

CEFC marks 10 years
as trailblazing investor

cefc

INVESTING
TOWARDS NET ZERO

10
YEARS



The CEFC reached two important milestones in 2022, marking 10 years of investment activity and exceeding \$10 billion in investment commitments. These milestones underscore our role as Australia's 'green bank', investing on behalf of Australians to deliver on our national commitment to achieve net zero emissions by 2050.

In our first decade, CEFC investments have made an impact right across the Australian economy. We have helped kick-start transmission projects to unlock our renewable energy capacity, developed important sectors such as large-scale solar and storage, driven material reductions in the carbon footprint of some of our largest industrial emitters and reduced energy use and emissions across infrastructure, agricultural and property assets. More recently, CEFC capital has been at the forefront of the emerging cleantech sector and exciting green hydrogen opportunities.

Together with institutional investors, co-financiers and specialist fund managers, we have spearheaded the development of a diverse range of new investment models, from climate bonds to tailored asset finance programs and sustainability-focused funds. These investments are a clear demonstration of our role in catalysing additional investment into low emissions opportunities.

We end our first 10 years with access to \$4.57 billion in investment capital from the Australian Government, in addition to the ongoing returns from our investment commitments.

As we look to the decade ahead, we are committed to putting this capital to work in investments that will enable Australia to capture the many benefits of the low emissions economy - while also addressing our emissions challenge. This includes supporting Government efforts to deliver critical electricity transmission infrastructure so we can accelerate the decarbonisation of Australia's energy sector, which remains the single largest contributor to national greenhouse gas emissions.

On behalf of everyone at the CEFC, we thank you for your support and look forward to continuing to invest across the economy as we work to achieve net zero emissions.



Ian Learmonth
CEO, CEFC



Investing in Australia's net zero economy

CEFC investments reflect the ambitions of our nation for a thriving low emissions future, where the benefits of the clean energy transition are felt across our economy.



The CEFC made investment commitments of \$10.76 billion in its first decade, across some 265 large-scale transactions. Together with institutional investors, business, industry and cleantech innovators, these investments catalysed \$37.15 billion in investment in Australia's low emissions economy.

Lifetime investment in renewable energy reached \$5.91 billion at 30 June 2022, complemented by \$3.98 billion in energy efficiency related opportunities and \$878.2 million in low emissions technologies.

In the 12 months to 30 June, a further \$837 million in CEFC capital was repaid or returned, taking the value of lifetime repayments to \$3.32 billion. Over the same period, the CEFC deployed \$1.77 billion across its investments, taking lifetime deployment to \$9.15 billion.

To 30 June 2022, the CEFC had drawn a net \$5.43 billion from its original \$10 billion funding allocation from the Australian Government, including \$6.46 billion drawn from, and \$1.03 billion returned to, the CEFC Special Account.

Lifetime investment
commitments by
technology to 30 June 2022



\$5.91b

Renewable energy



\$3.98b

Energy efficiency



\$878.2m

Low emissions technologies

Robust 10-year investment track record

The CEFC began operating 10 years ago with access to \$10 billion from the Australian Government.

In investing an average of \$1 billion each year into emissions reduction opportunities, the CEFC has earned the trust of our co-investors, business, industry and cleantech innovators. Estimated lifetime emissions from our investment commitments are expected to exceed 200 MtCO₂-e, buoyed by landmark investments in the hard-to-abate industrial sector in the 12 months to 30 June 2022.

We are confident this track record means we are well equipped to address the emissions challenges ahead.

