

# STATEMENT OF PERFORMANCE EXPECTATIONS **2024-2025**

To be presented to the House of Representatives  
pursuant to the Crown Entities Act 2004.

*The Board of Directors has prepared this Statement of Performance Expectations for the period 1 July 2024 to 30 June 2025.*

*We have a long term strategy to deliver climate finance impact and we look forward to reporting our progress toward that in our 2024-25 Annual Report.*

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

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



# / CHAIR'S FOREWORD



## Tēnā koutou katoa

I am pleased to present the 2024-25 Statement of Performance Expectations for New Zealand Green Investment Finance (NZGIF). It sets out our strategy, priorities, and financial forecasts as we continue to deliver against our mission to accelerate and facilitate investment in emissions reductions in Aotearoa New Zealand.

In the past years, we have focused on demonstrating our ability to deliver green investments that both provided a commercial return and reduced emissions, seeking to overcome the perception that doing good for the planet was not consistent with commerciality. We have now established ourselves as a credible financial market actor. In the coming year, we are looking to expand our focus.

Our long term ambition is to deploy sufficient capital to make a significant impact on New Zealand's carbon emissions. Accordingly, in 2024-25, while still continuing to identify and transact smaller transactions that demonstrate to the market the commercial opportunities available in green finance, we will focus on developing larger more impactful transactions. These transactions will be designed to allow us to substantially leverage our capital through crowding-in private capital. What the development of the NZGIF Solar Finance programme has taught us, however, is that these larger transactions and programmes often take more than a year to develop.

2024-2025 will also see the arrival of our new Chief Executive, Sarah Minhinnick, who will join NZGIF on August 5. The Board and I look forward to working with Sarah to realise our ambition for NZGIF. I would like to take this opportunity to thank our interim Chief Executive, Chris Day, who has been with NZGIF through 2023-24. Despite only being in the role on an interim basis, he has moved the organisation forward both in terms of day-to-day operational capability and in terms of building leadership and ambition.

We will continue the work begun in 2023-24 to deliver greater organisational maturity in processes and systems that will support our continued growth.

NZGIF made several significant investments across our target sectors in the last year and we have a strong pipeline of investment opportunities. We look forward to working with the investment and business community and the public sector to increase the scale and impact of our activities in the coming year.

Nō reira, tēnā koutou, tēnā koutou, tēnā koutou katoa.

**Cecilia Tarrant**

Chair

New Zealand Green Investment Finance Limited

30 June 2024



***"Our long term ambition is to deploy sufficient capital to make a significant impact on New Zealand's carbon emissions."***



# ABOUT NEW ZEALAND GREEN INVESTMENT FINANCE

## Who we are

New Zealand Green Investment Finance Limited (NZGIF) is Aotearoa New Zealand's green investment bank. We exist to accelerate investment that supports New Zealand's decarbonisation.

At NZGIF, we aim to be a driving force behind New Zealand's transition to a low carbon economy, recognised domestically and globally as a leader in delivery of innovative sustainable finance, empowering communities and businesses to reduce greenhouse gas emissions and thrive in a low carbon future.

We are a long-term, purpose-driven investor, providing innovative, flexible and tailored capital solutions to support decarbonisation initiatives across a broad range of sectors.

Our investment experts work alongside businesses to deliver bespoke and innovative investment structures, products and programmes that enable New Zealand businesses to reach their decarbonisation goals faster. Our values define the way we work, and we are driven to deliver improved outcomes for New Zealand.

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

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

## Our purpose and objectives

Through our investment activity, we stimulate capital markets, attract private capital and demonstrate to the market what green investment looks like.

We deploy our investment capital with other investors on a commercial basis, through debt and equity, in businesses, projects and technologies that accelerate emissions reductions. By recycling our investment capital we amplify our impact and grow our market leadership position in the green finance market.

We invest in scalable businesses, technologies and projects that are ready for commercialisation and offer carbon reduction benefits for New Zealand. Our investments range from senior debt to equity and we have the ability to offer terms and tenor and take risk positions that do not match the mandates of traditional investors.

We are a young company with a big ambition to be at the heart of New Zealand's decarbonisation journey. To achieve our aspirations, we constantly assess how we can better invest in our people, processes and systems to ensure NZGIF is well placed for growth.

Our flexible mandate enables us to be agile and innovative in structuring direct investments and bringing bespoke and scalable green financial investment products to the New Zealand market.

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

## Our objectives guide our investment decisions



### Invest to reduce emissions

Estimated lifetime emissions benefits through our investments



### Crowd-in private capital

Private capital is deployed into investments



### Show market leadership

We demonstrate the benefits of low carbon investment to the market



### Invest on a commercial basis

Generating risk-adjusted returns from our portfolio

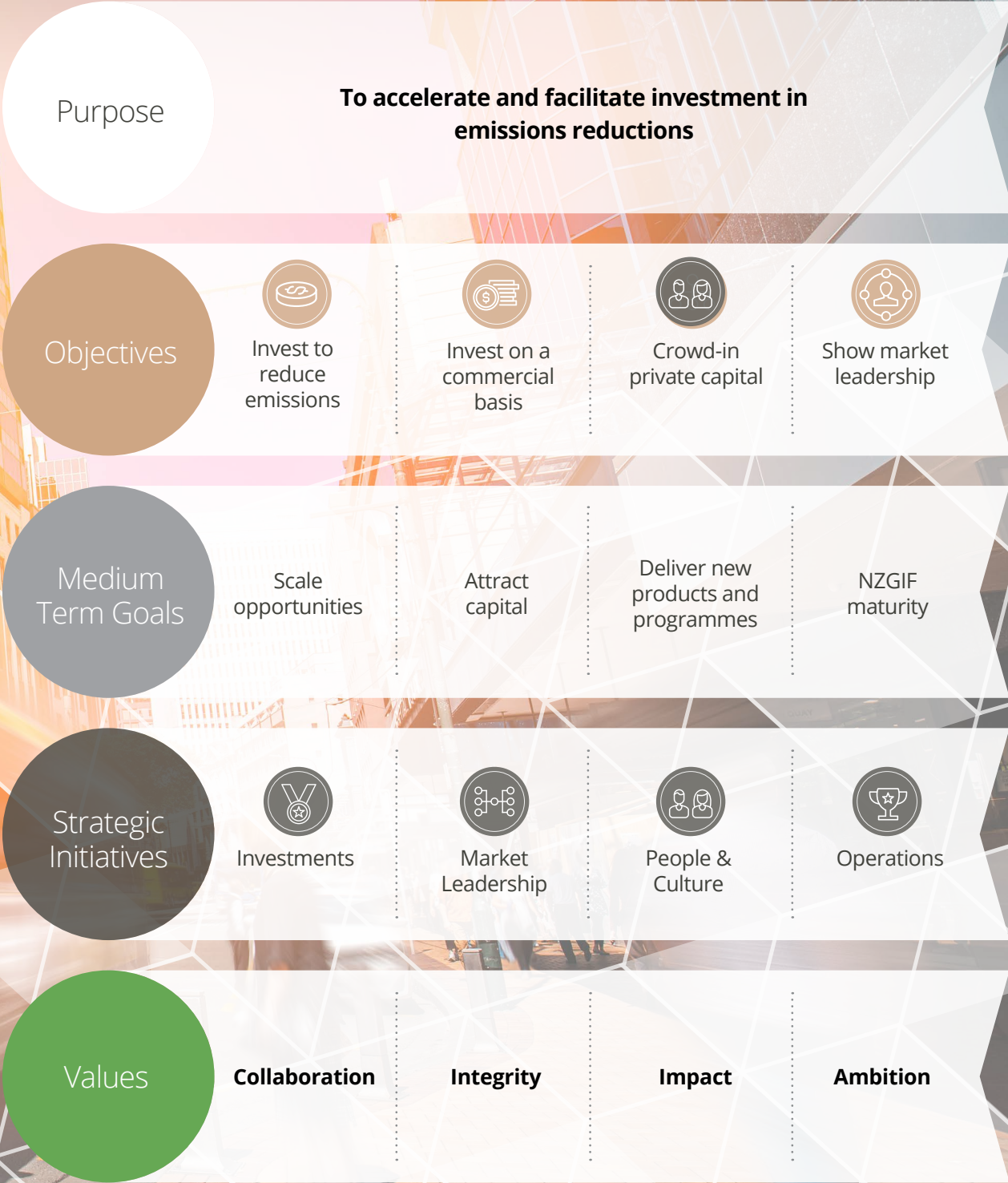


# NZGIF STRATEGY

Our strategy provides the road map for NZGIF to scale and grow in line with its ambition to act as a force to accelerate New Zealand’s transition to a low carbon economy. Our strategy outlines our medium term goals designed to accelerate our progress towards our long term objectives.

In 2024-25 we will focus on developing larger more impactful transactions that will likely take more than one year to bring to fruition, while continuing to identify and transact smaller transactions that demonstrate to the market the commercial opportunities available in green finance. At the same time we will focus our efforts on growing our brand to drive and enhance our leadership position in the decarbonisation market. Our People and Culture and Operational Excellence workstreams remain central to ensuring our people and business are well positioned to deliver our growth ambitions.

In 2024-25 we look forward to participating in a review of NZGIF’s investment mandate to ensure NZGIF is best positioned for growth and impact.





Strategic Initiatives



Investments

We deliver innovative products and programmes and operate an investment framework that targets market failure and drives co-investment and crowding-in of private sector capital



Market Leadership

We demonstrate to the market what effective green investment looks like and build the low carbon investment market



People & Culture

We invest in our people to deliver a culture of innovation and excellence



Operations

Our governance, processes and systems enable our growth and delivery of our strategic objectives



“We demonstrate to the market what effective green investment looks like and build the low carbon investment market”



# INVESTMENT PORTFOLIO SNAPSHOT

## Earlier investments



### CentrePort

June 2020  
Infrastructure

\$15m green credit facility



### Thinstra

August 2020  
Energy efficiency

\$1.1m equity investment



### Carbn Group

October 2020  
Transport

\$42.4m hybrid investment



### ESP

November 2020  
Energy efficiency

\$2.7m equity investment

## Earlier investments



### Panasonic / SolarZero Letter of Credit

September 2022  
Distributed energy

\$10m standby letter of credit



### Solagri Energy

December 2022  
Distributed energy

\$10m debt facility



### Thundergrid

January 2023  
Transport

\$1m debt facility (GFA)



### Kinetic

March 2023  
Transport

\$50m debt facility



### 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



### Ruminant BioTech

May 2023  
Agriculture

\$2.5m equity investment



### Kayasand

May 2023  
Infrastructure

\$3.5m equity investment



### Rural Energy

June 2023  
Distributed energy

\$10m debt facility



### Tnue Ltd

December 2021  
Agriculture

\$4.5m equity investment



### Zenobē

April 2022  
Transport

\$20m debt facility



### Carbn Group

April 2022  
Transport

\$600,000 equity investment














### ESP

May 2022  
Energy efficiency

\$1.75m equity investment



2023-24 new investments

 <p><b>Lodestone Energy</b> July 2023 Distributed energy</p> <p>\$15m working capital facility</p>	 <p><b>Eastland</b> August 2023 Distributed energy</p> <p>\$25m debt facility</p>	 <p><b>Lightyears Solar</b> September 2023 Distributed energy</p> <p>\$15m debt facility</p>	 <p><b>NZGIF Solar Finance</b> September 2023 Financial product</p> <p>\$170m investment</p>
 <p><b>Stuart Timber</b> September 2023 Process heat</p> <p>\$2.2m debt facility</p>	 <p><b>Genesis Energy</b> October 2023 Energy efficiency</p> <p>Up to \$1.2m debt facility</p>	 <p><b>Coolsense</b> November 2023 Energy efficiency</p> <p>\$10m asset finance facility</p>	 <p><b>Hot Lime Labs</b> November 2023 Process heat</p> <p>Up to \$1m asset finance facility (GFA)</p>
 <p><b>ESP (follow on)</b> December 2023 Energy efficiency</p> <p>\$600,000 follow on equity</p>	 <p><b>Neocrete</b> March 2024 Infrastructure</p> <p>\$1.2m equity investment</p>	 <p><b>Sunergise</b> June 2024 Distributed energy</p> <p>\$10m debt facility</p>	



# DELIVERING NEW ZEALAND'S CLIMATE CHANGE COMMITMENTS

New Zealand, along with every other United Nations member state, has committed to reducing green house gas emissions through the 2015 Paris Agreement on Climate Change.

The Paris Agreement is a legally binding commitment that requires members to submit increasingly ambitious climate action plans (known as nationally determined contributions (NDCs)), to meet the shared ambition to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

There is a significant challenge for all economies in meeting these targets. Doing so will require unprecedented levels of private capital transfer from fossil-fuel generating assets to renewable sources of energy. NZGIF's role is to accelerate this flow of capital and to drive the development of private capital markets to support decarbonisation in New Zealand.

NZGIF is a member of the Green Bank Network, established in Paris in 2015 in recognition of the need for private capital to lead the transition to a low carbon economy.

In 2015, New Zealand, along with every other United Nations member state, also joined the 2030 Agenda for Sustainable Development, signing up to 17 sustainable development goals that provide a pathway to a more prosperous world.

While NZGIF's mission directly aligns with Sustainable Development Goal 13: Climate Action, we expect to contribute to clean energy (goal 7), sustainable cities and communities (goal 11) – particularly in transport – and industry, innovation and infrastructure (goal 9). Our co-financing partnerships align with goal 17. Over time, we also expect to deliver on economic growth (goal 8) through domestic partnerships.



# EMISSIONS ESTIMATION

## Estimating the emissions impact of our investments

NZGIF's Emissions Benefit Report, most recently published in 2023 and available on our website, outlines our approach to estimating the emissions benefits of our investments and details estimated emissions benefits of our investments over time.

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

The emissions impact is estimated for every investment at the time the investment is made, using assumptions available at that time.

These assumptions include, amongst others:

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

We work to form a complete picture of emissions reductions based on available data. Sometimes the data is not sufficient to accurately estimate lifetime emissions; in these cases, more accurate data may be obtained over time.

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

We periodically commission independent reviews of our estimation methodology. In terms of NZGIF's investments, we also monitor these and update our estimates accordingly to ensure they are in line with actual performance.

NZGIF has an estimated lifetime emissions reduction target for 2024-25 of >1600 ktCO<sub>2</sub>-e — 1750ktCO<sub>2</sub>-e, and a profit per tonne of estimated lifetime emissions reductions target of \$15-\$30. Reporting against these targets will be included in NZGIF's 2024-25 Annual Report and the Emissions Benefit Report.

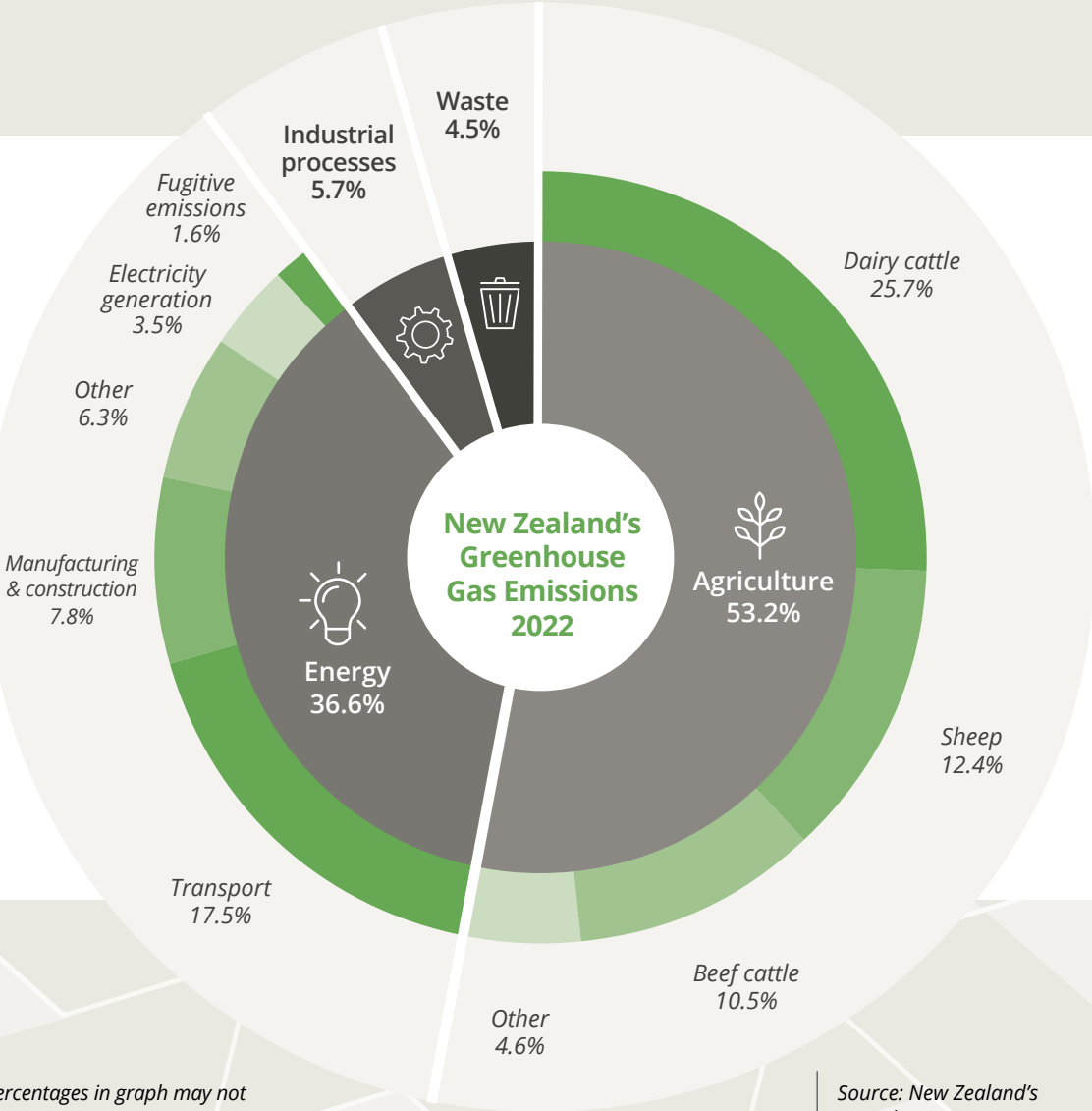
The estimated lifetime emissions reductions measures are not included in the Statement of Service Performance measures because under legislation these measures are subject to a reasonable assurance engagement. Achieving this level of assurance for these measures would incur unreasonable cost to NZGIF, its investees and co-investors.



# NEW ZEALAND'S EMISSIONS PROFILE

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

This means that New Zealand's opportunities for emissions reductions look different to those in many other countries.



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

Source: New Zealand's Greenhouse Gas Inventory 1990-2022, updated April 2024

# OUR TARGET SECTORS

Target sectors for investment





## / 2024-25 PERFORMANCE

NZGIF's performance in 2024-25 will be determined by the extent to which we accelerate and grow the amount of capital driven into New Zealand's decarbonisation through our own investments and by attracting private capital through syndication and co-investment.

We will deliver this in the context of a deliberate focus on building for future growth as we look to attract new sources of capital, increase the size of our transactions and the impact they have.

We are strategically focused on developing our leadership role, growing and enhancing our partnerships and increasingly delivering decarbonisation impact for New Zealand.





Invest to reduce emissions

Success is:

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

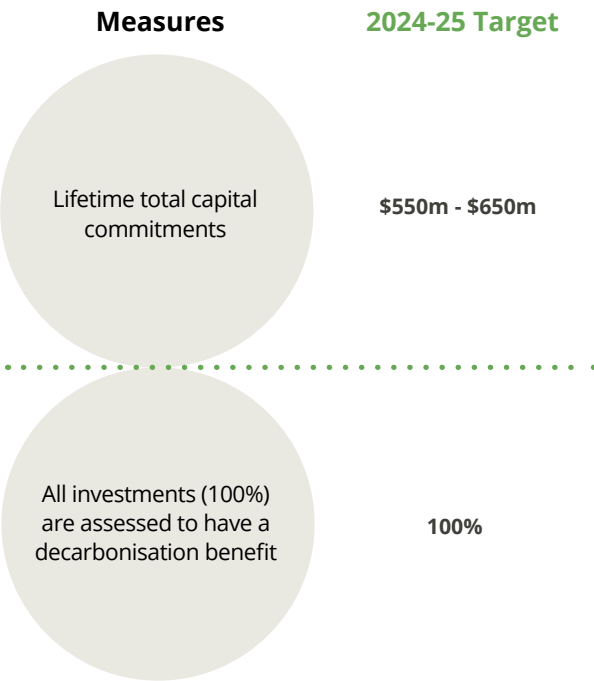
Accelerating the flow of capital to low carbon technologies is a priority for delivering decarbonisation in New Zealand. NZGIF, through its direct investments and through the co-investment it attracts from private investors, is essential as a vehicle to accelerate our journey towards a low carbon future.

Our investment strategy focuses on three investment types:

- One-off investments with significant decarbonisation potential
- Aggregation though financial platforms that deliver decarbonisation impact at scale
- Smaller direct and equity investments in sectors, where there is significant future potential for decarbonisation impact.

NZGIF has simplified its performance measures in this category in 2024-25 to more accurately reflect our purpose. This includes:

- removing the measure that NZGIF publishes information on investments that describes expected emissions impacts on the basis that it duplicates a measure contained under “show market leadership”
- removing the estimated lifetime emissions reductions measures from the Statement of Service Performance measures because under legislation these measures are subject to a reasonable assurance engagement and achieving this level of assurance for these measures would incur unreasonable cost to NZGIF, its investees and co-investors. NZGIF has an estimated lifetime emissions reduction target for 2024-25 of >1600 ktCO<sub>2</sub>-e — 1750ktCO<sub>2</sub>-e, and a profit per tonne of



estimated lifetime emissions reductions target of \$15-\$30. Reporting against these targets will be included in NZGIF’s 2024-25 Annual Report and the Emissions Benefit Report.

- removing the measure that all NZGIF investments are consistent with NZGIF’s investment mandate, and replacing it instead with a new measure that all investments are assessed to have a decarbonisation benefit.



Invest on a commercial basis

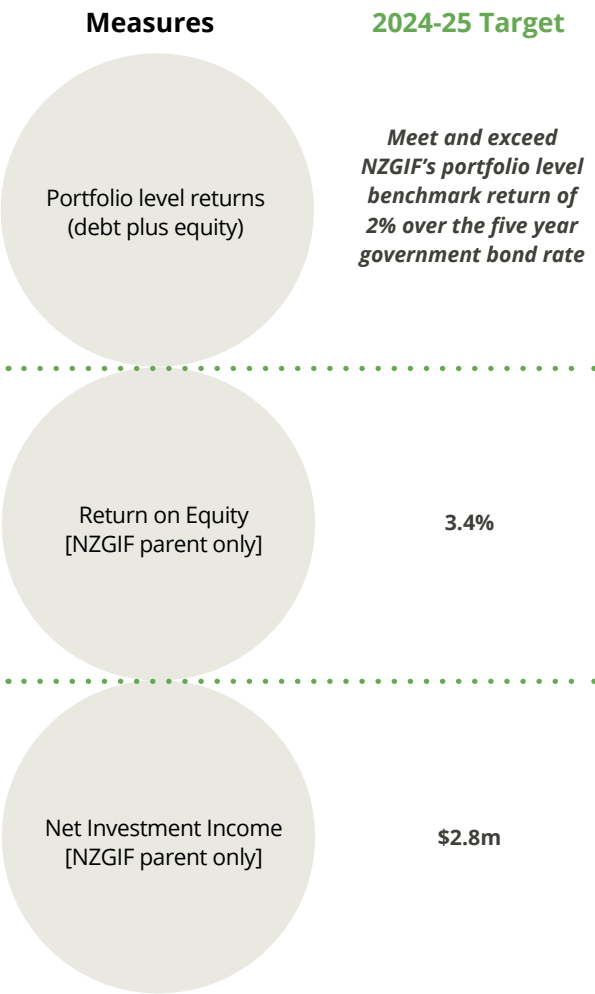
Success is:

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

Investing on a commercial basis and demonstrating the economics of low emissions investments is a critical part of our mandate. As a commercial investor, NZGIF does not subsidise private business. By successfully investing we demonstrate to the market that decarbonisation projects can generate attractive returns for capital providers and be inherently profitable for the entities undertaking them.

