

Information Sheet

KfW's Digital Infrastructure Syndicated Loan

Digital Infrastructure

854
Loan

Financing of investments in the expansion of digital infrastructure in Germany.

Promotional objective

KfW's Digital Infrastructure Syndicated Loan offers commercial and municipal companies as well as project companies (SPVs) flexible financing possibilities for their investments in the expansion of fibre optic networks (FTTH/FTTB) in Germany. The product supports the widespread expansion of high-speed broadband networks as part of the German Federal Government's broadband strategy.

Financing structure

KfW participates in financings in a standard market manner at equal terms and conditions as other financing partners (including banks, insurance companies and funds), i.e. pari-passu with the financing partners. Hereby, KfW assumes pro rata credit risks of the financed commercial or project company. The financing structures are tailored to meet the borrower's individual needs.

The financings are granted within the framework of a consortium, either directly as a consortium partner or indirectly via a risk sub-participation. Optionally, all financing partners participating in the consortium can be bilaterally refinanced by KfW, whereby a state aid-free interest rate above the relevant EU base rate is offered as an interbank rate for the funding.

Who can apply?

- Domestic and foreign commercial companies which are in majority private ownership.
- Companies with a municipal shareholder background of at least 50% (direct or indirect stake in one or more local territorial authorities or federal states with a total of at least 50% with a municipal minimum stake of 25%).
- Special-purpose vehicles (regardless of stakeholder background).

Participation of credit institutions, insurance companies or comparable financial institutions

Credit institutions, insurance companies or comparable financial institutions, with the exception of private equity investors, may not have a direct or indirect stake of more than 25% in the applying commercial or project company. Private equity investors may be directly or indirectly involved, regardless of the stake in the applicant company.

What can be financed?

All expenditures on investments and working capital, including ancillary costs, can be financed if they are related to projects in Germany

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- for the expansion of passive FTTH/FTTB networks (including conduits, cables, point-to-point buildings, dark fibre),
- to install active components of the FTTH/FTTB network,
- for backbone network expansion,
- connection to other infrastructures (e.g. connection to cell phone towers or data centres) and
- for the construction of data centres, provided that the construction of the data center will be connected to the fibre network infrastructure or the data centre is part of the network infrastructure (e.g. at data nodes).

Environmental and social compatibility:

The project must comply with environmental and social requirements and standards applicable in Germany.

The following are excluded from financing:

As a general rule, debt restructuring or retroactive financing of projects that have already been fully completed is excluded. This does not apply to the refinancing of investment costs in connection with a project that has not yet been fully completed. In this case, KfW can participate in both, the financing of further investment costs (increase, e.g. for further expansion of a network) and in the refinancing of existing investment costs (e.g. for the already completed part of a network).

KfW also generally excludes certain projects from financing or imposes conditions to be met. For details, see KfW Group's [Exclusion List](#).

Is a combination with other promotional programmes possible?

A loan from KfW's Digital Infrastructure Syndicated Loan programme can be combined with promotional funds (loans or grants/subsidies) within the following framework. KfW participates in financings pari passu in accordance with the principles of a market-based investor. Due to the financing on market terms and conditions, KfW funds are free of state aid. For this purpose, the funding provided by independent private lenders must be of real economic significance in view of the overall size of the investment. Consequently, the share of the public sector (including KfW financing) in the default risk of the ultimate borrower may not exceed a total of 50% of the pari passu financing, whereby any grants/subsidies are not to be offset against the share of the public sector.

Conditions

KfW assumes the terms and conditions agreed by the financing partners (including term, repayment method, margins, commitment fee, other fees, collateral structure) insofar as these

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are considered to be customary on the market on the basis of a creditworthiness and risk assessment by KfW.

KfW's risk share (share of the ultimate borrower's default risk) is generally up to a maximum of EUR 30 million. The risk assumed by KfW

- can amount to a maximum of 50% of the project financing and
- must not lead to KfW becoming the largest risk taker in order to ensure an adequate risk partnership between KfW and the financing partners.

How to apply?

KfW's participation requires an invitation of the financing partner.