helios towers AFRICA

Annual Report 2016

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Integrity
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Excellence

This Annual Report and Accounts does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any company shares or other securities.
This Annual Report and Accounts contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of the company. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

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OPERATING AND FINANCIAL REVIEW

Revenue
US$283m

44% improvement from 2015

The income from services provided utilising the Group's tower infrastructure

Adjusted EBITDA
US$85m

143% improvement from 2015

Operating loss for the year ended 31 December 2016 was ($45m) (2015: ($66m)). See Note 4 in the financial statements

Total Sites
6,477

19% increase from 2015

The locations at which we own or manage infrastructure and provide services for one or more customers

Total colocations
5,798

26% improvement from 2015

The sharing of tower space by multiple customers or technologies on the same tower

Tenancy ratio
1.90x

3% improvement from 2015

The total number of tenancies divided by the total number of towers as of a given date representing the average number of tenants per site within our portfolio

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout the annual report and include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results in relation to operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in these financial statements. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in the annual report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- a reduction in the creditworthiness and financial strength of our tenants;
- increases in operating expenses;
- the ability of third-party contractors to perform in accordance with contractual terms and specifications;
- failure to protect our ground leases or renew these leases when they come due;
- the effects of potential consolidation or competition in the telecommunications tower industry in the countries in which we operate;
- technological changes in cellular and other telecommunications equipment used by our tenants;
- liquidated damages provisions contained in our site agreements;
- our inability to successfully execute our growth business strategy, which depends on factors outside our control;
- the competition in the telecommunications tower industry may create pricing pressure;
- foreign exchange risks;
- failure to construct build-to-suit towers due to factors outside our control;
- our ability to raise additional financing and to generate sufficient cash to service our debt and to control and finance our capital expenditures and operations;
- our ability to maintain our licenses and permits for our towers and other licenses and permits necessary for the conduct of our business;
- local community opposition;
- a reduction in demand for our services;
- the effects of changes in laws and regulations;
- liability under environmental laws;
- unforeseen damage for which our insurance may not provide adequate coverage;
- dependence on our ability to recruit, train, retain and motivate key employees;
- the effect of perceived health risks from radio emissions;
- the effect of disputes, material litigation and other legal proceedings;
- violations of anti-corruption laws, sanctions and regulations;
- unpredictable changes in the relevant tax systems;
- general political and economic conditions, including changes to the global, regional or domestic economy affecting our costs of financing and operations; and
- our success at managing the risks of the above factors and the other financial, business and operating risks referred to elsewhere in these financial statements.

The sections of the annual report entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" contain a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in the annual report may not occur.

These forward-looking statements speak only as of the date of the annual report. We do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to either us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the annual report.

CERTAIN DEFINED TERMS AND CONVENTIONS

We have prepared the annual report using a number of conventions, which you should consider when reading information contained herein as follows:

All references to "we", "us", "our", "HTA Group", "our Group" and "the Group" are references to the Company and its subsidiaries taken as a whole.
"**2G**" means the second-generation cellular telecommunications network commercially launched on the GSM and CDMA standards.
"**3G**" means the third generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies.
"**4G**" or "**4G LTE**" means the fourth generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies (these speeds exceed those available for 3G).
"**5G**" means the forthcoming fifth generation cellular telecommunications networks, not expected to become commercially available until approximately 2020 or beyond. 5G does not currently have a publicly agreed upon standard; however, it is expected to provide high-speed data access using a range of technologies that exceed those available for 4G.
"**Airtel**" means Bharti Airtel International.
"**ALU**" means the annualized number of colocation tenancies added to our portfolio in a defined period of time divided by the average number of total sites for the same period of time, excluding colocations acquired as part of site acquisitions reported as of a certain date.
"**anchor tenant**" means the primary customer occupying each tower.
"**ARPU**" means average revenue per user.
"**average remaining life**" of certain agreements means the average of the periods through the expiration of the term under all such agreements.
"**build-to-suit**" means sites constructed by our Group on order by an MNO.
"**CAGR**" means compound annual growth rate.
"**CDMA**" means code division multiple access.
"**colocation tenant**" means each additional tenant on a tower in addition to the primary anchor tenant.
"**Company**" means Helios Towers Africa, Ltd.
"**Congo Brazzaville**" means the Republic of Congo, Congo Brazzaville or Congo.
"**contracted revenue**" means revenue contracted under our site agreements under all total tenancies, assuming no escalation of maintenance fees and no renewal upon the expiration of the current term.
"**CPI**" means Consumer Price Index.
"**DRC**" means Democratic Republic of Congo.
"**EUR**" or "**€**" means the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to Article 123 of the treaty establishing the European Community, as amended.
"**G7 countries**" means each of the United States, Canada, France, Germany, Italy, Japan and the United Kingdom.
"**Ghana**" means the Republic of Ghana.
"**GSM**" means Global System for Mobile Communication, a standard for digital mobile communications.
"**Guarantors**" means the Company, HTA Holdings, Ltd., HT Congo Brazzaville Holdco Limited, Helios Towers DRC S.A.R.L., Helios Towers Tanzania Limited, Helios Towers Congo Brazzaville SASU, HT DRC Infraco S.A.R.L., HTT Infraco Limited, Towers NL Coöperatief U.A., McTam International 1 B.V., Helios Towers Ghana Limited, HTG Managed Services Limited and McRory Investment B.V.
"**Helios Towers DRC**" means Helios Towers DRC S.A.R.L.
"**Helios Towers Ghana**" means Helios Towers Ghana Limited.
"**Helios Towers Tanzania**" means Helios Towers Tanzania Limited.
"**HSE**" means Health, Safety and Environment.
"**HT Congo Brazzaville**" means HT Congo Brazzaville Holdco Limited.
"**IBS**" means in-building cellular enhancement.
"**ICAO**" means the International Civil Aviation Organization.
"**IFRS**" means International Financial Reporting Standards.
"**Indenture**" means the indenture to be dated on the Issue Date between the Issuer, the Guarantors, the Security Agent and the Trustee.
"**independent tower company**" means a tower company that is not affiliated with a telecommunications operator.
"**ISA**" means individual site agreement.

CERTAIN DEFINED TERMS AND CONVENTIONS continued

"**LTE**" means Long-Term Evolution, designed to increase the capacity and speed of mobile telephone networks according to the standard developed by the 3GPP consortium, frequently referred to as "**4G**" or "**4th generation**". Some of the key assumptions of the system are: (i) data transmission at speeds faster than 3G; (ii) ready for new service types; (iii) architecture simplified in comparison to 3G; and (iv) provisions for open interfaces.

"**maintained sites**" refers to sites that are maintained by the Company on behalf of a telecommunications operator but which are not marketed by the Company to other telecommunications operators for colocation (and in respect of which the Company has no right to market).

"**managed sites**" refers to sites that the Company currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.

"**Mauritius**" means the Republic of Mauritius.

"**Millicom**" means Millicom International Cellular SA.

"**mobile penetration**" means the measure of the amount of active mobile phone subscriptions compared to the total market for active mobile phones.

"**MoU**" means minutes of use.

"MLA" means master lease agreement.

"**MNO**" means mobile network operator.

"**MTN**" means MTN Group Ltd.

"**near investment grade**" means one notch below investment grade.

"**Orange**" means Orange S.A.

"**performance against SLA**" means, with respect to a given customer, the uptime achieved for a given period divided by the maximum required contractual downtime in such customer's SLA, as applicable.

"**PoS**" means point of service.

"**site acquisition**" means a combination of MLAs, which provide the commercial terms governing the provision of tower space, and individual ISA, which act as an appendix to the relevant MLA, and include site-specific terms for each site.

"**site agreement**" means the MLA and ISA executed by us with our customers, which act as an appendix to the relevant MLA and includes certain site-specific information (for example, location and any grandfathered equipment).

"**SLA**" means service-level agreement.

"**Tanzania**" means the United Republic of Tanzania.

"**telecommunications operator**" means a company licensed by the government to provide voice and data communications services in the countries in which we operate.

"**tenancy**" means a space leased for installation of a base transmission site and associated antennas.

"**tenancy ratio**" means the total number of tenancies divided by the total number of our towers as of a given date and represents the average number of tenants per site within a portfolio.

"**Tigo**" refers to one or more subsidiaries of Millicom that operate under the commercial brand "Tigo".

"**total sites**" means total live towers, IBS sites or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.

"**total tenancies**" means the individual tower occupancies by each customer as of a given date.

"**tower cash flow**" means gross profit plus site depreciation.

"**tower sites**" means ground-based towers and rooftop towers and installations constructed and owned by us on real property (including a rooftop) that is generally owned or leased by us.

"**Trustee**" means Citibank, N.A., London Branch.

"**U.S. dollars**" or "$" refers to the lawful currency of the United States of America.

"**United States**" or "U.S." means the United States of America.

"**Vodacom**" means Vodacom Group Limited.

"**Vodacom Tanzania**" means Vodacom Tanzania Ltd.

"**Zantel**" means Zantel Tanzania.

STATISTICAL AND NON-IFRS MEASURES

We have included in the annual report statistical data relating to our business, such as the number of sites, number of tenancies, tenancy ratio, contracted revenue and the average remaining life of our lease agreements with customers. We have described the manner in which we calculated this data in the annual report. This data is derived from management estimates and is not part of our consolidated financial statements and has not been audited by auditors. You should note that other companies in the telecommunications tower industry may calculate and present this data in a different manner and, therefore, you should use caution in comparing our data with data presented by other companies, as the data may not be directly comparable.

Adjusted EBITDA, as well as the related ratios and certain measures, including leverage, interest coverage, gross debt and net debt, presented in these financial statements are supplemental measures of our performance and financial position that are not required by, or presented in accordance with, IFRS. We define "**Adjusted EBITDA**" as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortization and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence. Adjusted EBITDA is not a measurement of financial performance or liquidity under IFRS and should not be considered as an alternative to net profit, income from operations or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, Adjusted EBITDA is not a standardised term and as a result, a direct comparison between companies using such term may not be possible.

We include as "**capital expenditures**" the additions of property, plant and equipment. Capital expenditures is not a standardized term, hence, a direct comparison between companies using such a term may not be possible. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*". We define "**maintenance capital expenditures**" as capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

We define "**gross debt**" as our total borrowings (non-current loans and current loans) excluding unamortized loan issue costs. We define "**net debt**" as our gross debt less cash and cash equivalents. Gross debt and net debt are not measurements of financial position under IFRS and should not be considered as alternatives to total debt outstanding, total liabilities or any other performance measure derived in accordance with IFRS. In addition, gross debt and net debt are not standardized terms, hence, a direct comparison between companies using such terms may not be possible.

We define "**Adjusted EBITDA margin**" as Adjusted EBITDA divided by revenue.

Each of Adjusted EBITDA, interest coverage, gross debt, net debt and each other non-IFRS financial measure has limitations as an analytical tool, and you should not consider any of them in isolation from, or as a substitute for, analysis of our financial condition or results of operations, as reported under IFRS. For example, some of the limitations with respect to Adjusted EBITDA are:

- it does not reflect cash outlays for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, working capital;
- it does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on indebtedness;
- they do not reflect income tax expense or the cash necessary to pay income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect the cash requirements for such replacements; and
- other companies, including companies in our industry, may calculate these measures differently than as presented in these financial statements, limiting the usefulness of these measures for comparative purposes.

Accordingly, undue reliance should not be placed on Adjusted EBITDA or the other non-IFRS financial measures contained in the annual report.

CEO REVIEW

Kash Pandya,
Group Chief Executive Officer

Revenue up 44% to US$283 million

(2015: US$197 million)

- CAGR rate, for revenue, of 29.8% between 2013-2016
- 86% of revenue from investment grade or near investment grade customers

Adjusted EBITDA up 143% to US$85 million

(2015: US$35 million)

CAGR rate, for Adjusted EBITDA, of 39.7% between 2013-2016

"2016 was an excellent year for HTA both operationally and financially and momentum has continued into 2017."

1,053 tower sites added, year-on-year growth of 19.4%

- Growth due to acquisition of Airtel's towers in the DRC and other organic expansion
- Tower portfolio total now 6,477, a CAGR rate of 29.6% between 2013-2016

2,267 new tenants added, year-on-year growth of 23%

Tenancy ratio increased from 1.85x in 2015 to 1.90x in 2016

Cash and cash equivalents of US$134 million as at 31 December 2016

(31 Dec 2015: US$88.3 million)

Net debt of US$267 million as at 31 December 2016

(31 Dec 2015: US$165.4 million)

Post year end events:

March 2017 – successful US$600 million Bond issuance

- Rationalise capital structure
- Funding growth

Outlook

- Well positioned to capitalise on customer demand for new sites, as customers fulfil point-of-service requirements
- Current committed orders, and pipeline opportunities suggests a year of attractive top line growth
- Operational Excellence Programme combined with Green Power System investment set to deliver continued operating expense reduction and service level improvements

The last year has been one of significant growth for our business. We have seen strong organic revenue growth with the addition of 796 colocation tenancies and the acquisition of 967 towers and 412 colocation tenancies in the Democratic Republic of Congo, a market with real growth potential.

The refocusing of the business by the new management team is delivering and we've reported our highest ever revenue and Adjusted EBITDA figures today. Our current momentum and identified opportunities make us very excited about what we can deliver in 2017.

Operationally, we are all about service excellence. We continue to improve service level performance through our Operational Excellence Programme, facilitating demand with best-in-class service levels in all markets. We also work in partnership with our customers and suppliers, helping them grow with us. This partnership extends indirectly to our customers' customers through facilitating the sustainable and efficient expansion of the infrastructure backbone needed to support the African growth story.

We have recently issued a US$600m Bond that has added greater strength to our balance sheet and shows our strategy is appreciated as the right one. We are positioned to capitalise on customer demand for new sites as they work to meet point-of-service requirements. I look forward to the future with confidence.

Kash Pandya
Group CEO

CFO STATEMENT

Tom Greenwood,
Group Chief Financial Officer

The growth the business has seen in 2016 is characterised by three key factors:

- The continued organic demand for colocation services from all customers across the group, which has driven margin uplift that is expected to continue growing through 2017.
- The first full year of the Operational Excellence Program, which has seen customer service delivery reach record levels, with continued improvements being seen into 2017.
- The acquisition of Airtel's DRC tower network, which added scale to the group and significantly strengthened our position in a core market.

These factors have driven the 44% year-on-year revenue growth and 143% EBITDA growth to $283m and $85m respectively. The sustainable nature of our long term customer contracts means that the platform on which we are entering 2017 is a strong one ready to deliver further growth.

Finally, in March 2017 we issued $600m senior notes to use for refinancing all our existing operating company debt, buying out our last remaining minority investor, and capital investment. This has simplified our capital structure and provides the business with growth capital for 2017 and beyond.

It's been a transformational 18 months for HTA which we look forward to building upon in the coming months and years.

Tom Greenwood
Group CFO

WHO WE ARE

We are the sole independent telecommunications tower infrastructure company and own and operate more tower sites than any other operator in each of Tanzania, Democratic Republic of Congo, or DRC, and Congo Brazzaville. We are also a leading operator in Ghana with a strong urban presence. Our principal business is owning and operating telecommunications towers and related passive infrastructure in order to provide tower site space and related services to large mobile network operators, or MNOs, and other telecommunications providers which in turn provide wireless voice and data services, primarily to end-user subscribers. We provide our customers with opportunities to use space on existing towers alongside other telecommunications providers, known as colocation, or to commission new towers for construction to the customer's specifications, known as build-to-suit. We also offer comprehensive tower-site related operational services, including site selection, site preparation, maintenance, security and power management. As of December 31, 2016, we operated 6,477 total sites with 12,275 tenancies, reflecting a tenancy ratio of 1.90x.

Founded in 2009, we closed our first major African tower portfolio acquisition in 2010 when we acquired Tigo's towers in Ghana. Over the next six years, we closed five more major tower portfolio acquisitions, the most recent being the acquisition of 967 towers from Airtel in DRC in 2016. As a result, we now operate a geographically diverse business with 3,465, 1,832, 394 and 786 total sites as of December 31, 2016 in Tanzania, DRC, Congo Brazzaville and Ghana, respectively. We were the first independent tower company to enter each of our markets, and entered each in a manner designed to build committed long-term relationships with our key MNO customers to provide a sustainable platform for long-term revenue and margin growth. After seven years of successful geographic expansion, we are now focused on leveraging these and other customer relationships to optimize our existing tower portfolios and grow our revenue and margins by adding tenancies, primarily through colocation but also strategic build-to-suit and in-market bolt-on acquisitions.

We provide space on our towers and related services under individual site agreements governed by long-term master lease agreements, or MLAs, of typically 10 to 15 years in duration, with provision for subsequent multiple renewals. As of December 31, 2016, the average remaining life of all our site agreements was approximately 8.9 years without taking into account renewal provisions, and we had total contracted revenue under agreements with our customers of $3.1 billion without taking into account any escalation of fees. The fees our customers pay under these long-term MLAs are typically indexed to a consumer price index, or CPI, and fuel and electricity prices to allow for escalation over the life of the agreement and provide a partial hedge against inflation and diesel and electricity prices, which are strongly correlated with the U.S. dollar. For the year ended December 31, 2016, 86.1% of our revenue was attributable to MNO operating subsidiaries of five of the largest MNO holding companies in Sub-Saharan Africa (Airtel, Millicom, MTN, Orange and Vodacom), each with a long history of operating in multiple Sub-Saharan African jurisdictions and an investment-grade or near investment-grade rating. An additional 8% of our revenue for the year ended December 31, 2016 was attributable to a subsidiary of Viettel, which is a more recent but fast-growing entrant to the mobile market in Sub-Saharan Africa.

We believe our geographically diverse tower portfolios, leading market positions, committed long-term customer relationships, experienced management team and strong operational capabilities leave us well positioned to capitalise on what we expect to be continued high demand for space on existing and new tower sites in our fast-growing markets. We plan to meet this demand primarily by adding colocation tenancies to our existing tower portfolios. Additional colocations are highly accretive to our operating margins, adding significant incremental revenue without requiring a significant increase in operating expense and typically requiring minimal capital expenditure. Having extended service to an average of 900 colocations per year (excluding acquired colocations) from January 1, 2013 through December 31, 2016, we had an average ALU of 0.20x during such period. As a result of the growth in our overall site portfolio and number of tenancies, our revenue has grown from $197 million during the year ended December 31, 2015 to $283 million for the year ended December 31, 2016, and our Adjusted EBITDA has increased from $35 million for the year ended December 31, 2015 to $85 million for the year ended December 31, 2016. We have recently entered into a number of new agreements with our customers regarding future colocation opportunities. As of December 31, 2016, these agreements represented an additional $11.0 million, $13.3 million, $14.6 million and $25.0 million of contractually committed revenue during the years ending December 31, 2017, 2018, 2019 and 2020, respectively, equating to as many as 1,042 additional colocations scheduled to begin tenancies from early 2017 through 2020. We expect to continue this program of adding advance colocation commitments, furthering our success in securing committed future revenue and expected Adjusted EBITDA growth.

INDUSTRY AND MARKETS

We provide critical infrastructure for the rapidly developing wireless telecommunications industry in four fast-growing African markets. The dynamic nature of our industry and favorable demographics in our markets support our strategy of tower portfolio optimization through colocation and strategic build-to-suit and our expectation of increased demand for our services.

Our industry is characterized by:

- growing reliance by end-users on MNOs for voice and data services due to the slow growth in fixed-wire telecommunications services across much of Sub-Saharan Africa;

- the geographic expansion of mobile networks to provide service to a greater proportion of the population;

- the introduction of new wireless technologies (e.g. 3G, 4G/LTE and beyond), that increase the need for densification to provide effectively the high speed data services for which these technologies are designed; and

- increasing need for additional points of services, or PoS, to allow MNOs to meet consumer and regulatory demand for expanded network coverage and improved quality of service.

Our markets are characterized by:

- substantial population growth and increasing urbanization, driving significant growth in subscribers and MoU.

- rising living standards and increased nominal GDP per capita resulting in the broad adoption and increased usage of wireless services.

- improving mobile network availability and quality of service, leading to greater voice and data usage; and

- consumer and regulatory demand for increased network coverage and improved quality of service.

KEY STRENGTHS

We believe that we have the following key strengths:

Sole independent tower operator in three of our four markets with a diverse geographic footprint
After seven years of successful geographic expansion, we have established ourselves with a number one tower operator market position in each of Tanzania, DRC and Congo Brazzaville, and leading operator in Ghana with a strong urban presence in terms of number of towers. Because we are the only independent tower company and own and operate more tower sites than any other tower operator in each of Tanzania, DRC and Congo Brazzaville, MNOs and other telecommunications providers in those markets seeking to add PoS to their networks have three network expansion options: collocate with or request a build-to-suit site from us, build a new site themselves or collocate on a competitor's site. We believe this makes us particularly attractive partners for colocations and build-to-suit in those jurisdictions. We believe all of our tower portfolios offer attractive site locations with limited overlap with other tower sites, and have sufficient existing capacity (when combined with strategic build-to-suits) to meet the needs of our customers.

Our experienced management team has a proven track record of acquiring, building, operating and increasing occupancy on sites in four diverse markets, having grown our tower portfolios with a mixture of acquired and build-to-suit towers to 6,477 total sites as of December 31, 2016, and increased our tenancies to 12,275 as of December 31, 2016. As a result, we now operate a geographically diverse business with 3,465, 1,832, 394 and 786 total sites as of December 31, 2016 in Tanzania, DRC, Congo Brazzaville and Ghana, respectively. We believe this geographic diversity to be an advantage because our business and results of operations are not dependent on any one market. Moreover, we can use knowledge gained in one market to enhance our operations in others.

Stable and visible recurring revenue provided by long-term agreements
Our customer relationships are underpinned by long-term agreements that provide stable and highly visible recurring revenue. As of December 31, 2016, the average remaining life of all our site agreements was approximately 8.9 years, without taking into account renewal provisions, and we had total contracted revenue under agreements with our customers of $3.1 billion, without taking into account any escalation of fees. All of our MLAs are multi-year contracts that contain provisions allowing for renewal. We believe that renewal of our MLAs is likely given that passive infrastructure is critical to the maintenance of an MNO's network integrity, the significant expense and operational burden associated with relocating active equipment and the limited supply and availability of substitute sites. All of our MLAs include annual escalation provisions (typically linked to a CPI and fuel and electricity prices) allowing contracted revenue to increase year-over-year as a partial hedge against inflation and significant diesel and electricity price increases. During the year ended December 31, 2016, 57% of our revenue was U.S. dollar-based or in currencies pegged to the euro and 15% of our local currency revenue was linked to the prices of fuel and electricity, which are strongly correlated with the U.S. dollar. Moreover, the local currency and fuel price linked components of our MLAs largely off-set local currency and fuel or electricity costs.

Established relationships with leading telecommunications operators
The customers from whom we derive most of our revenue are large MNOs, each of which is a subsidiary of one of five of the largest MNO holding companies in Sub-Saharan Africa (Airtel, Millicom, MTN, Orange and Vodacom), each with an investment-grade or near-investment grade rating. For the year ended December 31, 2016, these MNOs together accounted for 86% of our revenue and 80.7% of our total contracted revenue under our site agreements. Each of these customers has a significant presence in those of our markets in which they operate and is part of a larger group with a long track record of operating in Sub-Saharan African markets. A further 8% of our revenue for the year ended December 31, 2016 and 12.5% of our total contracted revenue under our site agreements as of December 31, 2016 was attributable to Halotel, which is a subsidiary of Vietnamese state-owned enterprise Viettel. Viettel is a more recent but fast growing entrant to the mobile market in Sub-Saharan Africa.

We are an established and trusted partner for our top tier MNO and other customers, enabling us to achieve strong operating and revenue growth. We have purposely built most of our customer relationships on sustainable long-term contracts that typically set service levels above those achieved by the MNOs themselves and service fees below our estimation of the costs associated with MNOs

KEY STRENGTHS continued

operating their own tower networks, thus creating natural incentives that encourage colocation. Our continuing success with this approach is evidenced by our colocation track record. We added an average of 900 colocations per year (excluding acquired colocations) from January 1, 2013 through December 31, 2016 resulting in an average ALU of 0.20x during such period. Moreover, our strong customer relationships and colocation track record have allowed us to recently enter into a number of new contracts regarding future colocation opportunities. As of December 31, 2016, these agreements represented an additional $11.0 million, $13.3 million, $14.6 million and $25.0 million of contractually committed revenue during the years ending December 31, 2017, 2018, 2019 and 2020, respectively, equating to as many as 1,042 additional colocations scheduled to begin tenancies from early 2017 through 2020. We expect to continue this program of adding advance colocation commitments, furthering our success in securing committed future revenue and expected Adjusted EBITDA growth.

