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Miami attorneys aid global effort in African undersea cable project

Dealmaker: Attorney Fernando Margarit of Hunton & Williams' Miami office.

The Deal: Margarit and his colleagues, Barbara Alonso and Cary Tolley, worked with about a dozen other Hunton & Williams attorneys around the country and in the firm's London and Brussels offices to close a complex \$650 million multinational telecommunications financing deal for its client SEACOM to put an undersea cable off the eastern coast of Africa.

Details: SEACOM, a majority African-owned company, wanted to place the state-of-the-art fiber optic cable starting in South Africa and running along the east coast of Africa. The company wanted to seal the deal before competitors won approval for similar projects.

"There's other competing cable projects so it was very important to get it in [place] first," Margarit said of SEACOM's cable. "This is the first big one."

Construction has already begun and the project is expected to be completed in June 2009.

The 10,000-mile-long cable, which also would be connected to Mumbai, India, at the eastern end and to Marseille, France, in the north via an overland portion running through Egypt, would bring new broadband service to several countries in southern and eastern Africa. Those countries include South Africa, Mozambique, Madagascar, Kenya, Tanzania and Egypt.

Margarit said those African nations now rely on pricier, less dependable satellite systems for broadband services and the new cable will significantly reduce costs. He said the cable will have 1.28 terabytes of capacity that will help meet rapidly swelling demand in Africa for high-speed Internet service, peer-to-

peer networks, high-definition television and other telecom uses.

He said Internet use "is growing tremendously" in Africa and the new cable's broadband capabilities "will help African businesses better integrate with the rest of the world."

Margarit said Hunton & Williams beat out other laws firms in bidding to win SEACOM's business in 2006. Margarit said he often traveled to Egypt and London and his Miami-based colleague Alonso made several trips to London. He said other firm attorneys traveled to every nation the cable would serve.

He said Hunton & Williams lawyers began working in earnest on the cable deal in December 2006 and spent a full year on the project before it was finalized last month. Margarit said they worked extensively with Nedbank Capital, a private South African company that was the lead arranger for the project's financing.

The investors in SEACOM, a Mauritius entity based in New York City, include Industrial Promotion Services, which is part of the Aga Khan Fund for Economic Development, an international development agency (25 percent), Venfin Ltd., a private equity and venture capital investor (25 percent), New York-based international development group Herakles Telecom (25 percent), South African-based investment company Convergence Partners (12.5 percent) and Shanduka Group, an African investment company (12.5 percent).

Background: The Miami attorneys worked on the construction contracts, regulatory issues, debt financing and tax issues related to the cable project, with Tolley taking the lead on tax issues and Alonso taking the lead on financing,



Fernando Margarit said there was a race to be first to complete such an African cable project.

Margarit said.

He said nine jurisdictions were dealt with in completing the deal, including the various nations the cable would serve. One of the trickiest negotiations was with Egypt due to that country's security concerns about the portion of the cable crossing its territory.

The lead Hunton & Williams attorney was John Beardsworth, who heads the firm's emerging markets practice out the Richmond, Va., office's Energy and Project Finance group.

SEACOM president Brian Herlihy in New York did not return a call seeking comment. ■

— Bud Newman