Cleaner energy



\$2.65b

Renewable energy
42 transactions



\$580m

Grid infrastructure
3 transactions



\$209m

Energy storage
2 transactions



\$430m

Waste and bioenergy
13 transactions

Economy-wide impact



\$1.92b

Property
37 transactions



\$1.15b

Infrastructure
24 transactions



\$270m

Natural capital
5 transactions[^]



\$266m

Industry, resources
8 transactions

New investment models, opportunities



\$2.66b

Debt markets
52 transactions



\$353m

Alternatives
8 transactions



\$163m

Cleantech
49 transactions



\$23m

Hydrogen
3 transactions^{*}

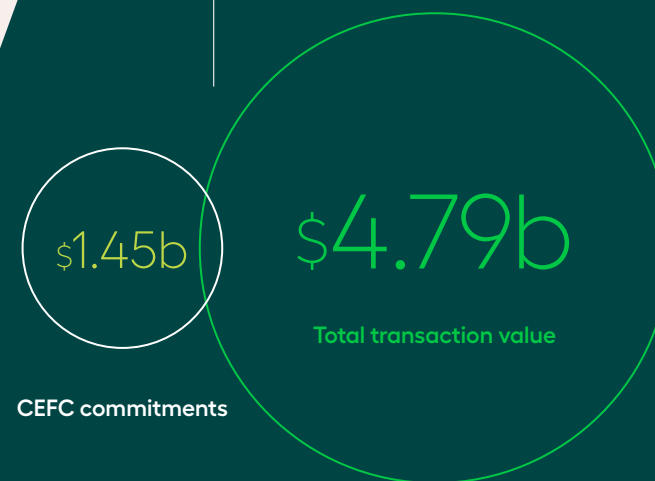
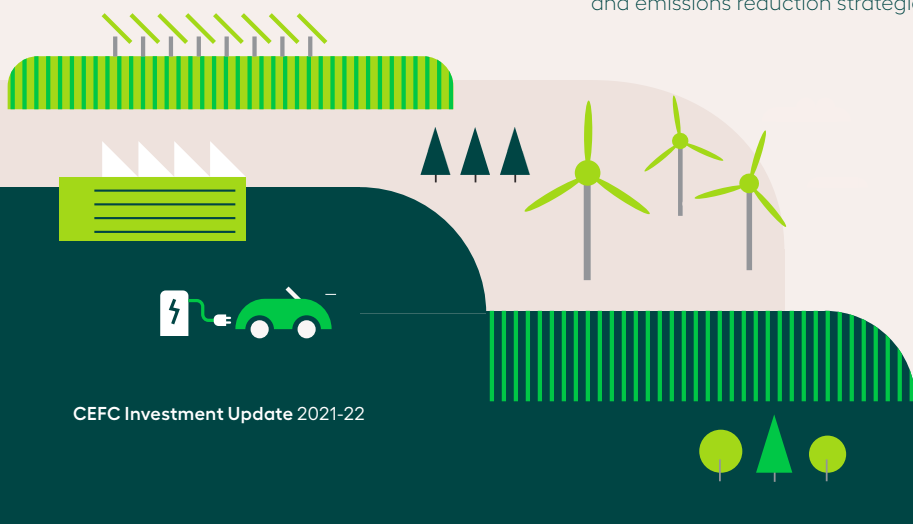
Sustained level of investment momentum

The CEFC delivered a year of sustained investment activity in 2021-22, with new investment commitments of \$1.45 billion. In attracting an additional \$2.30 for each dollar of CEFC finance invested, total transaction value for the year reached some \$4.79 billion.

Recent disruptions to our energy supply underscore the critical need to strengthen our electricity transmission network so it is fit-for-purpose in bringing large-scale renewable energy and energy storage to consumers.

The CEFC focus on this critical area of the energy transition is clearly reflected in our first and final transactions of the 2021-22 financial year, which were both substantial investments in grid expansion.

The CEFC continued to invest across the manufacturing, infrastructure, property and transport sectors, which present some of our toughest emissions challenges, requiring considerable investment in proven technologies and emissions reduction strategies.



	2020-21	2021-22	Lifetime
CEFC commitments	\$1.37b	\$1.45b	\$10.76b
Transactions financed	22*	29*	~265
Transaction value	\$5.05b	\$4.79b	\$37.15b
Leverage	\$2.70: 1.00	\$2.30: \$1.00	\$2.42: \$1.00
Capital deployed	\$1.35b	\$1.77b	\$9.15b
Capital repaid/returned	\$823m	\$837m	\$3.32b

*Excludes follow-on commitments to existing portfolio companies.

