DigitalBridge | Advencap | Soho Square Capital

Cyrus Mehta, *Inquiry Group Chair*
Competition and Markets Authority
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cc:

Melanie Dawes, *Chief Executive*
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By email

23 October 2026

Dear Mr Mehta,

Case ME/7146/26 – Anticipated acquisition by Liberty Global, Telefónica and InfraVia (through their joint venture, nexfibre) of Substantial: response to the CMA's Interim Report

We write as the majority shareholders of Substantial. With this letter we enclose Substantial's full response to the Interim Report, which explains in detail why an acquisition by CityFibre was not the most likely outcome absent the Transaction, either in February 2026 or today. We are writing to you directly because we are the sellers. We are the shareholders whose agreement is essential to any sale to CityFibre. We can tell the Inquiry Group, first hand and without qualification, that a transaction with CityFibre was not a realistic counterfactual in February 2026 and remains unrealistic today.

The Interim Report's provisional finding of a substantial lessening of competition rests almost entirely on one premise: that, absent the Transaction, CityFibre would have acquired Substantial. The claimed reduction in the share of nexfibre's and VMO2's network where three networks are present, from c. 32% to c. 18%, arises only because Substantial's network is assumed to have passed to CityFibre. If that premise fails, the provisional finding fails with it. The premise is flawed. It cannot be reconciled with the evidence, or with what we as the sellers actually decided and why.

CityFibre's offers were not overlooked. We considered and rejected them because [**REDACTED**]. We are professional investors. We owe fiduciary duties to maximise returns for our own investors. Had CityFibre's offers [**REDACTED**] been capable of [**REDACTED**] we would have had every incentive to accept them. We did not accept them

for one reason: CityFibre could not show that it could [**REDACTED**] over the course of [**REDACTED**].

We told CityFibre and its advisers expressly that funding certainty is a key issue for us. Over [**REDACTED**] of negotiations, CityFibre never delivered it. Our financial adviser on the sale [**REDACTED**]. By [**REDACTED**] Substantial [**REDACTED**]. Any CityFibre acquisition depended on four separate and cumulative conditions. None of them was secured: (1) CityFibre needed committed equity from its shareholders or third parties. That equity was [**REDACTED**], and at every stage it was conditional on further steps, including [**REDACTED**] and now an uncertain and significant public restructuring; (2) CityFibre also needed Substantial's lenders to roll c. £[**REDACTED**] million of debt into CityFibre – consent that, as explained below, [**REDACTED**]; (3) CityFibre needed the consent and new money of its own lenders, even though its 2025 scheme of arrangement permitted only £160 million of acquired debt; (4) Finally, CityFibre's final offer depended on the [**REDACTED**], not only as a matter of agreeing terms but both [**REDACTED**]. The [**REDACTED**] was far from being delivered. A bidder that lacks all four elements is not a buyer and cannot be treated as such. At most, an acquisition of Substantial by CityFibre is a remote possibility.

The Interim Report provisionally assumes, based on indirect evidence, that most of Substantial's debt would have been rolled over in a CityFibre transaction. That assumption is plainly incorrect. [**REDACTED**], cannot be the "most likely" outcome absent the Transaction.

Since the Interim Report was published, CityFibre's position has deteriorated further, and it is now on the public record. Its auditors have, for the second year running, identified a material uncertainty that casts significant doubt on its ability to continue as a going concern. In October 2026, CityFibre opened its second restructuring in 13 months, under pressure to agree terms with its lenders or face creditors "taking the keys" as soon as next year (as reported by *Bloomberg*). It has asked those lenders to write down part of an approximately £2 billion loan in exchange for equity, to accept interest paid in additional debt rather than cash, and to provide new money for acquisitions. CityFibre's own presentation to its lenders reportedly records that its debt pile has hindered earlier acquisitions. It would be irrational for us to consider a transaction with CityFibre in these circumstances, especially given CityFibre's 2025 'fundraising' was in fact a court-sanctioned [**REDACTED**] that occurred when CityFibre was only weeks away from insolvency. What the CMA describes as a 'fundraising' was far from a vote of confidence: [**REDACTED**].

