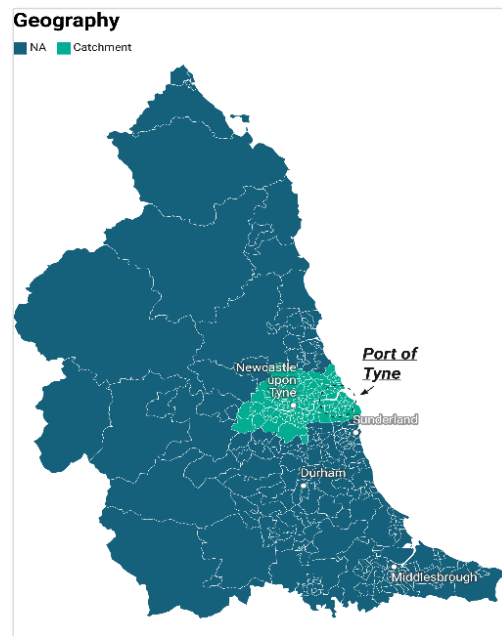


Port of Tyne Deal: factsheet

Deal Information	
Deal signed	02/06/2023
Project status	Live
Sector	Ports
Location	North and South Shields
Counterparty	Port of Tyne ⁱ
Total Investment	£100m
UKIB Finance	£50m
Product	Debt



Summary

The Port of Tyne (the “Port”) is looking to further develop their port to capitalise on their strategic location, diversifying income streams towards new investments in green industries, such as renewables and energy transition opportunities. The Port is crucial to the local and regional economy. It is considered essential infrastructure for the region, serving as a hub for major businesses and supporting 12,000 jobs in the region and generating Gross Value Added (GVA) of £600m per year.

The UK Infrastructure Bank is providing a £50m Capex facility, which is part of a debt refinancing package of up to £100m. Our loan provides the Port with certainty of funding over 10 years and will allow it to compete effectively for upcoming tender opportunities and expansion projects. This will help the Port to continue their transformation to a clean energy industrial hub and support the deployment of offshore wind.

Sector context

Ports play a key role in Regional and Local Economic Growth (RLEG). They can be located in less prosperous regions and play an important role in economic growth in these areas. The UK offshore wind sector provides a major opportunity for economic growth and good quality jobs based around ports, particularly in the Northeast. Trust ports (such as the Port of Tyne) have a unique financing structure with no equity; as a result, they can face challenges raising enough finance to support their expansion plans.

Impact and Additionality

UKIB’s investment has significant potential to enable wider net zero benefits, by supporting the Tyne area and the wider Northeast to transition to the green economy. It will also bring strong economic benefits to the local region through:

- supporting the expansion of offshore wind deployment and other renewables activities, as the Port is strategically located to service nearby installations alongside its deep-water quays facilitating the largest vessels
- further supporting the development of the local supply chain for offshore wind and renewables
- supporting automotive and manufacturing organisations to transition to a sustainable green future
- utilising the first Maritime Innovation Hub, based at the Port of Tyne, to facilitate innovation and creativity in the maritime sector
- supporting the transition to future fuels for vessel owners and users of the River Tyne
- creating and supporting jobs in an area with below average employment rates and income levels.

We think based on evidence reviewed that access to finance is a particularly acute issue for trust ports like the Port of Tyne, since their legal constitution does not allow for equity investment. This means that they have to borrow money to finance and build the required enabling infrastructure, which needs to be completed before a potential third party/tenant secures the site. In the case of Port of Tyne, UKIB is offering a longer tenor than commercial banks would typically offer.

ESRG considerations

The project met UKIB’s interim ESRG standardsⁱⁱ. We are confident in the Port of Tyne’s ability to manage its ESRG risks. Port of Tyne has a promising green port strategy (Tyne 2050) to deliver their net zero plans and be operationally net zero by 2030. UKIB has agreed with the Port that it will ensure any investment activities do no significant harm to the local environment.

Impact Metrics

2	# Deals in the Ports Sector
£157m	Total Investment in Sector
c.1,180 ⁱⁱⁱ	Jobs created (Created and Safeguarded)
£50m	Private Finance Mobilised

ⁱ Maritime House, Tyne Dock, South Shields NE34 9PT

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

ⁱⁱⁱ Jobs attributable to UKIB based on proportion of finance