To 30 June 2022, the CEFC had drawn a net \$5.43 billion from its original \$10 billion funding allocation from the Australian Government, including \$6.46 billion drawn from, and \$1.03 billion returned to, the CEFC Special Account.

Transaction highlights 2021-22



\$455m

CEFC commitment

Investment of \$455 million in essential grid and transmission infrastructure projects, including the Queensland Powerlink project and the EnergyConnect development in NSW, Victoria and South Australia.



\$165m

CEFC commitment

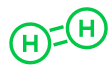
Continued leadership of Australia's green bond market, with almost \$165 million committed across four transactions, giving an increasingly diverse range of issuers access to the growing pool of institutional capital committed to net zero emissions.



\$51m

CEFC commitment

Despite difficult market conditions, continued backing for large-scale solar and energy storage, with new commitments featuring innovative bifacial solar panel and half-cut cell technologies, as well as accelerating early-stage developments in NSW and Victoria.



\$17.5m

CEFC commitment

Innovative investments of \$17.5 million to cut emissions in the resources sector, including a hydrogen hub and ultra-heavy duty hydrogen trucks and finance for the production of modular and scalable electric battery systems to replace diesel use in mining.



\$110m

CEFC commitment

A combined \$110 million in landmark investments in two major Australian manufacturers, Manildra and Orica, delivering significant operational and emissions benefits and demonstrating opportunities to address so-called 'hard-to-abate' sectors.



\$45m

CEFC commitment

More than \$45 million in new and follow-on investments through the Clean Energy Innovation Fund, including backing for emerging Australian technology leaders and the creation of specialist cleantech fund manager Virescent Ventures.



CEFC transactions: 2021-22

Transaction	Overview	\$m
Transgrid	Debt finance for EnergyConnect grid infrastructure for NSW, SA and Victoria	295
Novalith	Equity investment in lithium processing technology	1.90
All G Foods	Equity investment in manufacture of plant-based alternative foods	5
Metro	Debt finance for an 8-star low carbon housing development in Melbourne	54
Ark Energy	Debt finance for Townsville SunHQ H2 hydrogen hub, including five ultra-heavy duty hydrogen trucks	12.5
Zenobe	Debt finance for NSW electric bus fleet and charging infrastructure	25
Artesian	Cornerstone investment in first corporate-focused green and sustainable bond fund	25
Xpansiv	Debt finance for global marketplace for ESG commodities	20
3ME Technology	Equity investment in cutting-edge battery electric systems to electrify mining operations	5
Woolworths	Cornerstone investment in sustainability-linked bond structured with a direct link to Group sustainability goals	30
Orica	Debt finance for world-leading technology to cut nitrous oxide emissions	25
QIC	Equity investment in Global Infrastructure Fund to lower Scope 1 and 2 emissions in substantial infrastructure assets	72
Forza Capital	Debt finance for green transformation of 25-year-old B-grade commercial office building	30
Optus	Cornerstone investment in the first Australian sustainability-linked bond from a telecommunications company	60
IFM Investors	Cornerstone investment in specialist private equity growth fund	80
Blue Grass Solar Farm	Debt finance for ultra-efficient development featuring bifacial solar panels and half-cut cells technology	37
Plenti	Debt finance for peer-to-peer green lending platform for electric vehicles	45
Samsara Eco	Equity investment in innovative Australian technology to deliver 'infinite recycling' of plastics	0.75
Downforce Technologies	Equity investment in soil carbon measurement technology platform	1.62
Manildra Group	Debt finance for co-generation technology for Australia's largest wheat processor and ethanol manufacturer	85
Virescent Ventures	Creation of the first CEFC specialist fund manager	0.06
Octopus Australia	Equity investment in utility scale agri-solar and battery project	4.2
MicroTau	Equity investment in innovative technology to cut aviation and shipping emissions	2
Ellerston	Cornerstone investment in fund backing companies providing low emissions technologies and services	50
NBN Co	Leading investor in green bond to lower emissions in telecommunications infrastructure	50
Scipher Technologies	Equity investment in e-waste recycling of mobile phones, lighting equipment, large household appliances and solar panels	7.5
To be announced	Equity investment in carbon farming and regenerative agricultural practices	4.50*
ANZ	Discounted clean energy finance to business customers	200
Powerlink	Debt finance for transmission infrastructure for the Southern Downs Renewable Energy Zone	160

