

# inspiratia's top 10 infrastructure deals of 2019

## Deals in communications, EV charging and midstream gathered pace last year, as inspiratia compiles its top 10 infrastructure deals of 2019

The last hurrah from the UK's PPP sector gave way to more entrepreneurial and tech focussed deals in the country during 2019. These two forces are well exemplified by the closing of London's Silvertown Tunnel on the one hand, and the formation of the Charging Infrastructure Investment Fund on the other.

Digitalisation and tech were also a focus in the US, as groups like Macquarie and Whitehelm Capital look to get ahead of the curve in infratech and smart cities, respectively, while Digital Colony and EQT made an impressively sized play for network operator Zayo.

Huge investment sums elsewhere in the world were registered in midstream assets in a number of countries – capped by KKR and BlackRock's pioneering move in the United Arab Emirates – as well as digital and communications infrastructure in a number of places.

As with last year, the criteria for the rundown wasn't necessarily size. Instead, inspiratia looked for significant market developments, financing innovation and impact on future pipeline.

The 10 selections are ranked chronologically below.

### Charging Infrastructure Investment Fund – UK (February)

The UK government-initiated Charging Infrastructure Investment Fund (CIIF) will perhaps not dramatically change the face of the sector in the country with the investment figures involved – £400 million invested with half from the government – but it may help propel the space into the mainstream. In an already heating up market, there now exists a player with a decent pot of capital and with the sole mandate to invest in UK charging infrastructure projects or companies, which it is hoped will normalise the sector in the

eyes of other investors too. With the experienced Zouk Capital – majority owner of InstaVolt, among others – given management duties in February, CIIF is now poised to deploy heavily into charging. Crucially, the fund also may bring about a string of project finance transactions, which will be a first for the UK market in this area.

### Macquarie Capital Venture Studio – US (February)

Macquarie's foray into the infratech space was rounded off in February with the final three investments from its dedicated infratech platform. The group added a drones services business, EV sharing platform, and soil analytics company to its stable of plays in the area, joining other punts on cybersecurity, solar-tracking, and data analysis, among others. The investments, made through Macquarie Capital Venture Studio (MCVS), while initially small are designed to keep the infrastructure powerhouse well ahead of the tech curve. They also signify a clear direction of travel for the industry. Furthermore, MCVS likely only needs one or two of the portfolio to make the big time for it all to have been worthwhile from an investment perspective, although this is not the only criteria of success – many of the companies can offer clear benefits to the Macquarie group as a whole by allowing it to incorporate elements of each into its existing businesses.

### Whitehelm Smart City Fund – US (April)

Whitehelm Capital's Smart City Fund sealed its first investment in April with a US\$75 million deployment into FiberCityTM, a broadband network in Fullerton, California. While the acquisition could be viewed as a fairly vanilla fibre play by today's standards, the fund itself has more lofty ambitions. The vehicle – which reached a €250 million first close in 2018 in partnership with Dutch pension group APG – will look to get involved with projects integrating the internet-of-things and other communications tech in urban environments, which is a new approach for this kind of infrastructure investment platform. Critically for the Fullerton acquisition, the local municipality will use the network for its traffic control, street lighting and emergency services, paving the way for an approach much more resembling a smart city.

## National Broadband Plan – Ireland (May)

A somewhat long-running saga came to an end in 2019 with the final approval of the singular remaining bid for the Irish National Broadband Plan. The scheme was a process that initially drew a lot of interest, but a series of withdrawals gifted the win to Granahan McCourt for what is now a €3 billion total investment over 25 years, way up on an initial €1 billion estimate. Nevertheless, the project should be transformative for rural homes and businesses in Ireland and represents a huge investment even for the currently hot fibre sector.

## Zayo – US (May)

Amid a flurry of M&A activity in fibre and other digital infrastructure sectors during 2019, when judged purely on scale EQT and Digital Colony’s acquisition of network operator Zayo takes the plaudits. A deal worth US\$14.4 billion was hammered out to bring the US’s largest independent fibre operator under control of its new owners, with the pair paying a 32% premium over the six month weighted average stock price of Zayo. The transaction – the largest ever made by EQT – sits against a backdrop of accelerating deployment in digital infrastructure, partly as a by-product of a lack of openings in more traditional plays but also as an acknowledgement of the direction of travel the sector is on and the huge growth potential fibre businesses can provide.

## Abu Dhabi National Oil Company – UAE (June)

Private equity heavyweights KKR and BlackRock made a US\$4 billion move into midstream pipelines in the UAE through the acquisition of a 40% stake in ADNOC Oil Pipelines and its 23-year lease to operate the assets. BNP Paribas, SMBC, Mizuho, and Santander contributed debt to the transaction which closed in June. While the size of the deal and interest in global midstream assets is not too remarkable for investors of this type, the transaction stood apart as the first time a foreign investor had deployed capital in national midstream assets in the Middle East.

## KCOM – UK (July)

As mentioned already, communications is hot property within the infrastructure sector these days and the opportunity to buy what is effectively a local monopoly in a not insubstantial city in the UK proved too good to pass up. It was not so much the interest in the business that grabbed the headlines though, it was the way the acquisition happened, with Macquarie Infrastructure and Real Assets (MIRA) triumphing in a bidding war with

Universities Superannuation Scheme (USS) that stretched over a couple of months last summer. Eventually MIRA won out with a £627 million bid that was £123 million more than USS’s initial offer.

## Arqiva – UK (October)

Spanish tower operator Cellnex went on a remarkable consolidation spree across Europe in 2019, with moves in France, Italy, Switzerland, Portugal, Spain and Ireland, as well as a major play in the UK with the acquisition of Arqiva’s telecoms business in the country. This latter deal, which propelled Cellnex to becoming the largest independent tower operator in the UK, took in 7,400 sites including masts, towers and rooftop assets and the right to market a further 900 sites. The Spanish group concurrently launched a €2.5 billion capital raise to help fund the purchase and immediately drew support from existing shareholders, signifying an affirmation of the aggressive expansion plans the business is undertaking.

## Silvertown Tunnel – UK (November)

Sometimes projects bring eras to a close, rather than give rise to more opportunities, and London’s Silvertown Tunnel could easily be placed in this category. The project, which reached financial close in November, is one of the last greenfield PPP procurements in England and brings the curtain down on the pioneering PFI infrastructure programme dating back to the 1990s. In truth, PFI had been on life support long before the government formally scrapped it in 2018 and Silvertown can be considered among the last dying embers of the model. Nevertheless, the tunnel attracted serious interest from many of the key players in the industry and a multi-faceted consortium featuring Macquarie Capital, Cintra, Aberdeen Standard Investments, and others, made it over the line with the £1 billion project after a sometimes delayed procurement process run by Transport for London.

## Third Bosphorus Bridge – Turkey (December)

At the end of the year, Italy’s Astaldi looked to be finally getting to the point of achieving a sale of Turkey’s Third Bosphorus Bridge concession, bringing an end to a protracted process that contributed towards the group’s entry into administration. An initial sale in 2018 aimed at reducing the Italian group’s sizeable debt failed due to significant devaluation of the lira, helping to also damage international confidence in what had been a buoyant Turkish infrastructure market. Astaldi is now pressing ahead with the sale of its third share in the bridge to concession partner Ictas, which in turn is reportedly being bought out by a consortium of six Chinese companies, signifying a shift in foreign investment patterns for the country.