

For immediate release: 7am Tuesday 24th June, 2014

UK Green Investment Bank announces 2013-14 results and plans to raise a new £1 billion fund

- **GIB committed £668 million to 18 new green projects in 2013-14, taking its total capital commitments to £1.3bn of profitable investments.**
- **GIB intends to raise a £1 billion fund to encourage new private investors to invest in offshore wind farms in the UK.**

2013-14 Results

The UK Green Investment Bank plc (GIB) today reports its performance for the financial year to 31st March 2014:

- GIB committed £668m to 18 green energy projects, more than doubling the number of green projects it backed in its first year. GIB is now the most active investor in the UK's green economy.
- An additional £1.9 billion of private money has been committed to these projects alongside GIB's own investment, taking the total to £2.5bn of new investment in the UK's green economy in 2013/14.
- GIB's current portfolio, once built, is projected to earn taxpayers an average return of 8% per annum, with every investment on track to make a profit.
- Once built, GIB's existing portfolio of investments will: reduce the UK's annual CO₂e emissions by 3.5m tonnes each year, equivalent to taking 1.6m cars off the road; produce 12.8 TWh of renewable energy, enough to power 3m homes; and avoid 1.3m tonnes of waste going to landfill, equivalent to the annual domestic waste produced by 1.3m homes.
- GIB has now co-invested with more than 70 domestic and international private investors and has delivered the mobilisation of approximately £3 of private capital for every £1 it invests.
- Since its inception in 2012, GIB has itself committed £1.3bn, with up to an additional £3.5bn successfully committed from private investors, resulting in a total of up to £4.8bn of UK green infrastructure projects.

With only 18 months of activity so far, the majority of GIB's investments (88% by value) remain in construction and, in line with standard accounting practice, a significant proportion of income is deferred to future years. As a consequence and in line with expectations, GIB recorded an operating loss of £5.7m in the current year (see table in notes).

GIB is on track to reach sustained profitability once its current portfolio is built and operating.

UK Green Investment Bank Offshore Wind Fund

GIB also announces plans to launch a £1 billion fund to acquire equity stakes in operational offshore wind projects in the UK. GIB is seeking a suitable group of strategic, long-term co-investors to participate in this innovative capital raising exercise. The Fund will be managed by a GIB subsidiary which is currently regulated by the Financial Conduct Authority (FCA) and will be seeking permission from the FCA to become a regulated fund manager.

This is an important development for the UK's offshore wind sector. With 3.6GW of installed capacity, 1.4GW in construction and a number of further projects in the pipeline, the UK sector is set to grow

significantly in the coming years. To support that growth, it is vital that developers – typically large utilities – are able to refinance part of their investments in operating assets to reinvest in new developments. This requires a significant broadening of the number of long-term investors in UK offshore wind projects.

Equity investments in operational wind farms can offer a compelling opportunity for investors seeking long-term, inflation-linked returns. These attributes can be well matched to the needs of long-term infrastructure investors such as sovereign wealth funds and pension funds.

In May 2014 GIB received State Aid approval from the European Commission to promote and manage funds and other co-investment structures for mobilising upfront private sector investment into its designated sectors.

This widening of GIB's activities is a significant strategic development as it will enable GIB to promote and manage funds and all other types of structured co-investments within any of its designated green sectors, allowing it to raise and deploy private sector capital in addition to its current £3.8bn of equity funding from the UK Government.

GIB is targeting a first close on the Fund by the end of the calendar year.

Lord Smith of Kelvin, chair of the Green Investment Bank, said:

"We have emerged from our start-up phase as the most active investor in the UK's green economy. 2013-14 was a good year for GIB in a difficult market – we backed 18 new projects, more than double our first year, committing an additional £668m of capital."

Shaun Kingsbury, chief executive, said:

"Our role goes well beyond that of a traditional investor. We are providing a positive demonstration effect by successfully committing capital to profitable, green infrastructure investments. We are making a difference across the UK by taking on the tough projects, de-risking new technologies and lowering the cost of capital for our sectors."

"We want to do more to maximise our green impact. We plan to extend our reach into new markets like community-scale renewables. And we plan to raise new capital for the first time through the creation of a new £1 billion fund for operating offshore wind assets."

