeninvest