



Nimbus Infrastructure Limited
(Incorporated in the Republic of Namibia)
(Registration number 2017/0558)
NSX share code: NUSP ISIN: NA000A2DTQ42
(“Nimbus” or “the company”)

TERMS ANNOUNCEMENT IN RESPECT OF THE PROPOSED ACQUISITION BY NIMBUS OF A 26.5% SHAREHOLDING IN PARATUS TELECOMMUNICATIONS (PTY) LIMITED (“PARATUS”)

1. Introduction

Pursuant to the cautionary announcement by Nimbus published on NENS dated 6 October 2017, shareholders are advised of the proposed acquisition by Nimbus of an effective see-through economic interest of 26.5% (twenty six point five percent) in Paratus at the effective date, subject to the terms and conditions as set out herein (“the transaction”).

2. The transaction

In terms of the transaction:

- i) Nimbus will acquire 8% (eight percent) of the issued share capital in Paratus (prior to the dilution effect caused by the events in ii) below, from Cuvelai Telecommunications (Pty) Ltd (“Cuvelai”); and
- ii) Paratus will allot and issue shares in Paratus to Nimbus to bring the effective shareholding of Nimbus in Paratus after the allotment to 26.5%, resulting in an effective 20.1% dilution of existing shareholders.

3. The vendor

Cuvelai currently holds 33.9% of the issued ordinary shares in Paratus. 100% of the issued share capital in Cuvelai is held by current Paratus employees consisting of senior personnel, executive management and directors.

4. Rationale for the transaction

4.1 Exposure to Paratus Namibia - Diversification of revenue streams

Paratus has an impressive track record, both in Namibia and across the continent. The company has grown its customer base aggressively, particularly in the corporate space, and is actively expanding into the retail market. They have shown a strong growth profile, with both revenue and profits expanding on a yearly basis.

By obtaining exposure to Paratus Namibia, Nimbus has immediate exposure to the current revenue and profits of Paratus, as well as the asset base, which consists of, amongst others, terrestrial and urban infrastructure. Further to this, the company is in the process of constructing the TKF Line from Swakopmund (Walvis Bay) via Windhoek to Buitepos (Botswana border), providing Nimbus with exposure to the

earnings generated by the TKF line, with expectations for bandwidth sales to various entities across the continent.

Although the growth in revenues generated by Paratus is currently largely driven by fiber infrastructure roll-out, Paratus also has sustainable revenue streams from other sources such as cloud, connectivity, local area network, security and voice, providing exposure to diversified revenue streams for Nimbus.

A shareholding in Paratus provides Nimbus with a strong base from which to pursue further investments across the country and continent.

4.2 Alignment of interest between the Nimbus Manager and shareholders

Through Nimbus investing directly into Paratus Namibia, many of the perceived conflicts of interest between the parties can be mitigated or removed.

4.3 Further capital raising

The transaction does not preclude further investments by Nimbus, but rather creates a strong foundation from which to raise further capital, be it debt or equity, for further projects and acquisitions.

4.4 Main board listing

The transaction will see the majority of the capital raised by Nimbus invested into a Viable Asset, which shall result in Nimbus making an early transition from a CPC to a full-fledged listed company on the NSX mainboard.

5. Terms of the transaction

5.1 Purchase consideration and mechanism

In terms of the transaction:

- i) Nimbus will acquire 8% (eight percent) of the issued share capital in Paratus (prior to the dilution effect caused by the events in ii) below) from Cuvelai Telecommunications (Pty) Ltd for an initial cash payment of N\$20 000 000; and
- ii) Paratus will issue shares in Paratus to Nimbus for an amount of N\$75 000 000 to bring the effective shareholding of Nimbus in Paratus after the allotment to 26.5%, resulting in an effective 20.1% dilution of existing shareholders.

The total aggregate consideration is N\$95,000,000 to obtain an effective shareholding in Paratus of 26.5% (twenty six point five percent). The consideration will be settled from the cash raised through the private placement.

The transaction is subject to such terms as are normal for such a transaction.

5.2 Effective date

The effective date of the transaction shall be upon the date of the fulfilment of all the conditions precedent as disclosed below.

5.3 Conditions precedent

The transaction is subject to the fulfilment of certain conditions precedent, including inter alia:

- Shareholder approval being obtained at the general meeting as fully disclosed in the circular issued to shareholders on 16 November 2017;
- the conclusion of sale and subscription agreements between vendors and Nimbus in respect of the banks;

- a comprehensive financial-, legal- and tax due diligence must be completed on Paratus, the outcome of which must be acceptable to the disinterested members of the Board of Nimbus, acting in their sole discretion;
- a fair and reasonable opinion must be obtained from an independent expert acceptable to the NSX that the terms of the transaction is fair and reasonable as far as the shareholders of Nimbus are concerned;
- each current shareholder of Paratus waiving pre-emptive rights;
- CRAN and Competition Commission approval; and
- any other regulatory approvals as required in Namibia.

A final announcement will be made when all conditions precedent have been fulfilled.

6. Description of Paratus

Paratus was founded as the Internet Technologies group in 2003/2004 in Angola. In 2005 the business was launched in Namibia, after a successful network rollout and testing. Over the past decade, the Paratus Group has extended its footprint further into SADC, opening offices in Zambia, Mauritius, South Africa and Botswana. Most recently the Paratus Group also established a new company in Mozambique.

