



Minara Tanzania Limited

Business Plan/Feasibility study

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1. Introduction

This business plan and feasibility study (the **Business Plan**) is submitted by Minara Tanzania Limited (**Minara**) in support of its application for a certificate of incentives under the Tanzania Investment Act, 1997. It has been prepared exclusively for the benefit and internal use of the Tanzania Investment Centre (**TIC**) to whom it is directly addressed and delivered in order to assist the TIC in evaluating Minara's application. This Business Plan contains information that is confidential and proprietary to Minara and its shareholders. Accordingly, neither this document nor any of its contents may be disclosed or used for any other purpose without the prior written consent of Minara.

Minara is a tower company, established in 2021 to offer shared passive infrastructure to a range of wireless network operators. The company was formed in advance of the signing of an agreement with Airtel Tanzania PLC (**Airtel**), to acquire its portfolio of tower assets and rooftop installations along with their existing revenue contracts. The value of the initial investment is expected to be approximately US \$175m.

1. Ownership of Minara: Joint venture between SBA Communications Corporation of the US and Paradigm Infrastructure Limited of the UK.
2. Services Provided: Secure sites providing high quality infrastructure capable of being shared by multiple customers.
3. Customers: Will include Mobile Network Operators (**MNOs**), internet service providers, radio broadcasters and other wireless operators.
4. Employees: Expected c. 60 full-time.
5. Commencement of operations: Last quarter of 2021, dependent on the timing of the award of the national network facilities licence and other conditions precedent.

Minara has applied for a national network facilities licence with the Tanzania Communications and Regulatory Authority (**TCRA**) in order to operate as a tower company. A tower company offers infrastructure sharing to a range of customers including mobile network operators, internet service providers and broadcasters.

Minara will bring the following benefits to Tanzania:

1. Foreign investment to improve infrastructure.
2. Employment and employee training.
3. A responsible company operating to the highest levels of integrity, governance and compliance.
4. Significant environmental benefits.
 - a) reduced carbon emissions from increased asset sharing and the introduction of state-of-the-art power solutions, focused on reducing diesel consumption;
 - b) aside from towers and generators, other resources are shared e.g. power distribution assets, monitoring systems, fuel tanks, access systems etc.; and
 - c) the opportunity to improve network coverage but with a reduction in the overall number of towers required to provide national network coverage with sites capable of managing up to 4 tenants with multiple technologies improving the aesthetic environment.
5. Significant economic benefits:

- a) competition in the tower / telecom infrastructure sharing sector. Along with a more efficient model that will improve network uptime for MNOs, total cost of site operations for MNOs is reduced, which ultimately benefits end users; and
 - b) reduces barriers for existing operators to roll out to more sites, thus improving coverage. Gives new wireless network operators lower barriers to entry by reducing their capex requirement.
6. Rural coverage: extensive experience in deploying low cost 24x7 off-grid solutions – which utilize shared active infrastructure, VSAT backhaul – and new commercial models, which eliminate risk and CAPEX for the operators.
 7. Introduction of new technologies, such as 4g and 5g. The sharing of passive infrastructure enables most cost efficient network deployment opportunities for MNO's and supports the deployment of new technologies in their networks.

2. Project Objectives

2.1 Introduction and project concepts

Minara's mission is to be the leading provider of passive infrastructure in Tanzania: enabling seamless mobile cellular wireless services across the country and improving the overall quality of services of the wireless telecommunications industry.

The primary tenant will be Airtel for which Minara plans to host on approximately 1400 sites across Tanzania. In addition, Minara will market its sites and the ability to build new tower sites to other telecom operators, internet service providers and broadcast companies.

The site-build and co-location delivery programs will be driven by our customers' roll-out requirements. Upon request from a customer, Minara will conduct an individual site feasibility study to ensure the capacity of the site and the power solution to host the customer safely. We then prepare the site ready for installation of the customer's active equipment. Once everything is complete, we provide ongoing power, security and monitoring of the site.

