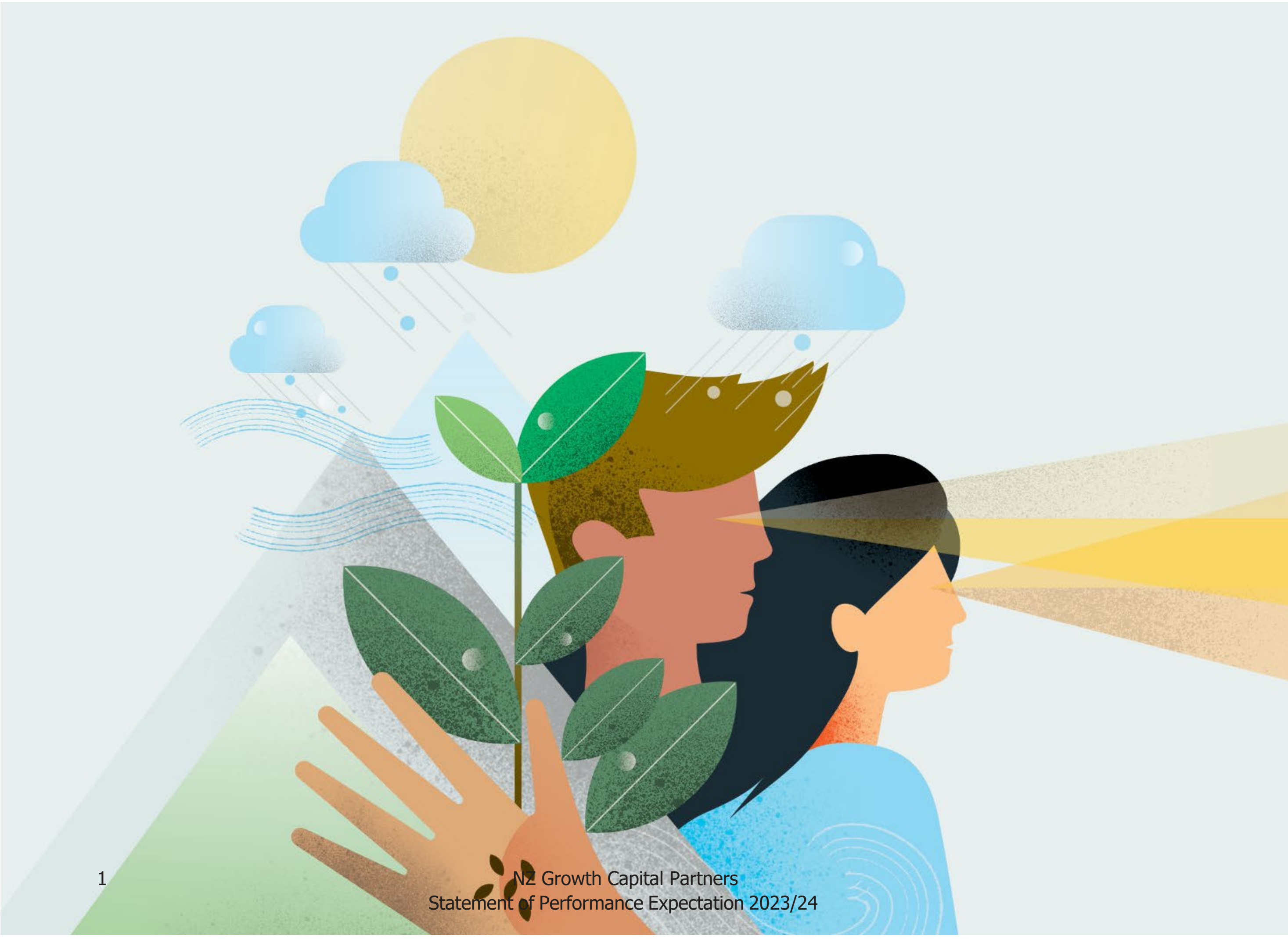
Statement of Performance Expectations 2023-2024

Our Statement of Performance Expectations sets out the annual milestones we need to achieve in 2023-2024 to support the direction in our Statement of Intent 2024-2028.



He whakataukī

Kotahi te kākano, he nui ngā hua o te rākau. A tree comes from one seed but bears many fruits.

Presented to the House of Representatives pursuant to section 149L of the Crown Entities Act 2004.

Contents

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NZGCP Overview

New Zealand Growth Capital Partners Limited (NZGCP) is a Crown-owned investment agency created in 2002 to encourage and develop the breadth and depth of investment in emerging high-growth New Zealand companies.

NZGCP invests into technology led start-ups directly via its Aspire NZ Seed Fund (Aspire) and indirectly via the Elevate NZ Venture Fund (Elevate) which it manages on behalf of the Guardians of New Zealand Superannuation (Guardians). These investment activities are supplemented with other market development activities with the combined objective of addressing the capital and investor capability gaps in the New Zealand start-up ecosystem.

NZGCP predominantly achieves its purpose by leveraging its own and Elevate's capital to attract and crowd in private investment into early-stage high-growth start-ups. The combined investments of Aspire and Elevate cover the spectrum of start-up investments from very early (proof-of-concept stage), through to much later-stage funding rounds (Series B and beyond).

Currently, NZGCP undertakes four primary activities, these are:

1. Operating Aspire – a direct investment fund focused primarily on pre-Series A investments from proof of concept through to Seed investments.
2. Management of Elevate – a fund-of-funds which invests in private venture capital funds that predominantly make Series A/B stage investments.
3. Running a market development programme that further supports the early-stage ecosystem predominantly through sponsorships of initiatives to increase participation in, and the diversity of, start-ups and to enhance the professional development and diversity of investors.
4. Managing the winding down of the legacy venture investment fund (VIF1.0) programme.

Strategic Objectives

NZGCP's vision is to have a vibrant and self-sustaining early-stage investment ecosystem. Significant levels of investment into innovative and globally ambitious New Zealand companies will contribute to the government's goals of driving productive, low environmental impact economic growth and the creation of a high-skilled, technology-led workforce.

