

Emerging Markets

NEWS AND RECENT DEVELOPMENTS — JUNE 2008



There have been some exciting developments at Mayer Brown recently with particular significance for our emerging markets clients. We have also continued our track record of acting on some of the most innovative deals in the market. In this update, we highlight those developments and some of the more notable deals of the last 12 months.

Extending Our Global Reach

In January 2008 we opened our office in São Paulo, Brazil, which is headed by one of the leading practitioners in the region, Stephen Hood. Stephen is a highly regarded corporate finance lawyer with a wealth of experience in corporate, M&A and finance transactions throughout Latin America. He has also acted on most of the major project financings undertaken in Brazil over the last 10 years.

Stephen has already built up a sizeable team in São Paulo, and current projects include the expansion to the port of Santos, which is expected to be the biggest multi-purpose port in Brazil, the São Paulo Metro Line 4 Project (the

first PPP to be implemented in the state of São Paulo), and the \$600 million Tramo IV Finance Limited Peruvian Toll Road Project.

Also in January we completed our combination with one of the leading firms in Asia, JSM (formerly known as Johnson Stokes & Master). JSM has been named Hong Kong Law Firm of the Year for the past eight years by various leading legal publications, including *International Financial Law Review*, *Asian Legal Business* and *Who's Who Legal*.

JSM is also one of the top three foreign law firms in Thailand and Vietnam. We are delighted to have been able to join forces with a firm with such impressive standing in the Asian markets.

“...‘superlative’
expertise for asset-
backed transactions
in Latin America.”

*Chambers Global
2008*

Latin America

The last 12 months have been a bumper year for the firm in Latin America and the Caribbean with three of the deals on which we worked being named Deals of the Year by *Project Finance Magazine*.

We were also delighted to have been shortlisted as Best Law Firm for Latin American legal work by *Latin Finance* magazine, in its awards to recognize 20 years of excellence in the region.

BANK LENDING

Colombia. We represented the arranger in a \$90 million secured acquisition financing of Termotasajero, a Colombian electricity generation company.

Peru. We represented the arranger on the first major credit granted by a foreign bank to the agro-industry in Peru, in a facility to Camposol.

Trinidad. We represented The Bank of Nova Scotia in the financing of the acquisition of Trinidad Cable by Columbus Communications, a Caribbean cable and fiber optics company, consisting of a \$120 million senior secured bridge loan facility, later refinanced with a \$110 million syndicated first lien credit facility, a \$60 million second lien Note offering, and a \$34 million subordinated secured mezzanine credit facility.

CAPITAL MARKETS AND SECURITIZATION

Brazil. We represented The Bank of Tokyo Mitsubishi UFJ, Ltd. in a \$500 million acquisition of notes secured by Dollar-denominated diversified payment rights sold by Banco Bradesco S.A.

Brazil. We acted as underwriter’s counsel for ABN AMRO on a \$250 million offering of 6.875% Notes due 2017 by Sadia Overseas Ltd., a wholly owned subsidiary of Sadia S.A., one of Brazil’s largest food processors and the guarantor of the notes. The offering was Sadia’s first international

debt offering and was successfully placed at a favorable coupon relative to peer issuers despite a difficult environment.

Dominican Republic. We represented Standard Bank as dealer manager in a \$130 million tender offer by Cervecería Nacional Dominicana, C. por A. to purchase its outstanding Senior Notes due 2014, and represented Standard Bank in financing part of the tender offer through Standard Bank Plc’s credit-linked note program.

Mexico. We acted as special US counsel to Credit Suisse as initial purchaser in the first cross-border securitization of residential mortgage loans for a Mexican originator. The \$232,532,000 Class A and Peso 226,501,400 Class B securitization was sponsored by Su Casita and included a novel currency swap to allow the funding of UDI denominated mortgages in US dollar denominated securities.

Mexico. We represented WestLB in providing a warehouse credit facility for Metrofinanciera S.A. de C.V., the Mexican provider of mortgage loans. The facility was unique in that the mortgage loans being financed were made to persons in the United States to acquire property in Mexico – with a resulting bifurcation of recourse under US law and (with respect to collateral support) Mexican law. Credit standards needed to be developed that addressed both US regulatory concerns and the dual nature of the recourse.

