

October 29, 2012
Sojitz Corporation

Sojitz Joins Desalination Project in Republic of Ghana

First-ever Project in Sub-Saharan Africa Contributes to Stable Supply of Safe Water for 500,000 People

Sojitz Corporation will participate in a desalination project in Nungua, Accra, Republic of Ghana through the company (owned 44% by Sojitz) established with Spain's major water business company, Abengoa Water. The total project cost is approximately \$125 million, which was raised from project financing using the political risk insurance of the Multilateral Investment Guarantee Agency (MIGA, a member of the World Bank Group). All Finance Agreements were signed on October 20 in London.

The project, whose commercial operations will start in 2014, is expected to supply 60,000 m³ of drinking water, which is sufficient for 500,000 people. Desalinated water will be sold to Ghana Water Company Limited (GWCL) under a long term water sales contract of 25 years, which will contribute to the Republic of Ghana through stable provision of drinking water on a long-term basis. The project is not only the first desalination project in sub-Saharan Africa, but also the first invested in by a Japanese corporation in Africa, serving as pioneering infrastructure business investment in sub-Saharan Africa. Furthermore, the project is the first-ever infrastructure investment for Sojitz since the times of Nissho-Iwai and Nichimen.

Abengoa Water, Sojitz's main partner, is a major water business enterprise engaged in building and operating desalination plants worldwide with a desalination capacity of more than 1.40 million m³/day. Sojitz and Abengoa formed a strategic business alliance in October 2011 to conduct joint development desalination projects, mainly in Africa and America and to further promote development of the water business.

The Republic of Ghana, which is one of the most politically stable countries in Africa, has enjoyed economic growth of about 5% annually over the past five years based on the mining (gold) and agriculture (cacao and timber) industries. In December 2010, oil production started for the first time in Ghana with production of approximately 70,000 barrels per day. Electric power generation and fertilizer projects are expected to start using the associated gas. Four million people out of its 24 million population live in Accra and the surrounding area. Water demand (about 800,000 m³ per day) is scarcely met by the supply (400,000 m³ per day) in the region and 40 percent of the nation is unable to secure safe water. Cholera broke out in various regions of Ghana late in 2010 and security of safe water is a matter of great urgency.

The global water business market is expected to at least double from about 36 trillion yen in 2007 to 87 trillion yen in 2025 (source: Global Water Intelligence and estimates by the Ministry of Economy, Trade and Industry). The desalination sector is expected to grow by threefold or more from about 1.2 trillion yen to 4.4 billion yen in regions such as Asia-Pacific, Central and South America, and the Middle-East and Africa.

Sojitz positions Africa as an important strategic region, has sent strategic personnel to London, Dubai and various regions in Africa for business development in Africa, and has considerable experience there including cement and fertilizer plants in Angola. We expect infrastructure development will expand further in Africa and therefore, we are focusing on infrastructure development as a high-priority field for contributing to the development of Africa through business operations.



【Map of Ghana】

Reference Information

■ Outline of the Project

Site:	Nungua, Accra, Republic of Ghana
Desalination capacity:	Maximum 60,000 m ³ /day (Equivalent of drinking water for approx. 500,000 people)
Facilities:	Desalination plant using reverse osmosis membranes (RO membranes)
Operational scheme:	BOOT (build, own, operate and transfer) scheme
Water sales contract:	Long-term water sales contract (25 years) with Ghana Water Company Limited (GWCL) concluded
Operations schedule:	Construction starts November 2012 and commercial operations to start in 2014 (projected)

■ Outline of Ghana (Source: Ministry of Foreign Affairs)

Name of country:	Republic of Ghana
Capital:	Accra
Population:	Approximately 24.22 million (as of 2010)
Major industries:	Agriculture (cacao beans), mining (gold)
Nominal GDP:	Approximately 31.3 billion dollars (2010, Source: World Bank)
GDP growth rate:	6.6% (2010, Source: World Bank)

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