

ACCELERATING AUSTRALIA'S SUSTAINABLE TRANSITION TO LOWER EMISSIONS



The pathway to lower emissions requires sustained investment and action across all areas of economic activity. We look forward to continuing to work alongside other investors, project developers, cleantech entrepreneurs and all levels of government to help accelerate Australia's sustainable transition to lower emissions.



On behalf of the CEFC, I am pleased to provide this update on our performance in FY19, and to share information about our priorities for the year ahead.

The CEFC made new investment commitments of almost \$1.5 billion in the 12 months to 30 June 2019, across 30 projects with a total value of \$6.3 billion.

For the first time since we began investing, we deployed a record \$1.3 billion into the clean energy sector in a single 12-month period. Over the same period, a record \$320 million in CEFC finance was repaid, underscoring our ability to earn a positive return on our investments and reinvest our finance on behalf of the Australian community.

New commitments in FY19 included \$940 million in renewable energy and \$524 million across a broad range of energy efficiency and low emissions projects. Each dollar of CEFC finance committed in FY19 was matched by \$3.00 from the private sector. Together, these projects are forecast to cut greenhouse gas emissions by more than 64 million tonnes over the project lifetime.

We are now looking to extend into new frontiers in low emissions energy generation. Key priorities for FY20 and beyond will include projects and technologies to deliver a stronger, more reliable grid, to take advantage of Australia's robust renewable energy resources and support the transition to a distributed energy model.

Future CEFC investments will increasingly target new technologies, including pumped storage and large-scale batteries, behind-the-meter generation and grid solutions where there is less appetite from mainstream investors. This new focus will benefit from the strength of our growing portfolio, and our progress in securing returns on our investments.

On behalf of the CEFC, we thank investors, developers and co-financiers for your continued support for our work, and your shared focus in lowering Australia's emissions.



Ian Learmonth
CEFC CEO



INVESTING AUSTRALIA-WIDE

CEFC investments stretch Australia-wide, across national and state-based projects and programs. FY19 saw a significant uplift in commitments to WA-based investments, with \$222 million in CEFC finance contributing to new state-based investments valued at more than \$1 billion. Investment commitments in NSW-based projects also increased in FY19, by \$398 million, while new Victorian-based investments for the year stood at \$250 million. Since we began investing in 2012, we have committed \$3.2 billion to national programs, and \$4 billion to state-based programs of: ACT (\$73m); NSW (\$1.5b) NT (\$18m); Qld (\$703m); SA (\$521m); Tasmania (\$25m); Victoria (\$917m) and WA (\$279m).



RENEWABLE ENERGY POWERHOUSE

While CEFC investments in large scale solar and wind projects slowed somewhat in FY19, we retained our position as a leading investor in large-scale renewables. Since inception, CEFC finance of more than \$1 billion has delivered 1.4 GW of large-scale solar, with CEFC investments of almost \$1 billion supporting an additional 2GW of wind. Reflecting the increasing maturity of renewables technologies and developments, FY19 investments in large-scale renewables featured in projects using newer technologies, fully merchant revenue models and new entrants to the Australian market. We also broadened our finance approach to renewables, rounding out our senior debt profile to include new equity positions.



CLEANER LIVING HITS HOME

Our investments in residential property broadened further in the year, to include retirement living as well as student, community and build-to-rent housing. In an industry first, we are financing the LDK Greenway Seniors' Living Village, transforming a disused Canberra office park into a state-of-the-art energy efficient village for up to 450 people, creating a new model for sustainability for Australia's rapidly growing retirement living and aged care sectors. We were also pleased to support Housing Plus develop 220 new highly energy efficient community housing dwellings in Bathurst, Dubbo and Orange in regional NSW, further extending the benefits of CEFC finance to even more low income families.



LESS EMISSIONS, LESS LANDFILL

Australia sends as much as 22 million tonnes of waste to landfill every year, where it produces methane emissions which are 25 times more potent than carbon emissions. The CEFC works with industry leaders to tackle these emissions through recycling, reprocessing and energy recovery. In FY19, this included finance for Australia's first large-scale thermal energy from waste facility, at Kwinana in Western Australia. The Avertas Energy plant is expected to export 36MW of baseload renewable electricity to the grid each year, sufficient to power more than 50,000 households. We are also working with Visy Industries to invest in new infrastructure to increase resource recovery from waste.



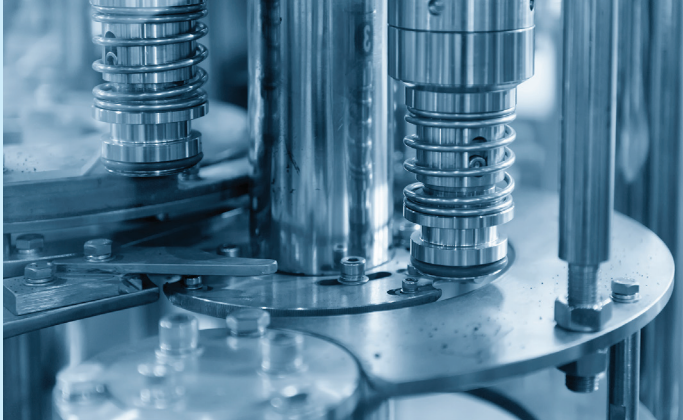
INVESTING IN INNOVATIVE CLEAN TECH

The Clean Energy Innovation Fund strengthened its position as Australia's largest specialist cleantech investor in FY19. The Fund has now delivered \$69 million in CEFC finance across 10 companies, helping to drive \$261 million in new investment in innovative cleantech solutions. In FY19, this included a new investment in Omni Tanker, an award-winning Australian company tackling cargo-related emissions, and Morse Micro, a semiconductor start-up. We also extended our investment in four companies in the Innovation Fund portfolio, supporting their continued growth. A highlight of the year was our Cleantech Showcase, connecting investors and industry leaders with promising early stage companies in the exciting cleantech sector.