Our investments show to the market that:

- Low carbon assets and operating models can have lower operating cost profiles for companies, including by reducing the direct cost of emissions for borrowers
- A low carbon economy presents many potential growth opportunities for new and existing businesses, which makes commercial equity investments attractive to NZGIF and other investors
- Financial products which package low carbon investments for co-investors can be offered at market rates, without needing to apply discounts



Please see p.17 for further information on NZGIF’s emissions reductions estimation methodology and targets.





Crowd-in private capital

Success is:

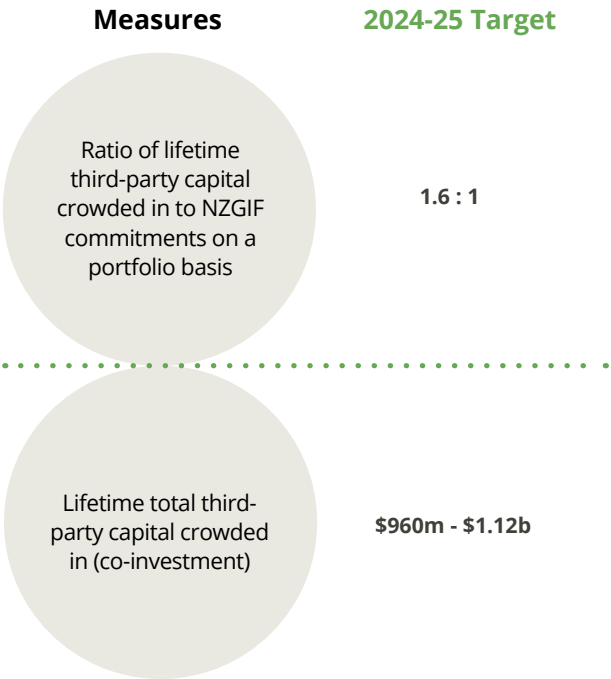
- The facilitation of greater amounts of private capital deployed into decarbonisation investments
- Investment opportunities are created, accelerated or enhanced for third parties

One of NZGIF’s primary objectives is to attract private capital into the low emission investment market, known as “crowding-in”. Crowding-in can take a range of forms:

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

As well as co-financing transactions, crowding-in can occur after NZGIF’s own initial investment. As expected, NZGIF’s experience is starting to mirror that of our international green investment bank peers as we achieve a steadily rising co-investment ratio. The co-investment profile we generate is likely to be heavily influenced by the rate of financial product development and by execution of larger transactions which provide greater opportunity to leverage our investment capital.

We use a cumulative co-investment measure to mitigate annual volatility in co-investment ratios. This reflects the practice of other green banks.



Show market leadership

Success is:

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

NZGIF plays a key role in the development of the low emissions investment market, not only through the investments we make, but through our market leadership, dissemination of relevant information to market participants and through a range of market engagement activities. We aspire to be a leading voice in the climate finance dialogue in New Zealand.

When engaging with the market we will:

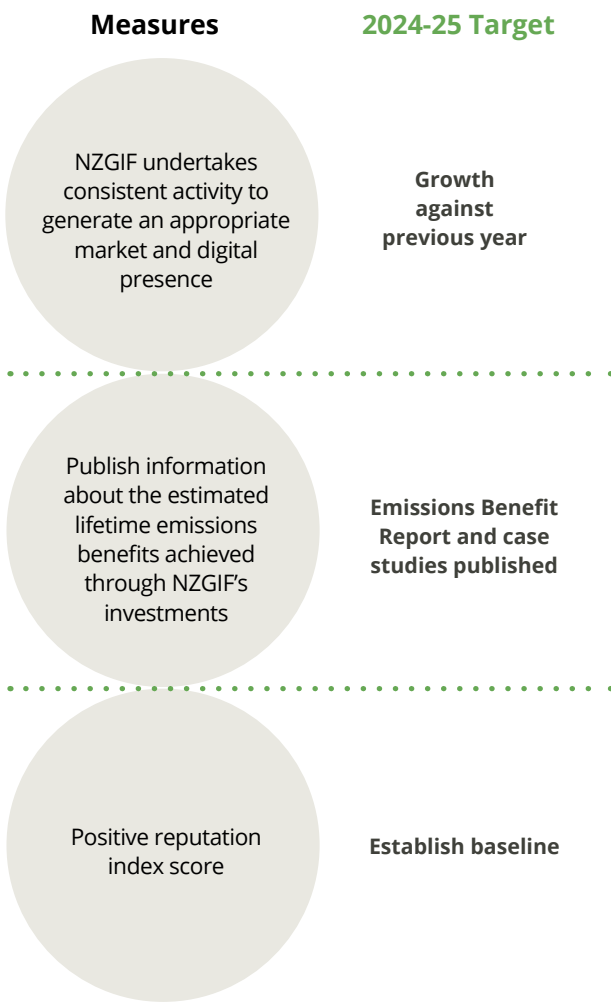
- Demonstrate that successful investments in low carbon companies, projects and technologies can be made on a commercial and profitable basis
- Ensure information and data on our investments is accessible to market participants
- Utilise a variety of information resources such as case studies and market or research reports to showcase the emissions reduction benefits of our investment activity

