EDINBURGH FINANCE SOCIETY

Blackstone & CPP's A$24 billion Acquisition of AirTrunk

AUTHORS: ALEXANDER SHAW, CONOR GRENNAN, JAGO GITTOS, JOHN MIERS

EDINBURGH FINANCE SOCIETY 2025

DEAL OVERVIEW

Acquirer: Blackstone, CPP Investments

Target: AirTrunk

Total Transaction Size: 15.7B USD

Closed Date: 23 December 2024

Target Advisors: DLA Piper

Acquirer Advisors: Linklaters

The deal was announced on the 4th of September 2024. Canada's CPP will hold a 12% stake in AirTrunk, whilst Blackstone will own the other 88%. The deal made Blackstone the largest data centre provider in the worldThe consortium took out a $3.7 billion loan package, comprising of a $1.3 billion term loan and a $2.3 billion revolving credit facility, to help fund the buyout. The financing covers up to 50% of Blackstone's equity investment in the deal. AirTrunk borrowed around $3 billion from more than 30 lenders in 2023 and that is rolled over.

This strengthens Blackstone's foothold in digital infrastructure, especially across the Asia-Pacific area, with ~800MW capacity and expansion potential of ~1GW. This ties into Blackstone's wider strategy of AI and cloud investment. Meanwhile, it diversifies CPP's asset holdings. Blackstone gives AirTrunk better access to cheap and useful debt and funding options. However, this deal is not all upside: there is potential for delays or overruns in physical expansion, and the use of debt makes acquirers reliant on credit markets and decent return. In addition, the deal is subject to approval by the Australian Foreign Investment Review Board.

There was no major investment response to the deal, with Blackstone's share price retaining its volatile growth. That being said, Blackstone shares were down about 3% in pre-market trading the day it was announced.

COMPANY DETAILS (ACQUIRER – BLACKSTONE)

Blackstone Inc. is a global alternative asset management firm. It manages investments across real estate, private equity, credit, and infrastructure. The company uses a disciplined approach to identify, invest in, and enhance the value of businesses through its global platform. It manages to deliver returns for its investors by stewarding their capital and building strong, long-term businesses.

Founded: 1985

Headquarters: 345 Park Avenue, New York City

CEO: Steven A. Schwarzman.

Number of employees: 4,895 (December 31st, 2024)

Market Cap: US$94.0 billion (30th June 2024)

Enterprise Value (EV): US$181.97 billion (30th August 2024)

LTM Revenue: US$8.02 billion (31st December 2023)

LTM EBITDA: US$3.5 billion (31st December 2023)

LTM EV/Revenue: 22.7x (30th August 2024)

LTM EV/EBITDA 36.1x (30th August 2024)

Recent Transactions: US$2.3 billion all cash acquisition of Rover.com (closed February 2024). US$1.6 billion take private of Hip gnosis Songs Fund (completed 29th July 2024). US$964 million sale of 11 US apartment properties to Equity Residential (7th August 2024)

COMPANY DETAILS (TARGET – AIRTRUNK)

AirTrunk is a hyper-scale data-centre specialist founded in Australia in 2015, which designs, constructs and operates large-scale data-centre campuses across the Asia-Pacific & Middle East Region. It serves cloud, content, and enterprise customers with scalable, energy efficient infrastructure built to lower cost and deliver high reliability.

Founded: 2015

Headquarters: Level 47, 88 Walker Street, North Sydney

CEO: Robin Khuda

Number of employees: 350 (4th September 2024)

Market Cap: N/A (not publicly listed)

Enterprise Value (EV): A$24 billion/US$16.1 billion

LTM Revenue: Not listed

LTM EBITDA: A$1.1 billion (Speculative, Australian Financial Review)

LTM EV/Revenue: N/A

LTM EV/EBITDA: 21x (Pre-acquisition, Australian Financial Review)

Recent Transactions: Sustainability-Linked Loan upsized to A$4.6 billion in 2023. Green loan to finance the 110+MW West Tokyo data centre (TOK2) on the 8th of September 2022.

PROJECTIONS AND ASSUMPTIONS

SHORT-TERM CONSEQUENCES

The A$24 billion AirTrunk acquisition represents the largest data centre deal globally, the largest M&A transaction in Australia for 2024 and ranks among the five largest M&A transactions in Australian history. Data centre EBITDA multiples have ranged between 25x and 30x over the past four years, compared to an average of 16x for the broader private infrastructure market, signalling strong investor confidence in AI-driven infrastructure demand. This premium valuation reflects investors beliefs that AI and cloud demand will continue to outpace the speed at which high-capacity data centres can be built.

Following the acquisition, AirTrunk has aggressively deployed capital to expand capacity. In August 2025, the company closed a A$16 billion refinancing, being the largest sustainability-linked financing ever in Asia Pacific, attracting over 60 lenders and taking total financing to over A$18 billion. The company is delivering 100MW of capacity in Malaysia by mid-2025, while expanding Melbourne's MEL1 campus by over 100MW within 18 months, creating more than 1,000 construction jobs. AirTrunk is actively expanding into India, South Korea, and Indonesia, with CEO Robin Khuda describing AI investments as "the single-biggest gold rush in human history".

Investor sentiment remains overwhelmingly bullish despite mounting execution pressures. Industry expectations project approximately $1 trillion in capital expenditures for US data centres over five years, with another $1 trillion internationally. Financially, the transaction positioned Blackstone as the world's largest data centre provider while providing AirTrunk with substantial capital to capture hyperscale market share across Asia-Pacific's fastest-growing digital economies.