Panama. We advised WestLB and Banco General in connection with arranging and structuring a multiple draw, two series \$175 million local public bond issue by Bahia Las Minas to finance the partial conversion of a 245 MW power plant from heavy fuel oil to coal-burning technology. The finance structure utilized in this transaction is the first of its kind in the Panamanian bond market, and this transaction represents one of the largest project financings in Central America in 2007.

Peru. We acted for Standard Chartered Bank, as arranger, on the largest debt offering ever made by a Peruvian bank. The \$500 million offering by Banco de Crédito del Perú BCP is backed by electronic payment rights.

PROJECT FINANCE AND INFRASTRUCTURE

Guatemala. We advised RBTT on the \$226.8 million financing package for this milestone project, which is the largest project financing in Guatemala to date and the largest privately financed greenfield project in Central America outside of Panama. Hidro Xacbal was named *Project Finance Magazine's* Latin American Renewables Deal of the Year 2007 and *Latin Finance Best Power/Energy Deal of 2007*. We are now advising RBTT on stage two: the entry by Hidro Xacbal into an emission reduction credit agreement for the forward sale of carbon credits to a multi-lateral organization.

Mexico. We represented Aeroinvest S.A. de C.V. in a three tranche Euro-Peso debt offering of approximately \$200 million. The 10-year debt issuance was primarily to refinance the acquisition by Aeroinvest of a majority interest in Grupo Aeroportuario del Centro Norte (GACN) which owns and operates 13 airports in Mexico. The offering was essentially a securitization by Aeroinvest of its expected dividend flow from GACN and was structured to match Aeroinvest's peso denominated dividend flows with peso denominated debt service obligations.

Panama. We are representing the Autoridad del Canal de Panamá (ACP) as procurement counsel with respect to the construction and associated works related to the planned Panama Canal Expansion Program – a \$5.25 billion project which will be the largest of its kind since the Canal opened in 1914.

Peru. We advised Merrill Lynch, as arranger and initial purchaser, in a \$1.2 billion face amount

offering of pass-through notes by a special purpose entity supported by future payments by the Government of Peru under obligations relating to Tramos 2 and 3 of the IIRSA Sur road project. This transaction was named *Latin Finance Best Infrastructure Deal of 2007*.

Peru. We acted for Deutsche Bank on the IIRSA Sur Tramo 1 project. Survia S.A. holds the concession to operate, maintain, design and rebuild Tramo 1 of the IIRSA Sur toll road in Peru. We acted for Deutsche Bank AG as initial purchaser of Peruvian government CRPAO payment obligations.

Peru. We advised Merrill Lynch as underwriter on the \$165 million refinancing of the Jorge Chávez International Airport in Lima. This transaction involved revising the existing project finance structure to reflect the take-out of the original lenders with the proceeds from the issuance of global notes. This project was awarded the *Project Finance Magazine* Latin American Infrastructure Bond Deal of the Year 2007.

REAL ESTATE

Brazil. We represented Equity International Properties, Ltd. (EIP) in its joint venture to invest in BRACOR, a corporate real estate investment company in Brazil.

Mexico. We advised Prudential Real Estate Investors on a series of joint ventures with local partners for real estate investments, as well as on formation of a new fund.

Mexico. We represented ING Clarion in connection with the formation of LMF-Frisa Comercial, S de RL de CV, which involved the contribution, sale and/or development of six shopping centers in and around Mexico City, in a transaction valued in excess of \$300 million. We also represented ING Clarion in connection with equity and debt investments made in Meximae and Interad de México, SA de CV, Mexican real estate developers.

Asia

Following our combination with Johnson Stokes & Master, the firm is known in Asia as Mayer Brown JSM.

Our combined presence in Asia now comprises 300 lawyers in seven offices in China, Vietnam and Thailand. We are delighted to be able to offer our clients an in depth resource in these key Asian markets.

If you would like to explore how this expanded footprint could benefit you, please contact your usual Mayer Brown JSM partner(s).

BANK LENDING

China. We acted for Industrial and Commercial Bank of China (ICBC), Head Office in connection with four secured term loan facilities of up to \$54 million each to finance the acquisition of four new bulk carriers by Hebei Ocean Shipping Co., Ltd.

