

# BRIEFING FOR INCOMING MINISTERS

DECEMBER 2023

To be read in conjunction with the  
**NZGIF 2022-2023 Annual Report**



# SNAPSHOT

- » **NZGIF’s purpose is to accelerate investment into New Zealand’s decarbonisation by making investments that reduce emissions and bringing in private capital to invest alongside us.**
- » **NZGIF has \$442m in investment commitments and reported a net profit for the year to 30 June 2023 of \$4.9m.**
- » **NZGIF does not subsidise decarbonisation projects or provide concessionary financing. It lends at market rates and makes equity investments on commercial terms, thereby demonstrating the viability of green investments to the market.**
- » **NZGIF addresses the market failures associated with climate finance in New Zealand.**
- » **NZGIF’s Solar Finance programme was awarded ‘Best Sustainable Finance Deal’ (Australasia) at the FinanceAsia Achievement Awards 2023.**
- » **NZGIF Board Chair, Cecilia Tarrant, looks forward to an early opportunity to meet with Shareholding Ministers.**

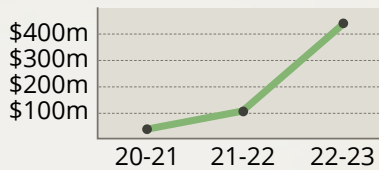


# INVESTMENT PERFORMANCE SNAPSHOT

## Cumulative investment snapshot

### Total NZGIF Board-approved commitments

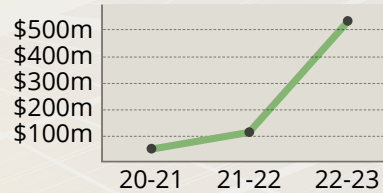
**\$442m\***



\*To 31 October 2023

### Total co-investment committed

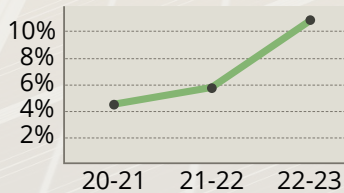
**\$535m\***



\*To 31 October 2023

### Debt portfolio return

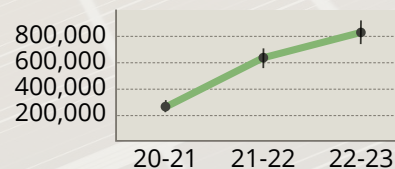
**10.36%\***



\*To 31 October 2023

### Estimated lifetime emissions reductions

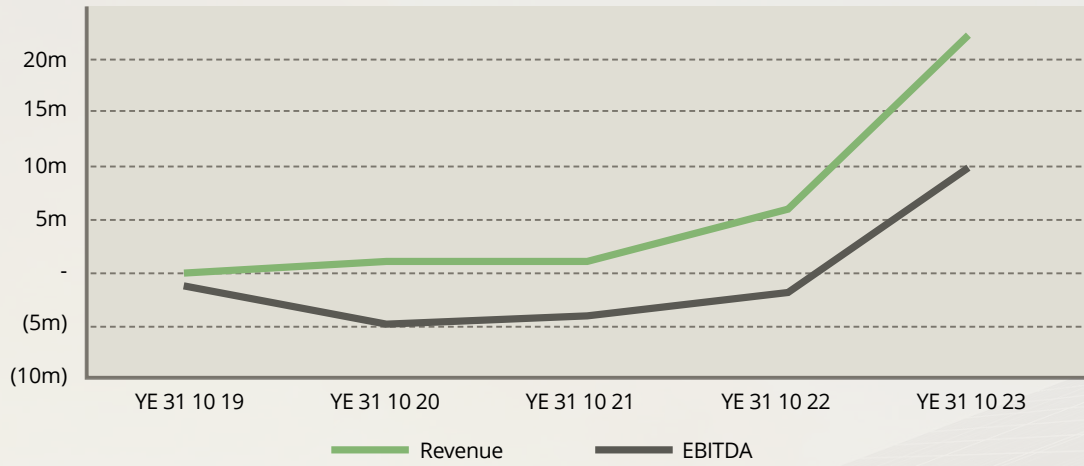
**730 to 890 ktCO<sub>2</sub>-e\***



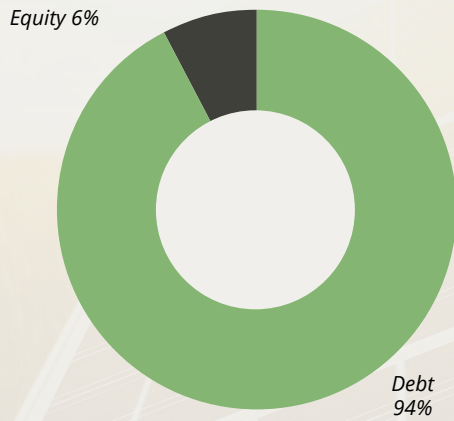
\*To 30 June 2023

Returns on equity are only measured when an investment is exited or revalued. There were no revaluations over the 2022-23 period.

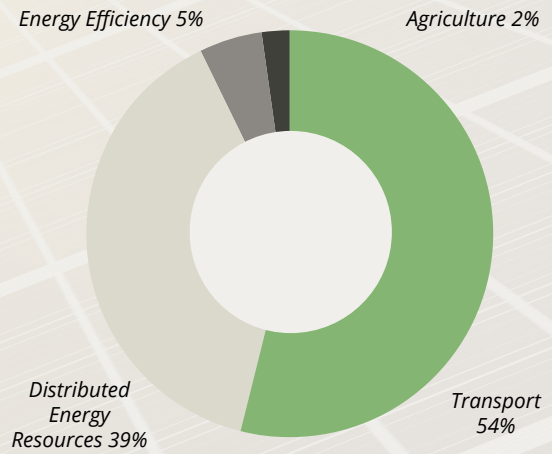
### NZGIF annual revenue and EBITDA



### Portfolio capital committed by investment type



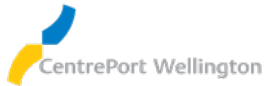
### Portfolio capital committed by sector





# INVESTMENT PORTFOLIO SNAPSHOT

## 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



### 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

2022-23 new investments



**Panasonic / solarZero Letter of Credit**

September 2022  
Distributed energy

\$10m standby letter of credit



**Solagri Energy**

December 2022  
Distributed energy

\$10m debt facility

2023-24 new investments



**Lodestone Energy**

July 2023  
Distributed energy

\$15m working capital facility



**Eastland**

August 2023  
Distributed energy

\$25m debt facility



**Thundergrid**

January 2023  
Transport

\$1m debt facility (GFA)



**Kinetic**

March 2023  
Transport

\$50m debt facility



**NZGIF Solar Finance**

September 2023  
Financial product

\$170m investment



**Stuart Timber**

September 2023  
Process heat

\$2.2m debt facility



**Ruminant BioTech**

May 2023  
Agriculture

\$2.5m equity investment



**Kayasand**

May 2023  
Infrastructure

\$3.5m equity investment



**Genesis Energy**

October 2023  
Energy efficiency

Up to \$1.2m debt facility



**Coolsense**

November 2023  
Energy efficiency

\$10m asset finance facility



**Green Finance Accelerator**

October 2023  
Financial product

Financing for SMEs



**Hot Lime Labs**

November 2023  
Process heat

Up to \$1m asset finance facility (GFA)



# ABOUT NZGIF

**New Zealand Green Investment Finance (NZGIF) exists to accelerate and facilitate investment in New Zealand’s decarbonisation. As an independent green investment bank with a broad and flexible mandate, NZGIF’s investments can take many forms; from debt to equity, with the ability to assume risk positions that help to crowd-in private capital.**

Since its establishment in 2019, NZGIF’s activity has included investing in large-scale electric vehicle and solar generation deployment, early-stage agriculture decarbonisation and energy efficiency solutions for the built environment.

NZGIF invests on a commercial basis to deliver economic growth, employment and climate change outcomes for New Zealand.

It takes independent investment decisions and is governed by an independent Board with Directors appointed by Shareholding Ministers. The Board is chaired by Cecilia Tarrant, who looks forward to meeting you at an early opportunity. Biographies of NZGIF’s Directors and Senior Leadership Team can be found on pages 13 – 16.

Recent analysis undertaken by Deloitte found that the 2023 recapitalisation (from \$400m to \$700m total capital though Budget 2023<sup>1</sup>) of NZGIF would, by 2040, result in:

- » \$3.0b added to the New Zealand economy
- » 1000 additional jobs over the same period
- » 7.8 megatonnes of emissions reductions from investments.

## How we Invest

NZGIF invests across the economy to achieve its four objectives:

- » Invest to reduce emissions
- » Crowd-in private capital
- » Invest on a commercial basis
- » Show market leadership

These objectives are unweighted, and individual investments will target the objectives differently.

In our portfolio we provide debt funding facilities and make direct equity investments on a commercial basis with our gross portfolio benchmark return over time to exceed 2 percent above the 5-year government bond rate.

In the year to 30 June 2023 the debt portfolio average return was 8.71 percent compared to a benchmark of 6.27 percent. In FY24 the annualised debt portfolio return to 31 October was 10.36 percent.

We have robust investment processes and work with quality counterparties to ensure the quality of our underlying investments that deliver against our enduring objectives.

1. NZGIF is funded through two Vote Finance Appropriations. For investment capital, NZGIF has access to \$700m, \$400 of which is currently drawn. For operating capital NZGIF has access to \$30m, \$28 of which is drawn.



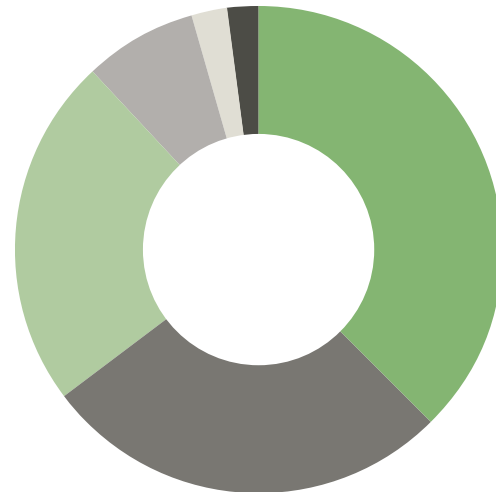
## Investing to Reduce Emissions

All of NZGIF's investments are designed to reduce emissions in New Zealand. This can either be directly, for example, by providing a loan to fund the electrification of fleet vehicles; or indirectly, for example, by a loan to fund connection assets to enable a solar farm to connect to the grid. In some cases, NZGIF will take equity in early-stage businesses on a growth trajectory.

NZGIF seeks to achieve positive public policy outcomes, address market failure in the New Zealand climate finance sector, build markets and attract significant private capital to the New Zealand green investment market.

The following chart shows emissions reductions by sector as a result of NZGIF's investments. The majority of emissions reductions as at 30 June 2023 came from investments in the transport sector, largely due to debt commitments to Kinetic and Sustainable Fleet Finance. Energy efficiency was the second largest sector followed by distributed energy resources.

**GHG reduction breakdown by sector (%)\***



- Transport 37.4%*
- Distributed Energy Resources 27.4%*
- Energy Efficiency 23.2%*
- Infrastructure 7.6%*
- Process Heat 2.3%*
- Agriculture 2.1%*

\* To 30 June 2023

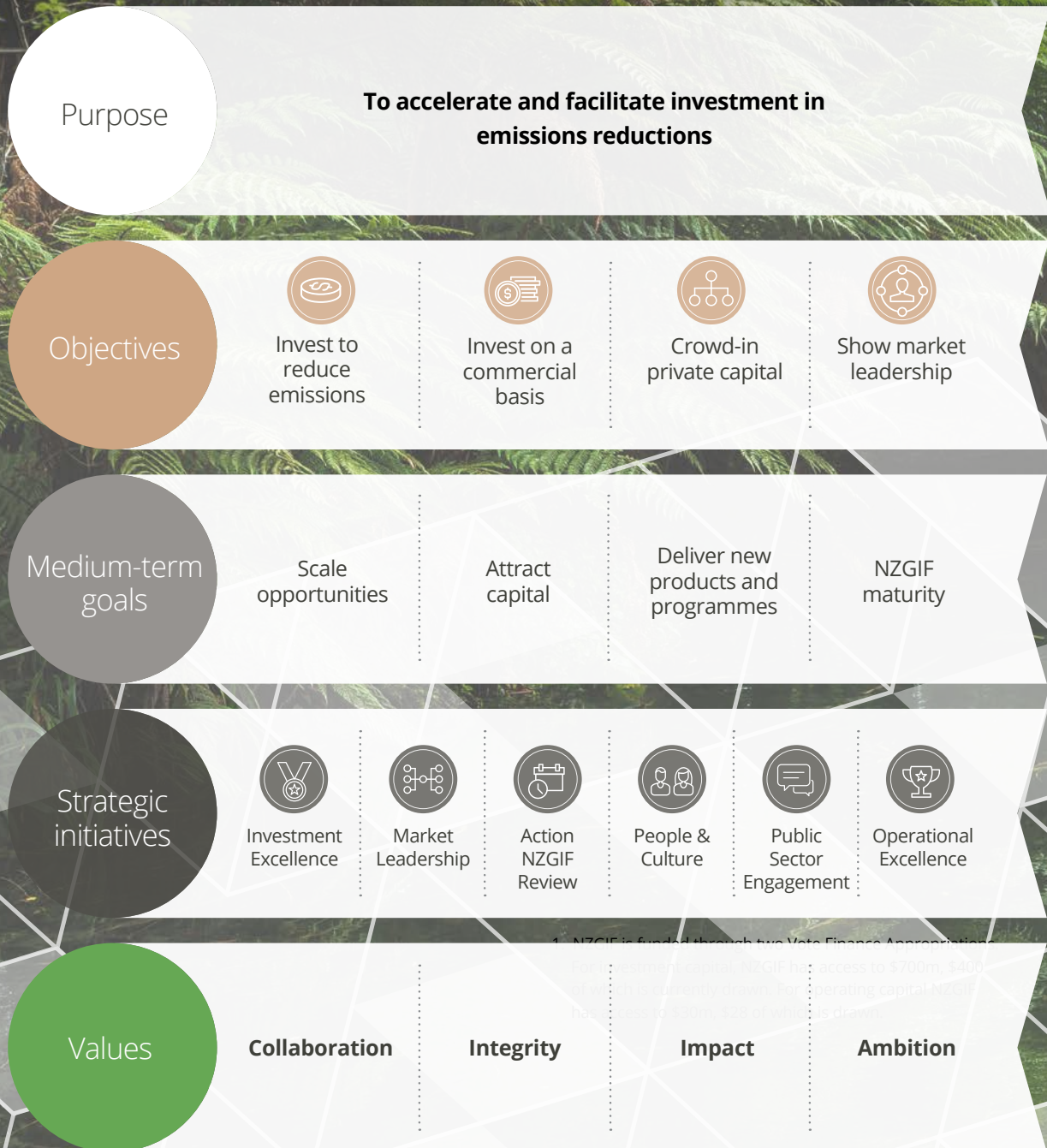
**“The majority of emissions reductions as at 30 June 2023 came from investments in the transport sector ...”**



# OUR STRATEGY

NZGIF's investment strategy is to make market-leading direct investments, attract private sector co-investment, provide market demonstration, and to deliver financial products and programmes that generate a portfolio of investments consistent with NZGIF's purpose and objectives.

*Our purpose and objectives guide our investment decisions*



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CASE STUDY



## Long-term finance for distributed solar

**Solar energy is now rapidly beginning to transform the country's energy landscape, both through new grid-connected solar farms and through distributed solar installations on homes, farms and businesses.**

NZGIF has supported the development of this industry over the last three years, and has developed a market-leading programme, with significant input from private investors, to support New Zealand solar developers' access to investment capital.

NZGIF Solar Finance is an innovative, commercial transaction structure that enables qualifying solar developers to replace short-term floating debt with longer-term fixed-rate financing.

It's a mechanism that can encourage the aggregating of electricity generation from many smaller domestic sites via power purchase agreements (PPAs). Supported by PPAs, investor capital is then provided to fund multiple domestic installations.

PPAs for the offtake of electricity generation are typically written for a period of 20 years and NZGIF Solar Finance provides bespoke long-term financing, beyond terms typically offered by commercial banks.

Following financial year end NZGIF has invested \$80 million into this finance initiative — its single biggest investment — and attracted an additional \$90 million of private international investment capital through a dedicated capital raise. NZGIF Solar Finance has achieved certification from



the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative. Rigorous scientific criteria have to be met to achieve certification. It allows parties to prioritise investments that genuinely contribute to addressing climate change.

solarZero is the first participant in NZGIF Solar Finance, replacing existing short-term debt facilities with a long-term loan. NZGIF Solar Finance is now established as a new vehicle to also deliver long-term investment capital solutions to other qualifying solar developers and expects to continue to attract additional private investment funding over time.

This is an important market innovation that will increase the delivery of domestic solar installations and potentially commercial and public sector solar installations in the future.

These solar developments will cut household energy costs, reduce pressure and demand on the electricity grid, and help the country cut energy-related emissions.



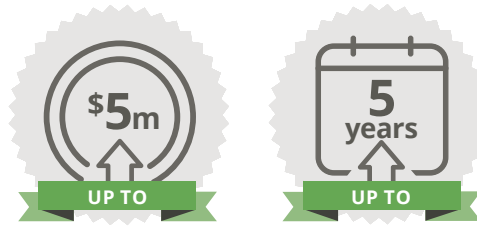


CASE STUDY



# Innovative finance for early stage low-carbon companies

## Our lending proposition



### Funding requirements

- » Commercialised low-carbon technology with clear NZ emissions reduction
- » Pipeline of committed projects or customers
- » Established and capable management team

Lending criteria, T&Cs and fees apply



### Pipeline finance

Working capital funding for a growing pipeline of customers or projects — up to 75% of cost of goods sold



### Asset finance

Finance for revenue generating assets — up to 75% of asset value

#### PIPELINE FINANCE CASE STUDY

### THUNDERGRID

- » Thundergrid supplies EV charging stations and manages charging networks for large customers.
- » NZGIF provided a \$1m working capital facility via the Green Finance Accelerator to support Thundergrid to deliver on a scaling pipeline of committed customers.
- » NZGIF funding enabled Thundergrid to accelerate revenue growth without requiring additional equity.
- » Thundergrid was purchased by Landis+Gyr (LAND.SW) October 2023.

*“That’s why the facility from NZGIF is so important — it allows us to grow significantly faster than would otherwise be the case, and, in turn, do a whole lot more to help decarbonise our economy.”*

Jonny Parker, CEO of Thundergrid when a \$1m facility was established for Thundergrid in late 2022.

#### ASSET FINANCE CASE STUDY

### HOT LIME LABS

- » Hot Lime Labs produces renewable CO<sub>2</sub> to decrease use of fossil fuels and help increase yield in glasshouses.
- » NZGIF provided an asset finance facility up to \$1m via the Green Finance Accelerator to support the rollout of renewable CO<sub>2</sub> machines.
- » NZGIF funding will enable Hot Lime Labs to accelerate growth with leading low-carbon technology.

*“Securing a facility from NZGIF allows us to reduce the barrier for customers to access our technology, supercharging the pace at which we can make an impact for customers — and the environment.”*

Tijs Robinson, CEO and Co-founder, Hot Lime Labs November 2023

## Independent Review

In late 2022, EY undertook a Cabinet mandated periodic review of NZGIF on behalf of The Treasury. The review found that NZGIF's performance is closely aligned with its strategic objectives, that NZGIF is well governed and that it has skilled people in the right governance and management roles.

The review noted that:

*NZGIF is continuing to bridge the market gap it was created to address by developing new investment opportunities and products, and by signalling to the market, through its decisions, the strengths of climate investment*

*opportunities. Even with increased action on climate change both domestically and internationally, and the arrival of more funding and financing initiatives, there is still a clear and important role for its targeted direct investment activities.*

The review also made a number of recommendations to enhance NZGIF's performance, align it with leading practice of international green banks and to ensure NZGIF's mandate is being upheld. These recommendations informed our organisational work programme through 2023-2024.



# THE TEAM

## Board

**The Board establishes all strategic priorities and all decisions about investments and operations are made under its authority. There are six Board members.**



**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*

Cecilia is a professional company director with a background in law, international banking and finance. She has been the Chair of New Zealand Green Investment Finance since its inception. In addition to NZGIF, she is the Chancellor of Waipapa Taumata Rau The University of Auckland, and a Director of Seeka and Payments NZ, as well as a number of smaller for-profit and not-for-profit entities. Cecilia is also active in early-stage angel investing. She is a founding member and past Chair of ArcAngels, an angel investment network that focuses on investing in, and supporting, women-led companies.

David has extensive experience in financial and non-financial boards. He is a director of the Centre for Sustainable Finance, Whai Rawa Fund Ltd, Brightlight NZ / Te Puna Hapori Ltd and of Hiringa Energy Ltd; he is a member of the LGFA Sustainability Committee; and, until recently, chair of the NZ National Advisory Board on Impact Investing. He also sits as an independent director and Chair of the Audit Committee on the board of First Microfinance Company Egypt.