LONG-TERM CONSEQUENCES

Blackstone's role in AirTrunk's acquisition represents a broader strategic initiative to increase exposure to AI adjacent sectors. The rapid growth of AI models, like ChatGPT, has led to a structural change in demand for compute power. Blackstone is believes the economy is in the early stages of digitisation and is positioning itself to take advantage of a rapid acceleration in the digital transformation of our daily lives (Blackstone, 2025).

Goldman Sachs (2025) forecasts that data centre demand will surge to 122 GW by 2030, representing a 106.7% increase relative to current supply. Blackstone is positioning itself to be the landlord of this expansion with its acquisition of AirTrunk not being an isolated bet but part of a programmatic expansion. Blackstone previously acquired QTS in 2021 for $10 billion and introduced a recent $3 billion 'long-term partnership' with Humain to develop data centre infrastructure in Saudi Arabia (Bergen, Nair and Chmouri, 2025).

With an existing capacity of 800 MW and a land bank securing over 1 GW of future development (Blackstone, 2024), AirTrunk is uniquely positioned to absorb the region's hyperscale demand. It has been progressively increasing demand, having recently completed a 40 MW expansion in Tokyo, showcasing its established ability to meet the region's demand. Accompanied with demand growth projections, it is highly likely that AirTrunk will remain the largest data centre provider in the APAC region.

There are two primary medium-term risks to Blackstone's acquisition: efficiency and valuation. If semiconductor or algorithmic advancements allow AI models to run on significantly less power or hardware, the forecasted demand for physical data centre space may be revised downward. This scenario would lead to an oversupply of capacity, leaving AirTrunk's speculative land bank idle and depressing return on invested capital.

Furthermore, over $57 Billion was spent in data centre investment in 2024 (Colliers, 2025) driven by high expectations for AI applications and demand. These valuations are priced to perfection, and if the economic utility of AI applications fails to materialise at the pace the market expects, this could slow AirTrunk's growth trajectory and affect Blackstone's exit multiples.

RISKS AND UNCERTAINTIES

Operational Risks:

The acquisition poses the risk of combining a young start-up data-centre culture with a large institutional owner. There is a risk of disruption in morale, efficiency, and execution if Blackstone imposes new processes or strategic shifts. Retaining key talent is critical, although Robin Khuda, AirTrunk's founder and CEO, is staying on with an equity stake to ensure continuity of company operations.

Regulatory Risks:

The deal required approval from independent regulators, notably Australia's Foreign Investment Review Board (FIRB), and other Asia-Pacific regulators. AirTrunk has relied on their leverage to fund various data centres set up in their respective regions and thus are critical to business operations. Such regulatory insight introduces uncertainty— authorities could delay or impose conditions on cross border acquisitions, especially for critical infrastructure like data centres. This could derail the acquisition if conditions and delays are costly.

Financial & Leverage Risk:

Blackstone paid a premium price (A$24 billion), over 20x projected EBITDA reflecting large growth expectations amid the AI driven data centre boom. Blackstone leveraged the deal with US$5.5 billion dollars debt, covering half of Blackstone's equity commitment. This leveraged buyout leaves Blackstone with substantial debt, especially when considering AirTrunk's existing A$4.6 billion. If future cash flows underperform or borrowing costs rise the heavy interest burden could strain finances.

Industry Risk:

The hyper-scale data-centre industry is booming alongside cloud and AI growth. It remains untested through a full economic cycle. Furthermore, AirTrunk relies on few but large tech giants such as Microsoft and Google, raising end-of-life and repurposing questions once contracts end in 10 years. There are also fears that the AI market is losing its momentum, reducing the demand for large-scale data centres. The sector's attractiveness has led to the market becoming steadily saturated with intense competition, driving valuations sky-high. It is possible with a suspected bubble in AI-related companies following Deutsche Bank, Thiel, and Softbank's predictions that AirTrunks valuation may have been overinflated.

SOURCES

1. Goldman Sachs (2025). *AI to Drive 165% Increase in Data Center Power Demand by 2030*. [online] Goldmansachs.com. Available at: https://www.goldmansachs.com/insights/articles/ai-to-drive-165-increase-in-data-center-power-demand-by-2030.
2. Bergen, M., Nair, D. and Chmouri, O.E. (2025). *Blackstone, Riyadh's Humain Ink $3 Billion Data Center Deal*. [online] Bloomberg.com. Available at: https://www.bloomberg.com/news/articles/2025-10-28/blackstone-saudi-ai-firm-humain-ink-3-billion-data-center-deal.
3. Blackstone (2024). *Blackstone Announces Agreement to Acquire AirTrunk in a A$24B Transaction - Blackstone*. [online] Blackstone. Available at: https://www.blackstone.com/news/press/blackstone-announces-agreement-to-acquire-airtrunk-in-a-a24b-transaction.
4. Blackstone (2025). *Cutting Through the Noise: The Long-Term Case for Data Centers | The Connection - Blackstone*. [online] Blackstone. Available at: https://www.blackstone.com/insights/article/cutting-through-the-noise-the-long-term-case-for-data-centers/.
5. Colliers. (2025). *2025 Data Center Marketplace | Colliers*. [online] Colliers.com. Available at: https://www.colliers.com/en/research/nrep-usdc-data-center-marketplace-2025.