

Tushita Ranchan
Chair of Trustees
Green Purposes Company Ltd
c/o Turcan Connell
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

15 August 2017

Dear Tushita

As you know, a key benefit of the GIB privatisation is that GIB Group will no longer be restricted to making investments in the UK and will be free to pursue international investment opportunities which meet GIB's Green Objective. On 20 April, when the signing of the transaction was announced, Macquarie made it clear that GIB would become "Macquarie's platform for principal investments in green infrastructure projects in the UK and Europe (subject to applicable legal and regulatory constraints in each country)". As we near the completion of the sale process and the beginning of GIB's next phase of development and growth, this remains the case: the future GIB business will be anchored in the UK and a leading investor in UK green infrastructure, while also pursuing green infrastructure investments internationally.

As we have prepared the business for this geographic expansion, it has become clear that the use of the term 'Bank' is prohibited by Regulators in many jurisdictions where we may wish to invest. The term 'Bank' is already considered sensitive in the UK, although the UK Government secured the agreement of the UK regulator that the name could be used here ahead of GIB's launch in 2012. It is now clear from our own investigations, and external legal advice, that we would be highly unlikely to receive an equivalent agreement to use the term 'Bank' from other Regulators. Consequently, we have reached the conclusion that operating as the Green Investment Bank would put us at risk of operating illegally in many countries where we may wish to pursue investments.

For this reason, it is our intention to conduct our principal market-facing business as Green Investment Group rather than Green Investment Bank. This decision carries implications for the branding of the business and also the structure of the business.

From a branding perspective this was not a change that either we or Macquarie wanted. To minimise the impact of this change, and to protect the significant brand value we believe is attached to GIB, we do not anticipate any further brand changes beyond the substitution of 'Group' for 'Bank', subject to any further regulatory changes: the logo format, 'look-and-feel' and independent communication channels developed by GIB will continue. That business will trade and communicate as Green Investment Group Limited. We have purposefully sought to minimise the necessary changes.

From a structure perspective, we believe it is necessary to establish a new subsidiary called Green Investment Group Limited at or prior to completion of the privatisation. It is intended that new investments made by the GIB

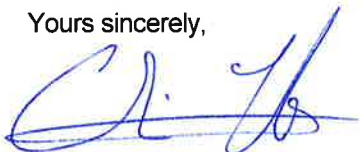
Group post-completion would be originated by this new entity and would be made by it or its subsidiaries. Again, we believe this is necessary to meet the regulatory requirements in key markets outside of the UK.

It is important to emphasise that these changes do not have any material impact on the Special Share which the GPC holds in GIB. That share continues to have the same rights as it does currently, and the green focus of the business' Green Objective and green purposes remain unchanged. Equally, the other commitments given to the GPC remain in place and are unchanged. For example, GIB will continue to report in a transparent manner the green impact of the investments it makes under the name of the Green Investment Group; it will facilitate the inclusion of a GPC annual letter in each GIB Annual Report; and it will hold or arrange an annual industry/stakeholder day in which GPC will be invited to participate.

From our perspective, this is an unfortunate and unwanted change to the branding - but not the substance - of our business. We have gone to some lengths to see if it could be avoided, and, when it was clear that it could not readily be avoided, to minimise the impact of it. That said, we believe it is a necessary change to support the long-term growth and expansion of the business. We believe the global green infrastructure market needs a specialist investor like GIB. We also believe that, by making this change now, we are creating a long-term platform for a growing business with increasing investments at home in the UK and abroad – all carried out in line with the organisation's Green Purposes.

I hope this letter fully explains the need for this change and provides you with full confidence that the change is not material to the Special Share and the arrangements already put in place with you.

Yours sincerely,



Colin Faulkner
Director of Government Affairs

Princes Exchange
1 Earl Grey Street
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16th August 2017

Green Investment Bank change in name

Dear Colin

Thank you for your letter dated 15th August explaining the changes in trading names and corporate structures of the Green Investment Bank (GIB), and the introduction of the Green Investment Group (GIG) as a trading name and as a wholly owned subsidiary of GIB.

We note the contents, in particular your statement that 'It is important to emphasise that these changes do not have any material impact on the Special Share which the GPC holds in GIB. That share continues to have the same rights as it does currently, and the green focus of the business' Green Objective and green purposes remain unchanged'.

We have taken independent legal advice as to the changes and are satisfied that the status and role of the special share held by us through the Green Purposes Company will not be compromised.

We understand why these changes are necessary within an international context, and we welcome GIB's plans to widen its geographical operations. However, we stress that, as trustees of the Green Purposes Company, we expect GIB and its subsidiaries to comply fully with its green purposes and to continue to invest strongly in the United Kingdom.

Yours sincerely



Tushita Ranchan
Chair of Trustees
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