A tower is a vertical structure built on a small parcel of land, designed to accommodate multiple wireless tenants. Tenants of Minara's will lease vertical space on the tower and portions of the land below the tower for their active telecom equipment. Under this model, Minara is responsible for the passive infrastructure elements including:

- the ground lease;
- the tower itself;
- tower accessories (mounts, cable trays, ladder, etc.);
- power supply and meters;
- electrical grounding systems;
- lightning protection;
- aircraft warning light systems;
- site walls and fences;
- Equipment housing,
- Cooling equipment,
- tower and site maintenance and cleaning; and
- site or tower-related permits including environmental impact assessment.

The customer is responsible for the installation, maintenance and operation of the active infrastructure including:

- antennas;
- dishes;
- cabling;
- base station equipment;
- backhaul equipment;
- relevant equipment permits; and
- spectrum licenses.

Minara intends to establish a best-in-class shared wireless infrastructure business by meeting the following key objectives:

- acquiring Airtel's existing c. 1,430 sites with the intention of building significant numbers of additional shared sites to meet customer requirements;
- undergoing a major capital expenditure program to upgrade the infrastructure, enabling wireless network operators to enjoy world-class, high performing site facilities;
- recruit and train a local workforce to operate sites to the highest level of availability for the benefit of customers and end users;
- the highest standards of:
 - governance and compliance;
 - health, safety and the environment;
- non-discrimination in the provision of its services; and
- introduce a competitive model that allows customers to gain the operational and economic benefit of shared infrastructure whilst avoiding the need for a large capital investment.

In Tanzania, Helios Towers Tanzania has operated for many years under similar operating principles as Minara. The major benefits of infrastructure sharing include:

- materials, energy and emissions savings that ensue from building only one tower instead of multiple towers;
- reduction in the number of towers countrywide, resulting in aesthetic benefits to urban and rural skylines;
- telecom operators can focus on their core competencies and outsource infrastructure management; and
- telecom operators can rapidly increase their geographic coverage and network capacity without incurring significant capital costs.

