

# NexFibre (VIRGIN MEDIA NETWORKS LIMITED) deal: factsheet

Deal Information	
Deal signed	December 2022
Sector	Digital
Location	UK wide
Counterparty	NexFibre <sup>i</sup>
Total investment	£3bn
UKIB Finance	£250m
Product	Capex – Facility



## Summary

UK infrastructure Bank provided a loan of £250m to accelerate NexFibre’s rollout of Fibre to the Premise (FTTP) broadband to 5 million homes across the UK by 2026. NexFibre is a partnership between Virgin Media O2 owners, Liberty Global and Telefonica, and InfraVia Capital Partners, providing £1.4 billion in equity for the project. The deal also includes more than £3 billion in debt raised from further private investors. UKIB’s involvement is helping to underpin what is the second largest debt raise seen in the UK digital market to date. The Bank’s loan is targeted towards locations which to date have had poorer digital connectivity or historically lower productivity. The provision of fast and reliable broadband connections in these areas will improve productivity and deliver regional economic growth. 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, with<sup>ii</sup> the Levelling Up white paper<sup>iii</sup> 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.<sup>iv</sup>

## Impact and Additionality

By improving digital connectivity across the country, to around 5m properties, this project is expected to contribute to UKIB’s strategic objectives of supporting regional and local economic growth and the transition to Net Zero because:

- Opal’s footprint covers all four devolved nations, targeting 54% of its planned rollout in Ofcom Area 3, where Ofcom consider the market to be less competitive.
- 26% of premises are in areas that fall within the UKIB priority areas of relatively low productivity, low connectivity, and higher skills. This ensures that rollout is accelerated where there is highest potential for benefit realisation.
- Full-fibre is the most energy efficient broadband technology, leading to emission savings compared to copper.<sup>v</sup>

Market intelligence indicated that the capacity for UK fibre projects is limited in capital markets. UKIB entered the deal with the flexibility to scale back commitment, ending with 100% allocation.

## ESRG considerations

The project was assessed for ESRG risks.<sup>vi</sup> 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.<sup>vii</sup> VMO2 has a comprehensive ESG policy that will apply to the SPV as well.

## Impact Metrics

5	# Deals in the Digital sector
£700m	Total Investment in Digital Sector <sup>viii</sup>
900	Jobs (Created and Safeguarded) <sup>ix</sup>
+403,000tCO2e	Emissions <sup>x</sup>
£2750m	Private Finance Mobilised

<sup>i</sup> Griffin House, Hammersmith Road, London, England, W6 8BS

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

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

<sup>iv</sup> 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 \(ofcom.org.uk\)](#)

<sup>v</sup> Fibre is the most energy efficient broadband technology | Shaping Europe’s digital future (europa.eu)

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<sup>vi</sup> 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.

<sup>vii</sup> <https://ifgconsultingeurope.com/the-hidden-challenges-of-moving-to-fibre%E2%82%AC>

<sup>viii</sup> These figures are produced at the time that this deal was announced.

<sup>ix</sup> Circa 50 jobs attributable to UKIB share of finance

<sup>x</sup> GHG emissions figures are self-reported ex-ante estimates provided by the underlying company/project UKIB share. The scope boundaries vary in each case and UKIB cannot guarantee alignment with the GHG protocol. Circa + 23,000 tCO<sub>2</sub>e emissions attributable to UKIB share of finance.