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IN THE MATTER OF THE PROPOSED ACQUISITION BY CORAL TERMINAL HOLDINGS CORP. OF 100% SHARES IN HYPERION STORAGE HOLDINGS CORPORATION

MAO Case No. M-2024-021

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COMMISSION DECISION NO. 04-M-2025

This refers to the proposed acquisition by Coral Terminal Holdings Corp. (Coral Terminal) of 100% of shares in Hyperion Storage Holdings Corporation (Hyperion Storage) (hereinafter collectively referred to as the Parties). The Parties submit this acquisition (the Transaction) to the Philippine Competition Commission (the Commission) for review.[1]

Upon careful review of the existing market conditions, various submissions and representations of the Parties to the Commission, application of the Philippine Competition Act (PCA) and its Implementing Rules and Regulations, related issuances, and regulatory framework, and the findings and recommendation of the Mergers and Acquisitions Office (MAO), the Commission finds that the Transaction will not likely result in substantial prevention, restriction, or lessening of competition in the relevant markets for the reasons discussed below.

The Transaction

On 23 October 2024, Razor Crest Storage Holdings Corporation (Razor Crest), Metro Pacific Investments Corporation (MPIC) and Keppel Infrastructure Trust (KIT) entered into a Share and Purchase Agreement with Coral Terminal and Terminal PH Investments Pte. Ltd., pursuant to which Razor Crest agreed to sell, and Coral Terminal to purchase, all issued and outstanding capital stock of Hyperion Storage.

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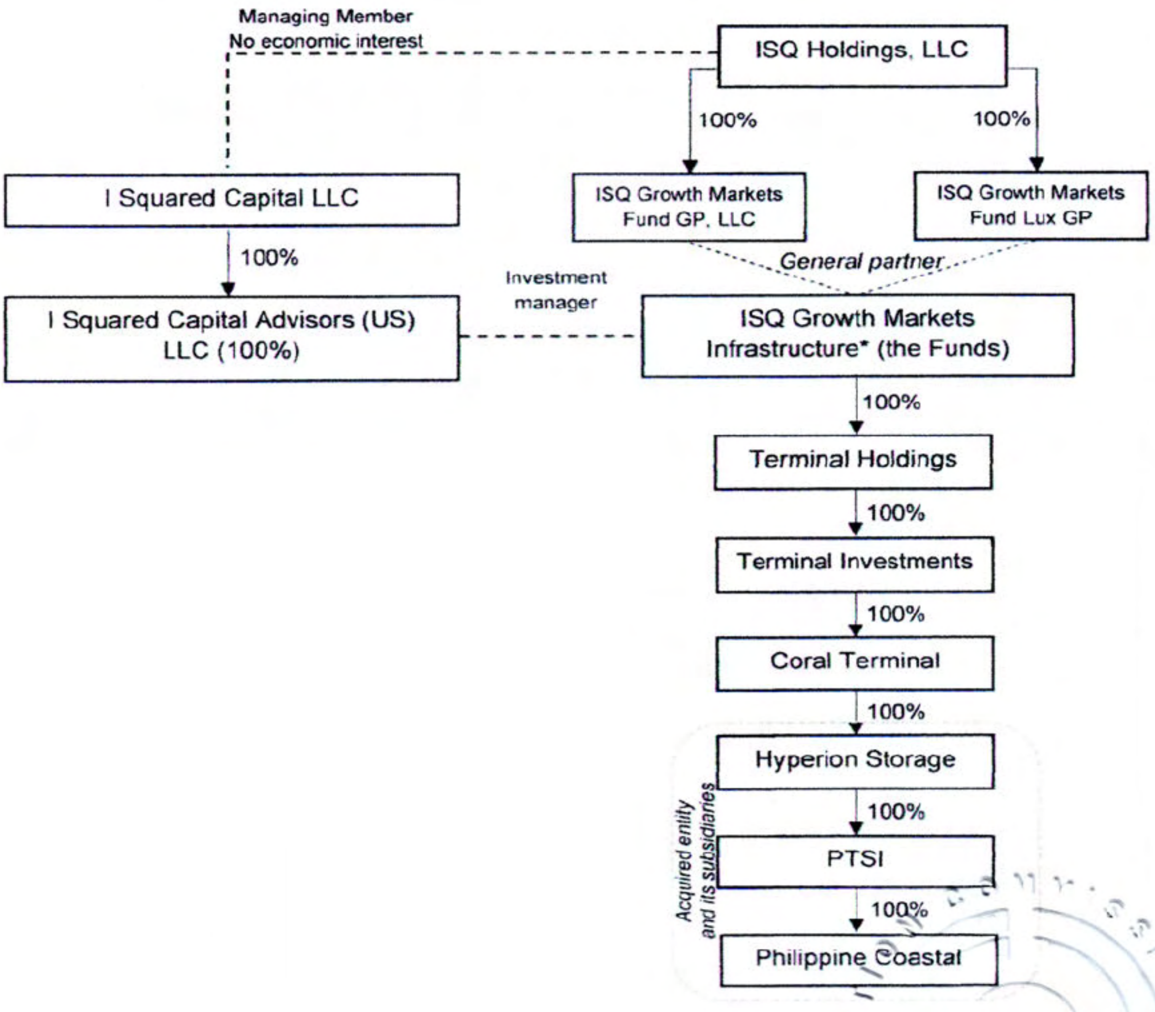
1 The Philippine Competition Commission conducts reviews of mergers and acquisitions, including joint ventures, pursuant to Sections 16 and 17 of Republic Act No. 10667, otherwise known as the Philippine Competition Act (PCA), and Section 1, Rule 4 of the Implementing Rules and Regulations of the PCA.