Strategically positioned to take advantage of attractive industry and market fundamentals and superior growth prospects
The significant growth in the mobile telecommunications markets in the countries in which we operate has intensified the need for additional tower infrastructure to maintain and improve service quality and coverage levels. The independent tower company model provides telecommunication operators with improved access to infrastructure, thus providing a cost effective solution to network rollout. Slow growth in fixed wire service, limited network coverage, strong growth in demand, increased data usage, and the adoption of new technologies, has led to increased consumer and regulatory pressure on operators to expand networks and service offerings for their customers. Our independent tower company model provides what we believe to be a lower cost solution for MNOs to achieve expansion, facilitating lower pricing and better service for end-users of wireless services which, in turn, encourages increased mobile penetration and usage. As the sole independent tower company with the number one market position in each of Tanzania, DRC and Congo Brazzaville and also leading operations in Ghana with a strong urban presence, we believe we are well positioned to grow our business and improve our margins by taking advantage of this anticipated growth in our markets.

Extensive operational experience
We have a track record of seven years of tower operations in Africa with extensive relationships with the MNOs in the countries in which we operate, and believe our significant operational expertise and operational excellence has contributed to our success. In 2010, we closed the first major tower portfolio acquisition transaction in Africa, and we were the first independent tower company in each of the countries in which we operate. We use 24-hour NOCs from which we manage our tower networks, and work to provide our customers with high service uptime by seeking to constantly improve the amount of time taken to restore one of our towers following an outage. Our recently implemented Operational Excellence Program has improved service levels to market-leading standards of service, as we have reduced our estimated average weekly downtime per site by 53.6% from the year ended December 31, 2015 compared to the year ended December 31, 2016. Our Operational Excellence Program is pioneering in the African tower industry and is centered around the application of the “Six Sigma” process developed in the manufacturing industry, which requires the design and implementation of processes to deliver continuous improvement. We have also embedded certain of these processes in some of our suppliers. We have recently begun the second phase of our Operational Excellence Program, which focuses on operating expense-saving improvements.

We believe that our expertise in mitigating the effects of limited and unreliable electricity supplies has allowed us to achieve significantly lower power outage times than sites owned by our customers. The lack of reliable power infrastructure in the countries in which we operate results in unplanned and unpredictable power outages. As a result, we power our tower sites with diesel generators (either as the only power source or as backup for when electricity from the main electricity distribution grid is unavailable). We are also increasingly deploying hybrid and solar power technologies to lower our power consumption and fuel costs.

We believe that our extensive experience in the deployment of build-to-suit sites for telecommunications operators, including our expertise with site acquisition and regulatory compliance, allows us to competitively and efficiently provide build-to-suit construction in diverse areas in the countries in which we operate. Our management supervises

and works closely with subcontractors and agents and manages an extensive network of local vendors and government authorities, allowing us to work with our customers to identify suitable site locations (partly through the use of innovative site selection software), negotiate long-term ground lease agreements and develop sites. We construct new sites when they are forecast to meet our investment criteria, which include, among other things, an attractive return derived from an anchor tenant of good credit strength, the potential for future colocations with both GSM and data customers, and operational leverage in relation to our existing tower portfolios.

Experienced management team and supportive, experienced shareholders

Our senior management team has extensive experience in the emerging markets' telecommunications towers and power sectors, with combined experience of over 100 years. The team has a proven track record of successfully developing and expanding our operations, including the effective integration of six acquisitions of tower sites completed since 2010, and we believe that our team has the skills and experience required to continue this development and expansion. Our management team has also demonstrated an ability to execute operational improvements through the application of best-in-class industrial standards to increase profitability and maintain our market-leading service standards. Our management team closely monitors our Group's compliance with the principles of good corporate governance by employing a framework that provides for checks and balances while allowing our management flexibility for prompt decision-making in the ordinary course of business. We benefit from supportive, involved and experienced investors (Soros, Helios Investment Partners, IFC, RIT and Albright) with extensive experience in investing in the tower industry and in Sub-Saharan Africa who actively support our management. Our growth has also been fostered by equity investment from strategic investors (Millicom and Airtel in the Company). Together, our shareholder base has invested approximately $1.1 billion in equity capital in us since our inception in 2009.

OUR BUSINESS STRATEGY

The key elements of our strategy include:

Drive profitable revenue growth by maximising the utilisation of our existing portfolios through additional colocations
Colocations are core to our business model because they allow us to grow revenue and Adjusted EBITDA and improve operating margins without significant additional capital expenditures since we have already spent the requisite capital to position our business well for future colocations during the acquisition, improvement and construction phases of developing our site portfolio. Having a large portfolio of colocation-ready towers creates scale and efficiency advantages that are enhanced as incremental co-locations increase our ALU. We aim to continue our success in generating colocations, by leveraging our number one market position in each of Tanzania, DRC and Congo Brazzaville and our strong urban presence in Ghana to deliver attractive colocation options to a range of quality MNO and other customers. Our existing towers provide customers with a significant time-to-market advantage over self-build solutions, while providing them greater certainty around future operating expenses. We expect MNOs in the countries in which we operate to continue to expand the coverage of and improve quality on their networks, creating additional opportunities for colocation revenue for our existing and new build-to-suit towers. Our strong customer relationships have recently allowed us to enter into a number of new agreements regarding future colocation opportunities. As of December 31, 2016, these agreements represented an additional $11.0 million, $13.3 million, $14.6 million and $25.0 million of contractually committed revenue during the years ending December 31, 2017, 2018, 2019 and 2020, respectively, equating to as many as 1,042 additional colocations scheduled to begin tenancies from early 2017 through 2020. We expect to continue this program of adding advance colocation commitments, furthering our success in securing committed future revenue and expected Adjusted EBITDA growth.

Grow revenue and portfolio size and quality through build-to-suit constructions and selective acquisitions
We plan to continue to capitalise on our existing relationships with our top-tier MNO customers to drive organic revenue growth through build-to-suit tower construction. We complete an extensive site analysis prior to undertaking a new build-to-suit site to ensure the site meets our investment criteria, which include, among other things, an attractive return derived from an anchor tenant of good credit strength, potential for future colocations with both GSM and data customers, and operational leverage in relation to our existing tower portfolios.

We also seek strategic acquisitions of existing tower portfolios, but only when opportunities arise that meet our internal criteria. We have undertaken six sizable acquisitions since 2010, which contributed approximately 76% of our total site portfolio as of December 31, 2016. We plan to focus our acquisition efforts in our current markets. For example, in 2016, we acquired 967 tower sites from Airtel in DRC and agreed to purchase 185 tower sites in Tanzania from Zantel.

Leverage fixed cost base and cost reduction initiatives to further improve margins and limit capital expenditure commitments
Colocations have been particularly beneficial to our operating margins because a significant portion of our direct operating costs at a tower site are “fixed” in nature in that they do not increase with additional colocation tenants on our towers. The “fixed” component of our cost of sales includes maintenance and repairs, ground lease and other rental, security, insurance and site depreciation. For the years ended December 31 2015 and the year ended December 31, 2016, these costs were 64.9% and 64.1%, respectively, of cost of sales. Although certain of our contractual arrangements provide discounts to anchor tenants as colocations occur, since our direct operating costs do not increase as we add colocation tenants, a high percentage of revenue from additional colocation tenants is reflected in our operating margins, incrementally improving our overall operating margins with the addition of each new colocation tenant. We added an average of 900 colocation tenancies per year (excluding acquired colocations) from January 1, 2013 through December 31, 2016, resulting in an average ALU of 0.20x during this period. We believe that the demand for colocation tenancies will continue in our markets as MNOs expand their networks and service offerings to their customers. As the only independent tower operator in three of our markets, we believe we are well positioned to grow our business and improve our margins by leveraging our portfolios and relationships with our key customers to add colocations to our existing tower portfolio.

We also actively seek to improve our operating margins through cost reduction

initiatives. For example, beginning in 2016, we took steps to optimize our operational headcount and centralize our procurement function as part of the second phase of our Operational Excellence Program, which has contributed to an improvement in procurement and other operational efficiencies as well as a reduction in costs. We are pursuing several strategies for lowering diesel and electricity costs, including deployments of hybrid installations, which involve alternating between a power storage source such as batteries and diesel generators, and solar power technologies at selected sites. We have initiated the usage of these power management solutions at selected sites and plan to continue their rollout to a greater portion of our portfolio during 2017. We believe that the continued deployment of hybrid and solar power technologies at our sites provides further opportunities to decrease our operating expenditures for fuel and electricity and consequently improve our operating margins.

We continue to optimize our capital expenditures and limit commitments in respect thereof by avoiding long-term build-to-suit commitments. Our capital expenditures, excluding acquisitions, were $104.0 million and $116.3 million in the years ended December 31, 2015 and the year ended December 31, 2016, respectively, and were substantially composed of (i) maintenance and upgrade capital expenditures for our existing portfolios and installing service to colocation tenants and (ii) build-to-suit construction capital expenditures. During the year ended December 31, 2016, maintenance, upgrade and build-to-suit capital expenditures accounted for approximately 67.4% and 29.8%, respectively, of our total capital expenditures excluding acquisitions. We plan to continue with our scheduled upgrade capital expenditure program and will spend capital on build-to-suit construction only where it meets our investment criteria, which allows us to control the timing and amount of associated capital expenditures.

Maintain operational excellence and highest service level provision to strengthen our customer relationships

We intend to capitalise on our operational performance and high levels of customer service to strengthen our customer relationships and increase demand for our services. Through our Operational Excellence Program, we have reduced our estimated average weekly downtime per site by 53.6% from the year ended December 31, 2015 compared to the year ended December 31, 2016. We will also strive to continuously improve service levels and customer experience, thus exceeding customer expectations. We plan to continue making strategic investments for the maintenance and upgrading of our tower sites. Our ability to continually deliver reliable customer service solutions in accordance with our guiding principles of integrity, partnership and excellence is an integral part of our strategy to grow our business and expand our relationships with key top-tier customers.

Provide flexible infrastructure solutions to serve customer demands and capitalize on technological advances

The telecommunications market is continuously evolving based on the development of new technologies and services designed to enhance the end user's experience. Our business model is focused on providing high-quality tower infrastructure and related services at competitive rates. We intend to grow our market share by servicing our customers' long-term needs, including the future infrastructure roll-out requirements of our customers for upcoming 4G/LTE, enterprise and other data technologies by exploiting our operational advantages, service track record and competitive pricing. 4G/LTE services started in Ghana in January 2014 and in Tanzania in March 2013 but have yet to be launched in DRC or Congo Brazzaville. Our pricing strategies are being refocused away from charging for specific technologies (i.e., 2G or 3G) toward being tailored to the provision of services to a customer, such as the power source that they will use, the amount of space they need on the tower and the amount of ground space required. We believe that this approach will allow us to benefit from full pricing for our services despite changes in technology and the use of different equipment by our customers at our tower sites.

RECENT DEVELOPMENTS

Issue of Bond

On 8 March 2017, the Company issued US$600m 9.125% bonds due in 2022 which are listed on the Irish Stock Exchange.

The proceeds of the issuance were used to among other things (i) refinance the existing indebtedness of certain of the Company's subsidiaries, (ii) fund the purchase price of the Vodacom Buyout (see below), (iii) fund the pending acquisitions of remaining sites not yet closed in DRC, Congo Brazzaville and Tanzania, (iv) fund additional identified capital expenditures, and (v) Zantel acquisition (see below).

Vodacom Buyout

In February 2017 Vodacom Tanzania, HTA Holdings, Ltd and Helios Towers Tanzania entered into an agreement pursuant to which HTA Holdings, Ltd acquired a portion of the shareholder loan advanced by Vodacom Tanzania to HTT Infraco, a subsidiary of Helios Towers Tanzania, for $30 million in cash. Under the same agreement, HTA Holdings, Ltd received an option up to and including March 31, 2018 to acquire Vodacom Tanzania's shares in Helios Towers Tanzania and the remaining outstanding shareholder loan and accrued interest thereon. It is anticipated that the acquisition of such shares and outstanding loan amounts will be completed in 2017, following Fair Competition Commission approval which is currently underway.

Zantel Acquisition

During September 2016, we executed a sale and purchase agreement with Zanzibar Telecom Ltd ("Zantel"), pursuant to which we agreed to acquire 185 tower sites in mainland Tanzania (the "Zantel Acquisition") for approximately $6.7 million. We have also agreed to provide space on these towers (as well as other existing towers already owned by the Company) to Zantel under an MLA executed concurrently with the signing of the purchase and sale agreement. The closing of the Zantel Acquisition is subject to customary closing conditions, and is currently expected to occur in the second quarter of 2017. We intend to use a portion of the Bond proceeds to fund the purchase price of the Zantel Acquisition and approximately $3.9 million in related decommissioning and upgrade capital expenditures. Fair Competition Commission approval has been granted in Q1 2017.

Tanzanian IPO

Pursuant to the Electronic and Postal Communications Act of 2010 (the "EPOCA") as amended by the Finance Act, No. 2 of 2016, each person holding a license to provide Network Facilities in Tanzania before July 1, 2016, such as HTT Infraco, the Company's primary operating subsidiary in Tanzania, is required to offer shares equal to at least 25% of its total share capital to Tanzanian citizens on the Dar es Salaam Stock Exchange by no later than December 31, 2016. To that end following the provision of a written status update by Orbit Securities Company Ltd (the sponsoring broker) to the Capital Markets and Securities Authority in Tanzania (the "CMSA") on December 23, 2016, HTT Infraco provided a draft prospectus to the CMSA on December 29, 2016, whereby HTT Infraco proposed to carry out an initial public offering of 25% of its total enlarged issued share capital. On February 1, 2017, HTT Infraco made an interim application to the CMSA, including a revised draft prospectus. As part of its preparation for the initial public offering and commitment to comply with the law, HTT Infraco is undertaking a capital reorganisation to transform the company into one that is able to conclude a successful IPO. HTT Infraco has therefore engaged in discussions with the CMSA and the Tanzania Communications Regulatory Authority ("TCRA") with a view to allowing for such reorganisation take place before the listing. While the CMSA and TCRA have not been willing to provide a formal deferment of the EPOCA requirements, they have engaged with discussions with HTT Infraco on the inherent difficulties of listing the shares in HTT Infraco in its current corporate state and within the timeline set.

Millicom Stake Sale Plans

Millicom Holding, B.V. has informed us that it is seeking a purchaser for its current 22.83% equity interest in us and has begun a process to identify a purchaser. The shareholder agreement by and among us and our principal shareholders contains restrictions on to whom Millicom Holding, B.V. may transfer its interest. Without the prior written consent of 90% of the equity interest held by our other shareholders, Millicom Holding, B.V. cannot transfer its interest in us to, among others, (i) entities with significant participation in the telecommunication tower industry or (ii) entities that are named on certain lists promulgated by the United Nations Security Council and the World Bank or are otherwise the target of economic sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury. Other prohibited transferees include certain individuals or entities entrusted with prominent public functions. No assurance can be given that Millicom Holding, B.V. will

successfully identify a purchaser or complete a sale of its interest in us.

Power Management Solutions
We have initiated the use of solar power technologies at 51 selected sites in DRC at a total capital expenditure of approximately $1.7 million, for an average installation cost of $33,900 per site. We have also introduced new hybrid technology at four pilot sites in Tanzania, two of which are off-grid sites, at an average cost of $12,500 per site. Since implementation, the sites with installed solar power technologies have averaged a per site decrease in diesel usage of 915 liters per month. The pilot hybrid sites have averaged a per site decrease in diesel usage of 842 liters per month for off-grid sites and 413 liters per months for on-grid sites. At an assumed price per liter of diesel of $1.64 in DRC, the average decrease in diesel usage thus far achieved through installed solar power technologies represents potential annual diesel cost savings of $18,000 per site. At an assumed price per liter of $0.78 in Tanzania, the average decrease in diesel usage thus far achieved represents potential annual diesel cost savings between $3,800 and $7,800 per site. The majority of our MLAs have adjustments linked to diesel unit price movements, with adjustments being made periodically (quarterly or annually) to the fuel portion of the lease rates. The variations of the volume of fuel consumed on site are not passed through to the customer and therefore reductions in the quantum of fuel used will result in cost savings contributing directly to our Adjusted EBITDA. We believe an additional 400 sites in DRC are candidates for installation of solar power technologies and plan to install such technologies at 150 sites during 2017. We believe an additional 1,200 sites in Tanzania, Congo Brazzaville and DRC are candidates for installation of hybrid technologies and plan to install such technologies at 380 sites during 2017. While we are encouraged by the success of our solar power technology roll-out and pilot hybrid sites to date, we can provide no assurance that we will be able to achieve the planned 2017 roll outs or similar levels of diesel efficiency gains or installation costs on those or any other future roll outs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in our results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of our plans and strategies for the business and expected sources of financing, contains forward-looking statements that involve risk and uncertainties and is based on assumptions about our future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in "Risk Factors" included elsewhere in these financial statements. The following discussion should be read in conjunction with the consolidated financial statements, including accompanying notes, appearing elsewhere in these financial statements.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition, results of operations and liquidity have been influenced in the years discussed in these financial statements by the following events, facts, developments and market characteristics. We believe that these factors are likely to continue to influence our operations in the future.

Growth in the Number of Tenancies
Our revenue is primarily driven by the number of tenancies across our site portfolio. We increase our number of tenancies in three ways: by adding colocations, by acquiring sites with existing tenancies and by means of build-to-suit construction of sites following a customer order.

Colocations. Colocations are at the center of our business model since they allow us to grow revenue and improve operating margins without significant additional capital expenditures. As of December 31, 2016, we operated 6,477 total sites with 12,275 tenancies, reflecting a tenancy ratio of 1.90x. We have also recently entered into a number of new agreements with our customers regarding future colocation opportunities. As of December 31, 2016, these agreements represented an additional $11.0 million, $13.3 million, $14.6 million and $25.0 million of contractually committed revenue during the years ending December 31, 2017, 2018, 2019 and 2020, respectively, equating to as many as 1,042 additional colocations scheduled to begin tenancies from early 2017 through 2020. While additional colocations are accretive to our revenue, certain of our contractual arrangements provide discounts to anchor tenants as additional colocations occur on the respective towers, which may result in an incremental decrease in our average service rate per tenancy. However, because a significant portion of our direct operating costs at a tower site are fixed in nature, the addition of colocation tenancies incrementally improves our overall adjusted EBITDA. As a result, our revenue for any fiscal period is affected not only by the number of tenancies during the period, but also by the mix of tenancies between anchor tenancies and colocations within our portfolio.

Acquisition of site portfolios. Historically, we have increased the size of our site portfolio through the acquisitions of new site portfolios, which generate additional fees and, in most instances, the ability to add colocations. We acquire existing site portfolios only when they meet our internal criteria, which include, among others, return on investment, the potential for future colocations, ease of ground leasing or purchasing land for sites, ease of community approvals, and the credit strength of the potential anchor tenant. We acquired an additional 967 sites in 2016, primarily from a subsidiary of Airtel in DRC. Generally, the extent to which we can increase revenue and add colocations on our acquired sites depends on the fees payable for, and the existing tenancy ratio of, each acquired site. Our acquired site portfolios are often composed primarily of towers with a single anchor tenancy, which may deliver lower immediate margins compared to site portfolios with a higher tenancy ratio. We believe that such site portfolios are often available for purchase at more compelling valuations and include the potential for us to leverage our other customer relationships and operational expertise to attract incremental colocation tenancies. Furthermore, our acquisition strategy of seeking site portfolios that are available at relatively lower purchase prices allows us the flexibility to set service rates at market levels that are attractive to our customers, which we believe reduces the risk of renegotiation upon contract expiration.

Build-to-suit construction. We also capitalise on our existing relationships with top-tier telecommunications operators in order to drive organic growth through build-to-suit tower construction. We pursue build-to-suit construction only where it provides an attractive return derived from an anchor tenant of good credit strength, which allows us to manage the timing and amount of associated capital expenditures. We also complete an extensive site analysis prior to agreeing to the construction of a new site to ensure that the site is attractive for additional colocation tenancies. Since January 1, 2012, we have deployed 1,535 build-to-suit sites, and as of December 31, 2016, build-to-suit sites represented approximately 23.7% of our total sites.

The addition of tenancies through the acquisition of sites, the construction of our build-to-suit sites and the addition of colocations on these sites increases our revenue. However, tenancies and their associated revenue may be affected by cancellations of existing site agreements. Most of our site agreements with operators are non-cancellable; however, a site agreement may, in some instances, be cancelled upon the payment of a termination fee. During the period from January 1, 2013 to December 31, 2016, we did not experience any cancellations of our site agreements other than in circumstances where the applicable customer replaced the cancelled site agreement with a comparable agreement for a new site.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS continued

Contractual Rate Escalations to Mitigate Against Volatility of Primary Cost Components
We often include annual contractual escalators in our site agreements to mitigate against inflation risk and volatility in diesel prices and electricity prices. The service fees payable by our customers under our MLAs are typically split into power and non-power service rate components. Although we remain exposed to inflation and diesel and electricity price volatility in certain instances, we have significantly reduced our exposure to the volatility inherent to these critical costs, which helps us better predict future cash flows and plan for capital expenditures.

The contractual escalators related to inflation are typically linked to CPI in the countries in which we operate or that of the United States, depending on the underlying currency denomination of the fee, and typically are applied once per year based on the preceding 12-month period for the succeeding 12 months. As a result, the escalation of contracted rates is likely to increase our revenue on an annual basis, but because rate escalations are made annually, we may be subject to shorter periods within a fiscal year when our underlying costs have increased in price but our contract rates have not adjusted upwards. As of December 31, 2016, 100% of our MLAs contained CPI escalation provisions.

Additionally, we utilize power escalation clauses in our site agreements to serve as a natural hedge, although there may be a time lag, by providing pass-through provisions in relation to increased diesel and electricity prices. The contractual escalators related to diesel and electricity provide for monthly, quarterly or annual increases for the succeeding same-length period in a corresponding amount to increases in the local unit prices for fuel and usage of the electric grid. Because a significant portion of our power escalation clauses adjust quarterly, we are less subject to periods where our cost of diesel and electricity has increased locally without comparable contract rate increases.

Cost and Consumption of Diesel
Fluctuations in the price of oil and changes in foreign exchange rates affect the price of diesel, which is our largest single direct operating expense. The direct effect of falling oil prices is lower input costs, with the degree of reduction dependent on both foreign exchange effects (given we pay for diesel in the currency of the countries in which we operate) and our diesel requirements. Unpredictable or rising costs of oil are likely to affect (positively or negatively) our operating expenses and financial condition. However, we utilize power escalation provisions in many of our site agreements to mitigate our exposure to fluctuations in oil prices.

In addition to changes in the price of diesel and our usage of the electric grid, our results of operations are affected by our efforts to reduce our overall diesel consumption by targeted investment in power system solutions to more efficiently provide power to the sites, including the use of hybrid and AC/DC generators and low power solar systems. The majority of our MLAs have adjustments linked to diesel unit price movements, with adjustments being made periodically (quarterly or annually) to the fuel portion of the lease rates. The variations of the volume of fuel consumed on site are not passed through to the customer and therefore reductions in the quantum of fuel used will result in cost savings contributing directly to our Adjusted EBITDA.

Our development of power system solutions is most developed in Tanzania and Ghana, and we will continue our efforts to reduce diesel consumption and utilize electricity as a less expensive source of power in addition to continuing to develop such alternative power solutions in DRC and Congo Brazzaville.

Contract Damages
Many of our long-term site agreements contain liquidated damages provisions in the event that we fail to meet the performance standards under our SLA. Our liquidated damages provisions generally require us to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if we fail to uphold a specified level of uptime and service quality. For example, pursuant to site agreements with Tanzanian telecommunications operators, we paid $9.9 million and $0.9 million in net liquidated damages (i.e., payments to customers net of amounts recouped from suppliers) as a result of our failure to meet the required levels of uptime in 2015 and 2016, respectively. The Group incurred gross liquidated damages (i.e., payments to customers before netting off amounts recouped from suppliers) of $14.4 million and $2.4 million which were deducted from revenue in our results of operations, during the year ended December 31, 2015, and year ended December 31, 2016, respectively. The net liquidated damages incurred during these years were $11.2 million and $0.7 million, respectively.

Beginning in the third quarter of 2015, our new management team implemented an Operational Excellence Program focused on process improvements to avoid a recurrence of liquidated damage payments. As a result, the operational difficulties that led to the incurrence of liquidated damages in 2015 have been corrected, and we have not incurred any significant liquidated damages under our contracts during the year ended 31 December 2016.