Business Secretary Vince Cable said:

"We established the UK Green Investment Bank (GIB) to jump start investments in cleaner, greener technology. These results show the impact they are having with £4.8bn pumped into green energy projects in just 18 months. Headquartered in Edinburgh, the bank's current investments have supported 3,500 jobs in the UK's growing green economy and will cut CO2 emissions equivalent to taking over half the cars off London's roads."

"GIB's plans for a dedicated offshore wind fund are a real boost for our industrial strategy in a sector where we have a strong competitive advantage compared to other countries. There are great opportunities for British companies and the industry has the potential to create 30,000 jobs for the UK."

Further details of GIB's results will be set out in the organisation's Annual Report, which will be presented at two annual review meetings in London (25 June) and Edinburgh (26 June), where Lord Smith of Kelvin and Shaun Kingsbury will explain the bank's performance and future strategy to a wide range of stakeholders.

Ends

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Notes to editors: -

1. The UK Green Investment Bank launched in November 2012. With £3.8billion of funding from the UK Government, it is the first bank of its kind in the world. It is a “for profit” bank, whose mission is to accelerate the UK’s transition to a greener economy, and to create an enduring institution, operating independently of Government.
2. **GIB’s investment performance summary for 2013/14:**

	2013-14	2012-13 ⁱ	Total
Number of projects	18	8	26
Capital committed (£m)	668	635 ⁱ	1,303
Private capital (£m)	1,879	1,630	3,509
Total funds mobilised ratio (£m)	2,547	2,265	4,812
Mobilisation ratio	1:3	1:3	1:3

ⁱ 2012-13 was GIB’s first year of operations in which it made a series of one-off investments, totalling £355m, to set up five funds to support small projects as well as providing a loan to the Green Deal Finance Company. The remaining capital committed in the year (£280m) was used to finance direct investments.

3. Ten GIB highlights:

1. 18 months after it began operations GIB is now the most active investor in the UK’s green economy.
2. GIB has now backed 28 green projects helping to bring up to £4.8bn of investment into the UK’s green economy.
3. Once built, GIB’s portfolio of current investments will earn a return of around 8% per annum.
4. GIB’s current investments will produce enough renewable energy to power all of Scotland’s homes with electricity.
5. GIB’s current investments will cut CO₂ emissions equivalent to taking over half the cars off London’s roads.
6. GIB’s current investments will cut the waste going to landfill equivalent to the household waste produced by Wales.
7. GIB’s investments have supported 3,500 jobs in the UK’s growing green economy.
8. GIB is backing local authorities to make the switch to low energy lighting, cutting their costs and energy use by up to 80%.
9. For every £1 GIB has invested in green projects across the UK we’ve locked-in an additional £3 from the private sector.
10. In February GIB’s first construction investment – TEG Biogas in Dagenham - opened on time, within budget and is producing renewable energy.

4. GIB Group financial results for 2013-14 (£'000):

	2013-14	2012-13ⁱ
Investment income	15,407	1,992
Expenses – direct investment and operational	21,153	8,204
Loss before income tax from continuing operations	5,746	6,212
Income tax benefit	1,517	1,205
Loss for the period from continuing operations	4,229	5,007

ⁱ GIB began full operations in October 2012 which meant that the financial year 2012-13 only covered a period of five months.

5. 2013-14 green impact highlights:

	Lifetime green impact of portfolio		Projected annualised green impact of portfolio when built	Annualised green impact equivalent to
	Actual to 31/3/14	Remaining		
GHG emission reductions (t CO ₂ e '000)	2,602	56,428	3,502	1.6 million cars off the road
Renewable energy generated (GWh)	3,438	200,360	12,840	Electricity for 3 million households
Energy demand reduced (MWh)	307	8,459,312	433,671	Electricity for 100,000 households
Materials recycled (tonnes)	9,631	11,228,573	454,950	Waste from 460,000 households
Waste to landfill avoided (tonnes)	8,994	31,727,864	1,280,350	Waste from 1.3 million households

6. The Annual Report will be available to download from 9am on Wednesday 25th June on www.greeninvestmentbank.com, once it has been laid before Parliament.