NZGCP has the following strategic objectives:

- Pipeline (seed/pre-eeed and series A/B) - assist Ministers, MBIE and Treasury to assess the need for and design of any future fund of fund programmes, whether at the Series A/B stage like Elevate and/or at the earlier pre-seed/seed stage alongside Aspire.
- Pipeline (seed/pre-seed) - enhance partnership with the Angel and Seed sector and the universities and research sector to build the pipeline of investable opportunities from the very early-stage companies up to the Series A/B stage.
- Capital (series A/B) - work with the Guardians and the venture capital sector to successfully implement the objectives of Elevate and to invest the remaining funding available.
- Capital (ecosystem) - monitor capital being deployed into and by the venture capital market and assist in the development of the early-stage capital markets throughout the value chain (including collaboration with other government-related entities).
- Capital (ecosystem) - through Aspire and Elevate, look to close capital gaps in the market in line with the Government's broader objectives, policies and programmes, such as:

  - Seed and pre-seed investments in "deep-tech" and innovative technology critical for addressing climate change and / or environmental sustainability.
  - Investments and support to address diversity gaps in founders and investors.
  - Building investment capability and access to investment opportunities for Iwi.
- Capability (ecosystem) - implement a Learning and Development platform that will improve the capability, diversity and talent pool in the venture capital sector.
- Capability (ecosystem) - work with other government agencies to design and implement a data collection and collaboration platform that will provide better sector-wide data and prompt insights into state of the ecosystem and to improve local and global collaboration.

<u>NZGCP's corporate values</u>

During FY23 NZGCP revisited its cornerstone beliefs, and our staff created a new set of values which underpin how it operates both internally and externally. These values align closely with NZGCP's vision for the ecosystem and its strategic objectives.

We are curious

We seek to learn, understand and share knowledge in a world that is not black and white.

We embrace technology, innovation, and entrepreneurship – to back bold ideas for growth.

We explore smarter ways to maximise value and to stay ahead of the game.

We uplift

We are empathetic, put heart into our work and bring the best out of each other – teammates, founders and industry partners.

We care and connect on a personal level and are constructive in helping each other up in an ever-changing environment

We amplify collaboration by playing to strengths, leveraging and celebrating diversity of all those we work with.

We move the needle

We recognise the impact we can have - we back those who strive to solve the worlds great issues, and we action change to encourage positive shifts in our early-stage investment ecosystem.

We aspire to build a lasting positive legacy through delivering great results for all stakeholders.

We help position Aotearoa on the world stage through tech investment and genuine support - creating a better tomorrow for the world.

Current Work Streams

There are four primary areas of activity for the period of this SPE. This includes:

1. Aspire Fund

Operating Aspire – a direct investment fund focused primarily on pre-Series A investments from proof of concept through to Seed investments.

Aspire was established in 2006 as a passive co-investment fund (alongside private sector funds) but moved to a more active commercial model in 2017. Aspire has evolved significantly since its establishment to adapt to the changing needs of the early-stage start-up landscape as it has matured over this period.

<u>Evolution of Aspire's operating model</u>

In 2022, following consultation with stakeholders, the Government agreed that NZGCP would increase focus within its investment and market development activities into "underserved" sectors and groups. The shift in focus aligns NZGCP's activities with our core purpose of seeking to address capital and capability gaps in the start-up ecosystem including (among others):

- An increased focus on pre-seed and seed investments in underinvested sectors such as deep tech, emerging technologies and technologies aiming to address climate change or sustainability. To achieve this, whilst remaining a generalist fund, Aspire is focusing a greater proportion of its investment activities on early-stage deep-tech companies and other emerging sectors where it sees a relative capital gap e.g. gaming.
- Deep-tech is a relatively broad definition and includes strong science and/or engineering led technology solutions. Deep-tech includes Agri-Tech and Food Tech, Life Sciences, Space Tech, Artificial Intelligence. Climate Tech and energy. Due to the capital intensity of deep-tech in particular (and the relative lack of available private capital), Aspire anticipates making larger investments at the pre-Series A stage than it has done previously and will need to take a longer-term view on investments. This will also have an impact on the public: private leverage ratios and the average time from investment through to realisation.
- Permitting NZGCP to continue to recycle capital from its investments under a more conventional committed capital model with a finite investment period. To enable this, Aspire's annual and per company investment caps were removed. This is intended to enable Aspire to meet its refreshed objectives whilst retaining flexibility to support the market during market uncertainty.
- Permit Aspire (on a limited and as-needed basis) to take cornerstone / lead investments in funding rounds where there is a clear market gap e.g., an underserved area of the market and there is no-one else willing or able to lead the round, but sufficient interest from investors willing to co-invest as long as a lead investor sets the terms and/or leads due diligence.

<u>Aspire as a government-owned fund:</u>

As a Crown-owned company, NZGCP's operating model and overheads are different to those of a private sector fund.

While individual investment decisions within Aspire are made independently of involvement from the Government, its strategic objectives reflect Government priorities – including through Ministerial Letters of Expectation. This differentiates Aspire from a purely commercially oriented fund with private investors. Aspire needs to provide strong commercial performance as its operating expenses and its future investments depend on those returns. Nonetheless, returns are likely to be delivered over a longer timeframe and it is possible they would be lower than a private sector fund.

In line with Government priorities, we are focused on investing in companies with low environmental impact and actively look for opportunities to invest in start-ups that are developing the technology to reduce the impact on the environment of the global economy. The Crown Responsible Investment Framework does not apply to NZGCP or Aspire but the approach being taken aligns with that framework.

2. Elevate NZ Venture Fund

Management of Elevate – a fund-of-funds which invests in private venture capital funds that predominantly make Series A/B stage investments.

In 2019, the Government announced a new policy to develop the New Zealand venture capital market which involved the creation of a new fund to be administered by and be the responsibility of The Guardians of New Zealand Superannuation (the Guardians). This resulted in the launch of Elevate in March 2020, a $300 million fund-of-funds programme. The Guardians appointed NZGCP to manage the fund under their oversight. The programme is assisting in developing a deeper and broader venture capital investment sector and NZGCP, as manager of the fund, undertakes significant development work with potential venture capital funds for Elevate to invest in.

Elevate has made nine investments in the first three years of operations and committed approximately $223m. NZGCP will continue to assess opportunities to allocate capital into venture capital funds that meet its due diligence requirements, alongside the portfolio construction framework agreed with the Guardians.

At the time of its establishment, alongside private matching capital and assuming an aspirational matching ratio of 1:2, the programme was targeting up to $1 billion flowing into this part of the early-stage capital markets ecosystem over the initial five-year investment period of the fund. This would be a significant increase on amounts raised during the prior five years. Considering private sector investments into the Elevate programme's funds of over $700 million; and combining this with private capital raised by other NZ venture capital funds over the same period, we believe the $1 billion target has been met. As the ecosystem grows, it is believed that opportunities exist to continue growing this sector and to further support both existing and emerging managers.