Changes in Network Coverage and New Technology in the Countries in which we Operate

Our customers' demand for additional tenancies on our tower sites is necessarily dependent on the changes and development of network coverage and new technologies in the countries in which we operate. Due to substantial population growth, urbanization and the growing dependency on mobile communications in the countries in which we operate, we anticipate significant growth in mobile penetration. For an MNO to expand its network and improve quality as subscribers, data usage and MoU increase, it must maintain effective capacity to ensure network stability and a lack of congestion. This in turn requires that MNOs increase their PoS, either by locating additional antennae equipment on existing towers or by building new towers to ensure greater network coverage and density. We expect an increasing need for further PoS to accommodate new areas of 2G coverage where coverage was previously unavailable and also to meet the range and capacity requirements of certain wireless technologies in more densely populated urban areas.

Interest Costs

Our indebtedness under our Existing Debt Facilities has been a significant source of our funding for the acquisition of site portfolios and for build-to-suit construction. Our interest expense has therefore been a significant component of our finance costs in each of the year ended December 31, 2015 and the year ended December 31, 2016, at $27.2 million, and $45.9 million, respectively. Our indebtedness has also been subject to floating interest rates, which together with increased outstanding principal indebtedness, has caused, and is expected to continue to cause, our interest expense to fluctuate with changes in interest rates.

Currency Volatility and Foreign Exchange

We consider revenue to be U.S. dollar-based where (i) revenue is both denominated and paid in U.S. dollars or (ii) although revenue is denominated in U.S. dollars in the relevant contract, the amount of local currency due is determined by reference to the U.S. dollar amount invoiced and paid at the spot rate for the purchase of U.S. dollars with the applicable currency at the time of the invoice. Our customer contracts in Tanzania and DRC are primarily U.S. dollar-based. However, especially in Ghana, we have contracts denominated and settled in local currency, exposing us to local currency exchange rate fluctuations. Where our MLAs are denominated in U.S. dollars, we benefit from a hedge against the currency volatility described above, including in DRC, which is primarily a dollarized economy, with all site agreements denominated in U.S. dollars and payments made in U.S. dollars. The exchange rate between the U.S. dollar and the Ghanaian cedi has experienced recent volatility; however, Ghana's exchange rate outlook is expected to stabilize following an improving economic backdrop. Our customer contracts in Congo Brazzaville are primarily denominated in the Central African franc, which is pegged to the euro, allowing for a set euro exchange ratio.

While capital expenditures are predominantly paid in U.S. dollars, the majority of operating expenses are typically paid in the local currencies in which we operate. Accordingly, we are subject to fluctuations in the rates of currency exchange. However, our use of escalation provisions tied to local currency CPI and diesel and electricity prices mitigates our exposure to local currency volatility. Additionally, certain operating expenses, such as U.S. dollar-denominated debt interest payments, certain maintenance contracts, limited remuneration payments to expatriate staff, some insurance and certain travel expenses are paid in U.S. dollars. During the year ended December 31, 2016, 57% of our revenue was U.S. dollar-based or in currencies pegged to the euro and 15% of our local currency revenue was linked to the prices of fuel and electricity, which are strongly correlated with the U.S. dollar. Moreover, the local currency and fuel price linked components of our MLAs largely off-set local currency and fuel or electricity costs.

FACTORS AFFECTING COMPARABILITY OF RESULTS OF OPERATIONS

The factors listed below and their impact on our financial condition, results of operations and liquidity may affect the comparability of the years presented in these financial statements and may also impact the comparability of our results of operations in future years with historical results of operations.

Completed Acquisitions
From time to time, we seek strategic acquisitions of existing tower portfolios that meet our internal criteria as they come to market. In May 2015, we acquired 393 towers in Congo Brazzaville from Airtel, and we acquired an additional 967 sites during 2016, primarily from Airtel in DRC. The tower portfolios we purchase generally have at least an existing anchor tenant and thus our acquisitions provide immediate revenue and the opportunity to increase revenue and margins by generating colocations following the date of completion. Similarly, our acquired portfolios result in increased cost of sales attributable to diesel costs, fuel costs, maintenance and security costs, and the increase to our overall asset base results in larger depreciation charges in future periods. Our past acquisition activity and continued pursuit of strategic acquisitions may affect the comparability of results on a period-to-period basis for the historical results of operations included in these financial statements and future periods with historical results of operations.

Costs Associated with Aborted Investments
The pursuit of acquisitions and similar transactions in our industry is characterized by lengthy, competitive auction processes and up-front investments for requisite due diligence and other asset investigation efforts that cannot be recovered regardless of whether a transaction is successfully completed. For example, we spent $17.8 million in the year ended December 31, 2015, on professional fees and travel costs incurred while investigating prospective investments in connection with potential acquisitions in multiple markets which were unsuccessful. These costs are also comprised of fees of legal, accounting and other professional advisors incurred in processes to secure equity or debt funding for pursued acquisitions. Because these costs do not inherently relate to the operational performance of our business, our definition of "Adjusted EBITDA" makes adjustments for these costs. After seven years of successful geographic expansion, we expect our future acquisition activity to be focused on selective acquisitions in the countries in which we operate as opposed to broader geographic expansion. For the year ended December 31, 2016, such costs decreased to $1.4 million, and we anticipate that our site acquisition expertise in the countries in which we operate will allow us to more effectively control these costs going forward.

Millicom Exchange
During October 2015, Millicom exercised its right to exchange its equity interest in Helios Towers Tanzania Ltd, Helios Towers DRC SARL and Helios Towers Ghana Ltd. for equity interests in the Company, which resulted in a charge to our income statement in the amount of $103.8 million. The amount charged to the income statement in the year ended 31 December 2015 was the movement in the fair value of the liability between December 2014 and December 2015 when the exchange right was exercised by Millicom. Additionally, at the same time as the exchange, Helios Towers Africa Ltd. issued 15 million Class A shares to Millicom that resulted in a charge of $20.3 million, which were associated with earn-out targets set at the time we acquired certain sites from Millicom. These charges were recorded as "other gains and losses" on our income statement for the year ended December 31, 2015.

Internal Control Improvements
Over the past two years, we have made extensive efforts to improve the operational performance of our business through the implementation of our Operational Excellence Program and also to strengthen our internal control environment.

Starting in late 2014, we began the process of implementing several finance and accounting operational improvements and adopting internal compliance best practices. These operational improvements included a reduction in headcount at the local level and an increase in headcount at the central corporate level, allowing us to centralize our

finance function, the adoption of internal business assurances and other internal compliance best practices, the rollout of SAP, the enhancement of internal process and controls and the standardization of internal systems. These undertakings included an extensive review during 2015 of our records and practices during prior periods, and as a result of this enhanced review, we recognized as exceptional costs approximately $8.6 million of previously unrecorded expenses that represented adjustments of estimates of amounts recorded in prior periods. We also incurred set up costs related to the installment of our central back office function as a component of these improvements.

During 2015, we also brought on new members of management with strong experience in helping us implement our Operational Excellence Program to achieve our goal of maximizing our operational performance and minimizing rebates to customers not meeting required service levels. The hiring of new members of management resulted in additional recruitment costs and some severance costs for those leaving our company during 2015. We also focused on the centralization of our procurement function to promote efficiency. This improvement focused on growing our supply chain team at a centralized level, ensuring that all major Group expenditures are appropriately reviewed and approved and setting up a shared service center.

We consider each of the various costs referred to in the preceding four paragraphs as exceptional in nature and not representative of the performance of our business, and as a result our calculation of Adjusted EBITDA adds back such costs.

Airtel Ancillary Agreements

During the year ended December 31, 2016, we executed two ancillary agreements with subsidiaries of Airtel related to our tower portfolio acquisition in DRC. First, our DRC operating subsidiary entered into an agreement whereby Airtel DRC provided us a right of first refusal to construct all of its build-to-suit tower requirements in DRC over the next five years in exchange for a $20 million payment. Second, we entered into a non-compete agreement with the Airtel Group in DRC and Congo Brazzaville, whereby Airtel agreed not to compete with us in DRC or Congo Brazzaville for one year from the date of first closing of our portfolio acquisition (July 7, 2016) and for which we issued shares with a fair value of $30 million. We recognized each of the right of first refusal and the non-compete agreement as an intangible asset to be amortized on a straight-line basis over its useful life, with such amortization recorded as a component of administrative expense.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements included in the annual report were prepared in accordance with IFRS. The preparation of our financial statements are in conformity with IFRS, which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected. For more details, see Note 2 of the financial statements.

CERTAIN INCOME STATEMENT ITEMS

Revenue
Our revenue accrues substantially from fees received for the provision of space on our telecommunications sites and the provision of services to third parties.

Cost of Sales
Our cost of sales are comprised of electricity costs, diesel costs, ground lease rental costs, insurance, field service, maintenance and security costs, site depreciation and other operational expenditures.

Gross Profit
Gross profit is comprised of total revenue less cost of sales.

Administrative Expenses
Administrative expenses are costs not directly related to the provision of services to customers but which support the business as a whole. They consist of professional fees (including for audits), depreciation and amortization (other than site depreciation, which is a component of cost of sales), costs associated with aborted investments, rentals under operating agreements, administrative staff costs (including wages and salaries) and other sundry costs.

Other Gains and Losses
Other gains and losses include insurance claims, other agreements with affiliates and losses resulting from changes in fair market values of the exchange rights held by Vodacom.

Loss on Disposal of Property, Plant and Equipment
Loss on disposal of property, plant and equipment consists of the sale, exchange, abandonment, and involuntary termination of our property, plant and equipment.

Finance Costs
Finance income consists of interest income from bank deposits and realized net foreign exchange gains from financing arrangements. Finance cost consists of interest expense and amortization of deferred loan facility fees on borrowings, unwinding of discount on decommissioning liability, and unrealized net foreign exchange losses arising from financing.

YEAR ON YEAR COMPARISON

Consolidated Statement of profit or loss

For the year ended 31 December 2016

	2016 US$'000	2015 US$'000
Continuing operations		
Revenue	282,507	196,646
Cost of sales	(245,434)	(179,780)
Gross profit	37,073	16,866
Administrative expenses	(78,257)	(81,217)
Loss on disposal of property, plant and equipment	(3,761)	(1,834)
Operating loss	(44,945)	(66,185)
Investment income	216	323
Other gains and losses	(6,682)	(115,529)
Finance costs	(60,027)	(87,153)
Loss before tax	(111,438)	(268,544)
Tax expense	(1,514)	(950)
Loss after tax from continuing operations	(112,891)	(269,494)
Discontinued operations		
Loss for the year from discontinued operations	–	(1,708)
Loss for the year	(112,952)	(271,202)

Key metrics

	Group		Tanzania		DRC		Congo Brazzaville		Ghana	
($ in millions)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	$ 282.5	$ 196.6	$ 122.2	$ 96.7	$ 102.2	$ 61.1	$ 23.6	$ 12.4	$ 34.5	$ 26.4
Sites at beginning of year	5,424	4,656	3,428	3,114	814	743	393	—	789	799
Sites at year end	6,477	5,424	3,465	3,428	1,832	814	394	393	786	789
Tenancies at beginning of year	10,008	7,499	6,389	4,700	1,643	1,349	512	—	1,464	1,450
Tenancies at year end	12,275	10,008	7,042	6,389	3,179	1,643	529	512	1,525	1,464
Tenancy ratio at year end	1.90x	1.85x	2.03x	1.86x	1.74x	2.02x	1.34x	1.30x	1.94x	1.86x
Adjusted EBITDA	$ 84.5	$ 35.4	$ 38.9	$ 16.9	$ 41.1	$ 24.0	$ 9.4	$ 2.7	$ 10.3	$ 3.7
Adjusted EBITDA Margin	29.9%	18.0%	31.8%	17.5%	40.2%	39.3%	39.8%	21.8%	29.9%	14.0%

Revenue

Revenue increased by 44% to $283 million in the year ended December 31, 2016 from $197 million in the year ended December 31, 2015. The increase in revenue was largely driven by the increase in total sites and tenancies, which were primarily attributable to the portfolio acquisition made from subsidiaries of Airtel in DRC of 967 towers, which initially closed in July 2016. The increase in revenue was also impacted by a decrease in liquidated damages by $12 million. Increased revenue in Tanzania was primarily attributable to the increase in overall tenancies from 6,389 to 7,042 as of December 31, 2015 to December 31, 2016, a slight increase in number of total sites from 3,428 to 3,465, an increasing number of colocations, and the decrease in gross liquidated damages of $10.7 million.

Increased revenue in DRC resulted primarily from additional rent and power charges for equipment from the additional sites acquired from subsidiaries of Airtel in DRC. Revenue improved in Ghana as a result of an increase in total tenancies from 1,464 as of December 31, 2015 to 1,525 as of December 31, 2016 and an increased tenancy ratio from 1.86x as of December 31, 2015 to 1.94x as of December 31, 2016, and a decrease in gross liquidated damages of $1.0 million.Revenue increased in Congo Brazzaville as a result of enhanced fees for anchor tenancies, colocations and other managed tenancies between the years, primarily from realizing the full benefits of the acquisition from Airtel in the year ended December 31, 2016, and driven by higher service rates in Congo Brazzaville.

Cost of sales

	Year Ended December 31,			
			% of Revenue	
($ in thousands)	2016	2015	2016	2015
Diesel costs	52,554	31,364	18.6%	15.9%
Electricity costs	29,248	21,428	10.4%	10.9%
Maintenance and security costs	43,072	35,137	15.2%	17.9%
Ground lease rental costs	18,332	16,435	6.5%	8.4%
Insurance costs	775	661	0.3%	0.3%
Site depreciation[1]	95,011	64,418	33.6%	32.8%
Other costs	6,442	2,337	2.3%	1.2%
Total cost of sales	245,434	179,780	86.9%	87.4%

(1) During 2016, we began recording our cost of depreciation related to our sites as a component of our cost of sales instead of as an administrative expense. Our presentation of site depreciation for 2015 has been adjusted to reflect this change. The change in the presentation of site depreciation has no effect on our loss before tax or loss for the year.

YEAR ON YEAR COMPARISON continued

The table below shows an analysis of the cost of sales on a country-by-country basis for the years ended December 31, 2015 and 2016.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
($ in thousands)	2016	2015	2016	2015	2016	2015	2016	2015
Diesel costs	17,878	17,675	28,224	13,232	3,014	1,969	3,439	6,488
Electricity costs	15,671	14,285	2,596	1,879	216	169	10,765	5,095
Maintenance and security costs	22,438	22,054	12,888	6,493	4,372	2,865	3,375	3,725
Ground lease rental costs	11,354	11,301	5,169	3,464	431	347	1,379	1,323
Insurance costs	349	260	225	193	48	43	153	165
Site depreciation(1)	43,406	35,115	36,342	19,049	9,656	5,092	5,607	5,162
Other costs	1,843	(1,649)	2,589	2,056	1,335	849	676	1,081
Total cost of sales	112,938	99,041	88,032	46,366	19,071	11,334	25,394	23,039

Cost of sales increased by 36% to $245.4 million in the year ended December 31, 2016 from $179.8 million in the year ended December 31, 2015. The overall increase in cost of sales was primarily due to the increased costs associated with a larger portfolio of towers, most prominently an increase in diesel and electricity usage and increased cost related to depreciation of our sites, mainly in DRC. Site depreciation increased by 47% as a result of a higher asset base due to the purchase of approximately 967 towers from a subsidiary of Airtel in DRC in July 2016 and the recognition of remaining commitments for sites not yet transferred to us in DRC and Congo Brazzaville.

Our diesel costs and electricity costs increased by 34% and 36%, respectively, between years. The increase in diesel costs primarily consisted of a $15 million increase in DRC and a $1 million increase in Congo Brazzaville, partially offset by a decrease of $3 million in Ghana. The increased diesel costs in DRC were attributable to increased consumption largely as a result of the expansion of the site portfolio after the Airtel acquisition after July 2016 and decreased reliance on the electric grid. The decreased diesel costs in Ghana is attributable to better grid availability, and greater deployment of power management solutions. The increases in electricity cost primarily consisted of a $5.7 million increase in Ghana and modest increases in our other countries of operation. In Ghana, the increase in electricity costs between years resulted from our utilization of increased grid availability as an alternative to relying on diesel and the imposition of a new electricity tariff that had the effect of increasing local pricing. A significant portion of the increase in cost attributable to local electricity price increases was mitigated through our power contract escalation provisions.

Maintenance and security costs increased by 20% between years as a result of increases in Congo Brazzaville and DRC, with Tanzania and Ghana relatively flat. Our improvements in maintenance costs in Tanzania and Ghana are a result of the efforts of our new management team put in place during the third quarter of 2015 to centralize and embed our maintenance contractors closer to local management in each country to ensure each region has dedicated support. Increase in DRC and Congo B is due to the effect of asset acquisition.

Our ground lease rental costs increased by 11% between years despite the higher proportionate increase in the number of sites, primarily as a result of overall tower lease rates.

Other costs during the year ended December 31, 2015 include approximately $3.0 million of liquidated damages recouped from suppliers mainly due to significant downtime in Tanzania with respect to our service level agreements related to service

outages, compared to $1.4 million of liquidated damage recouped in Tanzania during the year ended December 31, 2016. The reduction in overall liquidated damages is attributable to improvements in service performance resulting from our new management team's continued implementation of our Operational Excellence Program to improve our performance, especially the adoption of the zonal structure in Tanzania.

	Year Ended December 31,			
			% of Revenue	
($ in thousands)	2016	2015	2016	2015
Staff costs	17,177	14,810	6.1%	7.5%
Other depreciation and amortization	23,889	3,404	8.5%	1.7%
Office costs	6,240	3,049	2.2%	1.6%
Deal costs associated with aborted investments	386	17,837	0.1%	9.1%
Other administrative expense	30,565	42,117	10.8%	21.4%
Total administrative expense	78,257	81,217	27.7%	41.3%

Administrative expenses
Administrative expenses decreased by 3.8% to $78.2 million in the year ended December 31, 2016 from $81.2 million in the year ended December 31, 2015. The decrease in administrative expenses is primarily due to an $11.5 million decrease in other administrative expense and a $17.4 million decrease in deal costs for aborted investments, partially offset by increases of $20.5 million for other depreciation and amortization and $2.3 million in staff costs, respectively.

The primary drivers of the decrease in other administrative expense between years were the restructuring costs and the previously unrecorded expenses that related to prior periods attributable to our internal control improvements which decreased by $1.2 million and $8.6 million respectively. Our deal costs for aborted investments, which are primarily composed of professional fees and travel costs incurred while investigating and negotiating unsuccessful transactions decreased significantly between years by $17.4 million, as we pursued a number of acquisitions across several jurisdictions that were ultimately not completed during the year ended December 31, 2015 which circumstances did not recur during the year ended December 31, 2016. The increase in other depreciation and amortization was primarily attributable to the amortization of the non-compete agreement executed with Airtel in July 2016 which amortised over a period of 12 months. The increase in staff costs was attributable to increased levels of personnel across our portfolios.

Loss on disposal of property, plant and equipment
Loss on disposal of property, plant and equipment was $3.8 million in the year ended December 31, 2016, compared to $1.8 million during the year ended December 31, 2015. This increase in loss on disposal was primarily a result of site upgrades that necessitated the replacement of older parts and equipment in Tanzania.

Other gains and losses
We recognized a loss of $6.7 million in the year ended December 31, 2016, which decreased from $115.5 million in the year ended December 31, 2015. The other loss during the year ended December 31, 2016 represented a charge to our income statement as a result of Vodacom Tanzania's put option to exchange its shares in Helios Towers Tanzania for shares in the Company, which expires on the earlier of the closing of the Vodacom Buyout and December 31, 2017. Such charge resulted from the movement in the fair value of the option between December 31, 2015 and December 31, 2016. The fair value of the option at each year end equals the difference between the fair market value of Vodacom Tanzania's interests in Helios Towers Tanzania that would be relinquished by Vodacom Tanzania in exercise of the put option, and the amount payable under the option. Other loss during the year ended December 31, 2015 primarily consisted of Millicom's exercise of its exchange right and represented the difference between the fair market value of the interests in the Company that Millicom received in exercising its exchange rights in October 2015 and the fair market value of the interests in certain of our subsidiaries that Millicom held immediately prior to the acquisition. Other loss during the year ended December 31, 2015 also included a charge to our income statement as a result of the increase in the difference in fair market value of the put option granted to Vodacom.

YEAR ON YEAR COMPARISON continued

Finance costs

Finance costs decreased to $60.0 million in the year ended December 31, 2016 from $87.2 million in the year ended December 31, 2015. The table below shows an analysis of finance costs for the Year ended December 31, 2015 and 2016.

	Year Ended December 31,	
($ in thousands)	2016	2015
Foreign exchange difference	10,366	56,036
Interest costs	45,939	27,201
Net interest income (cost) on derivative financial instruments	(1,293)	240
Deferred loan cost amortization	5,015	3,676
Total finance costs	60,027	87,153

As reflected in the table above, the decrease in finance costs between years was primarily the result of a decrease in foreign exchange difference from $56.0 million during the year ended December 31, 2015 to $10.4 million during the year ended December 31, 2016, primarily relating to the Tanzanian shilling which depreciated against the U.S. dollar by 25.8% during the year ended December 31, 2015 while the Tanzanian shilling was broadly stable, having depreciated by only 1.1% during the year ended December 31, 2016. The foreign currency difference is predominantly unrealized foreign exchange costs which is driven by the translation of dollar denominated liabilities. The decrease in finance costs was partially offset by a $18.7 million increase in interest costs associated with greater borrowings during the 2016 year under the Existing Debt Facilities in Tanzania, DRC and Congo Brazzaville.

Tax expense

Our tax expense was $1.5 million in the year ended December 31, 2016 as compared to $1.0 million in the year ended December 31, 2015. Our tax expense during each year is primarily due to an additional tax levied against certain entities in Tanzania and DRC as stipulated by law in these jurisdictions.

Loss from discontinued operations

We recorded a loss from discontinued operations of $1.7 million during the year ended December 31, 2015 due to the closing of operations of HT Chad SARLU and commencing the winding down of that business. We did not recognize any loss related to discontinued operations during the year ended December 31, 2016.

Adjusted EBITDA

Adjusted EBITDA was $84.5 million in the year ended December 31, 2016 compared to $35.4 million in the year ended December 31, 2015. The increase in Adjusted EBITDA between years is primarily attributable to the changes in revenue, cost of sales, deal costs for aborted acquisitions and the elimination of the prior period expenses recognized during the year ended December 31, 2015 set forth above.

Contracted Revenue

The following tables provide our total contracted revenue by country and by key customer under agreements with our customers as of December 31, 2016 for each of the years from 2017 to 2022, with local currency amounts converted at the applicable spot rate for U.S. dollars on December 31, 2016 held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed colocations described elsewhere in these financial statements, (iii) our customers do not utilize any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason.
The following tables provide the Company's contracted revenue from 2017 through 2022 on a country-by-country basis and an illustration of our total contracted revenue attributable to our key customers:

	Year Ended December 31,					
($ in thousands)	2017	2018	2019	2020	2021	2022
Tanzania	138,520	140,239	140,235	140,195	139,861	138,692
DRC	133,950	138,142	140,439	141,618	151,962	150,068
Ghana	35,519	34,582	34,523	33,792	31,522	21,525
Congo Brazzaville	20,536	15,028	15,028	14,975	14,882	14,882
Total	328,525	327,991	330,225	330,580	338,227	325,167

($ in thousands)	**Total Committed Revenues**	**Percentage of Total Committed Revenues**
Vodacom	736,019	
Airtel	865,776	
Tigo	412,406	
MTN	36,667	
Orange	462,718	
Sub-total (including committed colocations)	2,513,586	81%
Viettel	384,012	
Total including Viettel	2,897,598	93%

Liquidity and Capital Resources

We manage our financing structure and cash flow requirements based on our overall strategy and objectives, deploying financial and other resources related to those objectives. We manage liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Funding decisions are made based upon a number of internal and external factors, including required amounts and the timing of outflows, the internal and external availability of funds, the costs of financing and other strategic objectives.

Our primary sources of liquidity have historically been cash from operations, borrowings under our debt facilities and equity issuances. We have previously sought to finance the costs of developing and expanding our business mainly at the operating level on a country-by-country basis.

Consolidated Statements of Cash Flow Data

	Year Ended December 31,	
($ in thousands)	2016	2015
Cash Flows from Operating Activities		
Profit/(loss) for the year	(111,438)	(270,252)
Net cash generated from (used in) operating activities	16,951	(52,317)
Net cash generated (used in) investing activities	(295,847)	(160,074)
Net cash generated from financing activities	325,092	258,059
Net increase (decrease) in cash and cash equivalents	46,196	35,065
Cash and cash equivalents, beginning of year	88,290	53,225
Foreign exchange on translation	(749)	(10,603)
Cash and cash equivalents, end of year	133,737	88,290

YEAR ON YEAR COMPARISON continued

As at December 31, 2016 we had $133.7 million of cash and cash equivalents.