Upon completion, Razor Crest will divest its beneficial ownership over its shares in Hyperion Storage. Coral Terminal will own 100% of the shares in Hyperion Storage and will indirectly acquire the subsidiaries of Hyperion Storage, namely Philippine Tanks Storage International (Holdings), Inc. (PTSI) and Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal), and their respective assets. Through the Transaction, [redacted]

Figure 1. Post-Transaction Structure.



**Collectively through (1) ISQ Growth Markets Infrastructure (UST), L.P., (2) ISQ Growth Markets Infrastructure Fund, L.P., and (3) ISQ Growth Markets Infrastructure Fund (EU), L.P.*

The Parties

Hyperion Storage is a Philippine holding company.[2] It wholly owns PTSI which, in turn, owns Philippine Coastal – the largest petroleum product import terminal in the Philippines located within the Subic Bay Freeport Zone.[3] Philippine Coastal is mainly involved in establishing, maintaining, and operating terminal and depot facilities, including storage tanks, pipelines, refueling piers, wharves, buildings, and related equipment for petroleum or petroleum-related products.[4]

Hyperion Storage is wholly owned by Razor Crest,[5] which is owned by KM Infrastructure Holdings, Inc. (KM Infra).[6]

KM Infra is owned by joint venture partners MPIC and KIT, through its Philippine-based holding company, Bay Philippines Holdings Corporation, each holding 50% of its outstanding shares. MPIC's Ultimate Parent Entity (UPE) is Pilipinas Enterprise Management Holdings, Inc. (PEMHI), while KIT's UPE is Keppel Infrastructure Fund Management Pte. Ltd. (Keppel Infrastructure).[7]

PEMHI is a Philippine-based holding company engaged in the purchase, acquisition or investment in partnership interests or shares of stock in a corporation.[8]

Keppel Infrastructure is a Singapore-incorporated company acting as the trustee-manager of KIT, one of the largest Singapore focused infrastructure trusts listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Keppel Infrastructure is active in the Philippines only through Philippine Coastal, which it indirectly owns through its holding companies and a joint venture with MPIC.[9]

Coral Terminal is a Philippine corporation primarily operating as an investment holding company.[10] It is a wholly owned subsidiary of Terminal PH Investments Pte. Ltd. (Terminal Investments) which, in turn, is a wholly owned subsidiary of Terminal PH Holdings Pte. Ltd. (Terminal Holdings). Terminal Investments and Terminal Holdings

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2 Keppel Notification Form; "To hold shares of stocks of other companies, real and personal properties and other properties all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations; provided, however, that it will not engage in the business of an investment company under the Investment Company Act or a finance company or a dealer of securities or real estate development company; provided, further, that it will hold the foregoing assets purely for investment purposes."

3 Keppel Notification Form.

4 *Id* at 2.

5 *Id.*

6 First Pacific Disclosable Transaction dated 23 October 2024, available at: https://www.firstpacific.com/media/normal/17006_2024102300009.pdf (last accessed on 20 February 2025). Coral Notification Form; Keppel Notification Form; PEMHI Notification Form.

7 Keppel's Submissions to the MAO; Keppel Notification Form.

8 PEMHI Notification Form.

9 Coral Notification Form.

10 Coral 2024 General Information Sheet; Coral Notification Form.

are Singaporean private limited companies[11] controlled by three (3) limited partnership funds (the Funds).[12]

The Funds are managed by I Squared Capital LLC (I Squared), an independent global infrastructure investment manager with a focus on energy, utilities, water and waste management, transportation, and telecommunications in North America, Europe, as well as high growth economies in Asia, Australia and South America.[13] I Squared is ultimately controlled by ISQ Holdings, LLC (ISQ Holdings) as its Managing Member. ISQ Holdings' presence in the Philippines is mostly through its domestic holding companies.[14]

Discussion

After a careful assessment, the Commission finds that the Transaction will not likely result in a substantial prevention, restriction, or lessening of competition due to the absence of horizontal overlaps and vertical relationships between the business operations of the Parties.