Our engagement with stakeholders will comprise:

- Holding events or other networking opportunities to educate the market and support low emissions investment
- Engaging with a broad range of stakeholders and market participants, including co-investors, private companies and public stakeholders
- Participating in relevant local, regional and international events

NZGIF has updated its performance measures in this category this year as we continue to ensure the greatest level of transparency of our delivery against our objectives. This includes:

- Removing a measure on publishing market reports or media as that output is included in an existing measure.



- Including a new measure to report on NZGIF’s reputational index score, as a measure that can demonstrate NZGIF’s growing market leadership position.



Funding our activities

At establishment, \$30 million was provided by the Crown via Redeemable Preference Shares (RPS) to fund NZGIF’s operating expenses through establishment. The RPS were redeemable at the Board’s discretion. In April 2024, the Board cancelled the remaining 2.1 million of RPS as these were no longer required given the profitable nature of NZGIF’s activities.

To date, the Crown has provided \$700 million of investment capital, of which \$400 million is currently drawn. The remaining \$300 million is available under a subscription agreement executed in September 2023, and will be drawn once cash reserves are reduced through further deployment.

NZGIF does not intend to supply any class of outputs that is not a reportable class of outputs in 2023-2024.

Statement of Responsibility

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



A handwritten signature in black ink, appearing to read 'Cecilia Tarrant'.

**Cecilia Tarrant**  
**Chair**

New Zealand Green  
Investment Finance Ltd  
30 June 2024



A handwritten signature in black ink, appearing to read 'Jacqueline Cheyne'.

**Jacqueline Cheyne**  
**Chair of the Audit and Risk Committee**

New Zealand Green  
Investment Finance Ltd  
30 June 2024



NEW ZEALAND GREEN  
INVESTMENT FINANCE

## PROSPECTIVE FINANCIAL STATEMENTS



# CONSOLIDATED FINANCIAL STATEMENTS

## Prospective Consolidated Statement of Comprehensive Revenue and Expenses

New Zealand Green Investment Finance Limited  
For the year ended 30 June 2025

	Notes	Budget Year ended 30 June 2025 \$m
<b>Revenue</b>		
Investment income	2 i	35.3
<b>Total revenue</b>		<b>35.3</b>
<b>Less expenses</b>		
Personnel	2 ii	10.9
Depreciation & amortisation	2 iii	4.7
Finance costs		0.4
Other expenses	2 iv	8.8
<b>Total expenses</b>		<b>24.8</b>
<b>Surplus</b>		<b>10.5</b>
<b>Comprehensive income</b>		<b>-</b>
<b>Total comprehensive revenue and expense for the period</b>		<b>10.5</b>
Attributable to:		
Owners of the controlling entity		10.7
Non-controlling interests		(0.2)

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

## Prospective Consolidated Statement of Movements in Equity

New Zealand Green Investment Finance Limited  
For the year ended 30 June 2025

	Budget Year ended 30 June 2025 \$m
<b>Balance at beginning of year</b>	<b>434.6</b>
Total comprehensive revenue and expense attributable to owners of the controlling entity	10.7
<b>Other transactions</b>	
Net movement in non-controlling interest	(0.2)
<b>Balance at end of period</b>	<b>445.1</b>

NZGIF has issued \$700 million ordinary shares, of which \$400 million has been called.

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



## Prospective Consolidated Statement of Financial Position

New Zealand Green Investment Finance Limited

As at 30 June 2025

	Notes	Budget As at 30 June 2025 \$m
Redeemable preference shares		27.9
Ordinary shares		400.0
Retained earnings		16.6
<b>Equity attributable to owners of the controlling entity</b>		<b>444.5</b>
Non-controlling interest		0.6
<b>Total equity</b>		<b>445.1</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		36.0
Term deposits		128.8
Debt investments	1(i)	16.4
Low-emission vehicle (LEV) loan receivables	1(i)	2.1
Trade receivables and prepayments		6.6
<b>Total current assets</b>		<b>189.9</b>
<b>Non-current assets</b>		
Debt investments	1(i)	198.9
LEV loan receivables	1(i)	9.5
Equity investments	1(i)	31.7
Intangible assets		1.3
Work in progress, property, plant & equipment		35.5
<b>Total non-current assets</b>		<b>276.9</b>
<b>Total assets</b>		<b>466.8</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Employee entitlements		1.9
Provisions		2.3
Trade payables – exchange transactions		1.0
Unearned revenue		0.1
<b>Total current liabilities</b>		<b>5.3</b>
<b>Non-current liabilities</b>		
Borrowings		16.0
Unearned revenue		0.4
<b>Total non-current liabilities</b>		<b>16.4</b>
<b>Total liabilities</b>		<b>21.7</b>
<b>Net assets</b>		<b>445.1</b>

