

Press release: Green Investment Bank to boost support for low carbon projects as government confirms sale to Macquarie

- under Macquarie's ownership GIB will look to invest at least £3 billion of new investment into green economy over the next 3 years
- £2.3 billion deal will meet government requirements for a sale, providing value for the taxpayer while ensuring GIB continues its green mission in the private sector
- the deal has the backing of GIB's independent board

The [UK Green Investment Bank plc \(GIB\)](#) will look to invest at least £3 billion into the green economy after a deal was agreed to sell it to Macquarie Group Limited (Macquarie), Climate Change and Industry Minister Nick Hurd confirmed today (20 April 2017).

The deal, which has the backing of GIB's independent board, was secured through a competitive process and will meet the objectives government outlined when it launched the sales process last year. As well as securing value for money for the taxpayer and freeing GIB from the constraints of public sector ownership, it will enable GIB to grow its support for green projects.

Nick Hurd Climate Change and Industry Minister said:

The Green Investment Bank has been very successful in attracting private capital to the UK's green economy. It now makes sense to move it into the private sector where it will be free from the constraints of public sector ownership, allowing it to build further on its success.

This deal gives us the best of both worlds. We have secured fair value for the UK taxpayer. GIB has a well-funded new owner that is committed to the Bank's green mission, with a track record of success in green investment and an ambition to grow the business. The UK will benefit from increased investment in our green infrastructure as we make the transition to a green economy.

Today's sale to Macquarie, with a transaction value of around £2.3 billion, ensures that on completion, all taxpayer funding invested in GIB since its creation, including set-up costs, has been returned with a profit.

Lord Smith of Kelvin, chair of GIB's independent board said:

There is a compelling logic in the world's first green bank joining forces with the world's largest infrastructure investor. When we embarked on this process, we were determined to find a new owner who would build on GIB's successful history – an owner who would have access to deep pools of capital, a commitment to expand GIB's activities, and a respect for the unique role GIB has played in the market. Macquarie will bring all of this to GIB, along with its own impressive track record of green investments. Its vision for the future growth of GIB demonstrates a redoubling of its commitment to a low carbon economy.

Launched in 2012, GIB has been a huge success story, supporting nearly 100 green infrastructure projects in the UK to date. For every £1 it has invested, it has attracted another £3 of third party capital.

GIB will become the primary vehicle for Macquarie's renewable energy investment in the UK and Europe, with a commitment to target £3 billion of new green infrastructure investment over the next three years, exceeding GIB's track record of committing £3.4 billion of investment over the 4 and a half years since it was established.

Macquarie has published today a series of commitments for the future of GIB under its ownership, including:

- maintaining GIB's green purpose and green objectives, in line with the 'special share' arrangements to safeguard GIB's green purpose which will be held by five independent trustees
- maintaining the GIB platform and brand, and to utilise the skills and experience of GIB employees in Edinburgh and London
- GIB's Edinburgh office will be home to a new revenue generating project delivery business providing services to the green energy portfolios of GIB and Macquarie in the UK

David Fass, CEO EMEA, Macquarie Group, said:

The addition of the Green Investment Bank, its people and expertise, strengthens Macquarie's commitment to the green energy sector. Our combined platform will build on the legacy of the Green Investment Bank and, alongside our knowledge of energy and infrastructure, will open further opportunities in low carbon investment both in the UK and further afield. We are excited by a business that will take a leading role in the green economy using the specialist knowledge of our teams in Edinburgh and London.

As part of the transaction, a number of GIB assets will be moved into a new offshore wind investment vehicle which will be managed by GIB, which will retain a 25% stake. Investors in this investment vehicle will be long-term institutional investors Macquarie European Infrastructure Fund 5 (MEIF5) and the Universities Superannuation Scheme (USS).

This transaction structure matches GIB's existing approach to asset ownership following its success in raising a £1 billion offshore wind fund and selling three GIB assets into that fund. GIB was established to accelerate investment in new green energy projects, not to be a long-term owner of operating projects.

The government will continue to hold a £130 million portfolio of a small number of GIB's existing green infrastructure investments. These assets will continue to be managed by GIB until they are sold on in a way which returns best value for taxpayers' money.

Since 2010, Macquarie and its managed funds have invested or arranged more than £8.5 billion of capital into green energy projects globally. In the UK, Macquarie is involved in a number of green energy projects in offshore wind, solar, waste and bioenergy and tidal energy.

The deal will support GIB's international expansion into Europe and developing countries. As part of this, Macquarie is committed to supporting the UK Climate Investments Initiative, a £200 million pilot joint venture between GIB and the government, established to invest in renewable energy and energy efficiency projects in developing countries.

1) Completion of the transaction is conditional on certain regulatory approvals including EU merger clearance and is expected to take around 2 months.

The total value of the transaction at the date of signing is £2.3 billion, which comprises:

- £1.7 billion transaction price
- £0.6 billion estimated future funding commitments for existing GIB projects

At completion, the total value of the transaction will adjust for any further GIB investments made between signing and completion, together with an interest rate applied between the dates of signing and completion.

The total government funding provided to GIB since 2012 is £1.5 billion. The transaction price at the date of signing represents a £160 million (approximate) premium on total government funding.

2) The Green Purposes Company was established on 2 February 2016 to hold a 'special share' that safeguards the green mission of the GIB once it moves from UK government ownership into the private sector. The trustees will formally take up their role on completion of the sale. The nominated trustees are:

- Tushita Ranchan (Chair), experienced green infrastructure investor and former CEO of a renewable energy company
- James Curran – former CEO of Scottish Environment Protection Agency
- Trevor Hutchings – previously a senior civil servant at the then Department of Energy and Climate Change (DECC) and currently Director of Advocacy at WWF

- Robin Teverson – chair of House of Lords EU select sub-committee, Energy and Environment
- Peter Young – environmentalist and former Chair, Aldersgate Group