NEW THINKING FOR A NEW ECONOMY

The CEFC has a growing equity portfolio, allowing us to take a direct stake in projects and funds in order to influence longer term emissions reduction activities. In FY19, we confirmed our first investment in listed equities, via our participation in the AllianceBernstein Green MVE portfolio, giving us the opportunity to work with leading Australian listed companies as they accelerate their transition to lower carbon emissions. We also invested in our first specialist joint venture. Warada Capital is a new, integrated development and fund management company created by the CEFC and Ironstone Capital to focus on early stage greenfield projects in renewables and energy efficiency that can struggle to raise essential risk capital.



SMALLER-SCALE, BIGGER IMPACT

During FY19, we maintained our strong focus on driving investment in smaller-scale clean energy projects, benefiting farmers, small businesses, manufacturers, building owners and community facilities. Projects range from \$10,000 to \$5 million, with an average investment of \$95,000. In FY19, we provided a record \$400 million in asset finance for some 5,800 smaller-scale projects, working with banks, specialised lenders and funds. We are proud to have delivered almost \$1.1 billion in finance for more than 11,300 smaller-scale projects since we began investing in 2012. These asset finance programs remain an efficient, effective and timely mechanism to enable a large number of Australian households and businesses to draw on CEFC finance.



A NEW MARKET IN GREEN BONDS

The CEFC remains an active investor in the emerging green bond market. Since we began investing we have supported 12 Australian green bonds, including with banks, universities, property, retail and renewable projects. We continue to provide early commitments to eligible transactions to encourage issuers to develop a green bond framework and issue in the market. In FY19, we invested in the Woolworths Group green bond, the first certified green bond issued by an Australian retailer and by a supermarket business globally. We also invested in FlexiGroup's climate bond, to give institutional investors access to the energy storage market, while further expanding investable green assets through an 'A'-rated green tranche.

EXTENDING INTO NEW FRONTIERS

Our strong track record of investing to lower Australia's emissions provides a solid foundation for the future. Our investments must increasingly target new challenges, including pumped storage and large-scale batteries, behind-the-meter generation and grid solutions where there is less appetite from mainstream investors. This will require nurturing and developing new technologies and industries, areas that will benefit from CEFC finance as they gain commercial traction with private investors.

Looking beyond energy generation, the CEFC will continue to be at the forefront of new investment in a wide range of projects to drive down emissions, touching on all areas of our economy, including agriculture, infrastructure, property, transport and waste.

The pathway to lower emissions requires sustained investment and action across all areas of economic activity. We will continue our efforts to assist market participants understand the emissions and financing benefits of clean energy investments. Our research reports and real-life investment insights have covered a range of issues – from electric vehicles to agriculture, bioenergy, the built environment and manufacturing. We will continue this practical focus in FY20 and beyond, together with other experienced investors and developers.

We are focused on embedding the emissions gains of our existing investments and extending these even further in the future, working alongside other investors, project developers, cleantech entrepreneurs and all levels of government.

CEFC INVESTMENT UPDATE



FY19 HIGHLIGHTS

\$1.5B

NEW COMMITMENTS

30

TRANSACTIONS FINANCED

\$6.3B

TOTAL TRANSACTION VALUE



LIFETIME COMMITMENTS

\$7.2B

TOTAL COMMITMENTS

\$24B

TOTAL TRANSACTION VALUE

260M tCO₂-e

EST LIFETIME EMISSIONS



LIFETIME TECHNOLOGY

\$4B

RENEWABLE ENERGY

\$3B

ENERGY EFFICIENCY

\$0.2B

LOW EMISSIONS



PORTFOLIO STRENGTH

\$6.6B

PORTFOLIO*

>\$2:\$1

PRIVATE SECTOR LEVERAGE

~\$560M

CEFC FINANCE REPAID



CLEAN ENERGY INNOVATION FUND

10

COMPANIES FINANCED

\$69M

CEFC FINANCE



SUSTAINABLE CITIES

~5,100

PROJECTS FINANCED

\$2.8B

CEFC FINANCE



REEF FUNDING PROGRAM

~400

PROJECTS FINANCED

~\$370M

CEFC FINANCE



ASSET FINANCE PROGRAMS

~11,300

PROJECTS FINANCED

\$1.1B

CEFC FINANCE

*After allowing for repayments, amortisation and cancellations on total commitments since inception. All figures from inception to 30 June 2019, except for FY19 highlights.

ABOUT THE CEFC

The CEFC is responsible for investing \$10 billion in clean energy projects on behalf of the Australian Government. We help lower Australia's carbon emissions by investing in renewable energy, energy efficiency and low emissions technologies. We also support innovative start-up companies through the Clean Energy Innovation Fund. Across our portfolio, we invest to deliver a positive return for taxpayers.