Specific expectations for this period would be to:

- Continue to work with the Guardians to successfully deliver Elevate to:
    - Employ best-practice investment approaches within NZGCP as manager to ensure effective due diligence, monitoring and reporting takes place.
    - Ensure that NZGCP is supporting venture capital funds to follow best-practice investment approaches.
    - Aid the development of new funds with the promise or potential to be New Zealand's venture capital investors of the future.
- Monitor the amount of capital being deployed into and by the venture capital market, including assessing the enduring strength of the pipeline of deals across early-stage investment markets and engaging with officials on any broader implications this may have.

3. Market Development

Running a market development programme that further supports the early-stage ecosystem predominantly through sponsorships of initiatives to increase participation in, and the diversity of, start-ups and to enhance the professional development and diversity of investors.

NZGCP continues to consult with industry stakeholders – including the Startup Advisors Council, Angel Association New Zealand, the New Zealand Private Capital Association, Angel investors, Seed and venture capital firms, founders/entrepreneurs, and government entities – to identify and support the areas of capability across the sector that need further development. The feedback from such dialogue is reflected in our discussions with the Government on objectives and settings for NZGCP's various programmes and in the Minister's Letters of Expectations. NZGCP also engaged with the Startup Advisors Council, due to report to the appointing Ministers shortly in this context.

Market development through investment activities:

NZGCP's principal investment activities are aimed at developing the start-up ecosystem. Aspire is designed to help build the depth and breadth of the pipeline of start-ups progressing to Series A stage investment whilst catalysing further private capital investment in these start-ups. Elevate's objectives include developing the institutional venture capital market in New Zealand and to catalyse further private (including institutional) investment into NZ venture capital.

The investment team within NZGCP spends considerable time on building capacity and capability in the early-stage investment ecosystem. This includes attending and hosting workshops and other industry events and in assisting founders/start-ups to make themselves investor-ready.

Market development programme outside of investment activities:

NZGCP also receives an appropriation from the Crown to further support market development in addition to its investment activities - some of the highlights of these activities are set out below. There is a significant partnership with Angel Association New Zealand (AANZ) to support and encourage investor capability in early-stage companies. This includes the creation of a series of early-stage investment workshops on due diligence, portfolio management, government support, and Series A readiness. Each workshop is targeted at either angel investors or founders and addresses key hot topics. NZGCP also supports AANZ's founder wellbeing programme, Abroad.

More broadly, the market development programme looks to partner with organisations whose purpose aligns with NZGCPs' in growing and deepening the early-stage ecosystem. In addition to industry associations such as AANZ and NZ Private Capital, NZGCP partnered with those looking to increase participation in - and the diversity of - those coming into the sector. These partners include the Ministry of Awesome/Electrify Aotearoa, StartMate – Women's Fellowship and First Believers, OnBoard, Young Enterprise Scheme, Velocity (University of Auckland), Entre (University of Canterbury) and Start-Up Dunedin. In addition, sponsorship/collaboration partnerships with numerous industry associations, platforms and events were undertaken.

The approach includes activities to attract new investors (angel, seed and venture capital), investor and founder education, and initiatives to attract further private capital (particularly institutional investment) into the start-up landscape. There is a specific objective to work with investors of Māori capital to increase access to investment opportunities with the early-stage sector, to build confidence in and the capability of Māori investors and to encourage Māori participation in the sector more generally whether as founders, investors or those working within the sector.

Consistent with its purpose of supporting investor capability as well as capital, NZGCP is developing a learning and development (L&D) strategy in collaboration with other private investors e.g. venture capital funds. The purpose of this programme will be to develop frameworks and tools for new participants to the venture capital ecosystem and developing the next generation of venture fund General Partners. This programme is being designed to be scalable and repeatable and built on collaboration across the start-up ecosystem. The L&D programme is intended to be used both for NZGCP's internal investment training as well as all market participants and new entrants into the ecosystem (regardless of whether they have received Elevate funding). NZGCP is targeting completion of the strategy design by the end of FY23 and implementation during FY24.

NZGCP is also working with MBIE to establish a data collation and reporting mechanism to collate, analyse and publish ecosystem data. This will help to track progress and better understand gaps and areas for further improvement with regard to supporting underserved sectors and groups.

4. VIF 1.0 programme

Winding down the original venture investment fund (VIF1.0) programme.

The VIF 1.0 programme was established in 2002 and invested in venture capital funds. That programme is now in its wind-down phase. NZGCP's aim is to manage the wind-down of the portfolio in an orderly fashion and to maximise the return profile - to the extent possible within its role as a Limited Partner (LP) in the various funds in which VIF 1.0 invested. Of the three remaining active funds in this programme, two are targeting full realisation by the end of FY24. The remaining fund was created more recently and is likely to take 2-3 years until material realisations are received and the fund fully wound down, although it too is seeking exits as soon as possible. However, due to current economic uncertainty and the economic outlook, the timing and value of all realisations is significantly at risk.

NZGCP will continue to actively pursue alternative methods of divesting these assets in parcels or collectively but given the relative size of these holdings and current market conditions, this will be challenging to achieve.

Proceeds realised from divestments within the underlying funds and the wind-down of the VIF1.0 programme generally are re-invested by NZGCP within the Aspire Fund.

Current Market Conditions and their impact on investment returns

The New Zealand start-up ecosystem rebounded strongly after the Covid pandemic and the potential impact on early-stage investment was not as significant as feared. A number of sectors were actually able to take advantage of accelerated digitisation and increased use of remote meeting and working. NZGCP believes that continued investment in early-stage companies by both Aspire and the underlying Elevate venture funds helped avoid a significant slow-down in investment.

The last 10 years have seen venture capital outperform other asset classes globally and over recent years many venture capital markets saw record inflows of capital into funds and significant rises in valuations of venture capital assets. However, global political and economic factors since 2022, including the impact of the Russia-Ukraine war, rising inflation and high interest rates have caused significant volatility in public markets which has flowed through to the private capital investment space including venture capital. These economic uncertainties have resulted in a major reduction in global venture investment and a focus within venture funds on preservation of existing portfolio companies over new investments. Significantly, the amount of private capital to invest in venture capital funds appears to have dramatically reduced from the high points of 2021.

NZGCP anticipates that this global economic uncertainty will continue through 2023 and beyond and interest rates are expected to remain relatively high in the short to medium-term as central banks attempt to reduce inflationary pressures. Inflation and high interest rates (coupled with significant recent weather events in New Zealand) are anticipated to significantly impact discretionary spending of individuals and corporations domestically. Whilst this may create opportunities for some early-stage start-ups, it will certainly be more challenging for a large proportion. Continued market volatility and uncertainty is also anticipated to negatively impact the amount of capital from high net-worth individuals to invest in venture capital firms and new start-ups. Given the current dependence on high net-worth investors in New Zealand due to the relative lack of institutional investment (compared to other jurisdictions), this will inevitably impact investment in and valuation of start-ups.