Net cash generated from (used in) operating activities increased from $(52.3) million during the year ended December 31, 2015 to $17.0 million during the year ended December 31, 2016. The increase in net cash generated from operating activities between years was primarily driven by an improvement in operating loss between years.

Net cash used in investing activities increased from $160.1 million during the year ended December 31, 2015 to $295.8 million during the year ended December 31, 2016. The increase in net cash used in investing activities between years was mainly the result of continued acquisition activity, primarily related to our portfolio acquisition from Airtel in DRC.

Net cash generated by financing activities increased from $258.1 million during the year ended December 31, 2015 to $325.1 million during the year ended December 31, 2016. The increase in net cash generated by financing activities between years was primarily the result of increased borrowings under our secured term loan facilities partially offset by additional proceeds from issue of equity share capital.

The following table shows our capital expenditures incurred by category during the years presented:

	Year Ended December 31,			
$m	2016	% of Total Capex	2015	% of Total Capex
Acquisition capital expenditures	164.5	58.6%	58.8	36.1%
Build-to-suit capital expenditures	34.7	12.3%	31.7	19.5%
Upgrade capital expenditures	48.8	17.4%	35.0	21.5%
Maintenance capital expenditures	29.6	10.6%	24.6	15.1%
Corporate capital expenditures	3.2	1.1%	12.7	9.8%
Total*	280.8	100.0%	162.8	100.0%

*Excluding Intangibles

Capital Expenditures

We incur capital expenditures in connection with our portfolio acquisition activity and build-to-suit construction activity. The cost of constructing a tower is principally comprised of steel for the tower, tower construction activities (including transportation and labor and, to a lesser extent, licenses), community approvals and shelter construction. Our upgrade capital expenditures relate to (i) structural, refurbishment and consolidation activities carried out on selected acquired sites, (ii) installation of colocation tenants and (iii) and investments in power management solutions. Maintenance capital expenditures consist of periodic refurbishments and the replacement of parts and equipment to keep our sites in service. We also incur corporate capital expenditures, primarily for furniture, fixtures and equipment. As we incur capital expenditures to acquire, build or upgrade our tower portfolios, our depreciation charges will increase in future periods as a result of the increased asset base. Historically, we have funded our capital expenditures through a combination of cash from operations, debt financing under our secured loan facilities and equity issuances.
Our build-to-suit capital expenditures generally range from $110,000 to $140,000 per tower. The capital expenditures required to co-locate a tenant generally range from $7,000 to $11,000. Our maintenance capital expenditures generally range from $3,000 to $5,000 per tower per year.

We currently expect to incur capital expenditures of approximately $166 million in 2017, which amount consists of:

- approximately $30.6 million of acquisition capital expenditures related to the pending acquisitions of remaining sites not yet closed in DRC, Congo Brazzaville and Tanzania;
- $17.7 million of build-to-suit capital expenditures;
- $93.2 million of upgrade capital expenditures, including (i) approximately $47.9 million for structural, refurbishment and

consolidation activities carried out on selected acquired sites, (ii) approximately $17.1 million for installation of colocation tenants and (iii) approximately $28.2 million for continued investment in power management solutions;
- $20.7 million of maintenance capital expenditures; and
- $3.7 million of corporate capital expenditures for furniture, fixtures and equipment.

We also continuously evaluate portfolios available for purchase that we find to be attractive candidates for acquisition. To the extent we find a suitable opportunity, we have the flexibility to increase our capital expenditures which we would expect to fund with a combination of cash on hand, or debt or equity issuances.

Off-Balance Sheet Arrangements
We do not have any off-balance sheet arrangements.

Indebtedness
As of December 31, 2015 and December 31, 2016, the HTA Group's outstanding loans and borrowings were $253.7 million and $401.1 million, respectively. For more details, see Note 19 in our consolidated financial statements for the year ended December 31, 2016. Third party loans were refinanced on 8 March 2017.

Operating lease commitments

	Group	
($ in thousands)	2016	2015
Minimum lease payments recognised as an expense in the year	20,643	17,725

The total of future minimum lease payments under non-cancellable operating leases, is as follows:

	Group	
($ in thousands)	2016	2015
Within one year	21,524	19,392
After one year but not more than five years	66,797	55,333
More than five years	226,173	171,729
	314,494	246,454

Operating lease payments represent rentals payable by the Group for land and certain of its office properties and are recognised as an expense in the year they are incurred. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 10 years with an option to extend for a further 10 years at the then prevailing market rate and are non-cancellable.

Market Risk Disclosures
Our major market risk exposures include credit, liquidity and market risk. For more detail, see note 23 to our consolidated financial statements for the year ended December 31, 2016 included in these financial statements.

Credit Risk
Our credit risk is the risk of financial loss to the HTA Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting year was as follows:

	As of December 31,	
($ in thousands)	2016	2015
Trade and other receivables	126,929	84,344
Cash and bank balances	133,737	88,290
Total	260,666	172,634

YEAR ON YEAR COMPARISON continued

Liquidity Risk
Our liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our approach to managing liquidity risk is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect our income or the value of our financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. There has been no material change to our exposure to market risks or the manner in which we manage and measure such risks during the year ended December 31, 2015 or the year ended December 31, 2016.

Currency Risk
We undertake transactions denominated in foreign currencies and consequently are exposed to exchange rate fluctuations. Our main currency exposures are to the Tanzanian shilling, the Central African franc and the Ghanaian cedi. While DRC is a largely dollarized economy, the Congolese government has begun to implement reforms to readopt the use of the Congolese franc and may de-dollarize DRC's economy in the future. We have not historically entered into any foreign currency hedging contracts as a result of (i) the lack of available instruments in many of the countries or currencies in which we operate and (ii) our management considered foreign exchange risk to be at an acceptable level due to the majority of our contract revenue being denominated in U.S. dollars, minimal foreign–currency-denominated third-party debt levels within our business and, our expenses being paid primarily in local currencies.

The following table provides carrying amounts of our foreign currency denominated monetary assets and liabilities as of the dates set forth below:

	Liabilities		Assets	
($ in thousands)	2016	2015	2016	2015
New Ghana Cedi	13,915	15,036	18,565	10,220
Tanzania Shillings	55,220	74,518	41,464	31,253
Central African Franc	11,867	10,331	7,693	569

Foreign currency sensitivity analysis

	New Ghana Cedi Impact		Tanzania Shillings Impact		Central African Franc Impact	
($ in thousands)	2016	2015	2016	2015	2016	2015
Equity	(3,852)	(3,206)	(40,205)	(23,317)	(4,735)	(4,369)

Interest Rate Risk
At the reporting date, the interest rate profile of our interest-bearing financial instruments was:

	As of December 31,	
($ in thousands)	2016	2015
Fixed and variable rate instruments		
Financial assets	—	—
Financial liabilities	414,316	263,924

RISKS RELATED TO THE GROUP AND OUR BUSINESS

For purposes of this section only, Tanzania, DRC, Ghana and Congo Brazzaville shall collectively be referred to as the "Relevant Jurisdictions".

Due to the long-term expectations of revenue from site agreements, we are exposed to the creditworthiness and financial strength of our tenants.
Due to the long-term nature of our site agreements (usually 10 to 15 years with provision for subsequent multiple renewals), we, like others in the tower infrastructure industry, are dependent on the continued financial strength of our customers. Many telecommunications operators have substantial leverage and rely on capital-raising activities to fund their operations and capital expenditures. A downturn in the economy and/or disruption in the financial and credit markets could make it more difficult and expensive to raise capital. If our customers or potential customers are unable to raise adequate capital to fund their business plans, they may reduce their capital spending, which could materially and adversely affect demand for our telecommunications sites. If, as a result of a prolonged economic downturn or otherwise, one or more of our significant customers experiences financial difficulties or is otherwise unable to meet its obligation to pay sums due under its MLA with us, it could result in uncollectible accounts receivable from our customers. The termination, non-renewal, material modification of or non-payment under our site agreements could have a material adverse effect on our business, financial condition and results of operations. We derive a substantial portion of our total operating revenue from a small number of large MNOs. For the year ended December 31, 2016, 94% of our revenue was attributable to MNO operating subsidiaries of six of the largest MNO holding companies in Sub-Saharan Africa (Airtel, Millicom, MTN, Orange, Viettel and Vodacom). If any of these customers are unwilling or unable to perform its obligations under its site agreements with us, our revenue, results of operations, financial condition and liquidity could be materially and adversely affected.

Our contractual invoicing cycle is typically quarterly or monthly in advance with the contractual payment cycle on average 30 days post invoice. We also, occasionally, experience volatility in terms of timing for settlement of invoices. In addition, no assurance can be given that our customers will renew their site agreements at the expiration of those agreements or that we will be successful in negotiating favorable terms with the customers that renew or seek to renegotiate their site agreements. Moreover, our MLAs allow for a customer to terminate its obligations in the event such customers lose or fail to renew their license to operate mobile networks due to local regulatory action or otherwise and is forced to immediately cease its operations. The failure to obtain or successfully negotiate favorable terms for renewals of existing site agreements or the termination of existing site agreements due to customer licensing issues could result in a reduction in our revenue.

Any increase in operating expenses, particularly increased costs for diesel or an inability to pass through increased diesel costs, could erode our operating margins and adversely affect our business, financial condition and results of operations.
Our primary operating expenses include diesel fuel, electricity, ground lease rents, site maintenance and security, security personnel and insurance. In addition, the continued development, expansion and maintenance of our tower site infrastructure requires ongoing capital expenditure. There can be no assurance that our operating expenses, including those noted above, will not increase in the future or that we will be able to successfully pass any such increases in operating expenses to the customers. For example, we require a substantial amount of diesel to power our site operations. For the year ended December 31, 2016, electricity and diesel costs accounted for 33.3% of our cost of sales. We, therefore, remain exposed to diesel price volatility, which may result in substantial increases in our operating costs and reduced profits if prices rise significantly. To partially alleviate this risk, approximately 93% of our site agreements as of December 31, 2016 permit us to pass-through any change in diesel and electricity costs to our counterparties. Diesel and electricity prices are generally readjusted on a monthly, quarterly or annual basis in line with the relevant power index at the time of the readjustment; this indexation acts as a natural hedge on the price of diesel and electricity but is subject to a time lag in the readjustment. Our attempts to reduce diesel consumption through the deployment of DC generators, hybrid batteries and solar technologies, while presently successful, may not be successful in the future.

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

Our ground lease rents are for a fixed duration, typically a 15 to 30-year term, and are, in some cases, paid for in advance for a portion of the overall term of the lease. Approximately 14.2% of our ground leases are due for renewal within the next 18 months. The renewal of a large proportion of our tower portfolio ground leases within a particular year could require a significant upfront rent payment made upon such renewal, which in turn could increase our operating cash flows for that particular year. Any increases in operating expenses referred to above would reduce our operating margins and may have a material adverse effect on our business, financial condition and results of operations.

We rely on third-party contractors for various services, and any disruption in or non-performance of those services would hinder our ability to effectively maintain our tower infrastructure.
We engage third-party contractors to provide us with various services in connection with the power management, site acquisition, construction, access management, security and maintenance of tower sites. For example, we have outsourced power management, refurbishment, operations and maintenance, and security functions for certain of our sites to contractors. Their power management functions include the supply of diesel to and deployment of alternative power technologies, such as hybrid and solar power technologies, on certain sites, to help reduce diesel consumption. We are exposed to the risk that the services rendered by our third-party contractors will not always be satisfactory or match our and/or our customers' targeted quality levels. As a result, our customers may be unsatisfied with our services and we may be required to pay service credits under our contracts, or our customers may terminate their contracts in the event of a material breach, either of which could adversely affect our business, financial condition and results of operations (without back-to-back compensation from our service provider).

In addition, vendors and suppliers hired by us in relation to power management at certain tower sites have strict execution targets placed upon them. If these vendors do not deliver satisfactorily both financially and operationally, we have an ability to step in and complete the process ourselves. If our suppliers are unable to continue to provide timely and reliable services or key products, we could experience interruptions in delivery of our services to our customers, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. If we are required to undertake this work ourselves, it could further require extensive time and attention from our management and lead to increased future operating costs while the work is carried out, which could in turn adversely affect our business, financial condition and results of operations.

We also rely on third parties for our supply of diesel and this supply could be disrupted by events that are beyond our control. While we maintain planning, monitoring and logistics systems aimed at providing a consistent supply of diesel to sites, a lack of available trucks, personnel strikes, queues and other issues at fuel depots and security concerns at certain sites, among other things, have in the past and may in the future cause this supply to be disrupted. Disruption in the supply of diesel would impede our ability to continue to power our sites and adversely affect uptimes. Widespread or long-term disruption in the supply of diesel may result in us being unable to meet the SLA targets under our MLAs, and in some cases we would be required to pay service credits (subject to typical force majeure protection), which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to renew and/or extend our ground leases, or protect our rights to the land under our towers, it could adversely affect our business and operating results.
Our site portfolio consists primarily of ground-based towers constructed on land that we have leased under long-term ground lease agreements. Approximately 85.4% of the tower sites in our portfolio as of December 31, 2016 are operated under ground leases on land that we do not own. For tower sites on leased land, approximately 56.8% of the ground leases for these sites have a final expiration date of December 31, 2026 or beyond and, as of December 31, 2016, the average remaining life of our ground leases was 16.3 years.

Since advance payments for ground leases typically represent a substantial rental yield for the landlord, ground leases are, in most cases, not difficult to obtain or renew. However, for various reasons, landowners may not want to renew their ground leases with us, they may lose their rights to the land or they may transfer their land interests to third parties, which could affect our ability to renew ground leases on commercially viable terms. In addition, we may not have

the required available capital to extend these ground leases for our towers at the end of the applicable period. In the event that we cannot extend these ground leases, we will be required to dismantle or relocate these towers and may lose the cash flows derived from such towers, which may have a material adverse effect on our business, financial condition and results of operation.
Our real property interests relating to our towers consist primarily of leasehold interests. For various reasons (including poor or non-existent property registries), we rarely have the opportunity to access, analyse or verify underlying freehold (or equivalent) title and may not always have the ability to access, analyse and verify other information regarding other issues related to title, access and use prior to entering into a ground lease for a tower site, which could affect our rights to access and operate the site. From time to time, we may also experience disputes with lessors regarding the terms of our ground leases for tower sites, which can affect our ability to access and operate a tower site. The termination of a ground lease for a particular site may interfere with our ability to operate and generate revenue from the tower. If this were to happen at a material number of our sites, it would have a material adverse effect on our business, financial condition and results of operations.

In addition, a portion of our Tanzanian tower sites are situated on village land, which we believe to be common amongst similarly situated companies in Tanzania. Leasing village land (whether from a village council or an individual) may restrict or prohibit HTT Infraco's ability to enforce its rights under the ground lease as HTT Infraco may be considered as a majority-owned foreign company which is not, under strict interpretation of Tanzanian law, permitted to occupy village land.

In addition, we may be subject to real property laws in certain Relevant Jurisdictions that deem our towers or other site assets to be part of the land on which we place our towers and other site assets. For instance, in certain Relevant Jurisdictions, anything that is permanently affixed to the land is deemed to be part of the land. Whether one of our towers or other site assets were deemed permanently affixed would depend on whether such assets may be removed without substantial damage resulting from their removal, the mobility of the object and the intention in placing the object on the land. If assets at a material number of our sites were considered to be permanent fixtures of our leased real property, it would have a material adverse effect on our business, financial condition and results of operations.

Merger or consolidation among our customers could have a material and adverse effect on our revenue and cash flow.
We believe that there will be continued price competition among the largest telecommunications operators in the Relevant Jurisdictions, which will increase their number of subscribers, subscribers' minutes of use and network capacity requirements, and that the current pricing levels, combined with significant capital expenditure requirements for telecommunications operators, will be sustainable only for the operators with large-scale operations in terms of both network capacity and total number of subscribers. Given the large number of telecommunications operators in the Relevant Jurisdictions, as well as benefits of scale enjoyed by the larger operators, we believe that consolidation is likely to occur among the smaller telecommunications operators (some of whom are our customers) in order to achieve the scale necessary for long-term profitable growth in this market.
Significant consolidation among our customers could result in a reduction in the number of their base transmission sites and/or colocation requirements for the consolidated companies because certain base transmission sites may become redundant or additional tower spaces may be gained in any consolidation. In addition, consolidation may result in a reduction in future capital expenditures in the aggregate, if the expansion plans of the consolidated companies are similar. As a result of such consolidation, our customers could determine not to renew site agreements with us. A customer could also make a decision to discontinue operations in a given market and determine not to renew site agreements with us. If a significant number of such terminations occur as a result of industry consolidation or other changes in industry composition, it could materially and adversely affect our revenue and cash flow, which in turn could have a material adverse effect on our business, financial condition, results of operations and liquidity.

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

New technologies designed to enhance the efficiency of wireless networks and potential active sharing of the wireless spectrum could reduce the need for tower-based wireless services and could make our tower leasing business less desirable to or necessary for tenants and result in decreasing revenue.
The development and implementation of new technologies designed to enhance the efficiency of wireless networks or the implementation by MNOs of potential active sharing technologies could reduce the use and need for tower-based wireless services transmission and reception and could have the effect of decreasing demand for tower space. Examples of such new technologies that may reduce the demand for tower-based antenna space might include spectrally efficient technologies which could potentially relieve some network capacity problems, or complementary voice over internet protocol access technologies that could be used to offload a portion of subscriber traffic away from the traditional tower-based networks, which would reduce the need for telecommunications operators to add more tower-based antenna equipment at certain tower sites. MNOs in certain more well-developed African countries, including South Africa, have implemented active sharing technologies in which MNOs share the wireless spectrum and, therefore, need fewer of their own antennas and less tower space for such equipment. Moreover, the emergence of alternative technologies could reduce the need for tower-based wireless services transmission and reception. For example, the growth in the delivery of wireless communication, radio and video services by direct broadcast satellites could materially and adversely affect demand for our antenna space, or certain alternative technologies could cause radio interference with older generation tower-based wireless services transmission and reception. As a result, the development and implementation of alternative technologies to any significant degree could have a material adverse effect on our business, financial condition and results of operation.

Many of our site agreements contain liquidated damages provisions, which may require us to make unanticipated payments to our customers.
Many of our site agreements contain liquidated damages provisions in the event that we fail to perform our obligations thereunder in a timely manner or in accordance with the agreed terms, conditions and standards. Our liquidated damages provisions generally require us to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if we fail to uphold a specified level of uptime. For example, pursuant to a site agreement with a Tanzanian telecommunications operator, we paid $9.9 million in net liquidated damages (i.e., payments to customers net of amounts recouped from suppliers) as a result of our failure to meet the required levels of uptime in 2015. However, the operational failures, which led to these costs have been largely corrected, and we incurred only $0.7 million of net liquidated damages for the year ended December 31, 2016. We generally try to limit our exposure under any individual long-term leasing agreement with maximum liability caps. Nevertheless, if we incur liquidated damages, they may materially harm our business, operating results and financial condition.

We may not successfully execute our growth strategy. Our organic and acquisition growth strategies depend on various factors, some of which are outside our control.
Our strategy for the growth of our business involves three components: adding colocation tenants to our existing site portfolio, organic growth through the construction of additional sites on a build-to-suit basis for telecommunications operators and growth through strategic acquisitions.
Our ability to execute the organic growth component of our strategy will depend on a number of factors, including our ability to continue to obtain orders and deploy build-to-suit sites and colocations in a timely and cost-effective manner, and our ability to maintain our relationships with the regulatory authorities and to obtain any required governmental approvals. There can be no assurance that we will be able to continue expanding our site portfolio organically on a commercially viable basis or in a timely manner, or at all, and our failure to do so could have a material adverse effect on our business, financial condition, results of operations and liquidity.
Our ability to implement our strategy in relation to adding colocation tenants to our existing portfolio can be affected by a number of factors beyond our control, including:

- a slowdown in the growth of, or a reduction in demand for, wireless communications services;
- the development and implementation of new technologies that could reduce the use and need for tower-based wireless services

transmission and decrease the demand for tower space; and

- customer churn due to a merger or consolidation of our customers, which could result in a decrease of the number of colocation requirements for the consolidated companies.

There can be no assurance that we will be able to continue to add colocation tenants to our existing portfolio and our failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our ability to implement our strategy in relation to the construction of new towers can be affected by a number of factors beyond our control, including the availability of construction equipment and skilled construction personnel and bad weather conditions. There can be no assurance that:

- we will be able to overcome setbacks to new construction;
- the number of towers planned for construction will be completed in accordance with the requirements of our customers; or
- there will be a significant need for the construction of new towers once the wireless communications carriers complete their tower network infrastructure build-out.

Our ability to execute the acquisition growth component of our strategy will also depend on a number of factors. Together with our subsidiaries, we must identify suitable and available acquisition candidates at an acceptable cost, reach agreement with acquisition candidates and their shareholders on commercially reasonable terms and also secure financing to complete larger acquisitions or investments. We are continuously examining the merits, risks and feasibility of potential transactions and searching for acquisition opportunities. Such search and examination efforts, and any related discussions with third parties, may distract our management from the operation of our existing businesses and may or may not lead to future acquisitions.

Our ability to grow through further acquisitions will also depend on a number of factors, including the willingness of other telecommunications operators (some of whom are our major customers) to engage with us in acquisitions or managed services transactions for their site portfolios on terms that meet their return on investment criteria.

The benefits of any acquisition may take considerable time to develop, and there can be no assurance that any particular acquisition will produce the intended results or benefits. Certain of the intended benefits are under the control of third parties (including regulators and colocators on the relevant towers). Revenue streams from third parties may not be robust or may be subject to additional taxation. Given the nature of the individual assets (which are numerous and geographically diverse), it can be difficult to conduct effective physical diligence on the towers. This is typically conducted by way of a sample site audit. Moreover, we incur significant costs during the pursuit of such acquisitions, which are usually conducted through competitive auction processes.

Tower portfolio acquisitions typically take a considerable period of time to sign and close (and usually close in stages) but involve up-front investments that cannot be recovered regardless of whether the transaction is successfully completed. For example, we spent $17.8 million in the year ended December 31, 2015, on professional fees, booking fees and travel costs incurred while investigating prospective investments in connection with potential acquisitions.

The condition of the towers can deteriorate significantly during the period prior to closing (and after physical site audits) because sellers often reduce operating and capital expenditure on such towers.

The integration of any acquired business or assets may place significant demands on the time and attention of our management. In addition to integrating, training and managing our expanding workforce, we will need to continue to develop and improve our financial and management controls, information systems and reporting procedures, including those of any acquired businesses. Additional risks associated with acquisitions include, but are not limited to, the following:

- it may be difficult to integrate the operations of an acquired business into our organization;
- management, information and accounting systems of an acquired business may be different from, and incompatible with, our current systems and may need to be successfully integrated;
- our management must devote its attention to integrating acquired businesses, which diverts its attention from our existing business;
- our failure to manage regulatory non-compliance following the acquisition of a business may result in the requirement that we dismantle towers in the site portfolio of the acquired business; and
- we could lose some of our key employees or key employees of an acquired business.

The resolution of any of the foregoing could be time-consuming and costly. There can be no assurance that we will be able to efficiently

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

or effectively manage the integration of acquisitions or the growth of our operations post-acquisition, including our acquisition in DRC of tower sites from Bharti Airtel (some of which are pending a formal closing), and our failure to do so could materially and adversely affect our business, financial condition, results of operations and ability to implement our business strategy.

Competition in the telecommunications tower industry may create pricing pressures that materially and adversely affect us.
We are the sole independent tower operator in three of our four markets but our customers could adopt alternative strategies for the provision of tower space including:

- MNOs that own site portfolios and lease antenna and base transmission site space among themselves (either individually under a cash-pay or barter system or through a network or site-sharing-based joint venture); and
- in certain coverage solutions, owners of alternative site structures such as building rooftops and IBS.

Ghana is the only market in which we compete with other independent tower companies (primarily American Tower Company). Our experience in Ghana is that competition in the telecommunications tower industry is based principally on power management expertise, tower location, relationships with telecommunications operators, tower quality and height and, to a lesser extent, on the size of a company's site portfolio, pricing and ability to offer additional services to tenants. Certain MNOs that allow colocation on their towers are larger and may have greater financial resources than we do. In addition, some of our competitors in Ghana may have lower return on investment criteria than we do.

