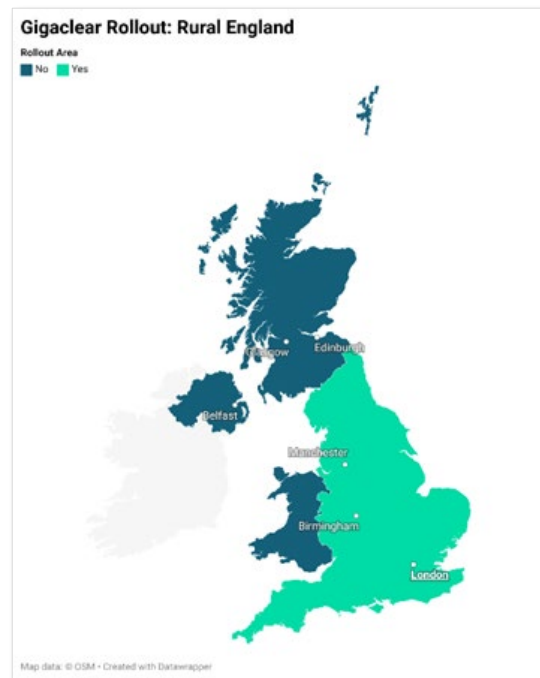


Gigaclear deal: factsheet

Deal Information	
Deal signed	17/12/2021
Project status	Live
Sector	Digital
Location	England (rural areas of the Midlands, South East and South West England)
Counterparty	Gigaclear Ltd ⁱ
Total Investment ⁱⁱ	£715m
UKIB Finance	£100m
Product	Senior Debt



Summary

UK Infrastructure Bank provided £100 million in senior debt to support Gigaclear’s business plan to deliver full-fibre broadband infrastructure to underserved rural communities in England from circa 200k currently to circa 500k homes by early 2024. This project supports the Government’s ambitious target for at least 85% of UK premises to have access to gigabit broadband by 2025. UKIB investment was needed to ensure these benefits are delivered without delay.

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, withⁱⁱⁱ the Levelling Up white paper^{iv} 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.^v

Impact and Additionality

The project will:

- Support our regional and local economic growth objectives by improving digital connectivity in rural communities, connecting 500k homes by early 2023.
- Lead to emissions savings because full fibre is the most energy efficient broadband technology^{vi}

At the time of investment, market feedback highlighted constrained market conditions limiting large debt funding rounds, which meant this project faced financing challenges. UKIB funding is closing a liquidity gap and ensuring FTTP connectivity is available in underserved locations and speeding up rollout to most parts of the country. UKIB can be confident that it is not displacing private sector lending, since it is filling a financing gap left after borrowing from Gigaclear's relationships banks and is providing financing on the same terms as them.

ESRG (Environmental, Social, Resilience & Governance) considerations

The project was assessed for ESRG risks.^{vii} FTTP is less energy intensive than traditional copper connections as it does not require amplifiers, powered splitters, etc. between the exchange and the premise, due to the use of passive street cabinets. There is also a reduced energy consumption at the exchange per user.^{viii} Gigaclear have expressed their commitment to continuous ESG improvement in their Annual Report. UKIB identified no significant ESRG risks, although it was noted that Gigaclear will need to develop their ESG governance systems over time.

Impact Metrics

1	# Deals in the Digital sector (UKIB's first digital deal)
£100m	Total Investment in Sector ^{ix}
500	Jobs (Created and Safeguarded) ^x
2,300 tCO2e	Emissions ^{xi}
£90m	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 Gigaclear Limited, Building One, Wyndyke Furlong Abingdon, Oxfordshire United Kingdom, OX14 1UQ

ⁱⁱ This figure includes both debt and equity raised.

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

^{iv} [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

^v 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 \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/cn2021/cn2021.pdf)

^{vi} [Fibre is the most energy efficient broadband technology | Shaping Europe's digital future \(europa.eu\)](https://ec.europa.eu/digital-affairs/en/news/fibre-is-the-most-energy-efficient-broadband-technology-shaping-europes-digital-future)

^{vii} 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.

^{viii} [Connected Nations 2022: UK report \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/cn2022/cn2022.pdf)

^{ix} This figure does not include legacy assets which were acquired by UKIB

^x Circa 250 jobs attributable to UKIB's share of finance

^{xi} Circa +1,200 tCO₂e emissions attributable to UKIB's share of finance. 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.