China. We acted for Sumitomo Mitsui Banking Corporation in arranging a \$328 million term loan and revolving credit facilities to Shimao Property Holdings Limited. The facilities are guaranteed by 87 non-PRC subsidiaries of the borrower and are also secured by share charges/mortgages over the shares in those non-PRC subsidiaries.

China. We advised various bank syndicates on financing the Xintiendi urban redevelopment project in Shanghai, PRC with total investments of approximately \$150 million.

Thailand. We acted for KfW in relation to the refinancing of a Thai power company involving a restructured KfW loan of \$45 million in a THB 3.5 billion refinancing involving local banks.

Vietnam. We assisted HSBC in drafting a \$29 million term loan facility agreement and security

documents with Luks Cement (Vietnam) Limited, a limited liability company organized under the laws of Vietnam.

Vietnam. We assisted Calyon in drafting a \$49.2 million syndicated facility agreement with Vietnam Electricity, a state-owned company organized under the laws of Vietnam.

CAPITAL MARKETS AND SECURITIZATION

Korea. We represented Hyundai Capital Services, Inc. as originator in a \$400 million cross-border Korean auto loan receivables securitization.

Korea. We acted for The Hong Kong Mortgage Corporation (HKMC) on its first international transaction – the acquisition of South Korean residential mortgage assets worth \$700 million from a Korean commercial bank. This deal was notable as the first-ever “bilateral” cross-border RMBS securitization out of Korea under Korea’s ABS Act. HKMC is considered to be the “Fannie Mae” of Hong Kong and is triple-A rated.

Malaysia. We advised Bank of America and its conduit as transaction counsel in the conduit funded securitization of trade receivables originated by the US-headquartered electronic solutions company, Jabil. The structure accommodates the securitization of receivables originated by Jabil’s subsidiaries in various countries including Malaysia, Hungary and Poland.

Vietnam. We acted for the arranger Deutsche Bank on the issue of VND 3 trillion (US\$ 200 million) 9% bonds due 2017 by Vietnam Shipbuilding Industry Group, known as “Vinashin.” This deal was named “Best Local Currency Bond” by *The Asset Magazine’s* Asset Asian Awards (Triple A) House and Deal Awards for 2007 and “Best Local Currency Bond Deal of the Year 2007” by *FinanceAsia*.

“This innovative [banking & finance] team of flexible, efficient and dedicated lawyers has recently recorded impressive domestic and cross-border successes.”

*Chambers Global
2007*

Vietnam. We acted as sole Vietnamese counsel to Citibank as arranger on the issue of VND 1.5 trillion 9.5% bonds due 2017 by National Coal-Mineral Industries Group.

Vietnam. We acted for the arranger Deutsche Bank on the issue of VND 1 billion 10-year bonds by the state-owned enterprise Vietnam Machinery Installation Corporation. Proceeds will be used as capital for the Vung Ang 1 Thermoelectricity Power Project.

CORPORATE

China, Hong Kong, India. We acted in relation to the formation and capital raising for Asian Realty Income II, L.P. and its subsequent investments in India, Hong Kong and China. Investments include a debt component, as the fund does not always take equity. Value raised was nearly \$700 million.

India. We represented a Mauritius-based joint venture formed by Walton Street Capital and Starwood Capital in connection with its investment in a \$1.5 billion development project in Kolkata, known as Bengal Shriram Hi Tech City, and in the related negotiations with the development partner, Shriram Properties.

India. We represented Lonza America Inc., Lonza Bioproducts AG, Lonza Sales AG (the purchasers) and Lonza Group Ltd., as guarantor, in the acquisition of the Biopharmaceuticals and Bioproducts subsidiaries of Cambrex Corporation for a purchase price of \$460 million cash.

India. We represented SKS Micro Finance Limited, in a series of private equity investment rounds to a group of social venture capital and private equity investors, including Sequoia Capital, Unitus and Vinod Khosla. SKS Micro Finance is one of India's largest and fastest growing microfinance lending organizations.

Thailand. We acted for Arisaig Partners in relation to the sale by Arisaig and other funds unconnected with Arisaig of a significant minority shareholding of a Thai public listed company.

Thailand. We acted for Deutsche Bank in relation to its joint bid with DBS to acquire a 35% stake in Thai Military Bank PCL.

Thailand. We advised on the private placement of a development fund to invest in Vietnam in a 209 hectare project in Lang Co – Central Vietnam and advised on various aspects of the project.

PROJECT FINANCE AND INFRASTRUCTURE

China. We represented China National Petroleum Corporation in connection with a proposed 6.250 kilometer gas pipeline from Turkmenistan to East China.

Thailand. We acted for the investor in drafting and negotiating a concession agreement with the State Railways of Thailand and the Ministry of Transport and Communications as well as advising on all the Thai legal aspects of investment and concessions on the Hopewell elevated rail and road projects in Thailand.

Vietnam. We acted for the arranger, Habubank Securities Company Limited, on the issue of VND 400 billion (US\$25 million) 9% bonds due 2022 by Vietnam Expressway Corporation known as "VEC" for financing the construction of the Cau Gie - Ninh Binh Expressway - First Phase.

Vietnam. We assisted GS Engineering & Construction, a Korean company listed on the Korean Stock Exchange, in securing the first Investment Certificate to be granted under the Build-Transfer structure, a special form of investment under the BOT regulations of Vietnam designed to encourage investors to build infrastructure projects in return for special incentives.

“There are few firms in the city that have Mayer Brown’s depth of knowledge in emerging markets.”
Chambers Global 2008

Europe, the Middle East and Africa

Our London based emerging markets team has had an excellent year, completing a wide range of transactional and advisory work.

Our mining practice has also maintained its track record of advising on award-winning work – it has participated in at least one of the mining deals honored in the annual *Project Finance Magazine’s* Deals of the Year for the last three years. In 2007, this honor went to the Talvivaara nickel mining project in Finland.

BANK LENDING

Kazakhstan. We advised JSC Kazkommertsbank in connection with a \$300 million A/B loan agreement with European Bank for Reconstruction and Development.

Kazakhstan. We advised Morgan Stanley in connection with three unsecured Japanese Yen credit facilities for JSC Bank TuranAlem, JSC Alliance Bank of Kazakhstan and JSC Bank CenterCredit of Kazakhstan, with an aggregate value in excess of JPY 91 billion.

Nigeria. We represented Merrill Lynch International as initial lender and facility agent in two \$100 million loans to the Nigerian company OandO Plc., one guaranteed by Guaranty Trust Bank Plc and the other guaranteed by Zenith Bank Plc.

Turkey. We advised Morgan Stanley in connection with a €100 million secured credit facility with Gisad Dis Ticaret A.Ş of Turkey.

Ukraine. We advised Morgan Stanley in connection with two \$465 million unsecured

credit facilities with Ukravtodor, the State Road Administration of Ukraine.

CAPITAL MARKETS AND SECURITIZATION

Bulgaria. We advised Deutsche Bank in the first securitization deal of ProCredit Bank Bulgaria, a subsidiary of German-based ProCredit Holding, which owns a SME-bank in every Central and Eastern European jurisdiction. This was the first offshore securitization deal in Bulgaria and the first “true sale” securitization of SME loans, and was structured and completed in less than four months.

Greece. We advised Merrill Lynch, as placement agent, in the private placement of €50.25 million Subordinated Floating Rate Guaranteed Callable Step-up Notes due 2017, €25 million Perpetual Floating Rate Non-Cumulative Guaranteed Non-Voting Non Step-up Preferred Securities and €15 million Perpetual Floating Rate Non-Cumulative Guaranteed Non-Voting Step-up Preferred Securities, each issued by Aspis Jersey Limited and guaranteed by Aspis Bank S.A. of Greece.

Kazakhstan. We advised JSC Kazkommertsbank in connection with the issuance by Kazkommerts Finance 2 B.V. of 8.5% Subordinated Loan Participation Notes due 2017, the proceeds of which were used to make a loan to JSC Kazkommertsbank.

Kazakhstan. We represented ABN, JP Morgan and Standard Chartered Bank as arrangers in setting up, and the first issuance of notes under, a future flow securitization (diversified payment rights) program for JSC Bank TuranAlem, one of the largest banks in Kazakhstan.