Jacqueline is a professional company director and was previously an audit and assurance partner at Deloitte where she also led the sustainability services function for nine years. She has a broad range of experience across the financial services, public, private and not-for-profit sectors. Jacqueline is currently a director of Stride Property Group and Pioneer Energy, a board member of the External Reporting Board where she led the project steering group for the development of the Aotearoa New Zealand Climate Reporting Standards, a Director of Queenstown Airport Corporation, a member of the Audit Oversight Committee of the Financial Markets Authority, MBIE and Christchurch City Council.



**Kevin Holmes**

DIRECTOR

*Joined NZGIF 1 June 2019*

Kevin is a chartered accountant with an extensive international business career in energy and finance. He was the inaugural Chief Governance and Strategy Officer and Chair of the Executive Investment Committee at Clean Energy Finance Corporation (CEFC), Australia’s government-owned green development bank, and has served on numerous Australian and international energy company boards. Kevin has held a range of senior executive positions, including at the CEFC, EnergyAustralia, Pacific Hydro, BHP, and British Gas. He has significant business transformation experience and brings skills in accounting, debt financing and equity investments, governance and risk, as well as relevant skills in the establishment and operation of green investment banks.



**Gavin Fernandez**

DIRECTOR

*Joined NZGIF 1 June 2019*

Gavin (Ngāti Maru and Ngāti Porou) is a professional company director, presently on the board of Airways Corporation of New Zealand and is a Chartered Member of the Institute of Directors.

He held senior management and governance roles in New Zealand, Hong Kong and North America – including work in the aviation, engineering, sustainability, environmental finance and social enterprise industries. These include GM of Swire Group Sustainable Investments, Head of Fuel for Cathay Pacific Airways (launching biofuel initiatives), a founding Director for the Impact Enterprise Fund in New Zealand, and Director of Ākina.

Gavin has a diverse background with Māori heritage, is a member of the Rainbow Community, has a wide global network, and brings a diversity lens.



**Mark Vivian**

DIRECTOR

*Joined NZGIF 1 June 2019*

Mark is a partner at Movac, New Zealand’s most experienced venture capital firm best known for early-stage investments in Vend, Timely, Aroa Biosurgery, Givealittle and Trade Me, with funds under management of approximately \$700 million. All Movac funds to date have been top decile or top quartile globally based on cash returned to investors. For the past 15 years Mark has been responsible for fundraising, deal origination, investor relations and talent management. He is currently a director of MOBI, TracPlus, and Atomic.io, and a member of the Young Enterprise Trust’s Supporters Council. Mark has strong skills in venture capital and tech investment, high growth potential company establishment, and governance.



## Senior leadership team

**The Senior Leadership Team comprises the Chief Executive and three senior managers. Craig Weise was Chief Executive until 30 June 2023. Since then, Chris Day has held the role of Chief Executive on an interim basis.**



**Chris Day**  
INTERIM CHIEF EXECUTIVE

Chris is a chartered accountant, an experienced executive, and independent director. His commercial expertise includes finance, leadership, business, and digital transformation. Prior to NZGIF Chris was Chief Transformation Officer at Silver Fern Farms and before that Chief Financial Officer for Z Energy. Chris is a director of Datacom Group, the Institute of Directors, and Christchurch City Holdings.



**Jason Patrick**  
CHIEF INVESTMENT OFFICER

Jason leads the investment work at NZGIF. He has previously held senior roles at BioCarbonGroup, Bank of America Merrill Lynch, Real Options International and Evolution Markets where he structured investment solutions for clients in decarbonisation business models, products and technologies. He is a member of the New Zealand Institute of Directors and has served on the boards of ESP, Tnue, Carbn Group and Thinxtra, as well as serving on numerous advisory boards including the IPCC Working Group on Climate Finance.



**Ed Montague**

CHIEF OPERATING OFFICER

Ed is responsible for operations at NZGIF, covering the legal, finance, HR, risk and investment monitoring teams. He has worked over the past two decades across corporate strategy and investment, hedge fund operations and equity analysis as a government advisor, in the United Kingdom, United States and New Zealand. Prior to joining NZGIF, he was a principal advisor at The Treasury where he led the Social Impact Bonds pilot programme and other initiatives delivering financial and non-market outcomes.



**Jenny Lackey**

CHIEF OF CORPORATE AFFAIRS

Jenny is responsible for the communications and government relations functions at NZGIF. Jenny's career in management and strategy has focused on stakeholder engagement, corporate reputation and issues management and government relations. Her background is in energy and climate strategy, previously as General Manager of Strategy and Performance for EECA.