Early Warning System

IFC-35935

Irrawaddy Towers

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Quick Facts

Countries	Myanmar
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2017-03-16
Borrower	IRRAWADDY GREEN TOWERS LTD
Sectors	Communications
Investment Type(s)	Loan
Investment Amount (USD)	$ 42.50 million
Project Cost (USD)	$ 490.00 million

Project Description

Irrawaddy Towers Asset Holding ("ITAH") (incorporated in Singapore) is the owner of Irrawaddy Green Towers ("IGT" or the company) an independent telecommunications Tower Company headquartered in Yangon, Myanmar. IFC is seeking to place i) an equity investment of up to US$30 million, ii) debt investment of up to US$30 million from IFC's own account; and (iii) mobilizing up to US$30 million of potential parallel financing to IGTIFC's investment, through ITAH, will be used to partially finance IGT's 4,939 telecom towers business plan as follows: (i) complete IGT's capital expenditure program for the construction of 1,839 built-to-suit (BTS) towers; (ii) cover IGT's capital expenditure program for the construction of 1,100 new BTS towers; and (iii) support a further order of up to 2,000 new BTS towers.

As of November 18, 2015, there were 1,639 towers already built with an additional 1,300 under various stages of development/construction (site acquisition, site preparation, and construction). As an independent tower operator, towers are designed for multi-tenant usage, allowing the company to lease tower space to multiple mobile operators.

IFC has reviewed technical information provided by IGT. The scope of IFC's appraisal included a review of IGT's management capacity to provide adequate oversight of environmental, social, health and safety aspects of its business. The review relied on documents and reports made available by IGT, along with site visits by IFC's technical team to a number of IGT's operating sites in Yangon, Myanmar during November 2014 and November 2015. Interviews were conducted by IFC staff during meetings with IGT's Quality, Health Safety and Environmental ("QHSE") management team in Yangon.

The project sponsors include Alcazar Towers Limited and M1 Telecom. Alcazar Towers, owned by the family of Alcazar Capital Limited's ("Alcazar") Chairman Maroun Semaan, was established together with other SPVs affiliated with Alcazar's directors and partners to develop the tower business in Myanmar. Alcazar is a financial advisory firm focused on frontier market private equity investments, M&A and project development opportunities, particularly in telecoms and logistics. Alcazar is a private company and is registered in the Dubai International Financial Centre and regulated by the Dubai Financial Services Authority.

M1 Telecom is part of M1 Group, an investment holding with international interests including telecommunications, real estate, aviation, fashion and retail, energy, financial asset management and transport. M1 is majority owned by Taha Mikati and Najib Mikati. M1 Group is a DIFC Entity and it is a private company.

IGT is owned by ITAH, which holds 99.99% of the shares in IGT. ITAH is in turn owned by companies affiliated with Alcazar (Alcazar Towers Limited (a company owned by the family of Alcazar Capital Limited Chairman Maroun Semaan); ACL Dagon Tower Holding Pte Ltd (a company owned by the family of Alcazar Capital Limited CEO Charbel Abou-Jaoude and by Alcazar Capital Limited partner Patrick Tangney), and Alcazar Projects Ltd, a company owned by Alcazar Capital Limited employees and directors) and by M1 Telecom. The companies affiliated with Alcazar Capital Limited collectively have a majority of the voting interest in ITAH.

Investment Description

- International Finance Corporation (IFC)

US$ 10 million equity investment from IFC

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/