

Statement to Parliament: Sale of Green Investment Bank

The government is announcing today the sale of the UK Green Investment Bank plc (GIB) to Macquarie Group Limited (Macquarie), with a £2.3 billion deal which secures a profit on the government's investment in the bank, provides value for taxpayers and ensures GIB continues its green mission, in the private sector.

GIB has been a real success story since it was created in 2012 – the world's first dedicated green investment bank, established to accelerate private sector investment into the UK green economy. It has fulfilled that mission, supporting almost 100 green infrastructure projects in the UK so far, and attracting £3 of third party funding for every £1 it invests. It has shown, as it set out to do, that green investment can be both green and profitable. Having demonstrated its success, the government decided to move GIB into the private sector where it can continue its success on an even greater scale.

The deal, secured through a competitive process as set out in a report to Parliament on 3 March 2016, will meet the objectives outlined by government of securing value for money for the taxpayer while ensuring GIB continues its green mission, free from the constraints of public sector ownership. It has the backing of GIB's independent board.

Under the ownership of Macquarie, one of the largest infrastructure investors in the world, GIB will invest more into the green economy than ever before, with £3 billion of new investment targeted over the next 3 years, exceeding GIB's track record of committing £3.4 billion of investment over the 4 and a half years since it was founded. GIB will become the primary vehicle for Macquarie's renewable energy investment in the UK and Europe, allowing GIB to expand internationally.

Macquarie has today published a series of commitments over the future of GIB under their ownership, including that GIB's green purpose and green objectives will be maintained. This is in line with the 'special share' in GIB to safeguard GIB's green purposes, which will be held by 5 independent trustees who will have the power to approve or reject any proposed change to GIB's green mission.

Macquarie has also committed to continue GIB's investment approach, targeting investments across all areas of the green economy and across all stages of the project lifecycle, including the critical phases of development and construction. This will ensure GIB remains a specialist green investor supporting renewable energy investment and emissions reduction in the UK.

Macquarie is committed to maintain 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.

The transaction value of around £2.3 billion ensures that on completion, all taxpayer funding invested in GIB has been returned with a substantial profit. This comprises proceeds from the sale of around £1.7 billion, with a further £0.6 billion of GIB's current outstanding commitments which will be met by Macquarie and its partners, rather than by taxpayers.

As part of the transaction, a number of GIB's offshore wind assets will be moved into a new offshore wind investment vehicle, which GIB will manage and hold 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 type of transaction structure matches GIB's existing approach to asset ownership, providing a mechanism for long-term institutional investors to invest in low carbon projects while ensuring GIB can recycle its capital into new green investments.

The government will continue to hold a £130 million portfolio of a small number of GIB's existing investments. This portfolio will continue to be managed by GIB until these investments can be sold on in a way which returns best value for taxpayers' money.

The government would like to put on record its gratitude to GIB management and staff, who have all played a key role in GIB's success, and who have worked tirelessly and professionally to support the sale process while continuing to source and finance green projects across the UK.

The sale proceeds will be received on completion of the transaction, which is expected to take around 2 months. The transaction is conditional on certain regulatory approvals including EU merger clearance. Under the Enterprise Act 2016, government is required to provide a full report to Parliament on completion of the transaction.