We believe that large telecommunications operators tend not to lease extensively from their direct competitors because tower location and investment in capacity are considered competitive advantages. A change in this policy or any other event, including regulatory action, that increases colocation among major telecommunications operators could result in increased competition for colocations.

Competitive pressures could materially and adversely affect our contract rates and services income, and could result in our existing customers not renewing their site agreements, or new customers contracting space on towers from MNOs or, in the case of Ghana, other independent tower companies, and not from us. We also face, and expect to continue to face, competition in identifying and successfully acquiring tower assets, particularly for high quality tower assets and large site portfolios. Any of the foregoing factors could materially and adversely affect our business, financial condition, results of operations and liquidity.

Fluctuations or devaluations in local currencies in the markets in which we operate against our U.S. dollar reporting as well as our ability to convert these local currencies into U.S. dollars, could materially adversely affect our business, financial condition and results of operations and that of our clients.
Prospective changes to currency exchange rates may impact our profitability. Since we report in U.S. dollars, we are subject to risks relating to the conversion into U.S. dollars of the statements of financial position and income statements of our subsidiaries in Tanzania, Ghana and Congo Brazzaville because these countries do not use the U.S. dollar. While DRC is a largely dollarized economy, the government of DRC has begun to implement reforms to readopt the use of the Congolese franc and may de-dollarize DRC's economy in the future. We collect a significant portion of our revenue from customers in local currencies, and there may be limits to our ability to convert these local currencies into U.S. dollars. Moreover, while Congo Brazzaville's currency is "pegged" to the euro, allowing for a set euro exchange ratio, the Congo Brazzaville currency may be "de-pegged" from the euro in the future and, in any event, we are still exposed to prospective fluctuations of the U.S. dollar against the euro, and any such fluctuations may have an adverse effect on our earnings, assets and cash flows. In addition, we are subject to risks arising from outstanding nominal foreign currency financial and trade receivables or payables incurred prior to but due to be settled after a change to the relevant exchange rate, which impact our current cash flows. Therefore, local currency exchange rate fluctuations in relation to the U.S. dollar may have an adverse effect on our earnings, assets and cash flows when translating or converting local currency into U.S. dollars and we may not be able to manage effectively the currency risks we face, and volatility in currency exchange rates. Due to a lack of available instruments in many of the countries or currencies in which we operate we are not able to hedge against foreign currency exposures. Our Group had a net exchange loss of $10.4 million in 2016 compared to a net exchange loss of $56.0 million in 2015. At the operational level we seek to reduce our foreign exchange

exposure through a policy of matching, as far as possible, cash inflows and outflows. Where possible and where financially viable, we borrow in local currencies to hedge against local currency exchange risks. Our ability to reduce our foreign currency exposure may be limited by a lack of long-term financing in local currencies. As such, there is a risk that we may not be able to finance local capital expenditure needs or reduce our foreign exchange exposure by borrowing in local currencies. For more information about the market risks we are exposed to as a result of foreign currency exchange rate fluctuations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk*".

Our ability to construct new build-to-suit towers depends on a number of factors, many of which are outside of our control.

Our ability to construct new build-to-suit towers can be affected by a number of factors beyond our control, including the availability of suitable land that meets the requirements of the customer and the availability of construction equipment and skilled construction personnel. Delays brought on by a number of factors could also adversely affect our ability to deliver build-to-suit sites in a timely and cost-effective manner, particularly in connection with timelines contractually agreed with customers. There can be no assurance that:

- every individual build-to-suit site will be commercially viable or meet our investment criteria;
- we will be able to overcome setbacks to new construction, including local opposition;
- we will be able to maintain relationships with the regulatory authorities and to obtain any required governmental approvals for new construction;
- the number of towers planned for construction will be completed in accordance with the requirements of customers;
- there will be a significant need for the construction of new towers; or
- we will be able to finance the capital expenditures associated with build-to-suit activity.

We are continuously examining the merits, risks and feasibility of and searching for strategic build-to-suit opportunities, and such efforts may or may not result in profitable build-to-suit sites.

We do not always operate with the required approvals and licenses for some of our tower sites, particularly where it is unclear whether a certain license or permit is required or where there is a significant lead time required for processing the application, and therefore may be subject to reprimands, warnings and fines, for non-compliance with the relevant licensing and approval requirements.

Although we generally seek and obtain the requisite state and local approvals prior to the commencement of tower construction, it is often unclear whether certain, particularly local, permits are required and in some circumstances local authorities have imposed permit requirements retrospectively. There is sometimes a long lead time required for processing applications for approvals and licenses from the local authorities, including (i) construction and building permits required from state authorities to construct or build any structure, (ii) environmental approvals and (iii) Aviation Height Clearance Certificates required to construct and operate telecommunications towers, as the case may be. In certain cases, we have acquired towers after the application for the requisite permit, approval or license has been made but prior to issuance of the requisite permit, approval or license or retrospective legislation has been applied which requires us to seek a permit, approval or license for a site that is already operational. In other cases, a permit, license or approval needs to be annually renewed and there can be periods where the existing permit, approval or license lapses prior to the new permit, approval or license being granted. Although we make payments in relation to the relevant permits when required, the delay encountered in receiving the permits, licenses or certificates means that we may therefore, in limited instances, proceed with and complete tower construction and site installation for our customers before all required approvals and licenses have been formally issued by local authorities.

While we believe these matters are not unusual in our industry in the Relevant Jurisdictions, there can be no assurance that the relevant authorities will issue the required permits, licenses or approvals or that they will be issued in a timely manner or as expected. If such permits, licenses and approvals are not obtained, the local authorities may prevent us from entering our sites and impose penalties on us, such as reprimands, warnings, fines and dismantling orders, for non-compliance with the relevant permitting, licensing and approval requirements. In addition, in certain Relevant Jurisdictions, both federal and local authorities charge taxes and levies in relation to similar services, such as tenement rates and environmental permits for our sites. This leads

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

to confusion over which authority should be paid the relevant levy and in many cases we must wait for a demand to be made before we can make the payment.

Additionally, a failure to obtain and/or maintain all such permits, approvals and licenses would constitute a breach of our obligations under certain of our site agreements, giving rise to a right to terminate by the customer of the relevant site if such breach is not remedied within the cure period (and, in some cases, if the breach was systemic, a right to terminate the site agreement in respect of all of the sites to which it applies). If we are required to relocate a material number of our towers and cannot locate replacement sites that are acceptable to our customers, or if a material number of our site agreements are terminated, this could materially and adversely affect our revenue and cash flow, which in turn could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We may experience local community opposition to some of our sites.

We have experienced, and may in the future experience, local community opposition to our existing sites or the construction of new sites for various reasons, including concerns about alleged health risks. As a result of such local community opposition, we could be required by the local authorities to dismantle and relocate certain towers. If we are required to relocate a material number of our towers and cannot locate replacement sites that are acceptable to our customers, it could materially and adversely affect our revenue and cash flow, which in turn could have a material adverse effect on our business, financial condition, results of operations and liquidity.

A slowdown in the growth of, or a reduction in demand for, wireless communications services could adversely affect the demand for communications sites and tower space and could have a material adverse effect on our financial condition and results of operations.

Demand for our site rentals and tower space is dependent on demand for communications sites from wireless communications carriers, which, in turn, is dependent on subscriber demand for wireless services. Most types of wireless services currently require ground-based network facilities, including communications sites for transmission and reception. Tower sharing must continue to be seen by wireless telecommunications providers as a cost-effective way to satisfy their passive infrastructure needs. The extent to which wireless communications carriers lease such communications sites depends on a number of factors beyond our control, including the level of demand for such wireless services, the financial condition and access to capital of such carriers, the strategy of carriers with respect to owning or leasing communications sites, changes in telecommunications regulations and general economic conditions as well as geography and population density.

Our business is subject to government regulations and any changes in current or future laws or regulations could restrict our ability to operate our business as we currently do.

Our business, and that of our customers, is subject to national, state and local regulation governing telecommunications as well as the construction and operation of towers. These regulations and opposition from local zoning authorities and community organizations against construction in their communities can delay, prevent or increase the cost of new tower construction, modifications, additions of new antennas to a site, or site upgrades, thereby limiting our ability to respond to customer demands and requirements.

In addition, certain licenses for the operation of our towers may be subjected to additional terms and conditions with which we cannot comply. As public concern over tower proliferation has grown in recent years, some communities now try to restrict tower construction or delay granting permits. Existing regulatory policies and changes in such policies may materially and adversely affect the associated timing or cost of such projects and additional regulations may be adopted which increase delays, or result in additional costs to us, or that prevent completion of our projects in certain locations. Any failure to complete new tower construction, modifications, additions of new antennas to a site or site upgrades could harm our ability to add additional site space and maintain existing lessees, which could have an adverse effect on our revenue.

We could have liability under environmental laws.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances,

materials and waste and their implementing regulations. As the owner, lessee or operator of many thousands of real estate sites underlying our towers, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials (including fuel and battery acid), without regard to whether we, as the owner, lessee or operator, knew of or were responsible for the contamination. Many of these laws and regulations contain information reporting and record-keeping requirements. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, results of operations or financial condition.

Our towers may be affected by natural disasters and other unforeseen damage for which our insurance may not provide adequate coverage.
Our towers are subject to risks associated with natural disasters, such as windstorms, floods, hurricanes and earthquakes, as well as theft, vandalism, terror attacks and other unforeseen damage. Any damage or destruction to our towers as a result of these or other risks would impact our ability to provide services to our customers. While we maintain all-scenario insurance to cover the cost of replacing damaged towers and general liability insurance to protect us in the event of an accident involving a tower, we might have claims that exceed our coverage under our insurance policy or are denied and, as a result, our insurance may not be adequate. While we carry business interruption insurance, such insurance may not adequately cover all of our lost revenue, including potential revenue from new tenants that could have been added to our towers but for the damage. If we are unable to provide services to our customers as a result of damage to our towers, it could lead to customer loss, resulting in a corresponding material adverse effect on our business, financial condition and results of operation.

The collapse of a tower may result in property damage or injury to, or the death of, members of the public, which may adversely affect our financial condition and reputation.
If a tower, or part of a tower site, collapses, there is a risk that such collapse could result in property damage, injury to, or the death of, members of the public or employees, subcontractors or customer personnel. This could result in our being subject to potential civil damages and criminal penalties under local law. It could also have a negative impact on our reputation and may affect our ability to win or service future business or recruit employees or may increase the risk of local community opposition to our existing sites or the construction of new sites. The consequences we may suffer due to the foregoing could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We rely on key management personnel, and our business may be adversely affected by any inability to recruit, train, retain and motivate key employees.
We believe that our current management team contributes significant experience and expertise to the management and growth of our business. The continued success of our business and our ability to execute our business strategies in the future will depend in large part on the efforts of our key personnel. There is also a shortage of skilled personnel in the telecommunications tower industry in the Relevant Jurisdictions, which we believe is likely to continue. As a result, we may face increased competition for skilled employees in many job categories from tower companies, telecommunications operators and new entrants into the tower industry and this competition is expected to intensify. Although we believe that our employee salary and benefit packages are generally competitive with those of our peers, if the number of independent tower companies in the Relevant Jurisdictions increases, we may face difficulties in retaining skilled employees. In addition, as we expand our business through acquisitions, we may need to retain and integrate skilled employees from acquired companies or businesses. Our inability to successfully integrate, recruit, train, retain and motivate key skilled employees could have a material adverse effect on our business, financial condition and results of operations.

Our costs could increase and the growth of our revenue could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated.
Public perception of possible health risks associated with cellular and other wireless communications technology could slow the growth of wireless companies, which could in turn slow our revenue growth. In particular,

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites. The potential connection between radio frequency emissions, including high-frequency microwaves, and certain negative health effects as a result of tower proximity has been the subject of substantial study by the scientific community in recent years, and numerous health-related lawsuits have been filed around the world against wireless carriers and wireless device manufacturers. If a scientific study or court decision resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the market for wireless services, as well as our wireless carrier customers, which could materially and adversely affect our business, financial condition and results of operation. We do not maintain any significant insurance with respect to these matters.

We may become party to disputes and legal and regulatory proceedings.

In the ordinary course of business, we may be named as a defendant or an interested party in legal actions, claims and disputes in connection with our business activities. Any such litigation, dispute or proceedings, as well as lawsuits initiated by us for the collection of payables, may be costly and may divert significant management attention and other resources away from the business, which could have a material adverse effect on our business, results of operations and financial condition. We are currently party to a dispute brought by us against a potential equity investor. We may be liable for the legal fees of the potential equity investor, as well as our own legal fees, if the dispute is not decided in our favor. The dispute may also divert management's attention away from our business.

Similarly, material litigation could have adverse financial consequences for us and we may not have established adequate provisions for any potential losses associated with litigation not otherwise covered by insurance, which could have a material adverse effect on our prospects, business, financial condition and results of operations. Additionally, any negative outcome with respect to any legal actions in which we are involved in the future could have a material adverse effect on our business, results of operations and financial condition.

We are currently engaged in discussions with two of our customers, one of which is Millicom, regarding additional charges we believe are due under the terms of our MLAs in Ghana and Tanzania. These charges do not relate to the base fee but rather to equipment configuration changes on our sites since the beginning of the terms of the respective MLAs we believe to have been undertaken without following processes outlined in the contracts. We are in the process of jointly agreeing the current equipment configurations based on joint audits of the sites in both markets. In parallel, we are engaged in discussions with the customers regarding the quantum of additional charges under the respective MLAs, both historically and prospectively. We have invoiced the customers a portion of the amounts we believe are owed in Ghana and Tanzania through December 31, 2016. In respect of these amounts we have a receivable of $4.1 million as at December 31, 2016, and revenue of $4.1 million recorded in the year ended December 31, 2016 which represents 1.4% of revenue for the year. While the customers are disputing the amounts referenced above (including those already invoiced), discussions are ongoing and there is good cooperation between the parties. There is no assurance that an agreement between the parties will be reached, in which case there are mechanisms in the contracts which provide for third party arbitrators to review the positions and adjudicate the outcome. The final resolution, whether reached through the current bilateral discussions or otherwise, could increase, reduce, or leave unchanged the amount of revenue attributable to the respective MLAs.

We engage in transactions with certain related parties, and if their support and backing does not continue or a conflict of interest arises, our ability to deliver certain services could be harmed and our results of operations could be adversely affected.

We have engaged in transactions with related parties, and we may continue to do so in the future. We have received substantial financing from our shareholders and management continues to benefit from the support of certain shareholders. Affiliates of Millicom, one of our principal shareholders, and Vodacom, a principal shareholder of Helios Towers Tanzania, constitute key customers of ours and account for a significant proportion of our revenue. Vodacom Tanzania currently owns a 23.7% minority stake in Helios Towers Tanzania. Vodacom Tanzania, HTA Holdings, Ltd and Helios Towers Tanzania have entered into an agreement pursuant to which HTA Holdings, Ltd has an option up to and including March 31, 2018 to acquire

Vodacom Tanzania's shares and remaining shareholder loans in Helios Towers Tanzania for approximately $62 million in cash. Related party transactions may present difficult conflicts of interest in the event that a related party has to make a decision that has different implications for us and such related party, potentially resulting in disadvantages to us, the conclusion of transactions on less satisfactory terms and an impairment of investor confidence. Related party transactions could also cause us to become materially dependent on related parties in the ongoing conduct of our business, and related parties may be motivated by personal interests to pursue courses of action that are not necessarily in the best interests of the Company and our shareholders. While we currently have effective working relationships with the related parties, there can be no assurance that their support, backing and cooperation will continue and, if it does not, our ability to deliver certain services could be harmed and our results of operations could be adversely affected. See *"Principal Shareholders"* and *"Related Party Transactions"*.

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations.

We operate and conduct business in the Relevant Jurisdictions, which, as with many countries in emerging markets, at times experience high levels of fraud, bribery and corruption. We have policies and procedures designed to assist our compliance with applicable laws and regulations including the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") and the United Kingdom Bribery Act of 2010 (the "United Kingdom Bribery Act"). The FCPA prohibits providing, offering, promising, or authorizing, directly or indirectly, anything of value to government officials, political parties or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we deal with state-owned business enterprises, the employees of which may be considered government officials for purposes of the FCPA. The provisions of the United Kingdom Bribery Act extends beyond bribery of government officials and is more onerous than the FCPA in a number of other respects, including jurisdiction, the non-exemption of facilitation payments and penalties. In particular, the United Kingdom Bribery Act (unlike the FCPA) does not require a corrupt or improper intent to be established in relation to the bribery of a public official and also applies to the active payment of bribes as well as the passive receiving of bribes. Furthermore, unlike the vicarious liability regime under the FCPA, whereby corporate entities can be liable for the acts of its employees, the United Kingdom Bribery Act introduced a new corporate offence directly applicable to corporate entities that fail to prevent bribery and did not establish and adopt adequate procedures to prevent bribery from occurring and, in certain circumstances, can render parties liable for the acts of their joint venture or commercial partners.

We are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we do business. Some of the countries in which we do business lack a fully developed legal system and have high levels of corruption. Violations of anti-corruption laws and sanctions regulations may be punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to grow our business.

We have trained our employees to comply with such laws and regulations. However, we can make no assurance that our policies and procedures will be followed at all times or effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption. We receive claims relating to such matters by whistle-blowers from time to time which we investigate using internal and external resources in line with our policies. We can make no assurances that whistle-blower claims will not be made in the future, or that we will be able to adequately address their concerns. As a result, we could be subject to potential civil or criminal penalties under the relevant applicable law and to reputational damage which may have adverse consequences on our business, prospects, financial condition or results of operations it we fail to prevent any such violations or are the subject of investigations into potential violations. In addition, such violations could also negatively impact our reputation and, consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when

RISKS RELATED TO THE GROUP AND OUR BUSINESS continued

bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

If we fail to develop and maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results.
Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Because of inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. The rapid growth of our business since its inception has presented challenges in developing an appropriate and effective system of internal controls. We undertook efforts to strengthen our internal control environment and financial operations beginning in late 2014, and as a result of implementing related improvements, during 2015 we recognized as exceptional costs approximately $8.6 million of previously unrecorded expenses that represented adjustments of estimates of amounts recorded in prior periods. We cannot be certain that our recent efforts to strengthen and maintain our internal controls and to improve our financial operations will be successful, that our internal controls will be effective in the future, or that the degree of compliance with our recently implemented policies or procedures will not deteriorate. Any failure to continue to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations.

Unpredictable tax systems give rise to significant uncertainties and risks that could complicate our tax planning and business decisions.
The tax systems in the Relevant Jurisdictions are unpredictable, which gives rise to significant uncertainties and complicates our tax planning and business decisions. For example, in 2014, the Tanzanian tax authorities considered implementing a tax on allocations of telephone numbers held by operators. If the tax were implemented, the profitable development of telecommunications services would be negatively impacted. The tax authorities in the Relevant Jurisdictions are often arbitrary in their interpretation of tax laws, as well as in their enforcement and tax collection activities. Many of our operating companies are often forced to negotiate their tax bills with tax inspectors who may assess additional taxes. We are currently subject to tax audits and tax reviews in the various jurisdictions in which we operate and we have been the subject of tax challenges in some of these jurisdictions. We are in discussions with the Tanzanian tax authorities in relation to certain assessments and tax positions taken in Tanzania, for example assessments of penalties for late payment of taxes amounting to approximately $1.85 million and a claim for input VAT of approximately $1.9 million which may be disallowed due to inadequate documentation. In the DRC, we are in dispute with the tax authorities in relation to assessments of approximately $3.4 million, including in respect of environmental taxes, VAT and land and transportation charges. We are in discussions with tax authorities in Congo Brazzaville in relation certain assessments, for example regarding an outstanding tax penalty for late payment of taxes amounting to approximately $0.5 million or $2 million for non-payment of land registration fees, although on the land registration fees, as there was an overpayment of land registration fees we may in fact be due a repayment. We are in discussions with the Ghanaian tax authorities in relation to ongoing enquiries into pricing of leases to certain customers, which could result in a tax liability of up to $4.9 million. Any additional tax liability, as well as any unforeseen changes in applicable tax laws or changes in the tax authorities' interpretations of local laws or the respective double tax treaties in effect with the Relevant Jurisdictions (including measures enacted in response to the ongoing initiatives in relation to fiscal legislation at an international level, such as the Action Plan on Base Erosion and Profit Shifting of the Organization for Economic Co-operation and Development) could have a material adverse effect on our future results of operations and cash flows, especially if competitive pricing pressure prevents us from passing these taxes on to our customers. Such amounts may not be sufficient to meet any liability we may ultimately face, or we may identify tax contingencies for which we have not recorded an accrual. Local authorities in some countries in which we operate are entitled to freeze our bank accounts until amounts due (or provisional amounts) have been paid, which could have a material adverse effect on our financial condition.

The taxation and customs systems in each Relevant Jurisdiction may be subject to changes and inconsistencies.

As emerging market economies, the Relevant Jurisdictions' government policies and regulations on taxation, customs and excise duties may change from time to time as considered necessary for the development of the economy. Furthermore, in certain Relevant Jurisdictions, there is little guidance or precedent to assist with how the regulator may interpret the legislation. For example, in Ghana the government has recently enacted The Income Tax Act, 2015 (Act 896) ("Act 896") which consolidates all income tax legislation into one document. Act 896 aims to make income tax provisions more specific, relevant and simple to understand and implement, it also attempts to simplify the administration of income tax to ensure a lower loss of revenue from an inability to collect and administer the tax regime effectively. However, Act 896 is relatively new in its implementation and interpretation and contains many untested rules, and there are no judicial precedents to demonstrate the interpretation the courts would give with respect to the interpretation of Act 896 or how strictly the provisions of Act 896 would be implemented. In addition, in certain Relevant Jurisdictions, the characterization of the intragroup lending arrangements from a tax perspective is uncertain because certain Relevant Jurisdictions have requirements to contract on arm's-length terms, which term is not clearly defined.

Changes in government policies on taxation, customs and excise duties, as well as inconsistencies in the interpretation of and decisions relating to tax laws, may have an adverse effect on our business, results of operations, financial condition, cash flows, liquidity and/or prospects. A failure by us to meet any of these taxation requirements, such as specific debt-to-equity ratios for the capitalization of the Group companies, could also have an adverse effect on our business, results of operations, financial condition, cash flows, liquidity and/or prospects.

BOARD OF DIRECTORS

The Company's board of directors (the "**Board of Directors**") consists of 13 members. Each director is elected for the term, if any, fixed by the shareholder who appointed such director or until his earlier death, resignation, disqualification or removal. The shareholders shall have the right to remove any of their respective directors appointed pursuant to our shareholders' agreement, with or without cause, by written notice to the Company. The duties and authority of each member of the Board of Directors are regulated by our articles of association and shareholders' agreement.

The Board of Directors is currently comprised of the following directors:

Name	Age	Position
Charles Campbell Green III	70	Director & Executive Chairman
Kash Pandya	54	Director & Chief Executive Officer
David Karol Wassong	46	Director
Waldemer Rafal Szlezak	39	Director
Temitope Olugbeminiyi Lawani	46	Director
Richard Joseph Byrne	59	Director
Simon Hilliard Poole	50	Director
Vishma Dharshini Boyjonauth	37	Director
Simon David Pitcher	44	Director
Anja Blumert	40	Director
Xavier Charles Rocoplan	43	Director
Colin Curvey	45	Director
Nelson Oliveira	54	Director

The business address of each of the members of the Board of Directors is Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius.

The Board of Directors has strategic control and decision-making authority over the business of the HTA Group.

Charles Campbell Green III is the co-founder and has been a director of the Company since January 2010. He was Chief Executive Officer and acting Chairman of the Board of Directors from January 2010 to July 2015. Mr. Green is currently the Executive Chairman of the Company and is a founder and former director of Helios Towers Nigeria. Previously he was a partner and head of the Portfolio Operations Group at Helios Investment Partners. Mr. Green was Chief Financial Officer and Global Head of Finance at Crown Castle International. While at Crown Castle International, he oversaw all financing activities for the company, including leading the company's initial public offering and subsequent move to the New York Stock Exchange. He was also a key member of the team that executed 10 acquisition and master lease transactions over three years (totaling more than 14,000 sites) with mobile operators and broadcasters in the United States and internationally. Mr. Green holds BBA and MBA degrees from the University of Texas and is a Chartered Financial Analyst.

