



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

CIRCULAR, NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Pursuant to the cautionary announcement by Nimbus published on NENS dated 4 July 2019 and the subsequent renewal of the Cautionary Announcement released 15 August 2019, shareholders are advised that Nimbus has issued a circular today.

2. Circular

The circular relates to:

- the approval of the implementation of the proposed Swap, as detailed below in paragraph 3, as a Category 1 transaction together with an issue of new shares as consideration, in terms of the NSX Listing Requirements;
- the approval of the change of name from Nimbus Infrastructure Limited to Paratus Namibia Holdings Limited; and
- the notification to Shareholders of the change of the financial year end of Nimbus from the last day of February to the last day of June of each year.

A copy of this circular will also be available on the Nimbus website (nimbus.africa).

3. The Swap

The proposed Swap shall consist of the following:

- i. A Share Swap whereby Nimbus acquires in accordance with the Swap Agreement 46'168 (forty six thousand, one hundred and sixty eight) ordinary shares in Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia") together with any Sale Claims held by Paratus Group Holdings Limited ("Paratus Group"), resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus Namibia;
- ii. The Swap Consideration will be settled through the issue of 20'012'431 (twenty million, twelve thousand, four hundred and thirty one) new ordinary Nimbus Shares to be allotted to Paratus Group at a pre-determined and agreed upon price of N\$ 10.50 (ten Namibia Dollars and fifty cents) each for a total value of N\$ 210'130'525.50 (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents).
- iii. The effective date will be upon fulfilment of the conditions precedent set out below.

iv. Conditions Precedent:

a. Fairness opinion

An opinion must be obtained from an independent expert acceptable to the NSX that the terms of the Swap is fair and reasonable as far as the Shareholders of Nimbus are concerned, as required in terms of paragraph 10.4 read together with Schedule 5 of the Listing Requirements.

b. Paratus Group approving and/or ratifying the Swap

Paratus Group's board of directors must approve or ratify the Swap Agreement.

c. Approval of Swap by Paratus Namibia board of directors

Paratus Namibia's board of directors must approve or ratify the Swap Agreement, as well as all other agreements contemplated as part of the Swap.

d. Regulatory approval

i. CRAN

ii. Paratus Namibia is to obtain from CRAN -

- written consent in terms of Section 35 (1) of the Communication Act (Act 8 of 2009) for the proposed Swap or confirmation that Section 35 (1) of the Communication Act (Act 8 of 2009) does not apply to the Swap;
- written confirmation that the Swap does not amount to a contravention of Section 46 (1) of the Communication Act (Act 8 of 2009); and
- Paratus Namibia must submit a notice contemplated in Section 35 (2) of the Communication Act (Act 8 of 2009) to CRAN.

e. Competition Commission

The Swap must be unconditionally approved by the Competition Commission in terms of the Competition Act (Act 2 of 2003) or conditionally approved on terms and conditions, which Nimbus confirms in writing to the Sellers to be acceptable to it, which acceptance shall not be unreasonably withheld nor delayed.

f. Approval processes

i. The Swap shall first be presented to the Investment Committee of the Board by the Investment Manager.

ii. Upon approval having been granted by the Investment Committee of the Board, the Investment Committee must present the proposed Swap to the Board, where it must be approved by the majority of the disinterested members of the Board.

iii. Upon the approval having been granted by the Board, the proposed Swap shall be presented to the Shareholders as a category 1 transaction in terms of the Listing Requirements, to be approved by the majority of Shareholders at the Annual General Meeting.

- iv. The disinterested Directors of the Board have considered the terms and conditions of the Swap and has approved the Swap. As per the Listing Requirements, the executive members of the Manager and Investment Manager, and the Attorneys, and their associates will not vote their shares for the approval of the Swap at the Annual General Meeting.

- g. At the date of the Circular, all the Conditions Precedent as disclosed above have been fulfilled, except for the regulatory approvals as set out in paragraph (d) above. An announcement will be published on NENS as soon as the requisite approvals have been obtained.

4. Rationale for the Swap

As set out in more detail in the circular to shareholders dated 16 November 2017, the acquisition of an initial stake of 26.5% in Paratus Namibia was made in pursuance of the following:

- i. Obtaining exposure to Paratus Namibia's diversified revenue streams
- ii. Creating an alignment of interest between the Nimbus Manager and Shareholders;
- iii. Acquisition of a strong foundation for further capital raising; and
- iv. Entitlement of Nimbus to transition from a CPC to an NSX main board listing.

The circular to shareholders dated 27 March 2018 explained that the swap proposed therein would further capitalise on the rationale above by increasing the effective shareholding of Nimbus from 26.5% to 51.4% of the total issued ordinary shares of Paratus Namibia, transitioning Nimbus from a well-protected minority shareholder to a majority shareholder in Paratus Namibia and would ensure that Nimbus secured a firm foothold in the ICT sector, which would serve as a stable platform for future growth and expansion. The transaction also secured strategic control of the TKF-Line, which is believed will play an instrumental role in the future private sector growth in the ICT sector in Namibia and further into the land-locked countries of sub-Saharan Africa.