NZGCP has also seen signs that the reduction in the number of international students and high-skilled technology workers moving to New Zealand during the Covid-19 pandemic has resulted in a temporary slow-down in start-up formation particularly in the deep-tech space.

However, venture capital is generally a counter-cyclical asset class as tougher economic conditions drive innovation, reduce valuations and recruitment pressures ease. In New Zealand (as there is globally), there is significant undeployed capital in the venture capital funds and the pipeline of start-ups maturing continues to grow.

How does this impact Aspire specifically:

Aligned with its purpose of addressing capital gaps, Aspire invests in high-risk early-stage companies operating at the cutting edge of technological innovation and thus its investment risk appetite is high. Venture capital is categorised by investments that follow the Power Law concept, whereby a small number of companies generate outsized return (and the potential for greater non-financial impact), whereas the large majority of investments within a portfolio fail or realise relatively small financial outcomes. Overall, positive gains (across a fund) are made by investing sufficient capital into the most probable winners and a discipline with those unlikely to achieve exponential growth or outsized outcomes. Aspire invests at the very earliest stage of venture capital investing where the ability to assess probable outcomes is most difficult. Additionally, Aspire is guided by the Minister of Economic Development's annual Letter of Expectations, and a market development mandate (i.e. investing where capital gaps exist). Overall, while Aspire is expected to generate positive returns, this will be with longer time-frames and the possibility that overall investment returns may be below those of a purely commercially-oriented fund. Also, Aspire is a Crown-entity company with specific requirements / overheads which are unique versus those of a purely commercially orientated fund.

NZGCP's financial capability for future investment via Aspire is impacted by market conditions as investments are funded out of returns from the existing portfolio. See "Cash forecasting" section below.

How does this impact the Elevate underlying funds:

Both in the Elevate underlying funds and in Aspire there was a slowdown from 2021 to 2022 in the number of new and follow on investments, as well as the participation of offshore venture capital funds in local funding rounds. The valuation of portfolio companies came under pressure, more bridging rounds at lower enterprise values came up and companies did not progress to Series A and beyond at the same pace as previously. It is expected to see this trend continue for both the portfolio companies that the Elevate underlying funds and Aspire invest into.

In the short-term, this is likely to result in a reduction in the holding value of assets in some underlying funds (and Aspire) but also opportunities for investors to acquire relatively cheaper investments as investment rounds are re-priced. There will also be less capital available broadly to sustain the levels of growth previously anticipated, exacerbated by more difficult markets for companies to sell into, potentially impacting their fundamental growth. However, provided the fundamental value proposition of these companies is sound, the best companies will prosper and grow and be well positioned once capital markets reopen fully.

The same goes for fund managers, those that can maintain financial discipline, will still see great opportunities for investment and realisations once markets re-open. Realisations may take longer (as growth capital is restricted and the time to exit extended until public markets in particular reopen).

The current market conditions are also impacting fund raising for venture capital markets as the appetite from domestic institutional investment is still relatively small and domestic private investors (i.e. high net worth individuals) have less available capital or appetite for venture capital assets. There appears also to be a slowdown in investment from institutional investors globally. A number of NZ venture funds will be raising their next vintage over the following 24 months, and we anticipate it will remain difficult to raise funds. This may result in smaller funds than anticipated or even an inability to raise an economically viable fund. This is a particular issue for the newer funds which will not yet have a proven track record.

NZGCP's Operational Capacity

Alongside the launch of Elevate, the Crown restructured the funding of NZGCP. There are three components to the funding of operations. These are:

- All costs related to its management of Elevate are reimbursed to NZGCP at cost from Elevate's capital pool. The Guardians administer this process.
- The Crown provides an annual appropriation of $750,000. for the market development programme; and
- The remainder of NZGCP's operational costs are met out of its own balance sheet.

NZGCP works prudently to manage the multiple financial and resource demands on a small organisation within a reasonable budget, recognising that the operating costs reflect additional resource demands stemming from being a Crown entity and reflecting it's market development objectives.

Cash forecasting

NZGCP funds its internal operations and investments from its own balance sheet. NZGCP does not receive any funding for investment by Aspire and is therefore dependent on liquidity events within its existing portfolio to generate future funding capability.

In terms of managing cash and making sure that ongoing investment is possible, it should be noted that the pace and size of liquidity events within existing investments are inherently uncertain and are subject to market conditions. Generally, neither Aspire or the VIF 1.0 programme can initiate such an event for portfolio companies or holdings as they are typically holding small percentages of the relevant company's equity and not in a controlling position.

As the timing and number of realisations are largely outside of NZGCP's control, this creates a high level of uncertainty and NZGCP therefore manages it's cashflow position actively to ensure that it does not make investment commitments above its financial capacity. Due to the uncertainty around liquidity events and the projected investment spend, it is possible that cashflow might become restrictive during FY24 and options such as restricting ongoing investment spend or moving out of existing investments at a discount might have to be considered.

Carbon emissions approach

NZGCP is not part of the Carbon Neutral Government Programme but has engaged Toitu to help it report on its Greenhouse Gas emissions from FY23. It will continue to implement initiatives to reduce its carbon emissions and aim to become carbon neutral in the short to medium term.

Performance measures and financial information

Government mandate (purpose)

Address capital and investor capability gaps in New Zealand's technology start-up ecosystem

The outcome we seek (vision)

A vibrant and self-sustaining early-stage investment ecosystem investing in innovative and globally ambitious companies and contributing to New Zealand's economic prosperity and wellbeing and ambitions for an economy with a low environmental impact

Impacts (what we aim to achieve)

Capital

Increased capital available and broader range of active investors

Capability

Increased capability of investors

Pipeline

Increased pipeline and diversity of investment opportunities progressing to Series A funding and beyond

Outputs (what we do)

Through **Elevate,** support the creation and success of emerging and established VC managers and diversity within VC funds

Through **Elevate,** using best-practice investment selection, generate commercial returns – therefore attracting more capital into VC funds

Through **Aspire,** catalyse more diverse sources of investment into start-ups

Work with the Māori community and other partners to encourage iwi access to (and participation in) early-stage investment

Work with institutional investors and VC funds to encourage investment into the VC sector