Kash Pandya has been a director of the Company since August 2015. Previously, Mr. Pandya was at Aggreko, where he was Managing Director of Aggreko International, with responsibility for: Africa, South America, Central America, India, Asia, Australasia and the Middle East. During his four years in this role, Mr. Pandya expanded the international business, overseeing launches in over 10 African countries, with Aggreko's international business doubling in size throughout this period. Mr. Pandya began his career at the age of 16 through an engineering apprenticeship. He then went on to complete a master's degree in Technology Engineering. He began his progression through engineering and manufacturing companies in 1989, starting at Jaguar before moving to roles with General Electric and Caradon. In 1999, Mr. Pandya joined APW to lead all operations outside the United States and took the business through a process of reengineering and consolidation across 23 factories. In 2004, Mr. Pandya became the CEO of Johnston Group, a publicly quoted company.

David Karol Wassong has been a director of the Company since January 2010. Mr. Wassong is a Managing Director and Co-Head of Private Equity at Soros Fund Management LLC. Mr. Wassong joined Soros Fund in 1998. He has been a Partner at TowerBrook Capital Partners LP since June 1998, focusing on the media, entertainment and telecommunications industries. From July 1997 to June 1998, Mr. Wassong served as Vice President of Lauder Gaspar Ventures. He was also an Associate of Lauder Gaspar Ventures, LLC. and Wertheim Schroder & Co. Inc., where he participated on teams that invested in the telecommunications industry. From 1992 to 1995, Mr. Wassong worked in investment banking with Wertheim Schroder in the Media and Entertainment Group. Mr. Wassong earned his B.A. from the University of Pennsylvania and an MBA from the Wharton School of Business at the University of Pennsylvania.

Waldemer Rafal Szlezak has been a director of the Company since January 2010. Mr. Szlezak has been a Principal at Soros Fund Management LLC since August 2006 and also serves as Managing Director in the private equity group. He served at Soros Private Equity Investors and prior to that, he served in the Mergers & Acquisition Investment Banking group at Credit Suisse. Mr. Szlezak also served as an Associate at TowerBrook Capital Partners L.P. Mr. Szlezak earned his B.S. Industrial Engineering and Operations Research from Columbia University and his B.A. in Mathematics from Knox College in Galesburg, Illinois.

Temitope Olugbeminiyi Lawani has been a director of the Company since February 2010. Mr. Lawani, a Nigerian national, is a co-founder and Managing Partner of Helios Investment Partners and has more than 20 years of principal investment experience. Prior to forming Helios, Mr. Lawani was a Principal in the San Francisco and London offices of TPG Capital, a global private equity firm. At TPG Mr. Lawani had a lead role in the execution of over $10 billion in closed venture capital and leveraged buyout investments, including the acquisitions of Burger King Corp., Debenhams plc., J. Crew Group and

BOARD OF DIRECTORS continued

Scottish & Newcastle Retail. Mr. Lawani began his career as a Mergers & Acquisitions and Corporate Development Analyst at the Walt Disney Company. Mr. Lawani received a B.S. in Chemical Engineering from the Massachusetts Institute of Technology, a Juris Doctorate (cum laude) from Harvard Law School and an MBA from Harvard Business School. He is fluent in Yoruba, a West African language.

Richard Joseph Byrne has been a director of the Company since December 2010. Mr. Byrne co-founded TowerCo in 2004. He has served as President and Chief Executive Officer and has been a member of the board of directors from its beginning. Prior to that, he served as president of the tower division of SpectraSite Communications, which grew from 125 towers to more than 8,000 during his tenure. Mr. Byrne served as national director of business development at Nextel Communications Inc. and was responsible for bringing the industry's first major portfolio of wireless carrier towers to market. Mr. Byrne started his wireless career performing site acquisitions for AT&T Wireless (then McCaw Cellular) in the New York Mass Transit Authority system.

Simon Hilliard Poole has been a director of the Company since February 2012. From 2009 to 2011, Mr. Poole acted as Group CFO for Intela Global Ltd where his responsibilities included managing investor relations and the development of group strategy. Prior to this, Mr. Poole held various roles at Celtel including as Interim Group Financial Controller of Celtel International, Chief Financial Officer of Celtel DRC and Finance Director of Celtel Burkina Faso. Mr. Poole holds a BSc. in Geography from Exeter University and is a qualified Chartered Accountant.

Vishma Dharshini Boyjonauth has been a director of the Company since August 2013. Ms. Boyjonauth joined Intercontinental Trust Limited in 2004 and she is currently a Manager in the Corporate Services Department. She leads a team in the Corporate Services Department and oversees operations including the incorporation of companies, advising on company structures, regulatory matters and the corporate administration of companies for both domestic and global business companies in Mauritius. Ms. Boyjonauth graduated from the University of Mauritius with a B.Sc (Hons) in Economics.

Simon David Pitcher has been a director of the Company since December 2013. Mr. Pitcher is responsible for Private Investments at J. Rothschild Capital Management Limited ("JRCM"). JRCM is the principal subsidiary of RIT Capital Partners plc. Previously, Mr. Pitcher was a Director at Standard Bank Private Equity, a Director at Blackwood Capital Partners in Sydney and an Investment Director at Hermes Private Equity. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

Anja Blumert has been a director of the Company since October 2015. Ms. Blumert has been head of M&A at Millicom International Cellular SA ("Millicom") since 2013. From 2009 to 2013, Ms. Blumert was an Independent Strategy and M&A Consultant at Montagu Partners. Prior to this, she was an Investment Professional at Warburg Pincus International covering the Central and Eastern Europe region across all sectors and Western Europe for the TMT sector where she was responsible for the assessment of investment opportunities in private and public companies. Ms. Blumert holds a degree in Finance and Marketing and a master's degree in Business Studies from Humboldt University of Berlin.

Xavier Charles Rocoplan has been a director of the Company since October 2015. Mr. Rocoplan has been the Chief Technology and Information Officer ("CTO") at Millicom since December 2012 and has been its Executive Vice President of Technical since April 2012. In 2002, Mr. Rocoplan was CTO for Vietnam and then became CTO for the South East Asian cluster (Cambodia, Laos and Vietnam). In 2004, he was appointed the CEO of Paktel in Pakistan, a position he held until 2007. During this time, he launched Paktel's GSM operations and led the process that concluded with the disposal of the business in 2007. After Millicom's exit from Asia, Mr. Rocoplan was appointed to head the New Corporate Business development unit where he managed the Tower Assets Monetization program which led to the creation of tower companies in Ghana, Tanzania, DRC and Colombia. In 2012, he was made Chief Global Networks Officer before being appointed Millicom's CTO. Mr. Rocoplan holds master's degrees from Ecole Nationale Supérieure des Télécommunications de Paris and from Université Paris IX Dauphine.

Colin Curvey has been a director of the Company since May 2016. Mr. Curvey has been Co-Head of the IFC African, Latin American and Caribbean Fund since 2015 and served as its Principal since March 2011. Mr. Curvey is employed at IFC Asset Management Company, LLC. ("AMC"). Mr. Curvey joined AMC in March 2011. He served as an Equity Research Analyst at BTG Pactual Chile S.A. Corredores de Bolsa. He was a Partner at Duke Street, having initially joined in August 1999 and focused on investments in the consumer, food, insurance and financial services sectors. Prior to this, Mr. Curvey served as an Equity Research Analyst at Celfin Capital (now part of BTG Pactual), where he was ranked as one of Chile's leading electric utility analysts. Prior to that, Mr. Curvey worked at Morgan Stanley as a Financial Analyst and an Investment Banker in their Investment Banking Division. Mr. Curvey speaks English and Spanish and holds an M.B.A. from Harvard Business School and a B.A. in Economics from Duke University.

Nelson Oliveira has been a director of the Company since May 2016. Mr. Oliveira has been Managing Director, General Counsel and Chief Compliance Officer at Albright Capital Management LLC ("Albright") since March 2007. During this time, he has been responsible for legal and regulatory aspects of Albright's operations as a registered investment adviser with broad emerging markets mandates, including legal structuring and risk management of all private investment transactions and all regulatory aspects of fundraising. Prior to this, Mr. Oliveira was Deputy General Counsel at Darby Overseas, Ltd. (a subsidiary of Franklin Resources, Inc.) from March 2002 until March 2007 where he was responsible for overseeing and advising on legal aspects of mezzanine debt and quasi-equity investment transactions in Latin America, Asia and Eastern Europe. Mr. Oliveira holds a Juris Doctorate (*cum laude*) from Boston College Law School.

MANAGEMENT

Our senior management team is currently comprised of the following executive officers:

Name	Age	Position
Kash Pandya	54	Director & Chief Executive Officer
Charles Campbell Green III	70	Director & Executive Chairman
Tom Greenwood	35	Chief Financial Officer
Alex Leigh	31	Director of Sales & Marketing
Colin Gaston	65	Director of Operations and Technology
Nick Summers	39	Director of Corporate Services
Adeola Adebonojo	44	General Counsel
Roy Cursley	35	Director of Operational PMO
Philippe Loridon	52	Chief Executive Officer—Helios Towers Tanzania
Leon-Paul Manya Okitanyenda	50	Chief Executive Officer—Helios Towers DRC
Jeffrey Schumacher	32	Chief Executive Officer—Helios Towers Ghana
Regis Laugier	47	Chief Executive Officer—HT Congo Brazzaville

Kash Pandya has been Chief Executive Officer since July 2015. See "*Board of Directors*" for a description of Mr. Pandya's management experience.

Charles Campbell Green III has been Executive Chairman since July 2015. See "*Board of Directors*" for a description of Mr. Green's management experience.

Tom Greenwood has been Chief Financial Officer since September 2015. Mr. Greenwood is responsible for all finance and IT activities at the Company. Prior to his appointment, Mr. Greenwood was the Company's Group Finance Director and has been instrumental in managing and raising debt and equity for the Group, as well as being a key member of the team for acquisitions and the set-up of new operating companies. Mr. Greenwood also led the Company's finance transformation project, including the set-up of financial systems, operations and the Company's shared service center. Prior to joining the Company in 2010, Mr. Greenwood was at PricewaterhouseCoopers in the TMT Transaction Services team, focusing on M&A and refinancings, mainly in the telecommunications sector.

Alex Leigh has been Director of Sales & Marketing since October 2015. Mr. Leigh is responsible for the commercial business development and sales activities at the Company. Mr. Leigh served as Business Development Director for the Company covering M&A and business development before being promoted to Director of Sales & Marketing. Prior to joining the Company in 2012, Mr. Leigh worked at both UBS and Rothschild, primarily advising TMT companies. He has been involved in over 20 M&A transactions and eight leverage finance deals.

Colin Gaston has been Director of Operations and Technology since October 2015. Mr. Gaston joined the Company in October 2015. He held several senior positions at Aggreko from 2000 to 2013, including Operations Director for the International Business, Regional Director for West and Central Africa and Head of Logistics. Mr. Gaston also has 20 years of international experience in senior management roles with Schlumberger and is an accredited lean six sigma Black Belt.

Nick Summers has been Director of Corporate Services since October 2015. Mr. Summers joined the Company in 2010 after spending nine years with Vodafone both in the United Kingdom and abroad. His final role at Vodafone was National Head of RAN Deployment for Vodafone Ghana (previously state owned Ghana Telecom). Within the Company, Mr. Summers is responsible for the definition, implementation and governance of the Company's HSE policies in addition to implementing and monitoring the Company's ethics and compliance systems.

Adeola Adebonojo has been General Counsel since March 2016. Ms. Adebonojo joined the Company in 2012 and is responsible for managing the legal functions within the Group. She is responsible for all local-level negotiations for leasing communication towers space to mobile operators and the implementation of all M&A and corporate finance transactions for the Group. She also acts as company secretary and helps to drive best practices across the legal functions. Prior to joining the Company, Ms. Adebonojo worked as a transactional lawyer for Accenture. She is a solicitor of England and Wales and was recently selected in the 2016 Powerlist of outstanding lawyers in the City.

Roy Cursley has been Director of Operational Program Management Office since October 2016. Mr. Cursley joined the Company in October 2015. Prior to joining the Company, he was Head of Projects, Planning & Continuous Improvement at Aggreko. Mr. Cursley has a wealth of experience in South Africa and the East Africa region and is an accredited lean six sigma Black Belt.

Philippe Loridon has been a Chief Executive Officer of Helios Towers Tanzania since January 2015. Mr. Loridon joined the company from Equateur Telecom Congo ("ETC"), a subsidiary company of Bahrain-based Bintel Group, where he had been Chief Executive Officer since December 2010 and where he re-launched ETC Congo Brazzaville. Prior to this, Mr. Loridon accumulated 20 years' experience in the telecommunications industry, including 13 years at Hutchison Whampoa, the Fortune 500 Company and provider of global mobile telecoms services. During his time at Hutchison Whampoa, Mr. Loridon initially fulfilled senior roles in sales, marketing and business development before becoming Head of Hutchison Telecommunications' Latin American operations between 2000 and 2002. Between 2002 and 2010, Philippe occupied several senior positions in the telecoms industry, including Bemobile Limited, the mobile unit of Papua New Guinea's state-owned telecoms company and San Marino Telecom, the country's national telecoms operator, where he was Chief Executive Officer. Mr. Loridon is from France.

Léon-Paul Manya Okitanyenda has been Chief Executive Officer—Helios Towers DRC since January 2015. Mr. Okitanyenda was appointed Network Operations Director in February 2011. He has over 15 years of experience in the telecommunications industry. Prior to joining the Company, Mr. Okitanyenda worked as a Contract Execution Manager at Ericsson and Country Field Manager for MER Telecom. Before MER Telecom, he was Operations Manager for Venture and Logistics Manager at Plessey. Mr. Okitanyenda holds a Master's degree in Economics Mathematics and is from DRC.

Jeffrey Schumacher has been Chief Executive Officer—Helios Towers Ghana since September 2015. Mr. Schumacher joined the Company in 2011 and has also held senior positions during the set-up, launch and growth phases at subsidiaries in Tanzania, DRC, and Chad, most recently where he was the managing director. Prior to the Company, Mr. Schumacher was an investment professional at Soros Fund Management LLC and actively involved with the Company since its formation in 2009. Mr. Schumacher holds a BS in Mechanical Engineering (magna cum laude) from Northwestern University in the United States.

Regis Laugier has been Chief Executive Officer of HT—Congo Brazzaville since November 2016. Mr. Laugier joined the Company in April 2015 and previously held senior operations positions for the Company's Tanzanian operations, including Networks Operations Director and Operations and Technology Director. Prior to joining the Company, Mr. Laugier worked for Camusat RDC, a subsidiary company of Camusat France Group, where he was Chief Executive Officer and where he developed maintenance managed services for Orange DRC and Helios DRC. Mr. Laugier also previously held various positions in the telecommunications industry, including with Ericcson and as a consultant to Sofrecom.

Our values

We have three guiding principles, which we call our values. They form the Foundation of who we are and how we work. Our values are defined to deliver Exceptional Customer Service.

INTEGRITY
in everything we do

PARTNERSHIP
with our Customers, Suppliers and Colleagues

EXCELLENCE
in Customer Service, Safety and Operational Execution

CORPORATE GOVERNANCE

Our corporate governance framework provides for checks and balances while allowing our management flexibility for prompt decision-making in the ordinary course of business. We continue to monitor our compliance with the principles of good corporate governance as stipulated by the Code of Corporate Governance.

AUDIT AND ETHICS COMMITTEE

The Audit and Ethics Committee is appointed by the Board of Directors and consists of a minimum of three members. The current members of the Audit and Ethics Committee are Simon Poole, Nelson Oliveira, Simon David Pitcher, Mohsin Sohani and Chuck Green. The chairman of the Audit and Ethics Committee is appointed by the Board of Directors for a period of one year. The Audit and Ethics Committee meets on a quarterly basis and holds a meeting with the external auditors at least once a year without the presence of any executive member.

The role of the Audit and Ethics Committee is to: (i) be responsible to the Board of Directors for the oversight of financial accounting and reporting, internal controls, risk assessment and management, and ethics and compliance, including the integrity of the Company's procurement process; (ii) be directly responsible for the appointment, compensation and oversight of the independent auditor, including the resolution of any disagreements with management; and (iii) endeavor to work with management and the independent auditor in a spirit of mutual respect and cooperation. Some of the specific duties of the Audit and Ethics Committee include the following:

- to oversee systems, processes, internal controls and procedures, and compliance with the ethical standards adopted by the Company;
- to oversee the independent auditor's qualifications, independence and performance; and
- to assess compliance with the Company's procurement policy.

COMPENSATION COMMITTEE

The members of the Compensation Committee are appointed by, and act at the discretion of, the Board of Directors. The Compensation Committee consists of a minimum of three members. The current members of the Compensation Committee are Waldemer Rafal Szlezak, Nelson Oliveira, Richard Byrne and Chuck Green. The Compensation Committee meets on a quarterly basis.

The Compensation Committee is responsible for approving key performance indicators for our business and evaluating senior executives compensation plans, policies and programs. Some of the specific duties of the Compensation Committee include the following:

- to annually review and approve annual base salaries for employees of each member of the Group;
- to make recommendations with respect to incentive compensation plans; and
- to make regular reports to the Board of Directors on the status of outstanding compensation issues.

BUDGET COMMITTEE

The members of the Budget Committee are appointed by, and act at the discretion of, the Board of Directors. The Budget Committee consists of a minimum of three members. The current members of the Budget Committee are Simon Poole, Waldemer Rafal Szlezak, Chuck Green and Kash Pandya. The Budget Committee meets on a quarterly basis.

Some of the specific duties of the Budget Committee include the following:

- to work with the Group management teams on the annual Internal Budget Review and stress test detailed assumptions, projections and expectations to ensure that management's expectations are reasonable and achievable; and
- to report to the Board of Directors on the process and recommend approval of the annual Budget, highlighting key risks and opportunities considered.

STRATEGY AND INVESTMENT COMMITTEE

The members of the Strategy and Investment Committee are appointed by, and act at the discretion of, the Board of Directors. The Strategy and Investment Committee consists of a minimum of three members. The current members of the Strategy and Investment Committee are Simon Poole, Waldemer Rafal Szlezak, Colin Curvey, Chuck Green, Xavier Charles Rocoplan, Richard Byrne and Kash Pandya. The Strategy and Investment Committee meets on a quarterly basis.

Some of the specific duties of the Strategy and Investment Committee include the following:

- to provide guidance, input and suggestions to the Board of Directors and to management with respect to the Company's strategy for the medium and long term;
- to advise and make recommendations to the Board of Directors and management about the development, adoption and modification of the Company's business plan;
- to advise and make recommendations to the Board of Directors and management about acquisitions, joint ventures, mergers and strategic alliances; and
- to review the Company's progress with respect to the implementation of its strategy, discuss and, where appropriate, make recommendations to management on the Company's vision as well as share with management the Board of Directors' expectations for the strategic planning process.

Conflicts of Interest

Except as disclosed in these financial statements, there are no potential conflicts of interest between any duties of the members of the Company's administrative, management or supervisory bodies to the Company and their private interests and/or other duties.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information, as of December 31, 2016, with respect to the ownership of the Company's shares by each person who, according to the Company's Shareholders Register, owned more than 5% of the Company's shares:

Shareholders	Percentage Directly Held
Millicom Holding, B.V.	22.83%
Quantum Strategic Partners, Ltd.	21.80%
Lath Holdings, Ltd	16.40%
ACM Africa Holdings, LP	11.60%
RIT Capital Partners Plc	7.18%
IFC African Latin American Caribbean Fund, LP	6.11%

The remaining 14.08% of the Company is owned by minority shareholders, none of which owns more than 5% of the Company's shares.

Our leading shareholders are financial investors which invested in the Company in 2009, except for Millicom, which invested in the HTA Group in 2010 (through a direct investment into Ghana, Tanzania, and DRC subsidiaries of the HTA Group). In 2015,

Millicom flipped up its investment in the HTA Group, so that its investment was through a direct shareholding in the Company (with no direct shareholding in a subsidiary of the Company).

A subsidiary of Vodacom holds a 23.7% equity interest in Helios Towers Tanzania, our Tanzanian holding company subsidiary, which we intend to purchase with a portion of the proceeds of the Bond.

The principal shareholders of the Company are entitled to appoint certain board members to the Board of Directors. The Board of Directors currently consists of the following individuals, appointed by the principal shareholders set out below:

Director Name	Appointing Shareholder
David Karol Wassong	Quantum Strategic Partners, Ltd.
Waldemar Rafal Szlezak	Quantum Strategic Partners, Ltd.
Simon David Pitcher	RIT
Temitope Olugbeminiyi Lawani	Lath Holdings, Ltd.
Simon Hilliard Poole	Lath Holdings, Ltd.
Anja Blumert	Millicom
Xavier Charles Rocoplan	Millicom
Colin Curvey	IFC ALAC
Nelson Oliveira	Albright Capital Management
Vishma Dharshini Boyjonauth	Mauritius Director
Richard Joseph Byrne	Independent
Charles Campbell Green III	Executive Chairman
Kash Pandya	Chief Executive Officer

RELATED PARTY TRANSACTIONS

We entered into the following material related party transactions with our affiliates during the year ended 31 December 2016. We believe that each of these arrangements have been entered into on arm's-length terms or on terms that have been at least as favorable to us as similar transactions with non-related parties would have been. To the extent that the Board of Directors is required to approve a transaction involving an affiliate of a shareholder that is a mobile network operator, the directors appointed by such affiliated shareholder are not counted towards the quorum for such vote. A comparable restriction applies in respect of any consents required to be given by our Tanzanian subsidiary in which an affiliate of Vodacom is a shareholder.

Affiliates of Millicom, one of our principal shareholders, and Vodacom, a principal shareholder of our Tanzanian subsidiary, constitute key customers of ours. During the years ended December 31, 2015 and 2016, we received $68.2 million and $60.2 million, respectively from Millicom and its affiliates. During the years ended December 31, 2015 and 2016, we received $52.7 million and $71.9 million, respectively, from Vodacom and its affiliates. Millicom and Vodacom were customers of ours prior to becoming shareholders of us or our Tanzanian subsidiary, respectively. The site agreements governing our customer relationships with Millicom and Vodacom are on substantially similar terms with those of our other customers.

We are currently engaged in discussions with two of our customers, one of which is Millicom, regarding additional charges we believe are due under the terms of our MLAs in Ghana and Tanzania. The final resolution, whether reached through the current bilateral discussions or otherwise, could increase, reduce, or leave unchanged the amount of revenue attributable to the respective MLAs.

Helios Towers Africa, LLP ("**HTA LLP**") currently employs all of our London based employees, as well as our directors. The Company is party to a services agreement with HTA LLP, pursuant to which HTA LLP provides the Company and its subsidiaries with significant management, administrative and other support services related to the Company's business, including the development of business plans and strategies, the negotiation of agreements relating to all aspects of the Company's business, the monitoring of the Company's business and other services as the parties may agree from time to time. The term of the services agreement is perpetual until terminated in accordance with the terms therein. The Company pays HTA LLP fees under the services agreement that equal the costs and expenses incurred by HTA LLP in connection with the provision of services. During the years ended December 31, 2015 and 2016, we paid HTA LLP $14.9 million and $16.7 million, respectively, for the managerial and administrative services provided.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Debt Facilities

We presently maintain separate secured term loan facilities in the countries in which we operate. The facilities are secured by the assets of the applicable subsidiary of ours in the relevant jurisdiction with maturities ranging from one to six years. As of December 31, 2016, there was an aggregate of $401.1 million of borrowings outstanding under these term loan facilities. We intend to use a portion of the Bond proceeds to make shareholder loans to our subsidiaries to permit them to repay in full and retire the existing debt facilities. These shareholder loans will be set at interest rates at or slightly higher than the interest rate on the notes and the applicable subsidiaries will service these shareholder loans from available cash.

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2016.

Principal activity and review of the business
The principal activity of the Group during the year was the building and maintaining of telecommunications towers to provide space on those towers to wireless telecommunications service providers in Africa.

The Company was incorporated in the Republic of Mauritius on 9 December 2009 as a Category 2 – Global Business Licence Company.

Director appointments and resignations
During the year, there were appointments and resignations of Directors as follows:
Colin Kennedy Curvey (appointed 6 May 2016)
Nelson Rui Oliveira (appointed 6 May 2016)
Habir Singh Nat (Resigned 31 December 2016)

Results and future prospects
A detailed review of the results, and future prospects is included in the Operating and Financial Review.

Going concern
The Directors have considered whether there are any material uncertainties that cast significant doubt on the Group's ability to continue as a going concern. In order to mitigate the operating, commercial, legal, economic and financial risks to which the Group is exposed, the Directors have put in place a number of controls, reviews and procedures designed to address these risks. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to generate positive cash flows from its operations and meet its liabilities as they fall due. Additionally in March 2017 the Group has successfully completed its initial public bond offering raising $600m which mature in 2022 to refinance the Group's loan facilities and fund further development of its operations. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends
During the financial year ended 31 December 2016, the Directors did not recommend the payment of a dividend (2015: US$ nil).