The £900 million shareholder injection on which the Interim Report relies does not change this. It is uncommitted. It is conditional on CityFibre's lenders agreeing to a restructuring that would crystallise losses on their existing exposure. It would also be advanced as a shareholder loan ranking alongside bank debt, not as loss-absorbing equity. A company that must ask its existing lenders to absorb losses, forgo cash interest and lend afresh before it can repair its own balance sheet is not a purchaser able to fund and complete a c. £2 billion acquisition of Substantial. That was true in February 2026. It is true today. [**REDACTED**].

We therefore wish to state our position plainly. We do not see any realistic prospect of [**REDACTED**]. Absent the Transaction, Substantial would have continued as a standalone, vertically integrated, retail-led operator. An exit was never our only alternative, [**REDACTED**]. The CMA has accepted that standalone operation "remained a viable option", and [**REDACTED**]. In the alternative, we might in due course have pursued a

transaction with another party. A transaction with CityFibre, however, was not the most likely outcome. The evidence shows that it was, and remains, demonstrably remote. As professional investors acting as fiduciaries, we would not [**REDACTED**].

The Interim Report reaches the opposite conclusion only by moving from findings about incentive to a finding about likelihood. It finds that Substantial's shareholders had an incentive to sell and that CityFibre was highly motivated to buy. But incentive is not capability. A finding that a transaction on undefined terms was possible cannot support a finding that it was the most likely outcome. The Interim Report also sets aside the actual outcome of a genuine, professionally advised, competitive [**REDACTED**] in favour of a hypothetical one. It bridges CityFibre's funding gap almost entirely by relying on developments after the Transaction was signed, and those developments do not bridge it in any event.

The consequence is serious. The provisional conclusion favours an alternative buyer whose offer we rejected because [**REDACTED**], and which is now asking its own lenders to write down their debt. That produces an unjustifiable and damaging distortion of the market. It would also penalise sellers for doing exactly what prudent, fiduciary investors are obliged to do: insisting on funding certainty before agreeing a sale. As fiduciary investors, we cannot, and should not be expected to, [**REDACTED**].

We respectfully ask the Inquiry Group to reconsider its provisional view, in light of the enclosed response and this letter. The only credible counterfactual is a standalone Substantial. Against that counterfactual, the theory of harm is not made out. A CityFibre acquisition was, at most, a speculative possibility when the Transaction was signed [**REDACTED**]. It would be irrational to treat it as the most likely scenario and the appropriate counterfactual against which to assess the Transaction.

We welcome the opportunity to discuss these points with the Inquiry Group, including at the forthcoming Main Party Hearing. We would be happy to provide any further information the Inquiry Group may need.

Yours sincerely

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MARC GANZI, CHIEF EXECUTIVE OFFICER

For and on behalf of

DIGITALBRIDGE

_____

ABEL DANIEL SCHOEMAN, FOUNDING PARTNER

For and on behalf of

ADVENCAP

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WALID FAKHRY, MANAGING PARTNER

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23 October 2026

Re: Case ME/7146/26 — Anticipated acquisition by Liberty Global, Telefónica and InfraVia (through their joint venture, nexfibre) of Substantial: response to the CMA's Interim Report

We are the majority shareholders of Substantial Topco Limited ("**Substantial**") and write in response to the CMA's interim report dated 2 October 2026 (the "**Interim Report**").

We fundamentally disagree with the CMA's provisional conclusion that the proposed acquisition by Liberty Global, Telefónica and InfraVia (through their joint venture, Nexfibre Bidco Limited ("**nexfibre**")) of Substantial (the "**Transaction**") may be expected to result in a substantial lessening of competition ("**SLC**"), and with the premise on which it rests: that, absent the Transaction, Substantial would have been acquired by CityFibre (the "**CityFibre Transaction**").

As the shareholders who ran the sale process, decided which offer to accept and whose approval any future transaction involving Substantial would require, we are best placed to say what we would have done. We firmly reject the CMA's provisional view. A CityFibre Transaction was not, and is not, a realistic outcome.