The Swap as proposed herein, again builds on the rationale of the previous two transactions as fully detailed in the circulars dated 16 November 2017 and 27 March 2018. By taking Paratus Namibia from a 51.4% subsidiary to a wholly owned subsidiary, the following synergies are unlocked:

- i. Exposure to Paratus Namibia's diversified revenue streams is fully cemented, including future revenues that can be generated from strategic assets like TKF, FTTX roll out in major Namibian cities and Paratus Namibia's 4G LTE network (Mobile LTE);
- ii. The remaining conflicts of interest that exist where an investment is suitable to both Paratus Namibia and Nimbus is eliminated as the see-through economic interest for Nimbus Shareholders remains unchanged, regardless of whether such opportunities are pursued by Paratus Namibia or by Nimbus;
- iii. Access to capital for Paratus Namibia is simplified through the 100% shareholding, enabling Paratus Namibia to aggressively pursue its infrastructure roll out;
- iv. The duplication of governance structures and corresponding duplicated costs are eliminated by combining the Board of Directors and the Paratus Namibia board of directors, as well as the relevant committees of the boards' consolidation into one fully aligned governance structure;

- v. With the full alignment of interests and governance structures resulting from the 100% shareholding, the need for outsourcing the day-to-day activities of Nimbus through a Management Agreement is no longer necessary, wherefore the Management Agreement will be terminated; and
- vi. Similarly, there will no longer be a permanent need for an Investment Manager to source and investigate investments for Nimbus, as investment strategies set by the Board will be pursued by the staff contingent already employed by Paratus Namibia, wherefore the Investment Agreement will also be terminated. Specialist skills can be recruited on an ad hoc basis, as and when required.

5. Change in year-end

Nimbus' Board has resolved that its year-end be changed from the last day of February of each year to the last day of June of each year in accordance with section 293(2) of the Companies Act.

Rationale for year-end change:

- i. Paratus Group has concluded a transaction with Capricorn Investment Group Limited. In terms of the transaction between Capricorn Investment Group Limited and Paratus Group, Capricorn Investment Group Limited subscribed for shares in Paratus Group, which transaction was subject to certain conditions.
- ii. One of these conditions comprised that all the entities within the Paratus group of companies' financial year ends shall be changed to the last day of June of each year. Paratus Namibia fell within this designation and was therefore also required to change its year end accordingly.
- iii. A change in year-end by Paratus Namibia would logically be followed by Nimbus, so as to avoid accounting and administrative difficulties that arise with a wholly owned subsidiary that has a year-end that does not correspond to the year-end of Nimbus.

6. Change of name

Nimbus propose to change its name from "Nimbus Infrastructure Limited" to "Paratus Namibia Holdings Limited". Subject to the passing, filing and registration of the required Special Resolution set out in the notice of the Annual General Meeting, Nimbus will trade under the new name of Paratus Group Holdings Limited, NSX Code PNH, ISIN: NA000A2DTQ42 and abbreviated name Paratus.

Rationale for proposed name change:

- i. The full alignment of interests brought about by the Swap, together with the consolidation of the boards of directors between Nimbus and Paratus Namibia does away with the need for Nimbus to have a separate identity. Nimbus will be the listed holding company of Paratus Namibia.
- ii. At the Annual General Meeting of Nimbus, shareholders will be requested to approve the Special Resolution to effect the change of the Nimbus' name. Should the Special Resolution be approved by the requisite majority of Shareholders, the Registrar of Companies will be approached for registration thereof.

7. Description of Paratus Namibia

Paratus Namibia forms the head office from which the Paratus Group's African operations are primarily overseen and managed, boasting a management team with operational and ICT infrastructure experience across the African continent.

The Paratus Namibia growth profile is representative of the management team's execution and implementation abilities, achieving major successes over the past 10 years, such as obtaining a full ECS/ECNS telecommunications license, International Data Gateway License, independent fiber crossing into South Africa via Velloorsdrif/Onseepkans and an independent fiber crossing into Zambia via Katima Mulilo/Sesheke.

In 2014 Paratus Namibia launched the first privately owned fiber ring in Windhoek which marked a strategic moment in Paratus Namibia's life cycle. A clear new trend was set in their telecommunications revenue, with growth accelerating as a result thereof. Paratus Namibia has since completed the installation of fiber rings in Swakopmund and in Walvis Bay.

In 2018 Paratus Namibia completed the Trans Kalahari Fiber line (TKF) extending from Walvis Bay via Swakopmund, connecting to the West Africa Cable System, via Windhoek to Botswana. The establishment of TKF saw Paratus Namibia widening its gross profit margins and growing its EBITDA as costs are internalised while the first sales on the line occurred in March 2019.

Paratus Namibia boasts a strong existing client base consisting of more than 2100 clients including various large corporates, with recurring contractual revenues on average representing 85% of Paratus Namibia's revenue, as opposed to 15% in the form of more volatile once-off revenues.

8. Notice to shareholders of annual general meeting

Notice is hereby given that an Annual General Meeting of Nimbus Shareholders will be held at Maerua Roof Top, 5th Floor Maerua Office Tower, Jan Jonker Road, Windhoek, Namibia at 10:00 on Wednesday, 25 September 2019.

9. Withdrawal of cautionary announcement

Shareholders should note that the cautionary announcement 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
30 August 2019

Sponsor



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