Supporting the development of deep tier of angel, Seed and venture capital investors in early-stage markets

Provide education and support to institutional, corporate and Iwi investors to increase their potential participation in early-stage markets

Work on professional development frameworks and material for VC and Seed investors

Support AANZ and others in developing the expertise and experience of the angel investor sector

Through **Aspire,** invest and work actively alongside a broad range of investors in the Seed/pre-Seed stages to build the pipeline of high quality, investable start-ups which progress to Series A funding and beyond

Whilst remaining a generalist fund, actively invest greater proportions in areas or sectors which have the greatest capital gaps

Actively supporting portfolio companies to scale up and to hit milestones required to generate Series A interest

Working collaboratively with other Government agencies and departments to commercialise the investment in research, science and innovation

Support organisations working in founder support, development and well-being

Inputs (what we must manage well)

- Our people retention, capacity and capability.
- Funding/cash management:
  Aspire – we receive a $750,000 market development appropriation.
  Aspire investments and operating expenses are met out of existing portfolio returns; which are sensitive to market conditions.
  Elevate – has committed $223m of the $300m fund.
- External stakeholder relations including our collaboration with:
  - co-investors, Government partners, other ecosystem collaborators.
  - Industry associations (eg AANZ, NZPC).
- Market development partnerships – external sponsorships and other support (e.g., YES, StartMate, MoA/Electrify Aotearoa, Tupu Toa, University entrepreneurship programmes etc).

These impacts are measured annually to confirm that New Zealand is on track to reach these objectives over the longer term.

The way NZGCP sets out to influence the above objectives is via its quantitative and qualitative output measures. These outputs are aligned to the impacts being capital, capability and pipeline.

NZGCP delivers the outputs by administering and monitoring the Elevate and Aspire Funds, alongside it's market development programme. Also note the continued wind-down of the original fund-of-funds programme (VIF 1.0 programme), which will reach closure in a few years' time.

NZGCP will report on qualitative and quantitative measures in its 2023/24 Annual Report.

Output One - capital

Increased capital available and broader range of active investors

- The launch of Elevate has attracted capital from local and offshore institutional investors at a public to private ratio of 1:3.6. The original objective was to do better than 1:1 so this can be regarded as very successful to-date. In investing the remaining funding available under Elevate, NZGCP will look to continue catalysing private sector investment alongside its Crown capital.
- NZGCP will assist the Government in assessing whether a second vintage of Elevate (or other similar support mechanism for venture funds) is required.
- NZGCP will continue to consider the establishment of a seed-level fund-of-funds that would focus on introducing first-time or emerging funds at the Seed stage and would build a pipeline of investable companies and experienced investment managers for later-stage funds.
- NZGCP will continue to work to identify new sources of investment capital, including offshore investors who are seeking a credible New Zealand investment partner and Iwi capital that is seeking access to quality investment opportunities in the early-stage technology sector. The number of active angel investors is expected to grow over the next five years as the profile and success of the industry continues to be raised. In addition, the level of domestic institutional investment in early-stage companies is well below global peers and NZGCP is working with MBIE and others to identify roadblocks or dis-incentives for an increase in such investment.

Elevate has already hit its capacity in committing to first-time venture capital funds. Decreasing private capital expectations, due to current broader market conditions, is expected to flatten out Elevate's public to private capital ratio.

SPE Nr	Quantity Measures	Actual 2020/21	Actual 2021/22	Forecasted actual 2022/23[1]	SPE 2022/23	SPE 2023/24
1.1	Cumulative number of venture capital (VC) funds committed in by Elevate (including second vintages)	4	7	9	8	10
1.2	Cumulative Amount of Capital raised by VC funds that Elevate invests in	$389m	$664m	$760m	$700m	$800m
1.3	Amount of capital committed to Venture Funds invested in by Elevate (p.a.)	$86.8m	$94.0m	$42.5m	$30.0m	$40.0m
1.4	Total capital invested in funding rounds where Aspire participated (p.a.)	n/a	$156m	$106m	n/a	At least $60m[2]
1.5	Number of companies that attracted offshore VC investment during their Series A/B funding round (specific to Aspire and Elevate) (p.a.)	11	22	12	12	10[4]
1.6	Investment leverage ratio for Aspire (public to total capital)	1:11	1:11.1	1:9.0	1:4	Better than 1:5[2,3]

1. YTD May plus one month of forecast.
2. Due to the change in focus (investing earlier and into underrepresented segments of the market) of Aspire investments,

the expectation is that the size of the rounds where Aspire participates in would reduce, also impacting the public to private capital ratio and because it aims to invest earlier, the number of offshore VC investments participating in the rounds are expected to reduce.

3. This is measured by dividing the annual amount Aspire invested in by the total size of the investment rounds that Aspire participated in.
4. This assumes a decrease in the number (but not necessarily the value) of offshore investments due to difficult conditions in overseas VC markets,

Quality Measures

- Demographic information of Elevate underlying funds' senior staff and Investment Committees to measure changes to female and Māori representation over time. This information will be self-disclosed from the underlying funds into which Elevate invests.
- Estimated scale of Iwi investment in the early-stage sector including both directly into start-ups and by investment into venture funds (potentially using the Māori economy surveys to base this off).

Judgement used:

- These measures only consider those investments made by Aspire or Elevate and not all deals in the New Zealand early-stage start-up ecosystem.
- As defined in the Policy Statement on the Venture Capital Fund Act 2019, Series A and B Capital is defined as "capital provided in a capital raising in which the total amount being raised in that round is from (and including) NZ$2 million to (and including) NZ$20 million and where that capital is being raised for the purposes of early-stage growth." Interpretation of Series A/B fundraises may vary by company and by sector, with some being more capital intensive than others and therefore having higher thresholds for what meets their definition.

Output Two - capability

Increased capability of investors

- NZGCP will work with the market participants and the industry associations (Angel Association and NZ Private Capital (NZPCA)) to provide development opportunities for investors at all stages of the ecosystem.
- This will include the design and implementation of a professional development framework based loosely on NZGCP's internal professional development programme for its investment team. While on-the-ground investment and investment management experience are irreplaceable, the intention is to provide a common framework for the acquisition of relevant skill sets and to reduce barriers to entry into the investment sector. It is anticipated that this will also align with efforts to increase the ethnic and gender diversity within the investor universe and to increase participation from Māori and Pacifica communities in early-stage investment and funds management.
- Along with MBIE and other market participants, NZGCP is working on ways to improve the collection and publication of relevant data pertaining to the start-up sector. Currently complete data is hard to find in respect of early-stage companies and investments into those companies and the demographic make- up of founder, management and investment teams. As a key player in the sector with involvement across all stages of investment, NZGCP hopes to play a role in closing that gap.