1 CityFibre's shareholders have never offered equity commitments [REDACTED]

Before the Transaction was signed on 18 February 2026 ("**Signing**"), we told CityFibre on several occasions that [**REDACTED**][1] [**REDACTED**]. Given CityFibre's restructuring in 2025 via a scheme of arrangement (with another major restructuring announced in October 2026) and its own auditors flagging a material uncertainty over its ability to continue as a going concern,[2] [**REDACTED**]. No responsible seller would take a counterparty with that profile on [**REDACTED**] terms. Two weeks before Signing, CityFibre's shareholders indicated through their lawyers that they agreed in principle to [**REDACTED**]. They [**REDACTED**].

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1 [**REDACTED**].

2 CityFibre Infrastructure Holdings Limited, Report and Consolidated Financial Statements for the Year Ended 31 December 2024, published 7 October 2025, page 31. CityFibre continues to carry this material uncertainty risk in its own audited 2025 financial statement: CityFibre Infrastructure Holdings Limited, Report and Consolidated Financial Statements for the Year Ended 31 December 2025, published 7 October 2026, pages 34 and 42–43.

Nothing has changed since. We have seen no evidence that CityFibre's shareholders are able or willing to [**REDACTED**]. CityFibre's own submissions show only that certain shareholders have given in-principle support for a CityFibre Transaction, and the Interim Report itself records that even this support remains uncommitted (subject to due diligence and the finalisation of deal terms). Conditional support of this kind falls well short of showing that a transaction could be [**REDACTED**].

Recent press reports also suggest that the £900 million injection from CityFibre's shareholders remains contingent on it striking uncertain and complex agreements with lenders to write down part of a £2 billion debt in exchange for an equity stake, otherwise CityFibre will "face creditors taking the keys as soon as next year".[3] The support CityFibre's shareholders offer — as they did at the time of signing of the Transaction — is not an unconditional backstop. The Interim Report fails to factor in CityFibre's [**REDACTED**], and the current restructuring illustrates the point: a business that cannot sustain its balance sheet without lenders taking significant haircuts on their debts is not, on any view, a credible buyer, and no counterfactual can rationally be built on that premise.

2 Substantial's lenders would [**REDACTED**]

CityFibre's final bid depended on the full rollover of Substantial's senior and junior debt of c. £[**REDACTED**] million. The CMA found that by February 2026, the change of control requirements in Substantial's loan facilities would "partially" have been met through rollover of the majority of Substantial's debt. So far as the Interim Report discloses, however, the CMA did not ask those lenders. We have, and [**REDACTED**].

The Interim Report's provisional view that the majority of Substantial's debt would have been rolled over in a CityFibre Transaction is incorrect. [**REDACTED**]. These are the [**REDACTED**]. Without it, CityFibre's proposed funding structure could not work, and no CityFibre Transaction could have completed.

[**REDACTED**] Substantial's shareholders would [**REDACTED**].

CityFibre turned down this [**REDACTED**].

3. CityFibre [**REDACTED**]

We reject the CMA's assertion that we viewed CityFibre's offer as credible despite its funding position. That is not correct. [**REDACTED**] — a business that has just been through a restructuring approved by way of scheme of arrangement and has now opened its second restructuring in 13 months. Its own auditors have also repeatedly flagged a material uncertainty over its ability to continue as a going concern. We understand that we are not alone in that view. CityFibre is well known to other market participants for [**REDACTED**], but this strategy has stalled because [**REDACTED**].

Even so, every price and every structure it put to us [**REDACTED**] CityFibre never [**REDACTED**].

4 We would not have [**REDACTED**]

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[3] Paula Doenecke and Constantine Courcoulas, *Bloomberg*, 'CityFibre Asks Banks to Restructure Debt and Fund M&A Deals', 15 October 2026.

The Interim Report suggests that, absent the Transaction, we may have accepted less than £2 billion from CityFibre. [**REDACTED**]. The CMA itself accepts that it is not possible to determine what an amount acceptable to Substantial's shareholders would have been. The CMA reached its view without asking us, the shareholders whose approval any sale requires. [**REDACTED**]. DigitalBridge, Advencap and Soho Square Capital are professional investment firms acting as fiduciaries for our investors. In assessing any transaction, we consider any exit against [**REDACTED**].

The bid history also refutes the CMA's suggestion. We were offered, and declined, [**REDACTED**]. We declined the [**REDACTED**] offer of £[**REDACTED**] billion and again at £[**REDACTED**] billion from [**REDACTED**]. We agreed the Transaction at £2 billion, which [**REDACTED**] an equity value of c. £[**REDACTED**] billion. [**REDACTED**].