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

## Prospective Consolidated Statement of Cash Flows

New Zealand Green Investment Finance Limited

For the year ended 30 June 2025

	Budget Year ended 30 June 2025 \$m
<b>Cash flows from operating activities</b>	
<b>Cash was provided from:</b>	
Investment income	34.0
<b>Cash was applied to:</b>	
Payments to suppliers and employees	(23.1)
<b>Net cash provided by operating activities</b>	<b>10.9</b>
<b>Cash flows from investing activities</b>	
<b>Cash was provided from:</b>	
Cash flow from term deposits	77.1
<b>Cash was applied to:</b>	
Cash flow to investment	(82.2)
Purchase of property, plant and equipment	(26.1)
<b>Net cash (used in) investing activities</b>	<b>(31.2)</b>
<b>Cash flows from financing activities</b>	
<b>Cash was provided from:</b>	
Proceeds from borrowings	14.8
<b>Cash was applied to:</b>	
Repayment of borrowings	(1.3)
<b>Net cash provided by financing activities</b>	<b>13.5</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(6.8)</b>
Total cash and cash equivalents at the beginning of the period	42.8
<b>Closing cash and cash equivalents</b>	<b>36.0</b>

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



# NOTES TO THE PROSPECTIVE CONSOLIDATED FINANCIAL STATEMENTS

## Section 1:

### General information, compliance and significant accounting policies

#### (a) Corporate information

These are the prospective consolidated financial statements of New Zealand Green Investment Finance Limited (NZGIF) and its subsidiaries (the Group). The prospective consolidated financial statements for the financial year 2024-2025 have been developed based on key assumptions, detailed below, and a forecast year-end position for the 2023-2024 period.

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

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

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

The prospective consolidated financial statements have been prepared under the specific accounting policies outlined below, which are expected to be applied to the consolidated financial statements to be included in NZGIF's 2024-25 Annual Report.

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

#### (c) Basis of consolidation

The prospective consolidated financial statements comprise the prospective financial statements of NZGIF and its subsidiaries as at 30 June 2025.

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

#### (d) Going concern

The prospective consolidated financial statements have been prepared on a going concern basis.

#### (e) Functional and presentation currency

Items included in the prospective consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates, which is New Zealand dollars (NZD). It is also the presentation currency. All values are presented in millions rounded to the nearest one hundred thousand dollars (\$m).

#### (f) Goods and services tax

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

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

In preparing these prospective consolidated financial statements the Group has made judgements, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions in the prospective consolidated financial information include the continued control of subsidiaries through the financial year, market interest rates, speed of deployment to debt and equity investments, investment portfolio composition and headcount.

#### (h) Revenue

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

#### (i) Investments

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

#### Associates

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

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



Debt investments

The classification of debt investments at initial recognition depends on the Group’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics.

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

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

Equity investments

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

LEV loan receivables

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

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

Section 2:  
Financial performance

i. **investment income** includes interest and fee income from its investments, including cash and deposits with trading banks, along with operating lease income from leased LEV’s. The table below shows the reconciliation of these;

Investment income	Year ended 30 June 2025 (\$m)
Interest and fees from investments	16.2
Interest from cash and cash equivalents	3.3
Interest from term deposits	9.3
Operating lease income	6.5
Investment income	35.3

ii. **personnel** includes expenses related to employees and contractors. The table below shows the reconciliation of these;

Personnel	Year ended 30 June 2025 (\$m)
Contractors	0.9
Salaries, wages and benefits	9.7
Defined contribution plan employer contributions	0.2
Increase in employee entitlements	0.1
Personnel	10.9

iii. **depreciation and amortisation** includes depreciation charges on property, plant and equipment and amortisation of intangible assets.

iv. **other expenses** includes all costs that are not personnel or depreciation and amortisation. The table below shows the reconciliation of these;

Other expenses	Year ended 30 June 2025 (\$m)
Accounting & consulting expenses	0.2
Expected credit losses	1.9
Fees to auditor	0.2
Investment related costs	0.6
Operating lease expenses	0.6
Recruitment costs	0.3
Accounting and tax services	1.1
Technology services and subscriptions	0.3
Travel	1.0
Other	2.6
Other expenses	8.8



Statement of cash flows

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

- 1. **cash and cash equivalents** comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily converted to known amounts of cash and are subject to an insignificant risk of changes in value;
- 2. **operating activities** are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities;
- 3. **investing activities** are those activities relating to the acquisition, issue or disposal of current and non-current investments, property, plant and equipment, intangible assets and other non-current assets; and
- 4. **financing activities** are those activities that result in changes in the size and composition of the contributed equity of the Group, along with borrowings to fund investing activities.





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