Commitment numbers have been rounded. *Portion of CEFC \$30 million commitment.

CEFC Investment Update 2021-22

\$1,387.4m

New commitments

\$59.55m

Follow-on commitments

\$1,446.95m

Total investment commitments

CEFC investment commitments: 2021-22

Special investment programs

Clean Energy
Innovation Fund

\$163m

Already Australia's largest specialist cleantech investor, through the \$200 million Clean Energy Innovation Fund, the CEFC is now a foundation shareholder in Virescent Ventures, a new fund manager focused on investing in ambitious cleantech founders, technologies and businesses that can help achieve net zero emissions. Virescent Ventures, which is targeting a \$200 million capital raising, manages the growing Innovation Fund investment portfolio on behalf of the CEFC.

Advancing
Hydrogen Fund

\$12.5m

Hydrogen has the potential to make a substantial contribution to our clean energy transition – reducing emissions across the economy while underpinning the development of an important domestic and export industry. The CEFC made its first investment through the fund in 2021-22, backing Ark Energy to finance the production of green hydrogen at the Townsville SunHQ H2 hydrogen hub. A separate hydrogen-related investment in Hysata was made through the Innovation Fund.

Australian Recycling
Investment Fund

\$67.3m

Australia's waste sector is undergoing an important transition, requiring significant investment in infrastructure and equipment to reduce landfill volumes and the associated emissions. With three new transactions in the 2021-22 year, the Australian Recycling Investment Fund is demonstrating the broad potential to reduce waste-related emissions, including addressing the mounting challenges of e-waste and new more and effective approaches to plastics recycling.

Lifetime
commitments



Looking to the next decade

After a decade of investment activity, the CEFC is well placed to play a transformational role in delivering Australia's net zero emissions ambitions.

We recognise our investments activities are just the start of what is required. The scale of the investment task ahead is substantial, as reflected in demand forecasts from the Australian Energy Market Operator of a nine-fold increase in grid-scale wind and solar capacity, a three-fold lift in firming capacity and a near five-fold growth of distributed solar.

While the scale of the investment requirement is seismic, so too are the opportunities.

The natural resources which powered our economy in the past century will be replaced with new resources for the next century, where we have world-leading potential in renewable energy, green hydrogen and critical minerals.

Australia's strong and stable financial system is giving us vital access to domestic and global capital, including the fast-growing pool of green capital seeking to preference sustainable investment.

Equally, a commitment to innovation is transforming the way we farm, manufacture, recycle and travel, addressing some of our toughest emissions challenges while reshaping future growth.

Capitalising on all these opportunities will help Australia meet the defining challenge of climate change, and ensure our economy is well placed to thrive in a net zero future.



INVESTING
TOWARDS NET ZERO



About the CEFC

The CEFC is a specialist investor at the centre of efforts to help deliver on Australia's ambitions for a thriving, low emissions future. With a strong investment track record, we are committed to accelerating our transition to net zero emissions by 2050. In addressing some of our toughest emissions challenges, we are filling market gaps and collaborating with investors, innovators and industry leaders to spur substantial new investment where it will have the greatest impact. The CEFC invests on behalf of the Australian Government, with a strong commitment to deliver a positive return for taxpayers across our portfolio.