

HERBERT SMITH FREEHILLS ADVISES ON LARGEST EVER CROSS-BORDER ACQUISITION IN MYANMAR

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News

Herbert Smith Freehills has advised on the acquisition, via a Singapore holding company, of a majority stake in Myanmar Tower Company (MTC), a leading telecoms infrastructure company in Myanmar, by Malaysian telecoms giant Axiata Group's wholly owned subsidiary edotco Group.

The deal is the largest ever cross-border M&A deal in Myanmar, and also required the first regulatory approvals in Myanmar for a telecoms sector acquisition.

Telecoms towers companies have led the way in innovative cross-border financing into Myanmar, and Herbert Smith Freehills has now advised on a number of these financings.

Closing the acquisition solidifies edotco's position as the first and leading telecoms infrastructure provider in Asia. Established by Axiata in 2012, edotco manages 14,000 towers in Malaysia, Bangladesh, Cambodia, Sri Lanka and Pakistan.

Axiata Group issued a US\$500 million Wakala Sukuk Islamic bond to fund the transaction, the largest-ever corporate bond issued with proceeds to be invested into a Myanmar towers business.

In October 2015, edotco entered into a conditional share purchase agreement with Digicel Group to buy its 75 per cent stake in MTC based on an enterprise value of US\$221 million on a cash-free and debt-free basis – to be settled in cash for around US\$125 million.

The stake in MTC was acquired from subsidiaries of Digicel Group, a leading provider of wireless communications services in the Caribbean, Central America and Oceania regions.

edotco has also entered into a partnership with Yoma Strategic Holdings, the only Myanmar group listed on the Singapore Stock Exchange, to retain its 25 per cent stake in MTC. Under the terms of the agreement between edotco and Yoma, Yoma has been granted a 5-year put/call option in relation to its 25 per cent stake.

"We are delighted to have advised on such a significant transaction in Myanmar. Herbert Smith Freehills has also recently signed the largest energy deal in the region and advised on the largest takeover on the Singapore Stock Exchange this year," said partner Nicola Yeomans who co-led the firm's team on the deal.

Mark Robinson, head of the firm's tech, media and telecoms (TMT) practice in Southeast Asia commented, "The transaction reflects the strength of the firm's market-leading TMT M&A and investment practice, and is typical of the wave of investment in the sector that we are seeing across the region and the world."

The team included senior associate Peggy Chow on regulatory and associate Mia Harrison-Kelf on M&A. Finance partner Adrian Cheng and solicitor Aaron Chiong advised on the financing aspects. Head of Asia Competition Mark Jephcott and senior associate Adelaide Luke advised on competition aspects of the transaction.

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