The Directors, who are members of the Board at the time of approving the Directors' report and Operating and Financial Review are listed on page 52. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report to which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
Deloitte is deemed to be re-appointed.

Approved by the board on 6 April 2017

Kashyap Pushpkaut Pandya

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs).

International Accounting Standard ("IAS") 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial
Statements

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HELIOS TOWERS AFRICA, LTD

Opinion

We have audited the financial statements of **Helios Tower Africa, Ltd**. (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 105, which comprise the statements of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the ethical requirements of the IESBA Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Corporate data, Operating and financial review, Directors' report, and Directors' responsibility statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group and the Company's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Mauritius

Chartered Accountants

L. Yeung Sik Yuen, ACA

Licensed by FRC

6 April 2016

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Continuing operations			
Revenue		282,507	196,646
Cost of sales		(245,434)	(179,780)
Gross profit		37,073	16,866
Administrative expenses		(78,257)	(81,217)
Loss on disposal of property, plant and equipment		(3,761)	(1,834)
Operating loss	5	(44,945)	(66,185)
Investment income	8	216	323
Other gains and losses	22	(6,682)	(115,529)
Finance costs	9	(60,027)	(87,153)
Loss before tax		(111,438)	(268,544)
Tax expense	10	(1,514)	(950)
Loss after tax from continuing operations		(112,952)	(269,494)
Discontinued operations			
Loss for the year from discontinued operations		–	(1,708)
Loss for the year		(112,952)	(271,202)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(2,496)	(60,744)
Total comprehensive loss for the year		(115,448)	(331,946)
Loss attributable to:			
Owners of the Company		(95,082)	(242,391)
Non-controlling interests		(17,870)	(28,811)
Loss for the year		(112,952)	(271,202)
Total comprehensive loss attributable to:			
Owners of the Company		(97,692)	(299,751)
Non-controlling interest		(17,756)	(32,195)
Total comprehensive loss for the year		(115,448)	(331,946)

The notes on pages 78 to 105 form part of these financial statements.

Company Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Continuing operations			
Revenue		683	474
Cost of sales		–	–
Gross profit		683	474
Administrative expenses		(35,293)	(28,614)
Operating loss	5	(34,610)	(28,140)
Investment income	8	–	17,456
Other gains and losses	22	–	(20,250)
Finance costs	9	(1,485)	(379)
Loss before tax		(36,095)	(31,313)
Tax Expense	10	–	–
Loss after tax and total comprehensive loss for the year		(36,095)	(31,313)

The notes on pages 78 to 105 form part of these financial statements.

Consolidated Statement of financial position

As at 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Non current assets			
Intangible assets	11	35,556	5,198
Property, plant and equipment	12	655,140	482,648
Investments in subsidiaries	13	132	96
Derivative financial assets	23	1,393	-
		692,221	487,942
Current assets			
Inventories	14	19,504	14,974
Trade and other receivables	15	126,929	84,344
Prepayments	16	34,752	16,198
Cash and bank balances		133,737	88,290
		314,922	203,806
Total assets		1,007,143	691,748
Equity			
Issued capital and reserves			
Share capital	17	909,134	750,394
Share premium		186,795	131,239
Stated capital		1,095,929	881,633
Other reserves		(11,693)	(11,283)
Minority interest buy-out reserve		(54,429)	(54,063)
Translation reserve		(79,712)	(77,102)
Accumulated losses		(532,365)	(437,283)
Equity attributable to owners		417,730	301,902
Non controlling interest		(36,322)	(18,906)
Total equity		381,408	282,996
Current liabilities			
Trade and other payables	18	166,700	102,864
Loans	19	60,516	34,359
Minority interest buy-out liability	22	57,886	50,839
		285,102	188,062
Non current liabilities			
Loans	19	340,633	219,357
Derivative financial liabilities	23	–	1,333
		340,633	220,690
Total liabilities		625,735	408,752
Total equity and liabilities		1,007,143	691,748

Approved and authorised for issue by the Board on 6 April 2017 and signed on its behalf by

Kashyap Pushpkant Pandya

Charles Campbell Green III

The notes on pages 78 to 105 form part of these financial statements.

Company Statement of financial position

As at 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Non current assets			
Intangible assets	11	13,244	193
Investments in subsidiaries	13	430,677	430,677
		443,921	430,870
Current assets			
Trade and other receivables	15	434,540	305,911
Prepayments	16	5,690	315
Cash and bank balances		87,553	50,233
		527,783	356,459
Total assets		971,704	787,329
Equity			
Issued capital and reserves			
Share capital	17	909,134	750,394
Share premium		186,795	131,239
Stated capital		1,095,929	881,633
Other reserves		(9,835)	(9,770)
Accumulated losses		(124,213)	(88,118)
Total equity		961,881	783,745
Current liabilities			
Trade and other payables	18	9,823	3,584
Total liabilities		9,823	3,584
Total equity and liabilities		971,704	787,329

Approved and authorised for issue by the Board on 6 April 2017 and signed on its behalf by

Kashyap Pushpkant Pandya

Charles Campbell Green III

The notes on pages 78 to 105 form part of these financial statements.

Consolidated Statement of changes in equity

For the year ended 31 December 2016

	Share capital US$'000	Share Premium US$'000	Stated capital US$'000	Other reserves* US$'000	Minority interest buy-out reserves US$'000	Translation reserves US$'000	Accumulated losses US$'000	Attributable to the owners of the parent US$'000	Non-controlling interest ("NCI") US$'000	Total equity US$'000
Balance at 1 January 2015	375,420	–	375,420	(4,467)	(158,274)	(19,742)	(189,735)	3,202	55,991	59,193
Issue of share capital	374,974	131,239	506,213	–	–	–	–	506,213	–	506,213
Share issue costs	–	–	–	(6,816)	–	–	–	(6,816)	–	(6,816)
Minority buy-out liability	–	–	–	–	104,211	–	–	104,211	–	104,211
Flip up transactions	–	–	–	–	–	–	(5,157)	(5,157)	(42,702)	(47,859)
Loss for the year	–	–	–	–	–	–	(242,391)	(242,391)	(28,811)	(271,202)
Other comprehensive loss	–	–	–	–	–	(57,360)	–	(57,360)	(3,384)	(60,744)
Total comprehensive loss for the year	–	–	–	–	–	(57,360)	(242,391)	(299,751)	(32,195)	(331,946)
Balance at 31 December 2015	750,394	131,239	881,633	(11,283)	(54,063)	(77,102)	(437,283)	301,902	(18,906)	282,996
Issue of share capital	158,740	55,556	214,296	–	–	–	–	214,296	–	214,296
Capital from NCI	–	–	–	–	–	–	–	–	340	340
Share issue costs	–	–	–	(410)	–	–	–	(410)	–	(410)
Minority buy-out liability	–	–	–	–	(366)	–	–	(366)	–	(366)
Loss for the year	–	–	–	–	–	–	(95,082)	(95,082)	(17,870)	(112,952)
Other comprehensive (loss) / income	–	–	–	–	–	(2,610)	–	(2,610)	114	(2,496)
Total comprehensive loss for the year	–	–	–	–	–	(2,610)	(95,082)	(97,692)	(17,756)	(115,448)
Balance at 31 December 2016	909,134	186,795	1,095,929	(11,693)	(54,429)	(79,712)	(532,365)	417,730	(36,322)	381,408

*Other reserves
This relates to the costs incurred in issuing equity. These costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors.

Company Statement of changes in equity

For the year ended 31 December 2016

	Share capital US$'000	Share Premium US$'000	Stated capital US$'000	Other reserves* US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2015	375,420	–	375,420	(3,006)	(56,805)	315,609
Issue of share capital	374,974	131,239	506,213	(6,764)	–	499,449
Loss and total comprehensive loss for the year	–	–	–	–	(31,313)	(31,313)
Balance at 31 December 2015	750,394	131,239	881,633	(9,770)	(88,118)	783,745
Issue of share capital	158,740	55,556	214,296	–	–	214,296
Other reserves issued	–	–	–	(65)	–	(65)
Loss and total comprehensive loss for the year	–	–	–	–	(36,095)	(36,095)
Balance at 31 December 2016	909,134	186,795	1,095,929	(9,835)	(124,213)	961,881

*Other reserves
This relates to the costs incurred in issuing equity. These costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors.

Consolidated Statements of cash flows

For the year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Loss for the year before taxation after discontinued operations		(111,438)	(270,252)
Adjustments for:			
Other gains and losses	22	6,682	115,529
Finance costs	9	60,027	87,153
Investment income	8	(216)	(323)
Depreciation and amortisation	11, 12	118,894	67,823
Loss on disposal of property, plant and equipment		3,761	1,833
Movement in working capital:			
Decrease/(increase) in inventories		387	(751)
Increase in trade and other receivables		(46,535)	(41,891)
Increase in prepayments		(6,665)	(1,903)
Increase in trade and other payables		21,595	12,198
Cash generated from/(used in) operations		46,492	(30,584)
Interest paid		(28,906)	(21,427)
Tax paid		(635)	(306)
Net cash generated from/(used in) operating activities		16,951	(52,317)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(273,766)	(157,319)
Payment to acquire intangible asset		(22,411)	(3,461)
Proceeds on disposal on assets		114	384
Interest received		216	322
Net cash used in investing activities		(295,847)	(160,074)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		184,297	225,976
Loan financing costs		(8,922)	(6,100)
Equity issuance costs		(410)	(2,629)
Borrowing drawdowns		173,612	60,519
Borrowing repayments		(23,485)	(19,707)
Net cash generated from financing activities		325,092	258,059
Net increase in cash and cash equivalents		46,196	35,065
Foreign exchange on translation movement		(749)	(10,603)
Cash and cash equivalents at 1 January		88,290	53,225
Cash and cash equivalents at 31 December		133,737	88,290

The notes on pages 78 to 105 form part of these financial statements.

Company Statement of cash flows

For the year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Loss for the year before taxation		(36,095)	(31,313)
Adjustments for:			
Other gains and losses		–	20,250
Finance costs	9	1,485	379
Investment income		–	(17,456)
Amortisation	11	16,982	166
Movement in working capital:			
Increase in trade and other receivables		(129,301)	(159,769)
Increase in prepayments		(5,451)	(2,499)
Increase/(decrease) in trade and other payables		5,480	(4,144)
Net cash used in operating activities		(146,900)	(194,386)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		–	–
Payment to acquire intangible asset		(12)	(210)
Net cash used in investing activities		(12)	(210)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		184,297	225,976
Equity issuance costs		(65)	(2,629)
Net cash generated from financing activities		184,232	223,347
Net increase in cash and cash equivalents		37,320	28,751
Cash and cash equivalents at 1 January		50,233	21,482
Cash and cash equivalents at 31 December		87,553	50,233

The notes on pages 78 to 105 form part of these financial statements.

1. Authorisation of financial statements and statement of compliance with IFRS

Helios Towers Africa, Ltd (the "Company") is a limited company incorporated and domiciled in the Republic of Mauritius. The Group's and the Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The principal accounting policies adopted by the Group and the Company are set out in note 2.

2. Accounting Policies

Basis of preparation

The financial statements are prepared on a going concern basis using the historical cost as modified by the revaluation of certain financial assets and liabilities. The financial statements are presented in United States Dollars (US$). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:
- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are presented within the Operating and Financial Review on pages 2 to 51. In addition notes 19, 23 and 25 include details of the Group's treasury activities, long-term funding arrangements, financial instruments and financial risk management activities.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments as set out in note 20.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

Revenue represents the gross inflow of economic benefit for services provided utilising the Group's tower infrastructure.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated and agreed liquidated damages resulting from non-performance of service obligations.

Revenue from rendering of services is recognised in line with the service provision over the contractual period. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and the associated costs can be measured reliably. Such revenue includes rental income, power escalations and tower service contracts.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Interest income

Interest income is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial asset.

Interest expense

Interest expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

2. Accounting Policies (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset/financial liability and of allocating interest income/interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial assets/financial liabilities, or, where appropriate, a shorter period.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currency exchange

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in United States Dollars (USD), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial assets), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes material and labour and professional fees in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

Site Assets – Towers	Up to 15 years
Site Assets – Generators	8 years
Site Assets – Plant & Machinery	3-5 years
Fixtures and Fittings	3 years
IT Equipment	3 years
Motor Vehicles	5 years
Leasehold Improvement	10 years

Directly attributable costs of acquiring tower assets are capitalised together with the towers acquired and depreciated over a period of up to 15 years in line with the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit and loss.

2. Accounting Policies (continued)

Intangible assets

Contract acquired related intangible assets are amortised on a straight-line basis over the life of the contract. Other intangible assets are amortised on a straight-line basis over their estimated lives of 3 – 10 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangibles assets

At each reporting date, the Directors review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Investments

Investments are included in the financial statements initially at cost. Cost comprises all the costs associated with the acquisition of the investment including the fair value of the consideration for the investment instruments, any local taxes and costs associated with investigation and negotiating the acquisition. At the end of each financial reporting year, the Directors review the investment instruments to determine the recoverable amount. If the recoverable amount is considered to be less than cost, an impairment provision is recognised.

Costs incurred in the investigation of prospective investments are expensed in the year in which they are incurred. Should prospective investments become subsidiaries, the directly attributable costs of investment are capitalised as part of the cost of the investment.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Financial Instruments

Trade and other receivables

Trade receivables are recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are deemed to be non-collectable.

Other receivables are recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Derivative financial instruments

Short-term debtors and creditors are treated as financial assets or liabilities. The Group does not trade in financial instruments. The Group enters into derivative financial instruments to manage its exposure to interest rate risk, using interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly to control the Group or exercise significant influence over the Group in making financial or operating decisions, or vice-versa, or where the Group is subject to common control or common significant influence. Related party may be individuals or other entities.

Non-controlling interest

Non-controlling interest (NCI) is the portion of equity ownership in subsidiaries not attributable to the Helios Towers Africa, Ltd. Helios Towers Africa, Ltd has a 76.3% controlling interest in Helios Towers Tanzania Ltd, a company incorporated in the Republic of Tanzania, and consolidates the subsidiaries' financial results. The summarised financial information of the subsidiary is disclosed in note 3.

New accounting pronouncement

The Group and the Company have adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2016, their adoption of them had no material effect on the amounts reported.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments *(effective 1 January 2018)*
IFRS 15	Revenue from Contracts with Customers *(effective 1 January 2018)*
IFRS 16	Leases *(effective 1 January 2019)*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group and the Company in future periods, except as noted below:

- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 will have a material impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

As described above, revenue is recognised as service revenue in accordance with IAS 18. In arriving at this assessment the Directors have considered the guidance and requirements of IAS 17 and IFRIC 4, reviewed the substance of their contracts with customers and determined that there is not an embedded lease.

Business combinations

From time to time, the Group acquires a portfolio of towers, comprising the tower infrastructure and other associated assets. The Directors' assess each acquisition on the basis of its purchase agreement and the substance of the transaction to determine if it is considered to be a business combination in accordance with IFRS 3. To date, such portfolio acquisitions do not meet the definition of a business under IFRS 3 and consequently have been accounted for as an asset acquisition under IAS 16. Accordingly, no goodwill is recognised and the costs incurred are capitalised as part of the costs of acquisition of the towers.

Deal costs

Included in property, plant and equipment are US$32.4m (2015: US$30.2m) of costs incurred prior to the acquisition of site assets. As these costs were incurred prior to the acquisition of the site assets, management was required to consider whether it was appropriate to capitalise the cost as part of the assets acquired in line with the Group's general policy of capitalising Property, Plant and Equipment.

In making this judgement, management considered the detailed criteria for the capitalisation of costs associated with the acquisition of plant, property and equipment as set out in IAS 16 Property, Plant and Equipment, in particular whether the costs are directly attributable to the site towers acquired.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives of property, plant and equipment

As described above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The estimate is based on the Directors' best estimate and all available information. During the current year, the Directors determined that no change to the estimated useful lives is required.

Allocation of fair value of intangible assets and property, plant and equipment

On the acquisition of a portfolio of assets, there is estimation involved in determining the fair value of the assets acquired. The judgement involves determining the most suitable valuation method to apply to each asset class acquired and assumptions made regarding future cash flows projections, discount rates and replacement costs. The Group uses market-observable data to the extent that it is available.

Taxation

The Group's tax charge on ordinary activities is the sum of all the total current tax charges. The calculation of the Group's total tax charge involves estimation and judgement in respect of current tax matters where the tax impact is uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The final resolution of some of these items may give rise to material charge and/or cash flows.

Resolving tax issues can take many years and may not always be within the control of the Group and often depend on the efficiency of the legal processes in the relevant tax jurisdiction.

Providing for doubtful debts

The Group provides services to business customers on credit terms. On occasion certain debts may not be paid through default of our customers. Estimates, based upon historical experience are used in determining the level of debt that we do not expect to be collected.

Fair value of minority interest buy out liability

Vodacom Group a minority interest holder in HTT (Helios Towers Tanzania) has a right to exchange its shares in HTT from 19 February 2014 to 31 December 2017 for shares in HTA Ltd (Helios Towers Africa, Ltd). The exercise price is based on the fair market value of HTT shares at the time the option is exercised, either by independent valuation, or if the Group is being sold or through an Initial Public Offering at the value agreed with buyer, and then exchanged for shares accordingly in HTA Ltd.

HTA Ltd is required to recognise a financial liability for the present value of the redemption amount of the Vodacom Group option at the year end. The value attributed to the liability to purchase the minority interest is estimated by management to be 23.7% of the fair value of HTT at each reporting date. The fair values of HTT has been determined by using a recent market transaction undertaken by the Group. This is disclosed in note 22.

3. Segmental reporting

The following segmental information is presented in a consistent format with management information considered by the Board of Directors. Operating segments are determined based on geographical location. All operating segments have the same business of operating and maintaining telecoms towers and renting space on such towers. Accounting policies are applied consistently for all operating segments. Segment operating result used by chief operating decision makers is Adjusted EBITDA which is defined on page 87.

31 December 2016	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	34,393	122,301	102,171	23,642	282,507	-	282,507
Adjusted EBITDA	9,442	38,925	41,089	9,896	99,352	(14,834)	84,518
Operating profit / (loss)	3,150	(11,318)	(204)	(551)	(8,923)	(36,022)	(44,945)
Financing costs							
Interest costs	(1,511)	(60,059)	(17,887)	(4,997)	(84,454)	33,500	(50,954)
Foreign exchange differences	(3,180)	(3,015)	(1,175)	(1,604)	(8,974)	(1,392)	(10,366)
Derivative financial instruments	37	6	1,250	-	1,293	-	1,293
	(4,654)	(63,068)	(17,812)	(6,601)	(92,135)	32,108	(60,027)
Other gains and losses							(6,682)
Investment income							216
Loss before tax							(111,438)

31 December 2015	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	26,363	96,744	61,120	12,419	196,646	-	196,646
Adjusted EBITDA	3,669	16,876	23,975	2,662	47,182	(11,739)	35,443
Operating profit / (loss)	(5,668)	(31,866)	(706)	(2,628)	(40,868)	(25,317)	(66,185)
Financing costs							
Interest costs	(1,065)	(41,324)	(8,832)	(2,584)	(53,805)	22,928	(30,877)
Foreign exchange differences	(3,296)	(50,278)	(148)	(1,104)	(54,826)	(1,210)	(56,036)
Derivative financial instruments	(76)	(164)	-	-	(240)	-	(240)
	(4,437)	(91,766)	(8,980)	(3,688)	(108,871)	21,718	(87,153)
Other gains and losses							(115,529)
Investment income							323
Loss before tax							(268,544)

Capital Additions, Depreciation and Amortisation

	Year ended 31 December 2016		**Year ended 31 December 2015**	
	Capital Additions US$'000	Depreciation and Amortisation US$'000	Capital Additions US$'000	Depreciation and Amortisation US$'000
Ghana	6,905	6,503	12,731	5,277
Tanzania	63,043	45,047	73,850	37,501
Congo Brazaville	8,343	10,238	52,358	5,272
Democratic Republic of Congo	224,942	40,109	27,130	19,385
Total Operating Company	303,233	101,897	166,069	67,435
Corporate	30,000	16,997	211	389
Total	333,233	118,894	166,280	67,824

4. Adjusted EBITDA

The segment operating result used by chief operating decision makers is Adjusted EBITDA.

Management define Adjusted EBITDA as loss for the year, adjusted for loss for the year from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortization and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence. Adjusted EBITDA is reconciled to loss before tax as follows:

The Group

	2016 US$'000	2015 US$'000
Adjusted EBITDA	84,518	35,443
Adjustments applied to give Adjusted EBITDA		
Exceptional items:		
Restructuring costs(i)	(4,318)	(5,555)
Prior period expenses(ii)	-	(8,578)
Deal costs for aborted acquisitions(iii)	(1,414)	(17,837)
Loss on disposal of assets	(3,761)	(1,834)
Other gains and losses (note 22)	(6,682)	(115,529)
Recharged depreciation(iv)	(1,076)	-
Depreciation of property, plant and equipment	(96,829)	(65,749)
Amortisation of intangibles	(22,065)	(2,075)
Investment income	216	323
Finance costs	(60,027)	(87,153)
Loss before tax	(111,438)	(268,544)

(i) Restructuring costs reflect specific actions taken by management to improve the Group's future profitability and mainly comprise the costs of an operational excellence program where management worked to optimize operational headcount to gain efficiencies and adopt robust internal compliance best practices, and have therefore incurred certain severance, investigation, system implementation, office closure and supplier contract termination costs in 2016 and 2015; and the establishment of a shared service center and associated recruitment and severance costs in 2015 and 2014. Management consider such costs to be exceptional as they are not representative of the trading performance of the Group's underlying operations.

(ii) Prior period expenses in 2015 mainly comprise charges incurred in 2015 that relate to items, events and/or circumstances arising in prior periods. Such expenses include certain changes in estimates for liabilities that relate to items, events and/or circumstances arising in prior periods. Management consider such costs to be exceptional in respect of the year ended 31 December 2015 as they are not representative of the trading performance of the Group's underlying operations for the year.

(iii) Deal costs relating to unsuccessful tower acquisition transactions mainly comprise professional fees and travel costs incurred while investigating potential tower acquisitions. Such costs are expensed when the potential tower acquisition does not proceed. Management have excluded such costs from Adjusted EBITDA on the basis that they are not representative of the trading performance of the Group's underlying operations.

(iv) The Group incurs cost charged to it through a service contract from Helios Towers Africa LLP. Management consider that the depreciation element of the charge should be removed from adjusted EBITDA as it is depreciation in nature.

5. Operating loss

Operating loss is stated after charging the following:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Cost of inventory expensed	52,556	39,084	-	-
Auditor's remuneration:				
- Audit fees	735	816	35	34
- Non-audit fees	540	198	-	-
Depreciation and amortisation	118,894	67,824	16,982	161
Cost associated with aborted investments	1,414	17,837	2,181	6,156
Rentals under operating leases	20,643	17,725	-	-
Staff costs	14,576	12,557	1,048	649

Amortisation of intangible assets is presented in admistrative expenses in the statement of profit or loss.

6. Staff costs

Staff costs consist of the following components:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Wages and salaries	14,327	12,341	1,016	649
Social security costs	249	216	32	-
	14,576	12,557	1,048	649

The average monthly number of employees during the year was made up as follows:

	Group		Company	
	2016	2015	2016	2015
Operations	219	161	2	1
Legal and regulatory	34	25	-	-
Administration	26	45	1	-
Finance	91	75	1	1
Sales and marketing	63	12	-	-
	433	318	4	2

7. Directors' remuneration

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Remuneration	2,072	745	2,072	745

The above remuneration information relates to directors in Helios Towers Ltd which were recharged to the Group and the Company by Helios Towers Africa LLP, a related company. None of the Directors received a contribution to a pension scheme in the current or prior year.

8. Investment income

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Interest receivable on amounts receivable from related parties	-	-	-	17,456
Other interest receivable	216	323	-	-
	216	323	-	17,456

9. Finance costs

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Foreign exchange differences	10,366	56,036	1,387	379
Interest costs	45,939	27,201	98	-
Net interest (income)/cost on derivative financial instruments	(1,293)	240	-	-
Deferred loan cost amortisation	5,015	3,676	-	-
	60,027	87,153	1,485	379

10. Tax expense

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Income taxes	-	-	-	-
Additional taxes	1,514	950	-	-
	1,514	950	-	-

Though entities in Congo B, Tanzania and DRC have continued to be loss making, minimum income tax has been levied based on revenue as stipulated by law in these jurisdiction.

The Company was a Category 2 – Global Business Licence Company (C2-GBLC) during the current and preceding financial periods. C2-GBLC is not subject to any income tax in Mauritius.

