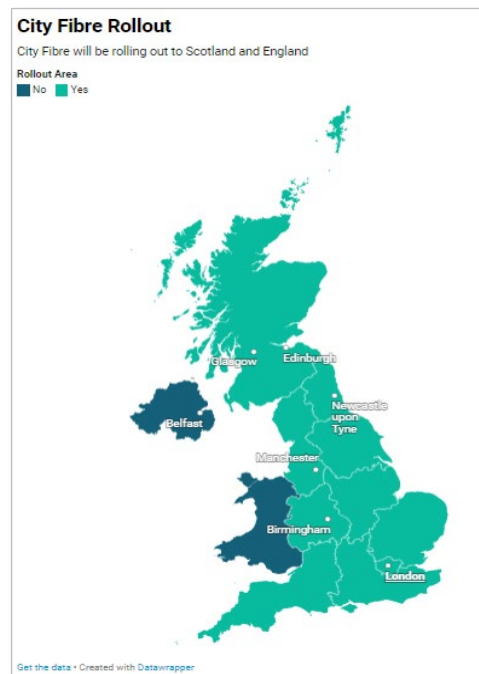


City Fibre deal: factsheet

Deal Information	
Deal signed	01/06/2022
Project status	Live
Sector	Digital
Location	UK-wide
Counterparty	CityFibre Holdings Limited ⁱ
Total Investment	£3.9 billion
UKIB Finance	£200m
Product	Senior Debt



Summary

UKIB provided £200m of debt to support CityFibre in reaching its target of improved digital connectivity to 8.8 million premises in 285 towns and cities across England and Scotland by 2029. Provision of fast and reliable broadband across the UK will improve productivity and deliver regional and local economic growth. The deal, which is worth £4.9 billion in total (£3.9 billion in debt plus £1 billion of uncommitted accordion), supports a programme which marks a step-change in the acceleration of full fibre broadband roll-out across the country.

Sector context

The Government's objective is to ensure every UK home and business can access fast and reliable digital connectivity. Their target is for at least 85% of UK premises to have access to gigabit capable broadband by 2025, withⁱⁱ the Levelling Up white paperⁱⁱⁱ increasing this target to 99% by 2030. The increase in demand for connectivity requires a transformation of the digital infrastructure on which the telecoms sector is built. At the end of 2021, 28% of UK homes and businesses had access to a Fibre-to-the-Premises ("FTTP") based broadband network.^{iv}

Impact and Additionality

This project is expected to contribute to UKIB's strategic objectives of regional and local economic growth and the transition to Net Zero because:

- CityFibre plan 15% of their rollout in the most deprived areas in England, 50% of the rollout in the 40% most deprived areas.
- This project covers some areas that are traditionally seen as less commercially attractive and areas with lower productivity rates.
- CityFibre work with councils to ensure that social housing is completely supported.
- Full-fibre is the most energy efficient broadband technology, leading to emission savings compared to copper.^v

UKIB acted as a cornerstone investor in this transaction and helped crowd-in investment at scale, ensuring scale and speed of the rollout. Market intelligence indicated that the banking market capacity for UK fibre projects is limited so UKIB can be confident that it is not displacing private sector lending.

ESRG considerations

The project was assessed for ESRG risks.^{vi} Full-fibre is resilient to climate change, and more efficient and future proof than copper. Fibre optic cables emit 88% fewer greenhouse gases per gigabit than networks base on copper wires according to a study^{vii}. CityFibre’s ESG plans show they are taking steps to reduce their wider emissions impact, aiming for net zero or negative carbon emissions by 2030. There are positive social impacts associated with reducing digital infrastructure inequality.

Impact Metrics

3	# Deals in the Digital sector
£350m	Total Investment in Sector
9000	Jobs (Created and Safeguarded)^{viii}
268,900 tCOe	Emissions^{ix}
£3,700m	Private Finance Mobilised

Note: this factsheet has been completed retrospectively based on the information which was available to the bank at the time of investment decision making.

ⁱ 15 Bedford Street, London WC2E 9HE

ⁱⁱ [Gigabit-broadband: Funding for rural and hard to reach areas - House of Commons Library \(parliament.uk\)](#)

ⁱⁱⁱ [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](#)

^{iv} Fibre to the premise (FTTP) means the connection from the exchange to the premises is entirely fibre (no copper), meaning that generally speed doesn’t degrade with distance. FTTP has other benefits above copper including resilience and lower energy consumption. See: [Connected Nations 2021: UK report \(ofcom.org.uk\)](#)

^v [Fibre is the most energy efficient broadband technology | Shaping Europe’s digital future \(europa.eu\)](#)

vi UKIB developed its approach to ESG over time, establishing a robust framework which is used to assess all current deals. Before this framework was finalised, a qualitative assessment based on the Equator Principles was carried out on investments.

vii <https://ifgconsultingeurope.com/the-hidden-challenges-of-moving-to-fibre%EF%BF%BC>

viii Circa 500 jobs attributable to UKIB's share of total finance.

ix GHG emissions figures are self-reported ex-ante estimates provided by the underlying company/project sponsor. The scope boundaries vary in each case and UKIB cannot guarantee alignment with the GHG protocol. Attributable emissions circa + 14,000 tCO₂e based on UKIB share of total finance.