



## **SEACOM Closes Financing, Starts Construction of Undersea Fibre Optic Cable**

### **Transcontinental Investment Boosts South and East African Economic and Social Development with High Capacity Link to India and Europe**

African investors have taken a significant majority stake in SEACOM's undersea broadband cable, joining hands with an international partner to link southern and east Africa with India and Europe in a massive technological boost to economic and social development on the continent.

The investors today gave the green light for construction of the state-of-the-art cable, committing financing for the broadband link from Mtunzini in South Africa to Mumbai in India and Marseille in France via Mozambique, Madagascar, Kenya, and Tanzania.

"This is a major milestone in the development of advanced broadband infrastructure for Africa by Africans", said SEACOM President Brian Herlihy. "Ten years ago, very few believed African markets were capable of the tremendous growth experienced in the mobile industry. Today, we see the dawn of a similar revolution in the growth of data communications."

High bandwidth at low costs will be a catalyst for productivity and the growth of service industries such as call-centres, back offices and research institutions in Africa. The additional bandwidth offered by the new cable will also contribute significantly to bringing the cost of connectivity down.

SEACOM has already invested more than \$10-million in the marine survey and engineering of the cable. This advance work has allowed SEACOM to maintain its ready for service date of June 2009. Actual production of the high-tech cable and undersea repeaters start next week.

With more than three quarters of SEACOM's shares owned by African investors, and agreements with service providers already in place or being finalised in most countries, the

cable will provide a major boost to the continent's international connectivity, and with it to economic and social development in Africa.

The US\$ 650-million cable covers more than 15,000km. The investors in SEACOM are Industrial Promotion Services (25%), an arm of the Aga Khan Fund for Economic Development, Venfin Limited (25%), Herakles Telecom LLC (25%), Convergence Partners (12,5%), and the Shanduka Group (12.5%). Nedbank Capital, the investment banking arm of Nedbank Limited, was appointed as the Mandated Lead Arranger for all debt funding requirements of the project and the funding will be provided by Nedbank Capital and Investec Bank.

“The agreements signed today make the SEACOM broadband cable a reality for Africa, and with it access to much cheaper, much faster fibre optic links between countries in the south and east of the continent to the rest of the world,” said Lutaf Kassam, CEO of IPS in Kenya. “I am delighted that it has been possible to assemble a group of African investors to bring the prospect of progress and prosperity to many Africans in this manner.”

By providing an enormous 1.28 Terrabytes per second of broadband capacity (approximately ten times larger than the capacity on the SAT-3 cable system), SEACOM aims to bring prices for businesses, institutions, communities, and individuals down significantly. Providing sufficient bandwidth to accommodate high definition TV, peer to peer networks, IPTV, and surging Internet demand, SEACOM will make a direct contribution to meeting the New Partnership for Africa's Development's (NEPAD's) goals of development for Africa's renewal and its full and beneficial integration into the global economy. SEACOM will provide the first access to true broadband connectivity for countries on Africa's Eastern seaboard which are presently 100% reliant on expensive satellite solutions.

“This is a tremendous opportunity for our continent, because the cable gives us the technical capacity for much closer integration into the world economy where Africa will significantly share in the new opportunities and efficiency gains arising from this project,” said Shanduka Chairman Cyril Ramaphosa. “We are extremely happy that the investors from South and East Africa have partnered with an international counterpart around our shared vision of linking Africa to the world in the spirit of NEPAD.”

SEACOM continues to engage governments in southern and east Africa in a concerted effort to ensure maximum benefit for the continent from the new broadband cable. At the core of the discussions, which are characterised by a spirit of cooperation and a very positive

atmosphere, is the shared goal of closer working relationships in the interest of faster, cheaper broadband capacity for Africa.

“Improved access for business and individuals in Africa to communications, broadband services and new technology offerings can improve lives and help grow the economies of our countries. The linking of southern and east Africa with India and Europe is crucial for enhancing development and trade between these key regions.” said Andile Ngcaba, chairman of Convergence Partners. “Our agreement to proceed with the building of the cable is a great day for Africa.”

“The importance of this transaction in facilitating the delivery of affordable broadband access to countries in the region cannot be overemphasised as a facilitator of economic growth and as such is one of the most important telecommunications projects in recent years.” said Mike Peo, head of Infrastructure Project Finance at Nedbank Capital. “Nedbank Capital is extremely proud to achieve a first in delivering an innovative limited recourse financing solution through our participation in a project of this nature.”

#### **Further Information:**

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#### **About SEACOM**

SEACOM provides high capacity bandwidth linking businesses, individuals, and communities in Southern and East Africa, Europe and South Asia. When it is fully functional in 2009, SEACOM will be a service provider of international fibre optic bandwidth along the East Coast of Africa linking Southern and East Africa, Europe and South Asia.

SEACOM has an enormous capacity of 1.28TB/s, to enable high definition TV, peer to peer networks, IPTV, and surging Internet demand. Pricing will be significantly lower than current satellite or fibre pricing.