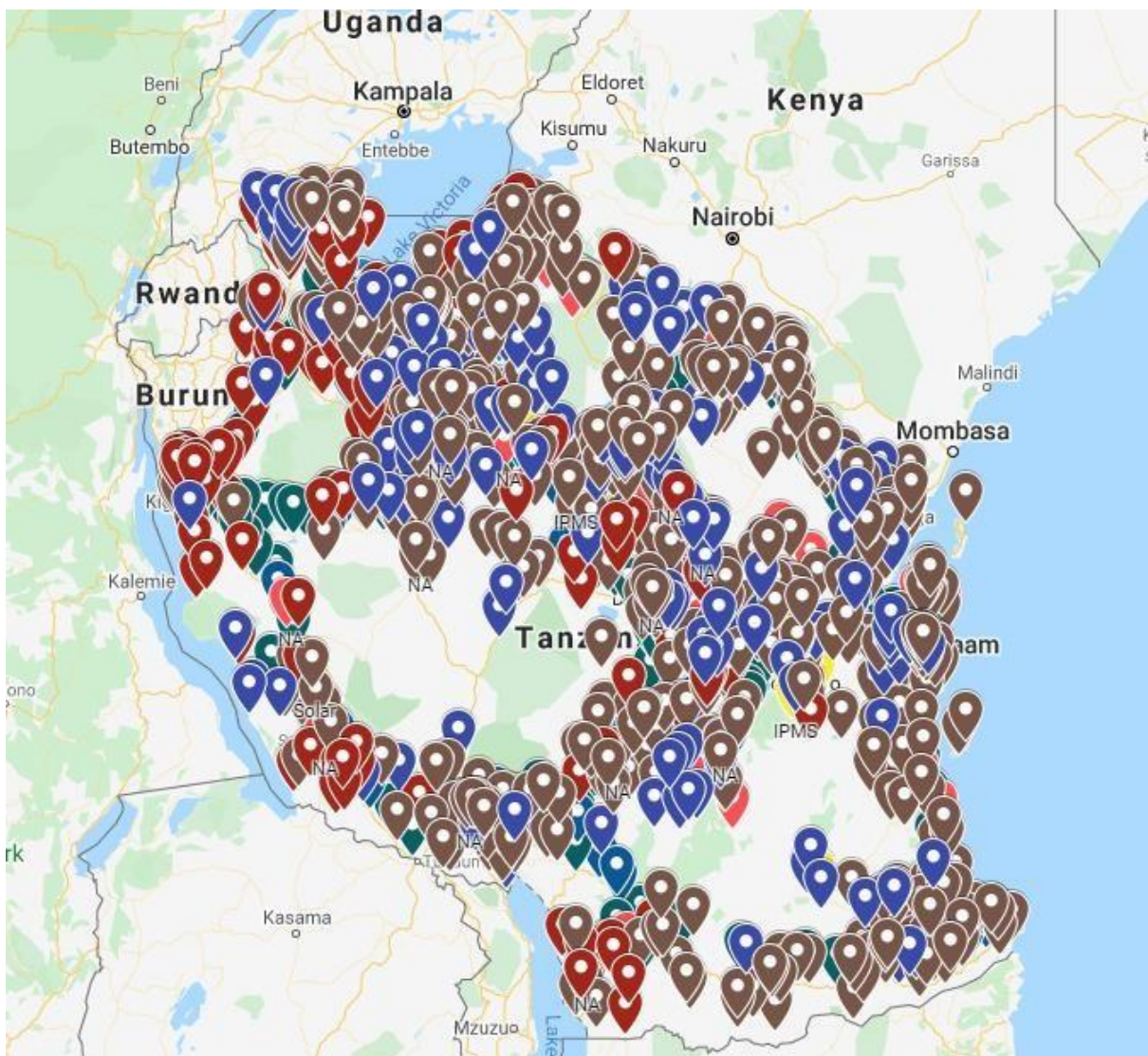
2.2 Services to be provided

Minara will provide the following services:

- **Collocation** – This enables MNOs and other service providers, including broadcasters, to use the existing Minara infrastructure to expand their networks without the need to build their own. This will include the provision of power, security and monitoring. The operator/service provider only needs to install their active equipment.

- **Build-To-Suit** – Minara will work with the operators to build new infrastructure. This will include towers, rooftops and in-building solutions. The infrastructure Minara builds is capable of being shared by multiple operators.
- **Rural Coverage** - It is Minara's aim to work with the Universal Communications Service Access Fund and MNOs to seek the deployment of low-cost rural infrastructure that enable services to be offered in more remote areas.
- **Potential Future Offerings**– Distributed Antenna Systems (DAS), Dark Fiber to Sites, In and On Building Solutions. Support of new commercial models with the operators.

2.3 Location and project coverage



3. Investor Profile

Minara is owned 99.98% by RTGF Holdings Limited (RTGF) and 0.02% by RTGF Midco Limited. RTGF, in turn, is owned by SBA Telecommunications, LLC (70%) and Paradigm Infrastructure II

Limited (30%), which are owned by SBA Communications Corporation and Paradigm Infrastructure Limited, respectively – see enclosed Minara structure. The investment of RTGF into Minara will be split between equity (30%) and shareholder loans (70%).

3.1 SBA Communications Corporation

SBA Communications Corporation is a leading independent owner and operator of wireless communications infrastructure including towers, buildings, rooftops, distributed antenna systems (DAS) and small cells.

With a portfolio of more than 32,000 communications sites in fourteen markets throughout the Americas and South Africa, SBA is listed on NASDAQ under the symbol SBAC.

SBA is part of the S&P 500 and is one of the top 20 Real Estate Investment Trusts (REITs) based on market capitalization. For more information, please visit www.sbasite.com

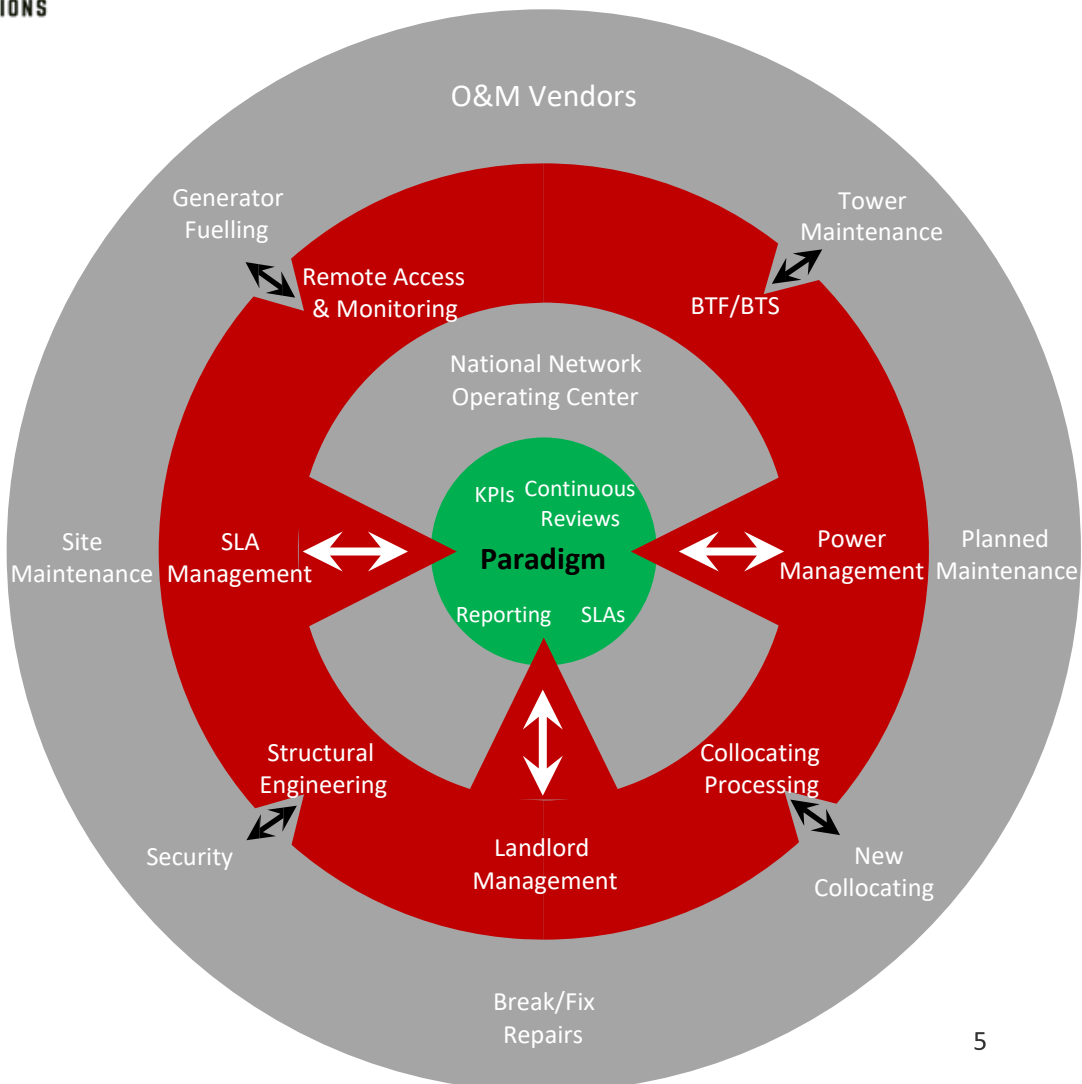


3.2 Paradigm Infrastructure Limited

Paradigm Infrastructure Limited is a United Kingdom (UK) company focused on developing, owning and operating shared passive wireless infrastructure in selected growth markets. Paradigm's executive and management team bring together significant industry experience of the shared wireless infrastructure eco system. This includes starting up operations, managing and growing successful businesses in the sector.

The team's experience covers the startup of new tower companies in Nigeria, South Africa, Ghana, Uganda, Germany, Brazil, Mexico, Chile, Columbia and Paraguay, along with the operational management of over 90,000 tower sites across EMEA, LatAm and the United States of America (USA).

The team has also been responsible for the management of significant build programs and has detailed knowledge of power management. For more information, please visit: www.paradigm-infra.com



4. Details of investment costs (foreign and local expected capital expenditures)

After the transactions related investments such as Stamp Duty and IT set up, the main initial focuses are on refurbishment and remediation of both the tower structures and power systems supporting the customer equipment. Focus transitions to new site builds and new customers at existing sites, as well as the roll out of Remote Monitoring Solutions to support the in-house Network Operating Centre.

Most of the equipment involved in the above is not available from local suppliers and must be imported, but once deployed, these advanced solutions will be used and maintained by Minara's local staff.