The Commission notes that there are no overlapping lines of business or horizontal relationships between entities in the ISQ Notifying Group and Hyperion Storage and its controlled entities.

No Horizontal Overlaps

Only four (4) entities under the ISQ Notifying Group generated revenues in the Philippines as of 2023, each with their own distinct lines of business:

(1) Aggreko Energy Rental Solutions Inc. (Aggreko), which provides temporary power services, such as lease operations and maintenance of diesel generator sets (genset) and load banks;

(2) HGC Global Communications (Philippines), Inc. (HGC), which provides data bandwidth solutions with Internet Protocol related services;

(3) Digital Well Infrastructure Corp. (Digital Well), which provides shared infrastructure services or common information technology sources such as network, storage, platform, and security facility among multiple organizations; and

[11] *Id.*
[12] [redacted]
[13] Coral Notification Form.
[14] *Id.*

(4) Velosi Philippines Inc. (Velosi), which provides business process outsourcing services.

None of the aforementioned entities operate in the same line of business as Hyperion Storage and the entities it controls.

The ISQ Notifying Group has two (2) companies under its portfolio that are engaged in power generation, namely: (i) Hexa Renewables Philippines Investments Pte. Ltd. (Hexa Renewables), and (ii) Berde Renewables Inc. (Berde Renewables). However, both entities are still in the process of completing construction and complying with relevant government requirements to commence operations.[15]

Philippine Coastal, owned by Hyperion Storage, is primarily engaged in establishing, maintaining, and operating terminal and depot facilities.[16]

Philippine Coastal's depot facilities are utilized for power generation. Power generation refers to the process of creating electricity from various sources, including natural resources, fossil fuels, and nuclear power.[17] Petroleum import terminals offer infrastructure facilities used for receiving, storing, and distributing petroleum products, such as crude oil, diesel, gasoline and Liquefied Natural Gas (LNG). While the services offered by petroleum import terminals and storage facilities are part of the energy supply chain, they do not operate at the same level of the supply chain as power generation companies.

The Commission finds no potential horizontal overlaps post-Transaction. Hexa Renewables and Berde Renewables are unlikely to operate in the same market as Hyperion Storage, PTSI or Philippine Coastal in the next three (3) to five (5) years. Thus, Hyperion Storage, PTSI, or Philippine Coastal will continue to operate as a petroleum import terminal and storage facility without entering the power generation sector. [redacted]

No Vertical Relationships

There are likewise no actual or potential vertical relationships existing between the Notifying Groups of the Parties.

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[15] *Supra* note 13.
[16] *Supra* note 13.
[17] Electricity generation definition by OECD, *available* at: https://www.oecd.org/en/data/indicators/electricity-generation.html#:~:text=Definition.Electricity%20generation%20is%20defined%20as%20electricity%20generated%20from%20fossil%20fuels,combined%20heat%20and%20power%20plants (last accessed on 13 February 2025).
[18] MAO's Interview with the Notifying Parties.

Entities within the ISQ's Notifying Group have no commercial relationships with *Hyperion Storage*, *PTSI*, *or Philippine Coastal*. *Entities within the ISQ's Notifying* Group operating in the Philippines offer products and services that may be used in various industries. These products and services are incidental (e.g., involving the supply of consumables or services used by all firms irrespective of market activity) to the operations of Philippine Coastal's petroleum import terminal.[19]

Aggreko, an entity within the ISQ's Notifying Group, provides temporary power services, including leasing, operating, and maintaining diesel genset and load banks. [redacted] While Hyperion Storage may use Aggreko's services as an ancillary service, the same is not an indispensable or critical input to the operations of a petroleum import terminal and storage facilities business.[20]

Philippine Coastal is solely engaged in providing storage space and does not supply or distribute fuel or petroleum products. It also does not provide services to genset suppliers like Aggreko, HGC, Velosi, Digital Well, Hexa Renewables, and Berde Renewables.[21]

For these reasons, the Commission finds that no competition concerns are likely to arise from the Transaction due to the absence of horizontal overlaps and vertical relationships between the ISQ Notifying Group and Hyperion Storage and its subsidiaries.

ACCORDINGLY, the Commission resolves to **CLEAR** the proposed acquisition by Coral Terminal Holdings Corp. of 100% shares in Hyperion Storage Holdings Corporation.

This Decision is rendered solely based on the facts disclosed, circumstances of the Transaction known to the Commission during the review period, and documents submitted by ISQ Holdings, LLC, Keppel Infrastructure Fund Management Pte. Ltd. (as Trustee-Manager of Keppel Infrastructure Trust) and Pilipinas Enterprise Management Holdings, Inc.

SO ORDERED.

30 January 2025.

[Signature page follows]

[19] *Supra* note 13.
[20] *Supra* note 13.
[21] MAO's Interview with MPIC and KIFM.

[redacted]

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Chairperson

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