

Asia Pacific data centre

Acquisition of 88% in AirTrunk

The Macquarie Infrastructure and Real Assets-led acquisition of an 88% equity interest in AirTrunk is the Asia Pacific Best Data Centre deal of the year.

MIRA led the investor consortium, including Canadian pension fund PSP Investments, that acquired its controlling stake from Goldman Sachs, Sixth Street Partners and AirTrunk's founder Robin Khuda.

The strategic acquisition was one of Asia Pacific's largest data centre transactions at more than A\$3 billion (\$1.84 billion). The deal signified the rapid growth of the data centre industry in the region and allowed AirTrunk to accelerate its ambitious expansion. Deutsche Bank was lead debt arranger.

APAC-focused AirTrunk is a hyper-scale data centre platform for large cloud, content, and enterprise customers. At closing, AirTrunk owned 5 data centres with a combined capacity of 450MW in Australia, Hong Kong and Singapore.

The North Sydney company ran a private sales process that received interest from several potential buyers. Infrastructure funds, pension funds, and strategic investors bid on the acquisition. AirTrunk also negotiated with Australia's Foreign Investment Review Board to ensure restrictions on bidders were minimised to optimise competitive tension.

The MIRA-led consortium submitted an inventive plan and investment structure for the AirTrunk founder and CEO. MIRA had negotiated with the founder that he would maintain a "material stake in the business" and would remain as chief executive under a long-term arrangement, supported by the existing executive management team.

The deal featured a financing package promoted by AirTrunk as part of the sales process. The asset-level financing package also contained market-leading features, allowing the company access to more financing to continue their regional expansion.

"AirTrunk's established APAC footprint and a clear path to expansion in other markets was important to the success of the transaction," said a deal adviser. "This is due to the region's emerging economies and growing populations, leading to substantial growth in data, a shift to the cloud and greater need for in-country workloads and storage."

Participants: Baker McKenzie, Deutsche Bank, DLA Piper, Gilbert & Tobin, Goldman Sachs, Grant Samuel, Hogan Lovells, King & Wood Mallesons, KPMG, Macquarie Capital, Norton Rose Fulbright, PwC

Asia Pacific telecoms

Acquisition of Jio Platforms

The acquisition of Jio Platforms is the Asia Pacific Best Telecoms deal of the year.

Thirteen financial and strategic investors acquired about 33% equity interest in Reliance Industries' Indian mobile communications operator Jio Platforms for more than Rs1.52 trillion (\$21 billion).

Investors were Facebook, Google, Silver Lake, Vista Equity Partners, General Atlantic, KKR, Mubadala, ADIA, TPG, L Catterton, Public Investment Fund of Saudi Arabia, Intel Capital and Qualcomm Ventures.

Google took a 7.73% equity stake on fully diluted basis for Rs337.37 billion.

Morgan Stanley was Reliance's financial adviser on this series of consequential transactions.

"Jio started with a vision of connecting everything by building a robust and secure wireless and digital network."

The Jio Platforms management team had brought "extraordinary engineering capabilities to bear on bringing the power of low-cost digital services to a mass consumer and small business population," said Silver Lake co-chief executive and managing partner Egon Durban.

In 2016, Mukesh Ambani, chairman and managing director of Reliance Industries, launched Jio Platforms subsidiary Reliance Jio Infocomm. Reliance crushed competition from more established mobile telecoms players, including Bharti Airtel Telecom and Vodafone India, by offering free voice calls throughout India.

Jio also swallowed younger brother Anil's Reliance Communications the following year and pushed Vodafone into a merger with another local player Idea Cellular Today. At closing, Jio Platforms' customer base was 398.3 million.

"Jio started with a vision of connecting everything by building a robust and secure wireless and digital network and extending the benefits of digital connectivity to everyone in India," Mukesh Ambani said. "Thirteen investors, which include the largest technology companies and investors globally, now share a common vision with us."

Participants

- AZB & Partners
- Davis Polk & Wardwell

Asia Pacific water – **Binh Duong Water Treatment Expansion**

The Binh Duong water treatment expansion is the Asia Pacific Best Water deal of the year.

Binh Duong Water Environment (BIWASE) – established by the Vietnamese government in 1975, privatised in 2016 and listed in Ho Chi Minh a year later – is a water and waste management company providing services to Binh Duong province in southern Vietnam. The company, however, has faced multiple challenges due to insufficient creditworthiness and slow transformation.

The project entailed corporate loans to support BIWASE's investment to expand Tan Hiep water treatment plant's production capacity by 100,000 m3 per day, construct a new raw-water transmission pipeline and serve the growing water demands from domestic customers and industrial zones.

"The company is the leading privatised company in Vietnam's water sector and operates with lowest level of non-revenue water in the country," said a deal insider.

Asian Development Bank and Japan International Cooperation Agency loaned BIWASE a combined \$16 million. The transaction was ADB's first viable private sector financing in Vietnam's water sector. The project represented the collaboration between local and international organisations to support the province in satisfying its rapidly growing water needs.

The financing package, including 2 parallel loans and technical assistance on a grant basis, strengthened BIWASE's creditworthiness and institutional capacity to provide water supply services. Besides, the one-stop solution loan facility supported BIWASE's transition from reliance on sovereign financing to private sector financing.

Binh Duong is one of the country's fastest developing provinces and has attracted \$5.7 billion of foreign direct investments since 2016. The region has the fastest-growing population in the country, putting pressure on water treatment, supply and distribution. Water demand annually grew 20% from 2016-2019. BIWASE projected that the water demand will exceed its capacity by 2021. The expansion will allow BIWASE to increase its water treatment capacity by 80%.

"BIWASE supplies water to this fast-growing province and has a total water production capacity of 311,300 m3/day, a total distribution pipe length of 4,276 kilometres, and more than 269,000 connections with service coverage of 78% of the province's population," said a project participant.

Participants

- IBIS Consulting
- Mayer Brown