



Case 1

As the lead arranger of a syndicated loan in a construction project for an optical submarine cable system connecting Hong Kong and Guam

We successfully closed the syndicated loan facility for an optical submarine cable system connecting Hong Kong and Guam.

Aimed for the construction and operation of a high-capacity submarine optical cable system approximately 3,900 km in length between Hong Kong and Guam, NEC undertakes the construction of this project. The project funds were via special purpose vehicle-sourced from Japanese financial institutions in the form of syndicated loans, where we acted as the lead arranger as well as a lender. It is a nonrecourse project finance, in which the repayment source of this project is based on the cash flow from generated revenue of the submarine cable operation. This is our debut project as the lead arranger of a syndicated loan in an overseas business.

NEC places special emphasis on the global promotion of creating social value through its 'Social Solution Business'. For over 40 years, NEC has maintained its presence as one of the



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leading forerunners among cable system installation suppliers evidenced by an aggregate total installation of over 2.5 million kilometers, roughly equivalent to six times the Earth's circumference. NEC's expertise extends to the entire processes which the submarine cable system business entails; including the manufacture of submarine cable and related devices, research, design, and construction.

In line with the exponential rise in demand for international communication, multiple construction projects for new submarine cables are currently developed across the world. Yet, funding limitations have deterred project development in many cases. For the project fundraising, NEC's customers (cable owners) have relied on conventional methods such as corporate financing or ODA (Official Development Assistance). Thus, our success in the arrangement of nonrecourse project financing in this submarine cable project has marked a significant milestone within the industry in terms of financing options availability.

Arranging a syndicated loan requires extensive analyses for the business and our close collaboration with NEC is considered as one of the important factors for its success. Expansion of global business is one of the strategies of the NEC Group, and we have been providing flexible support to foreign businesses of NEC. We hope to gain further momentum with the global business of NEC through this project and aim for continual expansion of overseas social infrastructure.

→ An image of the project financing is shown on P22.