Capex by activity

New build	787	5,327	6,301	10,494	10,056
Collocations	87	1,059	3,651	2,964	3,112
Tower maintenance	250	1,679	1,763	1,852	1,979
Power maintenance	1,750	11,756	12,344	12,961	13,853
Start up activities	15,949	-	-	-	-
NOC / RMS	1,114	7,096	4,453	-	-
Refurbishment	513	3,672	4,048	-	-
Total capex	20,450	30,590	32,560	28,270	29,000

Capex split by source

Local expense	16,106	7,220	8,099	7,299	7,443
International expense	4,344	23,370	24,461	20,971	21,557

5. Project financial and economic analysis

Economic Analysis

Following two decades of sustained growth, Tanzania reached an important milestone in July 2020, when it formally graduated from low-income country to lower-middle-income country status. Tanzania's achievement reflects sustained macroeconomic stability that has supported growth, in addition to the country's rich natural endowments and strategic geographic position.

Reflecting strong income growth over the past decade, on July 1, 2020 the World Bank announced that Tanzania's gross national income (GNI) per capita increased from \$1,020 in 2018 to \$1,080 in 2019, exceeding the threshold for lower-middle income status. The country's broad vision of its development goals as a middle-income country in 2025 are set out in the Tanzania Development Vision 2025, characterized by high-quality livelihoods, peace, stability, and unity good governance, a well-educated and learning society, and a competitive economy capable of sustainable growth and shared benefits. Increased GNI per capita is impressive but not enough to reach these goals. Investing in both human development and physical capital is key to achieving these broad goals and improving the quality of life for all Tanzanians.

So, from a business perspective -

General Themes

- Growing population, currently 59M
- Annual population growth 2.9%
- GDP: \$ 61Bn
- Low Inflation 3.4%
- Young population: 63% below 25years
- Increasing Urbanization
- 36% Urban population with annual Urbanization rate of 4.9%
- Legal system: English Common Law

Macro Themes

- Strong Government investment in Infrastructure development and Industrialization strategy- Heavy investment in infrastructure and export-oriented manufacturing as drivers for economic growth.
- New investment in Airports/ Standard gauge railway/ Roads
- Political environment improving with Crackdown on Tax Evasion and Corruption - Recent Tax reforms to improve transparency
- Financial Inclusion - Expected to create new opportunities in commerce and supported services.

- Members of East Africa Community are pushing ahead with regional integration plans - Single customer territory

Business Rationale

Tanzania Market Entrance

- Largest tower portfolio currently available in the African market providing excellent market entry position and platform for growth
- Large growing population
- Robust economic growth forecasts
- Better governance and operating environment than most of SSA
- Potential synergies opportunities with SBA South Africa operations

Timing of Market Entrance

- Helios Towers may have difficulties in matching market demand for new sites while meeting operational commitments to their current tenants
- Vodacom and Airtel are racing to build out their 4G networks in anticipation of the Axian acquisition of Tigo
- Strong growth requirement from USCAF for rural coverage

6. Financial Projections for the next five years

SBA and Paradigm have together agreed to make available financing for Minara that exceeds the purchase price for the acquisition of the business, which is expected to be approximately \$175m.

Further, it should be noted that pursuant to the terms of the business sale agreement between Minara and Airtel, 10% of the purchase price will be not be payable on the closing of the transaction but held back pending the satisfaction of certain contractual obligations by Airtel post-closing.

SBA Telecommunications LLC, a wholly owned subsidiary of SBA Communications Corp, has agreed to guarantee the purchase price as set out in the business sale agreement. SBA is a publicly listed corporation on NASDAQ and its financial statements and other market communications are available on the SEC website.

Summary Profit & Loss statement:

All figures in TZS millions	2021	2022	2023	2024	2025
TOTAL REVENUE	17,470	118,480	131,750	145,420	164,060
TOTAL COSTS	11,320	75,880	78,410	81,310	87,770
EBITDA	6,150	42,600	53,340	64,110	76,290

PRO FORMA Balance Sheet:

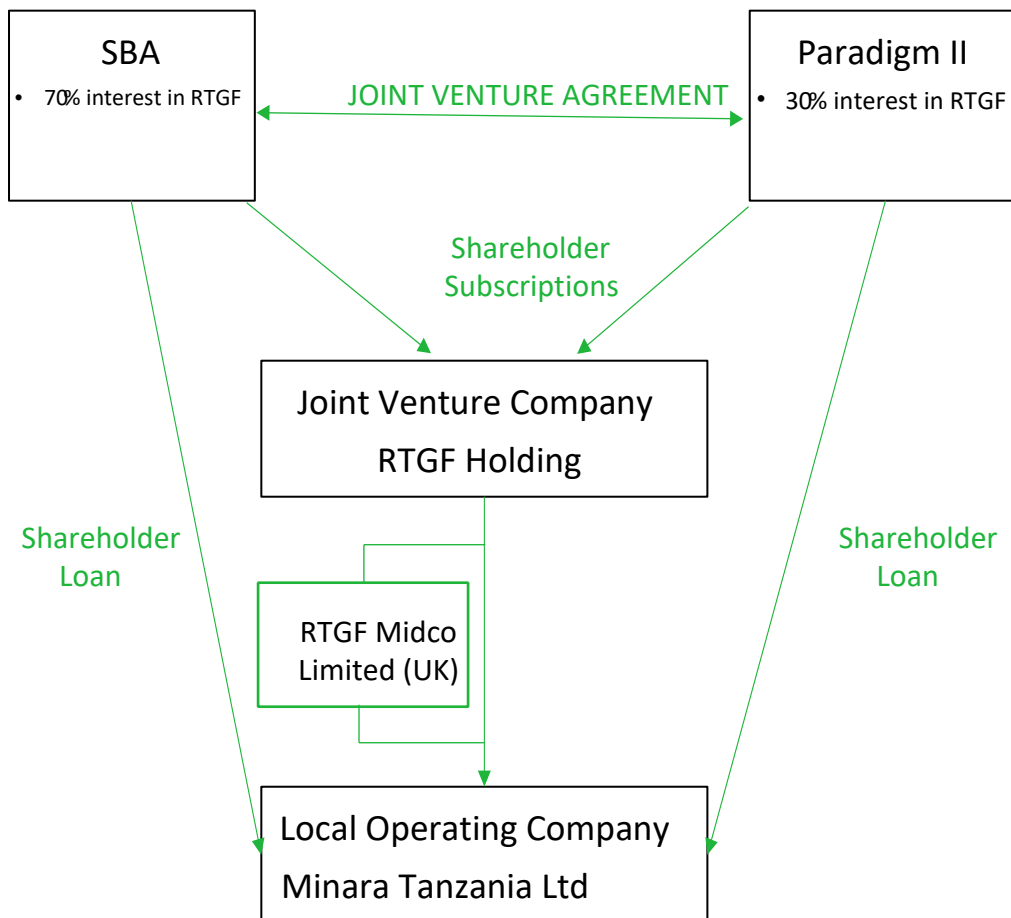
All figures in TZS millions	2021	2022	2023	2024	2025
Fixed assets	425,230	432,870	440,860	443,140	444,700
Accounts receivable	870	5,920	6,580	7,270	8,200
Cash and equivalents	1,000	1,000	1,000	1,000	3,740
Total assets	427,100	439,790	448,440	451,410	456,640
Overdraft	11,800	24,860	27,860	15,820	-
Loan funding	290,700	290,700	290,700	290,700	290,700
Accounts payable	560	3,790	3,920	4,060	4,380
Income tax payable	-	-	-	4,870	7,680
Total liabilities	303,060	319,350	322,480	315,450	302,760
Net assets	124,040	120,440	125,960	135,960	153,880
Shareholders' equity	124,040	120,440	125,960	135,960	153,880

Summary Cash Flow statement:

All figures in TZS millions	2021	2022	2023	2024	2025
EBITDA	6,150	42,600	53,340	64,110	76,290
Development capex	1,990	13,490	14,410	13,460	13,170
Maintenance capex	2,520	17,100	18,150	14,810	15,830
Other investment capex	15,940	-	-	-	-
TOTAL CAPEX	20,450	30,590	32,560	28,270	29,000
UNLEVERED free cash flow	- 14,300	12,010	20,780	35,840	47,290

7. Capital Investment Ratio

Minara will be funded by equity contributions (30%) and debt in the form of shareholder loans (70%) from its shareholders. Minara is owned 99.99% by RTGF Holdings Limited (“RTGF”) and 0.1% by RTGF Midco Limited. RTGF, in turn, is owned by SBA Telecommunications, LLC (70%) and Paradigm Infrastructure II Limited (30%), which are owned by SBA Communications Corporation and Paradigm Infrastructure Limited, respectively – see enclosed Annexure A Minara structure. The investment of RTGF into Minara will be split between equity (30%) and shareholder loans (70%).