The price is [**REDACTED**].

The standalone position has [**REDACTED**]. Absent the Transaction, Substantial's [**REDACTED**] is forecast to be c. £[**REDACTED**] by [**REDACTED**], against c. [**REDACTED**] at [**REDACTED**]. Holding the equity value that we agreed would therefore [**REDACTED**]. The converse also holds. At an enterprise value of £[**REDACTED**] billion in [**REDACTED**], the equity value would now be c. £[**REDACTED**] million — c. £[**REDACTED**] million [**REDACTED**]. A price at or below £2 billion is therefore [**REDACTED**].

CityFibre's position compounds this. CityFibre could not [**REDACTED**]. The funding gap [**REDACTED**]. It would only leave us with a worse outcome from a buyer that still could not fund the acquisition.

We are not, and have never been, [**REDACTED**]. The CMA's premise should not be relied on in determining the counterfactual.

We also reject the CMA's premise that the absence of a rival bidder would also have driven us to accept below £2 billion. As explained above, we [**REDACTED**]. The CMA suggests that competition between the bidders 'drove up the price', but the price reflected [**REDACTED**].

The CMA itself found that remaining standalone was a viable option for Substantial. In addition to this, [**REDACTED**].

5 Our view as majority shareholders is that CityFibre would not have acquired Substantial in the counterfactual

CityFibre's offer was, in some respects, [**REDACTED**] than nexfibre's, as it [**REDACTED**]. We nonetheless chose nexfibre's [**REDACTED**], fully funded offer. That choice shows that funding certainty [**REDACTED**]. The CMA has accepted this. [**REDACTED**], also shows that the CityFibre Transaction could not close.

CityFibre's undeliverability remains today. We have received no evidence to date that CityFibre would [**REDACTED**]. To the contrary, CityFibre Limited's independent

auditors have once again raised concerns about its viability as a going concern in its 2025 accounts:[4]

> *The Group's consolidated financial statements include a material uncertainty related to going concern, arising from the limited headroom on its financial covenant requirements under its debt facilities as at June 2027. While sufficient liquidity is forecast throughout the going concern assessment period, limited headroom against future covenant tests means that reasonably possible adverse movements in performance could require lender waivers or amendments, which are outside the Directors' control. This may have a direct impact on the Group's ability to provide the required financial support to the Company and as a result this indicates that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and as a result it may be unable to realise its assets and discharge its liabilities in the normal course of business*.

Against this pattern of material uncertainty related to going concern, the scheme of arrangement in 2025, and the recent launch of yet another significant restructuring process by CityFibre — casting even further doubt on its financial viability — it is hardly surprising that [**REDACTED**]. The CMA should [**REDACTED**]. The CMA should also [**REDACTED**],[5] [**REDACTED**].

As fiduciaries for our investors, we were [**REDACTED**]. The CMA's finding rests on our incentive to sell and CityFibre's motivation to buy. CityFibre's aspiration does not translate to capability, and our incentive to sell [**REDACTED**] funding certainty.

On this basis, we do not believe an acquisition of Substantial by CityFibre was realistic at Signing [**REDACTED**]. A CityFibre Transaction is therefore not a realistic counterfactual, let alone the most likely one.

Given the significance of these issues, we urge the CMA to reassess the counterfactual in light of Substantial's response to the Interim Report, this statement and the lenders' confirmations. We would also welcome the opportunity for the Inquiry Group to meet with us directly before it reaches its final decision.

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4 CityFibre Limited, Report and Financial Statements for the Year Ended 31 December 2025, published 6 October 2026, page 21. See also CityFibre Infrastructure Holdings Limited, Report and Consolidated Financial Statements for the Year Ended 31 December 2025, published 7 October 2026, pages, 34 and 42–43; Connect Infrastructure TopCo Limited, Report and Financial Statements for the Year Ended 31 December 2025, published 7 October 2026, page 42.

5 Paula Doenecke and Constantine Courcoulas, *Bloomberg*, 'CityFibre Asks Banks to Restructure Debt and Fund M&A Deals', 15 October 2026.

Yours sincerely

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MARC GANZI, CHIEF EXECUTIVE OFFICER

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