The measures for Output Two relate to the NZGCP appropriation received for market development.

SPE Nr	Quantity Measures	Actual 2020/21	Actual 2021/22	Forecasted actual 2022/23[1]	SPE 2022/23	SPE 2023/24
2.1	Number of industry development initiatives undertaken (which includes sponsorships of industry associations NZPCA and AANZ) that specifically focuses on investors to: • Build the base. • Grow capability and introduce diverse capital sources. • Foster collaboration, connectivity and healthy competition.	N/A	N/A	7 *20 (for both founder and investor related initiatives)*	N/A *4 (target for both founder and investor related initiatives)*	7
2.2	Advice or other assistance (data sets) provided to government and other industry bodies to support market development.	2	5	4	2	4

1. YTD May plus one month of forecast.

Quality Measures

- NZGCP is launching a learning and development platform and will report on completion and take- up of courses made available. The data will be obtained from the number of participants per course and the number of courses made available. There are currently no comparatives for this measure because it is a new initiative.
- NZGCP is sponsoring a platform where the early-stage investment ecosystem can publish their data and will report on participation of the ecosystem in the initiative. The roll out of the platform and initial on-boarding of companies, investors and other company and investment data is expected to take 1-2 years and is unlikely to be finalised during 2023/2024. The percentage of start-ups and founders listed on Dealroom that claimed their profiles will be reported. There are currently no comparatives for this measure because it is a new initiative.

Appropriation:

Cost to deliver Output Two	2022/23 Estimated Actual[1]	SPE 2022/23	SPE 2023/24
Crown funding	$750,000	$750,000	$750,000
Total output revenue	$750,000	$750,000	$750,000
Total output expenses	($750,000)	($750,000)	($750,000)[2]
Net surplus/(deficit)	$0	$0	$0

1. YTD May plus one month of forecast.
2. Amounts in excess of the appropriation will be funded from NZGCP operational budget.

Output Three - pipeline

Increased pipeline and diversity of investment opportunities progressing to Series A funding and beyond

- NZGCP will work with all market participants (including other govt agencies) to improve and accelerate the path for quality start-ups from first commercialisation of R&D/technology innovations through to Series A funding and beyond. This involves both increasing the pipeline of start-up companies and improving their investability.
- NZGCP will support those working with founders and start-ups to bring them to investability and with investors, both domestic and offshore, angel and venture, to assist those companies to scale-up their businesses to attract Series A funding.
- This will also involve seeking to attract broader sources of capital such as offshore VC investors, domestic institutions and Iwi.

SPE Nr	Quantity Measures	Actual 2020/21	Actual 2021/22	Forecasted actual2022/23[1]	SPE 2022/23	SPE 2023/24
3.1	Number of new investments in companies by Aspire[2]	14	11	8[3]	Reaching or exceeding 15	10 - 15
3.2	Number of follow on investments in companies in Aspire	26	24	18[3]	20	15 – 25
3.3	Total amount invested into new companies from Aspire for the year	$4.47m	$3.87m	$3.3m[3]	$4.5m	Over $4m
3.4	Total amount invested into follow on rounds from Aspire for the year	$6.31m	$10.19m	$7.2m[3]	$10.5m	Over $5m
3.5	Total proceeds from divestment of investments (Aspire and the VIF 1.0 programme)[4]	$13.0m	$10.3m	$1.1m[3]	$13m	$12m
3.6	Number of investment opportunities reviewed by Aspire	147	176	210[5]	100	Over 200
3.7	Number of companies that raised Series A+ investment (Aspire specific)	14	19	11[3]	n/a	10 - 15

1. YTD May plus one month of forecast.
2. Measure aligned to the 2023–2024 estimates / appropriation.
3. Due to the current adverse market conditions, NZGCP experienced a slowdown in investment activities, that is aligned with local and global trends. Aspire focused on the deep-tech market segment that has fewer but larger value deals, also leading

to a reduced number of investments during FY23. There was also a marked slowdown in divestment opportunities because companies opted to delay exits/IPOs etc. until more favorable market conditions exist and those exits that have occurred have been at lower valuations than would have been expected a year ago.

4. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP's control. The value and timing of these proceeds is expected to vary, and as such should be viewed over a long term. The aim is to average $15m a year over the next three years. If the pace/level of realisations under-performs these assumptions, NZGCP may need to conserve cash, and this will impact the amount of investment it can undertake.
5. The Aspire team filled a backlog of vacancies during 2022 and had more capacity to screen deals during FY23, it expects this to continue into FY24. In addition, the Aspire team focused more on deal origination activities and streamlined the application process that resulted in more applications being screened.

Quality Measures

- Over 90% of the NZGCP investment portfolio (by number) should be invested in the proof of concept, pre-seed and seed stage investments. New investments will include a focus on underdeveloped and underrepresented segments in the early-stage investment ecosystem.
- 100% of investment transactions comply with NZGCP Responsible Investment Framework which is consistently applied when approving investments.
- Reporting on gender and ethnic heritage of founders within the Aspire portfolio to commence – this will be based on aggregated, self-disclosed information from successful applicants for funding.

Judgement used:

- These measures only cover investments made by Aspire and underlying Elevate funds and no other participants in the market.
- The number of investments is counted based on the round, for example if there were two different funding rounds in a year for the same company, the number of investments would be counted as two but if two tranche payments were made that relates to the same funding round, the number of investments would be counted as one.
- Proceeds are defined as distributions in the form of cash or shares distributed and do not include conversion of convertible loans.

Statement from the Board of Directors

This Statement of Performance Expectations for the period 1 July 2023 to 30 June 2024 is submitted pursuant to the Crown Entities Act 2004. The forecast financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZGAAP).

The underlying assumptions of this document have been authorised as appropriate for issue by the Board of Directors of the New Zealand Growth Capital Partners Limited (NZGCP) in accordance with its role under the Crown Entities Act 2004.

The Board and management of NZGCP accept 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.

Signed on behalf of the Board.