8. Market Study

As part of the development of the business plan, Minara conducted an analysis to ascertain the viability of the proposed investment. This included but was not limited to a number of in country visits to meet with the Mobile Operators, contractors and the regulator. In addition, research was carried out with regards to the environment, population, GDP, investment risks, Political stability and other macro and micro considerations

Details of the key findings are highlighted below:

- Tanzania is one of the largest economies in sub-Saharan Africa and has the 6th largest population;
- GDP growth is averaging 7%+ per annum;
- Tanzania has a large and growing population with an excellent age profile of young people demanding new and exciting mobile services;
- Minara believes voice and data service demand is growing annually by close to 10%;
- Tanzania has a strong core of major Mobile Operators, all of whom have indicated that they are looking to expand their respective 3G and/or 4G coverage;
- Minara believes the customer base for all Mobile Operators is showing double digit growth;
- There was perceived to be a need to create a competitor tower company to the current incumbent, Helios Towers, which was voiced by all Mobile Operators;
- The opportunity for mobile growth especially for geographic coverage gives excellent potential for new build sites;
- There is a strong contractor base and skilled workforce in Tanzania;
- There is a trend of improving infrastructure, especially with regards to electricity grid availability;
- Tanzania enjoys a legal framework based on English common law, which international investors view as supportive to project financing and contract development;
- Tanzania now offers considerable encouragement for International inward investment;
- The Airtel portfolio was an opportunity for a significant opportunity for investment relative to others available in sub-Saharan Africa; and
- Minara's financial model showed the returns our investors are looking for in terms of revenue, ROI and all other financial measures.

9. Environmental Impact Assessment

Minara will aim to mitigate the impact that its operations have on the environment and there are not expected to be any adverse environmental impacts from the project as follows:

The tower sites being acquired from Airtel have all been constructed in accordance with National Environmental Management Council frameworks, and have an approved Environmental Impact Assessment permit (EIA), in place. This is a key deliverable requirement from Airtel to Minara. Minara will continue to operate all Towers in accordance with the specific requirements of each EIA. Also an EIA permit will be obtained for all new sites that Minara construct.

10. Expected Employment Generation

Minara's business plan provides for an overall headcount of 65 with at least 62 of the roles being filled by Tanzanian nationals and up to three international assignees.

To achieve its objectives, Minara has deployed a start-up team to work in Tanzania to establish a framework for recruitment and development of Tanzanian employees for most roles within the organization. The start-up team will be in country for a period of approximately six months to a year. The members of the start-up team are all experts in their fields and have been in prior advisory positions with a high success rate of recruitment and skills transfer. The critical objective for each member of the start-up team is to hire local employees and train these new employees to perform the duties of Minara. The skills transfer will take place through on-the-job training, meetings, on-line training and facilitated sessions.

The Minara management team of Executive Officers and Department Heads are outlined below:

Chief Executive Officer

- Head of Human Resources & administration
- Head of Sales

Chief Financial Officer

- Head of Accounting
- Head of Reporting
- Head of Supply Chain

Chief Operations Officer / Senior Operations Consultant

- Head of Operations and Security
- Head of Capital Projects
- Head of Environmental, Health and Safety

General Counsel / Legal Director

- Head of Legal
- Head of Compliance
- Head of Property

All Minara employees receive an extensive new-hire learning plan and are provided with access to a variety of facilitated and online training. Managers are also able to assist employees in their development by assigning external training courses and/or appointing training mentors for the employee.

Employees must abide by various compliance policies and procedures along with adherence to the guidelines of the Foreign Corrupt Practices Act (FCPA) and the Environmental Health and Safety Plan (EHS Plan).

11. Proposed Implementation Schedule

There are three main phases to the project:

1. Startup phase – early development and establishment of the project
2. Steady state phase – sustainable operation of the core components of project
3. Scaled phase – expansion of the core components of the project