Nigeria. We advised Merrill Lynch, as lead manager, in connection with a Regulation S offering of \$175 million Subordinated Notes due 2017 issued by FBN Capital Finance Company, the proceeds of which were used to make a Tier II capital loan to First Bank of Nigeria Plc.

Russia. We advised CB Moskommertsbank of Russia in connection with a \$250 million residential mortgage securitization warehouse facility.

Russia. We represented Dresdner Kleinwort as initial purchaser and Goldman Sachs as co-manager in the second issuance under a future flow securitization (diversified payment rights) program established for MDM Bank, a private bank in Russia.

Slovenia. We advised Merrill Lynch in connection with both a €190 million Subordinated Floating Rate Step-Up Loan Agreement (Upper Tier 2 capital) and a €120 million Subordinated Floating Rate Perpetual Loan Agreement (Tier 1 capital) with Nova Ljubljanska banka d.d. of Slovenia.

Turkey. We advised Calik Holdings A.S. and affiliates, a Turkish conglomerate, whose operations include denim manufacture, gas distribution construction and pipeline development, on its first corporate bond issue—a high yield Regulation S offering of \$200 million Guaranteed Notes due 2012.

Ukraine. We advised VAB Bank of the Ukraine on a high yield Regulation S offering of \$125 million Loan Participation Notes due 2010.

CORPORATE

Africa. We represented ICI (now Akzo Nobel) in its acquisition of the Dulux business in South Africa from South African corporation AECI. In addition to buying the Dulux assets in South Africa, ICI acquired AECI's shares in the Dulux subsidiaries in Botswana, Zambia, Swaziland, Malawi and Namibia.

Kazakhstan. We advised Centras Securities JSC of Kazakhstan in connection with the establishment of Centras Private Equity Fund, a fund focusing on private equity investments in Kazakhstan and other Central Asian countries.

Macedonia. We represented Bancroft Equity in a significant investment in the mining sector in Macedonia.

Poland. We advised two private major shareholders on the sale of the majority of shares of Deutsche Binnenreederei AG to the Polish financial investor, Fundusz Mistral S.A.

PROJECT FINANCE AND INFRASTRUCTURE

Finland. We represented the finance parties on the successful \$320 million project financing for the construction and development of a nickel project in Sotkamo, Finland. This transaction was named European Mining Deal of the Year 2007 by *Project Finance Magazine*.

Jordan. We are acting for the successful concessionaire on an ongoing project with the Jordanian Government to design, build, operate and finance a new oil terminal at the Port of Aqaba.

Our Emerging Markets Team

As a leading international law firm, Mayer Brown recognized the importance of the emerging markets many years ago. This early introduction means our worldwide team has significant experience in every region and in almost every type of cross-border transaction, all of which is complemented by the deep pool of knowledge available through our 1,800 lawyers.

Our Emerging Markets group brings together lawyers from across practice areas to offer our clients the cross-disciplinary knowledge that is needed in the emerging markets. The areas in which we most often work include:

- ◆ Bank financing/debt trading
- ◆ Capital markets and securitization
- ◆ Global projects
- ◆ Government and global trade
- ◆ Intellectual property
- ◆ International arbitration and litigation
- ◆ International tax
- ◆ Investment funds
- ◆ Mergers, acquisitions and joint ventures
- ◆ Real estate-related transactions
- ◆ Restructuring

Our in-house capabilities are further extended by strong independent alliances with leading law firms in jurisdictions where we do not have an office. Our alliance firms include Jáuregui, Navarrete y Nader, S.C., one of Mexico City's most respected law firms, and leading Spanish firm Ramón & Cajal of Madrid. We also have an alliance with the Italian firm Tonucci & Partners, which has offices in Italy and Eastern Europe.

For more information about our Emerging Markets practice, please contact your usual Mayer Brown attorney or:

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Mayer Brown is a leading global law firm with offices in key business centers across the Americas, Asia and Europe. We have approximately 1,000 lawyers in the Americas, 300 in Asia and 500 in Europe. The firm serves many of the world's largest companies, including a significant proportion of the Fortune 100, FTSE 100 and DAX companies and more than half of the world's largest investment banks. Mayer Brown is particularly renowned for its Supreme Court and appellate, litigation, corporate and securities, finance, real estate and tax practices.

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