SEACOM will be ready to serve Southern and East African markets from 2009, well in time to meet the bandwidth needs of the Confederations Cup and the 2010 Soccer World Cup in South Africa, and the growing requirements of the economies in the countries it serves.

SEACOM has been structured to meet the policy objectives of Governments and NEPAD. SEACOM will be first to launch services with a planned Ready for Service date of June 2009. SEACOM is 76.2% African owned.

#### **About The Aga Khan Fund for Economic Development's Industrial Promotion Services**

The Aga Khan Fund for Economic Development (AKFED) is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in the developing world. AKFED focuses on building enterprises in parts of the world that lack sufficient foreign direct investment. It also makes bold but calculated investments in situations that are fragile and complex.

AKFED operates as a network of affiliates with more than 90 separate project companies employing over 30,000 people, with annual revenues in excess of US\$1.5 billion. The Fund is active in 16 countries in the developing world: Afghanistan, Bangladesh, Burkina Faso, the Democratic Republic of the Congo, India, Ivory Coast, Kenya, Kyrgyz Republic, Mali, Mozambique, Pakistan, Senegal, Syria, Tajikistan, Tanzania and Uganda.

The Aga Khan Fund for Economic Development works with governments, international corporations, international financial institutions and donors to create solutions to pressing infrastructure needs, including power generation and telecommunications. AKFED has invested in, and manages, over 50 industrial project companies in Africa and Asia. .

In the early 1960s, a group of companies was set up under the corporate name Industrial Promotion Services (IPS). Each company was created to provide venture capital, technical assistance and management support to encourage and expand private enterprise in countries of sub-Saharan Africa and South Asia. Today, IPS companies play a vital role in local and regional economies.

#### **About VenFin Limited**

VenFin is an active private equity and venture capital investor focusing on high growth investment opportunities. The company has assets in excess \$1.1 billion spanning the telecommunications, software, energy and media sectors. The company also has selected fund and direct investments in China.

Prior to 1 January 2006, VenFin was listed on the Johannesburg Stock Exchange with its largest investment being a 15% stake in Vodacom (Pty) Ltd, South Africa's largest mobile network operator. VenFin was a founding shareholder in Vodacom. The group subsequently disposed of the Vodacom investment to Vodafone Plc, and delisted from the JSE. More recently, VenFin disposed of its 25% stake in Alexander Forbes, a leading insurance broker and financial services company, for just under \$300 million. The company is actively making new investments across a number of sectors, including media, technology and renewable and alternate energy sectors.

VenFin is part of a family of companies, JSE listed Remgro Limited ([www.remgro.co.za](http://www.remgro.co.za)) and Swiss based Richemont ([www.richemont.com](http://www.richemont.com)).

### **About Herakles Telecom**

Herakles Telecom is an international development group based in New York City. The management of Herakles Telecom has decades of experience in the development of international infrastructure, including more than \$4 billion dollars of infrastructure investment in Africa. The Herakles Telecom experience includes a full spectrum of development expertise including project development, project finance, technical expertise and project controls.

### **About Convergence Partners**

Convergence Partners is a South African-based investment company focused on the telecommunications, media and technology (TMT) sector, predominantly in Africa and the Middle East.

Convergence Partners' investment philosophy is to take meaningful equity stakes in quality projects and businesses within its chosen sector and act as an active, strategic value-adding investor.

As a major part of its strategy, Convergence Partners focuses on greenfields projects that improve access to communications, broadband services and technology offerings throughout Africa and thereby contribute to enhanced standards of living.

[www.convergencepartners.co.za](http://www.convergencepartners.co.za)

### **About Shanduka Group**

Shanduka Group is a leading African investment company that adds value to its investments and makes a difference. The company's main investment activities are in Resources, Financial Services, Property, Energy and Industrial & General.

As a black owned and managed company operating in a transforming South Africa, Shanduka is proud to be doing business and contributing to the transformation of the economy and society during a period of great and positive change on the African continent.

Shanduka Group's investment philosophy is to partner with companies in which we can play a meaningful role in maximizing growth and profitability.

The company's Corporate Social Investment activities are conducted through the Shanduka Foundation, a vehicle for transformation and empowerment dedicated to the education and development of business skills amongst the previously disadvantaged community.

### **About Nedbank Capital**

Nedbank Capital, the investment banking arm of Nedbank Limited, is one of the major full service banking groups in South Africa and one of the leading financiers of infrastructure financing solutions in Southern Africa.

Nedbank Capital is a cluster of specialist investment banking businesses and consists of a number of divisions that together manage the structuring, lending, underwriting and trading businesses for the Nedbank Group, one of the four largest banking groups in Africa.

Our strategy will see us expanding into Africa, with plans to establish a physical presence in Kenya, Angola and Nigeria. Nedbank Capital is well positioned to take advantage of the surge in business opportunities in Africa, owing to our relevant specialist skills, physical proximity and good relationships with development finance institutions.