Paratus Telecom has now established itself in the ICT sector, delivering the full spectrum of ICT services ranging from 4G LTE, fiber technology, VSAT, MPLS, voice, hosting, portable products and LAN solutions. As the group has grown, it has become increasingly reliant on its own independent infrastructure, consisting of fiber networks, satellites services, licensed wireless access, 4G LTE and data centres.

Apart from officially operating in these seven countries, Paratus is delivering services in more than 22 African Countries, making the group a pan-African telecommunications operator.

The move into Africa unlocked significant potential in the Paratus Group with collective revenue growing from USD29 million in 2012 to USD65 million in 2017, translating into a compounded annual growth rate of 17.5% over the five-year period. The drive into Africa and what it graphically represents is synonym for what the Paratus Group stands for, being high levels of growth stemming from the fast-paced ICT industry, diversification across multiple African countries and exposure to numerous foreign currencies.

7. Pro forma financial effects on Nimbus

The pro forma financial information provided is the responsibility of the directors of Nimbus. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not fairly reflect the financial position of Nimbus or results of its operations after the acquisition:

	Column 1	Column 2	Column 3	Column 4	Column 5
	Before balance sheet 31 July 2017 (N\$)	Pro forma adjustment for capital raised (N\$)	Pro forma balance sheet 31 July 2017 (N\$)	Pro forma adjustment for Acquisition (N\$)	Pro forma balance sheet 31 July 2017 (N\$)
Statement of financial position					
Assets					
<i>Current assets</i>					
Cash and cash equivalents	600 000	100 461 890	101 061 890	(98 354 750)	2 707 140
<i>Non-Current assets</i>					
Investment in Associate	-	-	-	98 294 750	98 294 750
Total assets	600 000	100 461 890	101 061 890	(60 000)	101 001 890
Capital and reserves					
Share capital	750	102 884	103 634	-	103 634
Share Premium	599 250	100 945 188	101 544 438	-	101 544 438
Retained income/(loss)	-	(899 364)	(899 364)	(60 000)	(959 364)
Liabilities					
<i>Current liabilities</i>					
Trade Creditors	-	313 182	313 182	-	313 182
Total equity and liabilities	600 000	100 461 890	101 061 890	(60 000)	101 001 890
Number of shares in issue	75 007	10 288 400	10 363 407		10 363 407
NAV per share (N\$)	8.00				9.75

Notes and assumptions:

1. Column 1 presents the Statement of Financial Position of Nimbus, which has been extracted, without adjustment, from the audited Historical Financial Information of Nimbus as set out in Annexure A of the Pre-Listing Statement
2. Column 2 presents the financial effects of the Private Placement and the Listing including the following adjustments:
 - 2.1. The net asset value per Share figure is calculated on the basis that the Private Placement was effected on 31 July 2017.
 - 2.2. An increase in cash and cash equivalents to reflect the receipt of the N\$ 102 884 000 proceeds in respect of the Private Placement less transaction costs of N\$ 2 422 110 paid and a provision for creditors of N\$ 313 182.
 - 2.3. An increase in stated capital to reflect the issue of 10 288 400 new ordinary Nimbus Shares with a par value of N\$ 0.01 each at premium of N\$ 9.99 and an issue price of N\$10 per Share in respect of the Private Placement.
 - 2.4. Transaction costs of N\$ 2 735 292 were incurred for the Private Placement and Listing, of which N\$ 1 835 928 has been capitalised against share capital in accordance with IAS 32: Financial Instruments and N\$ 899 364 expensed through the Statement of Comprehensive Income.
3. Column 3 presents the total of column 1 and column 2.
4. Column 4 presents the financial effects of the Acquisition, including the following adjustments:
 - 4.1 Acquisition of a 26.5% shareholding in Paratus for N\$ 95 000 000.00.

- 4.2 Transaction costs relating to the acquisition amounting to N\$ 3 294 750.00, including due diligence fees, legal fees and transaction fees to the Investment Manager.
- 4.3 The costs of publication of the notice and hosting of the general meeting to approve the Acquisition amounting to N\$60 000.00.

5. Column 5 presents the total of column 3 and column 4.

8. Circular

A circular will be issued to Nimbus shareholders on 16 November 2017 regarding the approval of the proposed transaction and approving the proposed use and retention of the Residual Capital as envisaged in this Circular in terms of paragraph 4.35(c) of the Listing Requirements and incorporating the Notice of General Meeting. The circular is available on the Nimbus website (<https://nimbus.africa>).

9. General Meeting Notice

Notice is hereby given that a general meeting of Nimbus shareholders will be held at 45 Nelson Mandela Avenue, Windhoek, Namibia at 10:00 on Friday, 8 December 2017.

10. Withdrawal of cautionary announcement

Shareholders should note that the cautionary announcement dated 6 October 2017 is hereby withdrawn and shareholders are no longer required to exercise caution when dealing in the company's shares.

By order of the Board
Windhoek
16 November 2017

Sponsor



PSG Wealth Management (Namibia) (Pty) Ltd
Member of the Namibian Stock Exchange