Annabel Cotton

Chair

30 June 2023

Marcel van den Assum

Director

30 June 2023

Prospective Financial Statements

Consolidated Statement of Prospective Comprehensive Revenue and Expense for the Year Ending 30 June 2024

	Forecasted actuals 2022/3[1]	**SPE 2022/3**	**SPE 2023/24**
Revenue received from Crown	750,000	750,000	750,000
Revenue received in relation to Elevate NZ Venture Fund [2]	2,195,200	2,490,378	2,394,311
Interest and other revenue	211,386	35,110	188,786
Total revenue	3,156,586	3,275,488	3,333,097
NZGCP administrative expenses	(7,608,334)	(8,435,963)	(8,399,567)
Depreciation and amortisation	(59,456)	(86,012)	(67,900)
Total expenses	(7,667,790)	(8,521,975)	(8,467,467)
Net operating (expense)	**(4,511,204)**	**(5,246,487)**	**(5,134,370)**
Investing interest	681,229	416,051	421,644
Management fees and costs paid to NZGCP fund managers [3]	(269,523)	(250,000)	(250,000)
Net realised and unrealised gain/(loss) on investments	(21,800,000)	5,435,974	(25,366,710)
Surplus/(Deficit) before taxation	**(25,899,498)**	**355,538**	**(30,329,436)**
Income tax expense	-	-	-
Total comprehensive revenue/(expense)	**(25,899,498)**	**355,538**	**(30,329,436)**

1. YTD May plus one month of forecast.
2. Income prospected as administration manager for the Elevate NZ Venture Fund, not yet presented to Guardians of NZ Superannuation for review and approval.
3. Fund management fees are paid to external fund managers from capital drawn from Crown for investment. These fees are classified as an expense of NZGCP for accounting purposes.
4. Net realised and unrealised gain/(loss) on investments are estimated based on a 3% return on investment, which is in line with the expected performance of the current investment portfolio. This is an estimate and subject to change due to market uncertainty and/or events outside of NZGCP's control.

Consolidated Statement of Prospective Changes in Equity for the Year Ending 30 June 2024

	Forecasted actuals 2022/3[1]	SPE 2022/3	SPE 2023/24
Equity – at the beginning of the year	189,985,545	204,048,337	195,157,743
Total comprehensive revenue/(expense) for the year	(25,899,498)	355,538	(30,329,436)
Contributed equity – at the end of the year	164,086,047	204,403,875	164,828,307
Retained surplus/(deficit) – at the end of the year	5,678,145	5,012,604	190,298
Equity – at the end of the year	**169,764,192**	**209,416,479**	**165,018,605**

1. YTD May plus one month of forecast.

Consolidated Statement of Prospective Financial Position as at 30 June 2024

	Forecasted actuals 2022/23[1]	SPE 2023/24	SPE 2023/24
Equity	**169,764,192**	**209,416,479**	**165,018,605**
Current Assets			
Cash and cash equivalents	1,934,525	1,512,915	1,100,242
Receivables and prepayments	2,174,428	1,447,195	1,947,310
Term deposit investments	13,000,000	23,000,000	11,680,500
	17,108,953	25,960,110	14,728,052
Non-current Assets			
Property, plant and equipment	104,034	101,231	70,544
Intangible assets	1,440	5,851	-
Investments	154,080,958	185,167,033	151,370,411
	154,184,992	185,274,115	151,440,955
Total assets	**171,293,946**	**211,234,225**	**166,169,007**
Current Liabilities			
Payables and accruals	1,529,754	1,817,745	1,150,402
Total liabilities	1,529,754	1,817,745	1,150,402
Net assets	**169,764,192**	**209,416,479**	**165,018,605**

1. YTD May plus one month of forecast.

Consolidated Statement of Prospective Cash Flows for the year ending 30 June 2024

	Forecasted actuals 2022/23[1]	SPE 2022/23[1]	SPE 2023/24
Cash flows from operating activities			
Cash was provided from:			
Revenue from the Crown	750,000	750,000	750,000
Revenue from Elevate NZ Venture Fund	2,195,200	2,377,783	2,395,733
Net GST received		-	6,324
Interest and other income	211,386	35,110	188,786
Interest earned from term deposit investments	627,129	416,051	421,644
Term deposit investments	11,000,000	8,000,000	3,400,000
Sale of investments [2] – the VIF 1.0 programme	161,860	4,500,000	8,000,000
Sale of investments [2] – Aspire	938,140	3,108,260	3,424,611
	15,883,715	19,187,204	18,587,098
Cash was applied to:			
Payments to suppliers	(3,548,288)	(3,181,653)	(3,414,773)
Net GST paid	(67,580)	(31,371)	-
Payments to employees	(4,011,840)	(4,926,773)	(5,305,040)
Purchase of investments – Aspire	(11,900,000)	(15,000,000)	(10,400,000)
Term deposit investments			
	(19,527,708)	(23,139,797)	(19,119,813)
Net cash flows from operating activities	**(3,643,993)**	**(3,952,593)**	**($532,715)**
Cash flows from investing activities			
Cash was applied to:			
Purchase of property, plant and equipment	(64,965)	(179,975)	(57,500)
Net cash flows from investing activities	**(64,965)**	**(179,975)**	**(57,500)**
Net cash flows from financing activities	**(0)**	**(0)**	**(0)**
Net increase/decrease in cash and cash equivalents	**(3,708,958)**	**(4,132,568)**	**(590,215)**
Cash and cash equivalents at the beginning of the year	5,643,483	5,645,483	1,690,457
Cash and cash equivalents at the end of the year	**1,934,525**	**1,512,915**	**$1,100,242**

1. YTD May plus one month of forecast.
2. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP's control.

Notes to the Consolidated Prospective Financial Statements

Summary of significant accounting policies

Reporting entity

The reporting entity is NZ Growth Capital Partners Limited ('NZGCP', 'the Parent' and 'the Company') and its controlled subsidiaries ('the Group'). The controlled entities are Aspire NZ Seed Fund Limited (Aspire) and Elevate NZ Venture Fund GP Limited (Elevate), which are 100% controlled.

NZGCP and its subsidiaries are companies incorporated in New Zealand under the Companies Act 1993. The relevant legislation governing NZGCP's operations includes the Crown Entities Act 2004. NZGCP's ultimate parent is the New Zealand Crown. NZGCP is domiciled in New Zealand.

The primary objective of NZGCP is the development of a vibrant early-stage capital market, both formal (venture capital) and informal (angel). NZGCP has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The registered office for NZGCP is Level 9, Suite 4, 125 Queen Street, Auckland Central.

The consolidated forecast financial statements of the Group are for the year ended 30 June 2024.

Basis of preparation

Statement of compliance

These prospective consolidated financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZGAAP). They comply with the Crown Entities Act 2004 and other Financial Reporting Standards as appropriate for PBEs (Public Benefit Entity).

