



# Highland Group Holdings and L2Fiber partner up on state-of-the-art open-access fiber optic network

## Deal Highlights

- Highland Group Holdings Ltd., the investment vehicle of Scotland-based Lord Irvine Laidlaw, has acquired an 80% equity stake in L2Fiber Rotterdam B.V., to develop, build and operate a citywide, open-access fiber optic network in Rotterdam, the Netherlands.
- IMAP Netherlands acted as exclusive Financial Advisor to Highland.
- L2Fiber plans to bring fiber optic access to all 295,000 homes in Rotterdam over the next 5 years. The first phase of construction began in August 2018, with the 10,000 homes in Kralingen-West.
- The project finance deal comprises a combination of common equity and shareholder loans, which could lead to a total equity injection of more than €200 million.
- A construction agreement with a contractor has been negotiated by L2Fiber and Highland, requiring a minimum 25% subscription rate among residents in order to commence any subsequent network construction phases.

## Market Outlook

- The network will use Gigabit Passive Optical Network (GPON) technology, which reduces maintenance requirements and energy consumption, making it extremely suitable for highly urbanized areas and the ideal fit for the current sustainability trend.
- In the Netherlands, fiber optic networks have been built in small and medium sized cities and to a lesser extent in rural areas. If L2Fiber successfully completes the project in Rotterdam, other major cities are likely to follow.
- Once the construction phase is complete, the project's risk profile will have decreased significantly, leading to financial investors such as Highland to exit the investment.

## Valuation Summary

- In collaboration with the Seller's financial advisor, a sophisticated financial model was created focusing on project finance and investor returns at varying levels of cash injections and equity stakes.
- Highland's main objectives of achieving certain levels of internal rate of return, while at the same time securing the recovery of its initial investment as soon as possible, served to determine the project valuation and the stake to be acquired by Highland.

TECHNOLOGY

Highland Group Holdings Ltd.

Family office  
UNITED KINGDOM

Acquired a Majority Stake

L2  
FIBER  
ROTTERDAM

Fibre optic network construction  
NETHERLANDS

IMAP  
ADVISED ON EQUITY PLACEMENT



## IMAP Approach

- IMAP Netherlands advised Highland throughout the entire transaction.
- Extensive value was added by evaluating the deal, coordinating due diligence and sounding the financial model. In addition, IMAP Netherlands provided ample intelligence, market trends and insights on how to approach valuation.
- A crucial role was played in all negotiations. Not only between Highland and the Seller, but also with all the other future operational contracting partners.
- IMAP Netherlands drew upon extensive M&A experience within the sector, having successfully completed numerous transactions in the fields of fiber optic networks, infrastructure contracting and installation.

## Client Comment

Albert Jochems, Director, Highland Group Holdings Ltd.:

*“We are very excited about this opportunity to extend fiber coverage in the Netherlands, starting with the city of Rotterdam. We look forward to working with L2Fiber to provide citizens and businesses with access to high quality internet and data services. IMAP Netherlands was able to quickly and professionally advise on the process and was of great value in successfully completing the transaction.”*

## IMAP Transaction Advisors

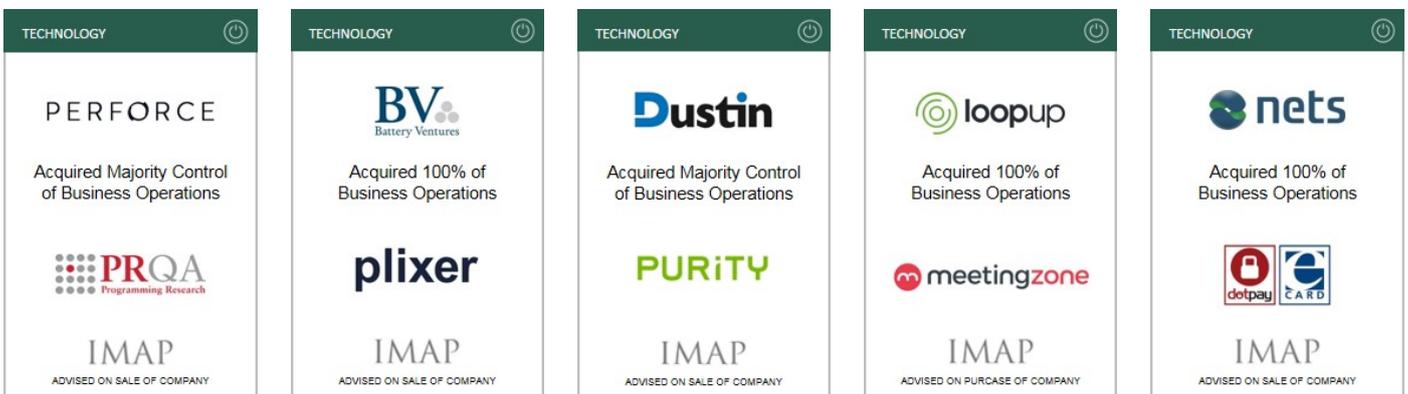


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IMAP has closed 94 transactions in the Technology sector globally since 2015



IMAP is an International Mergers and Acquisitions Partnership with more than 350 M&A advisors and a presence in 39 countries. IMAP has closed over 2,100 transactions valued at \$90 billion in the last 10 years and is consistently ranked among the world's top ten M&A advisors for mid-market transactions (Thomson Reuters). IMAP advises primarily mid-sized companies and their shareholders on sales and acquisitions on a global scale, providing clients with entrepreneurial, unbiased advice and successfully helping them achieve their objectives.