These prospective consolidated financial statements are prepared in accordance with the requirements of the PBE Standards Reduced Disclosure Regime (PBE Standards RDR) and PBE FRS 42 Prospective Financial Statements. The Group is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and it is not large.

The prospective consolidated financial statements are for the Statement of Performance for the 2023/24 year; therefore, actual results are not reflected. NZGCP is responsible for the fore consolidated financial statements presented, including the appropriateness of the assumptions underlying the prospective consolidated financial statements and all other required disclosures.

The information contained in the prospective consolidated financial statements is not suitable to be used for any purpose other than to give an indication of the magnitude of the company's financial requirements for the period of the Statement of Performance.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

Measurement base

These prospective consolidated financial statements have been prepared on a historical cost basis, except where modified by the measurement of financial assets at fair value.

Presentation currency

These prospective consolidated financial statements are presented in New Zealand dollars ($).

Judgements and estimations

In preparing these prospective consolidated financial statements, NZGCP has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. 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.

It is not intended to update these prospective consolidated financial statements after presentation.

Updates up until presentation will be made if circumstances arise requiring changed forecasts. Assumptions in these prospective consolidated financial statements are based on business as usual and historic performance but include implementation costs for new policy development.

Significant Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance, financial position and cash flows, have been applied consistently to all periods presented in these prospective consolidated financial statements.

Basis of consolidation

The controlled entities are Aspire NZ Seed Fund Limited and Elevate NZ Venture Fund GP Limited, which are 100% controlled. NZGCP has the power to affect the nature and amount of those benefits through its involvement with these entities. The prospective consolidated financial statements include the parent company and its subsidiaries. All significant intercompany transactions are eliminated on consolidation.

Revenue from the Crown – non-exchange revenue

Revenue is recognised to the extent that the economic benefits will flow to NZGCP, and the revenue can be reliably measured. Revenue shown in the consolidated statement of comprehensive revenue and expense comprises the amounts received and receivable by NZGCP for services supplied to the Crown.

The Group is funded in part by the Crown for services supplied to the Crown specifically as it relates to market development. This funding is restricted in its use for the purpose of the Group meeting the objectives specified by the Crown and the scope of the relevant appropriations of the funder. The Group considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Other revenue – exchange revenue

Other income includes fund income and is recognised when the right to receive payment is established.

The Venture Capital Fund Act 2019 was enacted to establish a new venture capital fund (Elevate Fund) and the Guardians of New Zealand Superannuation, a fellow 'Crown entity' (Guardians) was given a mandate to manage the Fund. NZGCP was appointed as an external manager to manage the fund on a 'fund-of-funds basis'.

Elevate was formed in December 2019 with the main purpose of investing in venture capital opportunities in New Zealand. Elevate is managed by NZGCP, with a fund-of-funds model. The financial statements of Elevate are presented in the Annual Report of the Guardians.

NZGCP incurs expenses for Elevate and is able to recharge a management fee under terms set out in the Management Deed which is included in Other revenue.

Interest revenue – exchange revenue

Revenue is recognised as interest accrued using the effective interest method. This is a method of measuring financial assets held at amortised cost 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.

Investment gains and losses

Investments gains and losses represent changes in the value of NZGCP's two investment funds, Aspire and the VIF 1.0 programme. This balance is highly variable, driven largely by the performance of start-up companies. During 2022 the valuation of the investments was also impacted by the decline in the listed technology stock markets.

Goods and services tax (GST)

The forecast consolidated financial statements of NZGCP have been prepared on a GST-exclusive basis 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.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the consolidated statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the consolidated statement of cash flows.

Taxation

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax are charged or credited to the statement of comprehensive revenue and expense, except when they relate to items charged or credited directly to equity, in which case the tax is charged or credited to equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, both locally and internationally, and other short-term, highly liquid investments, with original maturities of six months or less.

While cash and cash equivalents are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because no estimated loss allowance for credit loss is anticipated.

Impairment of financial and non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases in which the lessor retains substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating lease expenses are recognised on a straight-line basis over the period of the lease.

Foreign currencies

Transactions denominated in a foreign currency are converted at the functional currency exchange rate at the date of the transaction. The functional currency of NZGCP is New Zealand dollars. It is also the presentation currency of the consolidated financial statements.

Transactions denominated in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation and revaluation are recognised in the consolidated statement of comprehensive revenue and expense.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

NZGCP is principally involved with structured entities through its investments in venture capital investment funds via the VIF 1.0 programme. The Group invested in structured entities to assist with the implementation of its overall investment strategy. The Group does not sponsor any structured entities.

VENTURE CAPITAL INVESTMENT FUNDS

Venture capital investment funds provide a mechanism to share exposure with other investors and may take various legal forms (e.g., limited liability companies, limited partnerships). The Group makes commitments to, and investments in, these legal structures and in return is issued with rights to a proportional stake in their net assets. They have a broad range of investment objectives and are managed by unrelated asset managers who apply various investment strategies to accomplish their respective investment objectives.

Statement of cash flows

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

Cash is considered to be cash and cash equivalents net of bank overdrafts.

Investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment.

Financing activities are those activities that result in changes in the size and composition of the capital structure of NZGCP. It includes activities relating to changes in public equity and the debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Operating activities include all transactions and other events that are not investing or financing activities.

Significant assumptions adopted in the preparation of forecast financial statements

In preparing these forecast financial statements, NZGCP has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. 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.

Fund management fees are paid to external fund managers from investment disbursements received by NZGCP. These fees are classified as an expense of NZGCP for accounting purposes only and are not part of the operational costs of NZGCP.

Realised and unrealised gains/losses are included in the forecast. Owing to the nature of these investments these sale proceeds are estimates and subject to change due to market uncertainty and/or events outside of NZGCP's control. The value and timing of these proceeds is expected to vary, and as such should be viewed in the long term.

Service Performance Information (PBE FRS 48)

Service performance information has been adopted in the financial statements for the same reporting period as the financial statements. The performance information explains why the entity exists, what it aims to achieve and what it has done during the reporting period to achieve those aims. Contextual information has been supplied and judgements used to measure performance explained.

Market uncertainties

There has been significant volatility in financial markets due to rising interest rates and inflationary pressures, increased geopolitical tensions, global supply issues and the subsequent recession. Listed markets have seen a decline; however, the longer-term direct and indirect impacts of it on the value of investments remains uncertain.

Capital commitments

Estimated capital expenditure contracted for at balance date but not recognised (Aspire and VIF 1.0 programme):

	Prospective 30 June 2024
Firm commitment remaining – the VIF 1.0 programme	209,392