The applicable tax rates for the Company's subsidiaries range from 20% to 40%.

11. Intangible assets

The Group

	Right of first refusal US$'000	Non-compete agreement US$'000	Computer software and license US$'000	Total US$'000
Cost				
At 31 December 2014	15,000	-	6,548	21,548
Additions during the year	-	-	3,461	3,461
Disposal during the year	-	-	(36)	(36)
Effects of foreign currency exchange differences	-	-	(759)	(759)
At 31 December 2015	15,000	-	9,214	24,214
Additions during the year	20,000	30,000	2,411	52,411
Effects of foreign currency exchange differences	-	-	(222)	(222)
At 31 December 2016	35,000	30,000	11,403	76,403
Amortisation				
At 31 December 2014	(15,000)	-	(2,263)	(17,263)
Charge for year	-	-	(2,075)	(2,075)
Disposal during the year	-	-	26	26
Effects of foreign currency exchange differences	-	-	296	296
At 31 December 2015	(15,000)	-	(4,016)	(19,016)
Charge for year	(2,500)	(16,894)	(2,671)	(22,065)
Effects of foreign currency exchange differences	-	-	234	234
At 31 December 2016	(17,500)	(16,894)	(6,453)	(40,847)
Net book value				
At 31 December 2016	17,500	13,106	4,950	35,556
At 31 December 2015	-	-	5,198	5,198

In 2016, alongside the purchase of 967 towers from Airtel group (see note 12), a right of first refusal “ROFR” agreement was signed with Airtel Group in the Democratic Republic of Congo (DRC) giving the Group the right of first refusal over build-to-suit towers that Airtel group wish to commission. A payment of $20m was made for this right and is amortised on a straight line basis over its exercisable period ending on 1 May 2020.

As part of the same transaction, the Group and the Company entered into a non-compete Agreement with Airtel group under which the Group and the Company was granted the right that Airtel will not complete with the Group in DRC and/or Congo Brazzaville. The Group and the Company issued shares with a fair value of $30m to Airtel group for this right commencing on the date of the agreement (5 May 2016) and terminating 12 consecutive months after first closing (7 July 2016).

The Company

	Exclusivity right US$'000	Non-compete agreement US$'000	Computer software and license US$'000	Total US$'000
Cost				
At 1 January 2015	15,000	-	887	15,887
Additions during the year	-	-	211	211
At 31 December 2015	15,000	-	1,098	16,098
Additions during the year	-	30,000	33	30,033
At 31 December 2016	15,000	30,000	1,131	46,131
Amortisation				
At 1 January 2015	(15,000)	-	(744)	(15,744)
Charge for year	-	-	(161)	(161)
At 31 December 2015	(15,000)	-	(905)	(15,905)
Charge for year	-	(16,894)	(88)	(16,982)
At 31 December 2016	(15,000)	(16,894)	(993)	(32,887)
Net book value				
At 31 December 2016	-	13,106	138	13,244
At 31 December 2015	-	-	193	193

12. Property, plant and equipment

The Group

	IT equipment US$'000	Fixtures and fittings US$'000	Motor vehicles US$'000	Site assets US$'000	Land US$'000	Leasehold improve-ments US$'000	Total US$'000
Cost							
At 1 January 2015	1,796	692	3,530	586,238	-	728	592,984
Additions	680	187	604	159,699	1,399	250	162,819
Disposals	(273)	(73)	(194)	(7,471)	-	-	(8,011)
Effects of foreign currency exchange differences	(176)	(87)	(489)	(82,547)	-	(83)	(83,382)
At 31 December 2015	2,027	719	3,451	655,919	1,399	895	664,410
Additions	1,888	272	1,410	272,175	4,409	668	280,822
Disposals	(9)	(156)	-	(5,368)	-	(665)	(6,198)
Effects of foreign currency exchange differences	(24)	(18)	(120)	(11,178)	-	(7)	(11,347)
At 31 December 2016	3,882	817	4,741	911,548	5,808	891	927,687
Depreciation							
At 1 January 2015	(908)	(362)	(1,798)	(144,850)	-	(255)	(148,173)
Charge for the year	(373)	(159)	(667)	(64,433)	-	(117)	(65,749)
Disposals	69	40	98	6,356	-	-	6,563
Effects of foreign currency exchange differences	95	50	264	25,149	-	39	25,597
At 31 December 2015	(1,117)	(431)	(2,103)	(177,778)	-	(333)	(181,762)
Charge for the year	(699)	(176)	(714)	(95,047)	-	(193)	(96,829)
Disposals	2	111	-	2,690	-	282	3,085
Effects of foreign currency exchange differences	(98)	16	92	2,946	-	3	2,959
At 31 December 2016	(1,912)	(480)	(2,725)	(267,189)	-	(241)	(272,547)
Net book value							
At 31 December 2016	1,970	337	2,016	644,359	5,808	650	655,140
At 31 December 2015	910	288	1,348	478,141	1,399	562	482,648

At 31 December 2016, the Group had US$36.1m (2015: US$45.1m) of expenditure recognised in the carrying amount of items of site assets that were in the course of construction. On completion of the construction, they form part of the additions of site assets in the year.

In July 2016, the Group acquired 967 towers and associated assets from Airtel group for $165m. This has been accounted for as an assets acquisition in accordance with IAS 16.

13. Investments

The Group
The Group's investment of US$131,611 (2015: US$95,539) relates to an interest in Helios Towers Africa LLP. The Group holds 91% of the voting rights in this partnership but has no economic benefit and therefore it is not consolidated.

The Company

	2016 US$'000	2015 US$'000
Cost		
At 1 January	430,677	170,192
Additions	-	260,643
Adjustment	-	(158)
At 31 December	430,677	430,677

The subsidiary companies are as follows:

		Effective shareholding 2016 & 2015	
Name of subsidiaries	Country of incorporation	Direct %	Indirect %
Helios Towers Ghana Limited	Ghana	60%	40%
HTG Managed Services Limited	Ghana	-	100%
HTA Holdings Ltd	Mauritius	100%	-
Helios Towers DRC S.A.R.L.	Democratic Republic of Congo	-	100%
HT DRC Infraco S.A.R.L.	Democratic Republic of Congo	-	100%
Helios Towers Tanzania Limited	Tanzania	-	76.3%
HTT Infraco Limited	Tanzania	-	76.3%
HT Congo Brazzaville Holdco Limited	Mauritius	-	100%
HT Congo SARLU	Congo Brazaville	-	100%
HT Gabon Holdco Limited (Dormant)	Mauritius	-	100%
HT Chad Mauritius Holdco Limited	Mauritius	-	100%
HT Chad SARLU (Dormant)	Chad	-	100%
Towers NL Coöperatief U.A	The Netherlands	-	100%
HTA (UK) Partner Ltd	England & Wales	100%	-
HTA Equity GP Ltd	Cayman Islands	100%	-
McRory Investment B.V.	The Netherlands	-	100%
McTam International 1 B.V.	The Netherlands	-	100%

All subsidiaries were incorporated in prior years. Helios Towers Africa, Ltd or its subsidiaries have subscribed to the majority of the shares as shown above. The consideration paid for these shares on incorporation was minimal. The Directors are of the opinion that the investments in subsidiaries are fairly stated and no impairment is required.

During the current and prior years, further contributions were made to Helios Towers Tanzania Limited for the acquisition of tower assets.

Helios Towers Ghana Limited, HTA Holdings Ltd, Helios Towers DRC S.A.R.L, Helios Towers Tanzania Limited, HT Congo Brazzaville Holdco Limited, HT Chad Mauritius Holdco Limited, Towers NL Cooperatief U.A, McRory Investment B.V., McTam International 1 B.V. and HTA (UK) Partner Ltd are intermediate holding companies.

HTA Equity GP, Ltd acts as a general partner. The principal activities of HTG Managed Services Limited, HT DRC Infraco S.A.R.L, HTT Infraco Limited, and HT Congo SARLU are the building and maintenance of telecommunications towers to lease space on those towers to wireless telecommunication service providers in Africa. HT Chad SARLU and HT Gabon Holdco Limited has ceased trading during the prior years.

14. Inventories

	Group	
	2016 US$'000	2015 US$'000
Inventories	19,504	14,974

There is no material difference between the Group's carrying value of inventories and their net realisable value.

15. Trade and other receivables

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Trade receivables	57,586	26,430	-	-
Allowance for doubtful debts	(1,289)	(1,162)	-	-
	56,297	25,268	-	-
Receivable from related parties	17,769	22,634	433,594	296,054
Receivable from non-controlling interests	26,015	12,601	-	9,857
Other receivables	15,404	16,442	946	-
VAT & Withholding tax receivable	11,444	7,399	-	-
	126,929	84,344	434,540	305,911

Trade receivables (as per the ageing analysis) represents the amounts which the Group does not consider as impaired as at reporting date as there has not been a significant change in credit quality and the amounts are still considered as recoverable. Allowance for impairment losses are recognised on a case-to-case basis for each trade receivables. As at reporting date, the allowance for impairment losses are not significant to the Group and will not affect the recoverability of the trade receivables amounts (as per the ageing analysis). Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Trade and other receivables are classified as loan and receivables. These are initially recognised at fair value and subsequently at amortised cost.

Of the trade receivables balance at 31 December 2016, 66% (31 December 2015: 72%) is due from four of the Group's largest customers. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average trade receivables collection period is 54 days (31 December 2015: 50 days).

Ageing analysis of trade receivables not impaired:

	Group	
	2016 US$'000	2015 US$'000
Not yet due	58,017	33,332
1-30 days	11,426	663
30-60 days	7,654	2,533
60-90 days	8,982	8,737
90+ days	13,992	15,238
	100,071	60,503

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Terms and conditions attached to receivable balances due by related parties and by non-controlling interests are disclosed in note 21.

16. Prepayments

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Prepayments	34,752	16,198	5,690	315

17. Share capital

	Group and Company			
	2016		2015	
	Number of shares	US$'000	Number of shares	US$'000
Authorised, issued and fully paid				
Ordinary share capital class A of US$1	390,410,138	390,410	390,410,138	390,410
Ordinary share capital class C of US$100	100	10	100	10
Ordinary share capital class D of US$1	100	-	100	-
Ordinary share capital class G of US$1	518,714,176	518,714	359,973,532	359,974
	909,124,514	909,134	750,383,870	750,394

The movements in share capital during the year ended 31 December 2016 were as follows:

Reconciliation of issued shares in the current year is as follows:

	Number of shares as at 1 January 2016	Number of shares issued during the year	Number of shares as at 31 December 2016
Authorised, issued and fully paid			
Ordinary share capital class A of US$1	390,410,138	-	390,410,138
Ordinary share capital class C of US$100	100	-	100
Ordinary share capital class D of US$1	100	-	100
Ordinary share capital class G of US$1	359,973,532	158,740,644	518,714,176
	750,383,870	158,740,644	909,124,514

The Class A Shares and Class G Shares shall rank equally with each other and senior to the Class C Shares and Class D as to dividends, redemption proceeds and any other form of distribution or return of capital. Class A and G Shares have voting rights whilst the others have no voting rights.

In 2016, 136,518,422 shares were issued for cash of $184m and 22,222,222 shares were issued in exchange for an intangible asset with a fair value of $30m (see note 11).

18. Trade and other payables

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Trade payables	15,691	25,039	-	-
Amounts payable to related parties	922	1,490	702	743
Payable to non-controlling interest	1,349	-	-	-
Deferred income	60,386	28,113	-	-
Deferred consideration	13,453	-	-	-
Other payables and accruals	74,899	48,222	9,121	2,841
	166,700	102,864	9,823	3,584

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days (2015: 61 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts payable to related parties are unsecured, interest free and repayable on demand.

18. Trade and other payables (continued)

Trade and other payables are classified as financial liabilities and measured at amortised cost. These are initially recognised at fair value and subsequently at amortised cost. These are expected to be settled within a year.

The Directors considers the carrying amount of trade payables approximates to their fair value.

19. Borrowings

	Group	
	2016 US$'000	2015 US$'000
HTT Infraco Limited	206,261	148,435
HTG Managed Services Limited	2,414	5,727
HT DRC Infraco S.A.R.L	169,038	83,526
HT Congo Brazzaville Holding Limited	23,436	16,028
	401,149	253,716
Current	60,516	34,359
Non-current	340,633	219,357
	401,149	253,716

At 31 December 2016, loans held by the Group were as follows:

(a) In HTT Infraco Limited US$178.1m (2015: US$123.3m) secured term loan facilities with syndicate lenders led by Standard Bank for HTT Infraco Limited was outstanding as well as US$32.9m (2015: US$28.4m) of shareholder loans and an unamortised loan cost of US$4.7m (2015: US$3.3m).
(b) In HTG Managed Services Limited, a shareholder loan of US$2.4m (2015: US$4.1m) was outstanding as at the year end. (2015: US $1.6m of secured term loan facilities with Standard Bank and Standard Chartered Bank were also held).
(c) HT DRC Infraco S.A.R.L had a US$168.8m (2015: US$86.8m) secured term loan facilities with syndicate lenders led by Standard Bank as well as US$5.6m of shareholder loans and US$5.4m (2015: US $3.3m) of unamortised loan costs.
(d) HT Congo Brazzaville Holding Limited had a US$26.7m (2015: US$19.6m) secured term loan facilities with syndicate lenders led by Standard Bank as well as unamortised loan costs of US$3.3m (2015: US$ 3.6m).

The loans are secured on the assets of the subsidiaries with maturity dates between 1 and 5.5 years (2015: between 1 and 6.5 years). The loans carry an interest rate ranging from 5% to 15% (2015: 5% to 15%) and have a fixed and floating component to them.

Loans are classified as financial liabilities and measured at amortised cost. These are initially recognised at fair value and subsequently at amortised cost.

20. Operating lease commitments

The Group as lessee

	Group	
	2016 US$'000	2015 US$'000
Minimum lease payments recognised as an expense in the year	20,643	17,725

The total of future minimum lease payments under non-cancellable operating leases, is as follows:

	Group	
	2016 US$'000	*Restated 2015 US$'000
Within one year	21,524	19,392
After one year but not more than five years	66,797	55,333
More than five years	226,173	171,729
	314,494	246,454

Operating lease payments represent rentals payable by the Group for land and certain of its office properties and are recognised as an expense in the year they are incurred. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 10 years with an option to extend for a further 10 years at the then prevailing market rate and are non-cancellable.

* The future operating lease commitment disclosures for the year ended 31 December 2015 have been restated to reduce the balance from $515.2m to $246.5m as a result of an error identified in the 31 December 2015 financial statements. This does not impact any previously reported figures in the balance sheet or the statement of profit or loss and other comprehensive income of the Group.

21. Related party transactions

The Group

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group companies entered into the following commercial transactions with related parties:

	2016		2015	
	Income from towers US$'000	Purchase of goods US$'000	Income from towers US$'000	Purchase of goods US$'000
Millicom Holding B.V. and subsidiaries	60,243	516	68,206	3,854
Vodacom Group Limited and subsidiaries	71,919	9,701	52,668	26,019

The following amounts were outstanding at the reporting date:

	2016		2015	
	Amount owed by US$'000	Amount owed to US$'000	Amount owed by US$'000	Amount owed to US$'000
Millicom Holding B.V. and subsidiaries	14,145	3,334	20,489	5,096
Vodacom Group Limited and subsidiaries	26,015	34,201	12,601	28,437
Helios Investment Partners LLP	-	-	-	500
Helios Towers Africa LLP	3,604	-	2,145	-

Vodacom Tanzania is the non-controlling interest holder in Helios Towers Tanzania Ltd and Millicom Holding B.V is a shareholder of Helios Towers Africa Ltd.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the year, the Group received advisory services from Helios Towers Africa LLP, an entity in which the Group has no economic benefits but which exerts significant influence over the Group by means of its service contract, for which fees of US$16.7m (2015: US$14.9m) were incurred.

At the year end, there was a receivable of US$3.6m (2015: US$2.1m) from Helios Towers Africa LLP for management fees. Amounts outstanding to related parties carry an interest charge ranging from 0% to 15%. Total compensation of key management for 2016 amounted to $2.1m (2015: $0.7m) which were recharged by Helios Tower Africa LLP.

The Company

	2016 US$'000	2015 US$'000
Amounts receivable from related parties	433,594	305,911
Amounts payable to related parties	702	743

Amounts receivable from the related parties related to other group companies and are short term and carry interest varying from 5% to 15% per annum charged on the outstanding trade and other receivable balances (note 15).

21. Related party transactions (continued)

Other transactions with related party in the year includes technical and management fee charges for services provided to the subsidiary companies. Compensation of key management personnel are disclosed in note 7.

Intercontinental Trust Limited is considered as a related party to the Company as it provided company secretary services.

Name of Related Party	Relationship	Type of transaction	2016 Transactions during the year US$'000	2015 Transactions during the year US$'000	2016 Balance due at year end US$'000	2015 Balance due at year end US$'000
Intercontinental Trust Limited	Company secretary	Fees	46	52	-	30

22. Minority interest buy-out liability

The Group

	2016 US$'000	2015 US$'000
Balance at start of the year	50,839	190,742
Options granted in the year	365	2,122
	51,204	192,864
Fair value movement in the year	6,682	94,624
	57,886	287,488
Options exercised in the year	-	(236,649)
	57,886	50,839

Vodacom Tanzania Ltd, a minority interest holder in Helios Towers Tanzania Ltd ('HTT'), has a right to exchange its shares in HTT from 19 February 2014 to 31 December 2017 for shares in the Group. The exercise price is based on the fair market value of HTT shares at the time the option is exercised, either by independent valuation, or if the Group is being sold through an Initial Public Offering at the value agreed with the buyer, and then exchanged for shares accordingly in Helios Towers Africa, Ltd.

The put option granted to Vodacom results in an obligation for the Group to purchase through a share exchange the minority interest in the future and therefore represents a contract that contains an obligation for the Group to purchase its own equity instruments. The Group is required to recognise a financial liability for the present value of the redemption amount. At 31 December 2016, the Group recognised an aggregate financial liability of US$57.9m (2015: US$50.8m) being the present value of the contractual obligation which is deemed to be the market value of the minority interest at that date. The movement in the year of $6.7m represents the fair value increase in this liability.

In 2015, the "other gains and losses" in the profit or loss of the Group and the Company consisted of the fair value movement on the buy-out liability of $94.6m, a fair value loss on shares issued to Millicom Holding B.V. of $20.3m and a write off of a receivable from Millicom Holding B.V and subsidiaries of $0.6m, giving a total of $115.5m.

In the statement of financial position, US$57.9m has been categorised within Current Liabilities.

The value attributed to the liability to purchase the minority interest has been calculated as a percentage of the fair value of the minority interest holding in HTT at 31 December 2016. The fair value has been determined by using a recent valuation undertaken by the Group and agreed upon in principle with Vodacom.

23. Financial instruments

Financial instruments held by the Group at fair value had the following effect on profit and loss:

	2016 US$'000	2015 US$'000
Derivative financial liabilities		
Finance costs	(1,293)	240
Minority interest buy-out liability		
Other gains and losses	(6,682)	(94,624)

Fair value measurements

The information set below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The information set out below provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair values of the Group's outstanding interest rate swaps have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. Minority interest buy-out liability is grouped as Level 2 fair value measurement. There are no financial instruments which have been categorised as Level 1 or 3.

There were no transfers between the levels in the year.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consist of debt, which includes borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings as disclosed on the statement of changes in equity.

Gearing ratio

The Group keeps its capital structure under review. The gearing ratio at the year end is as follows:

	2016 US$'000	2015 US$'000
Debt (net of issue costs)	401,149	253,716
Cash and cash equivalents	(133,737)	(88,290)
Net debt	267,412	165,426
Equity attributable to the owners	417,730	301,902
	64.0%	54.8%

Debt is defined as long and short term borrowings, as detailed in note 19.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

23. Financial instruments (continued)

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Financial assets				
Loans and receivables:				
Cash and cash equivalents	133,737	88,290	87,553	50,233
Trade and other receivables	115,485	76,945	434,540	305,911
Fair value through profit or loss:				
Derivative financial assets	1,393	-	-	-
	250,615	165,235	522,093	356,144
Financial liabilities				
Amortised cost:				
Trade and other payables	166,700	102,864	9,823	3,584
Loans	401,149	263,924	-	-
At fair value:				
Minority interest buy-out liability	57,886	50,839	-	-
Derivatives financial liabilities	-	1,333	-	-
	625,735	418,960	9,823	3,584

At 31 December 2016, the Group had US$5.3m (2015: US$4.5m) of cash pledged as collateral for financial liabilities.

Financial risk management objectives and policies

The Group's Finance function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the Board of Directors regularly. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters. The Group and the Company have exposure to sterling (GBP) fluctuations, however this is not considered material.

Financial risk

The principal financial risks to which the Group is exposed through its activities are risks of changes in foreign currency exchange rates and interest rates. The Group enters into interest rate swaps to manage its exposure to the interest rate risk.

Market risk

The Company's main exposure to market risk in 2016 was through foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The Group's main currency exposures were to the Ghanaian Cedi (GHS), Tanzania Shillings (TZS) and Central African Franc (XAF) through its main operating subsidiaries.

During the year ended 31 December 2016, the Group did not enter into any foreign currency hedging contracts, as management considered foreign exchange risk to be at an acceptable level due to the natural hedge existing in the Group as a result of having both USD, TZS, GHS and XAF denominated revenues and costs, and minimal foreign denominated third party debt levels within the business.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
New Ghana Cedi	13,915	15,036	18,565	10,220
Tanzania Shillings	55,220	74,518	41,464	31,253
Central African Franc	11,867	10,331	7,693	569
	81,002	99,885	67,722	42,042

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars against GHS, XAF and TZS. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where US Dollar weakens 10% against the GHS, XAF or TZS. For a 10% cent strengthening of US Dollar against the GHS, XAF or TZS, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Central African Franc impact		New Ghana Cedi impact		Tanzania Shillings impact	
	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Equity	(4,735)	(4,369)	(3,852)	(3,206)	(40,205)	(23,317)

This is mainly attributable to the exposure outstanding on GHS, XAF and TZS receivables and payables in the Group at the reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk for the Group or the Company as the year end exposure does not reflect the exposure during the year.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average contract fixed rate		Amortising notional value		Fair value	
	2016	2015	2016	2015	2016	2015
Outstanding contracts	%	%	US$'000	US$'000	US$'000	US$'000
USD IRS						
Two to five years	1.61	1.92	195,500	135,219	(1,393)	1,333

The interest rate swaps settle on a quarterly basis. The corresponding floating rate on the interest rate swaps is three months LIBOR. The Group settles the differences between the fixed and floating interest rate on a net basis.

The interest rate swaps and the interest payments on the loan occur simultaneously.

23. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and other information provided by the counterparty (where appropriate) to rate its major customers. As of 31 December 2016, the Group has a concentration risk with regards to 4 of its largest customers and its related parties and the Company has a concentration risk with regards to the receivable balances with related parties. The Group's exposure and the credit ratings of its counterparties and related parties are continuously monitored and the aggregate value of credit risk within the business is spread amongst a number of approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's and the Company's exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities:

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes principal cash flows.

The Group

	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2016					
Non-interest bearing	167,431	-	-	-	167,431
Variable interest rate instruments	32,962	60,324	235,526	44,600	373,412
Fixed interest rate instruments	32,852	-	-	8,052	40,904
	233,245	60,324	235,526	52,652	581,747
31 December 2015					
Non-interest bearing	102,864	-	-	-	102,864
Variable interest rate instruments	36,401	38,800	109,286	46,894	231,381
Fixed interest rate instruments	-	28,437	-	4,106	32,543
	139,265	67,237	109,286	51,000	366,788

The Company

	Within 1 year US$'000	Total US$'000
31 December 2016		
Non-interest bearing	9,823	9,823
	9,823	9,823
31 December 2015		
Non-interest bearing	3,584	3,584
	3,584	3,584

The interest profile of the Group's variable interest bearing financial liabilities has been disclosed under Note 19. The floating portion of the financial liabilities are based on the relevant 3 or 6 months USD LIBOR.

The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial assets:
The following table details the Group's and the Company's expected maturity for other non derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group and the Company anticipates that the cash flow will occur in a different period.

The Group

	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2016					
Non-interest bearing	249,222	-	-	-	249,222
Variable interest rate instruments	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-
	249,222	-	-	-	249,222
31 December 2015					
Non-interest bearing	165,235	-	-	-	165,235
Variable interest rate instruments	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-
	165,235	-	-	-	165,235

The Company

	Within 1 year US$'000	Total US$'000
31 December 2016		
Non-interest bearing	522,093	522,093
	522,093	522,093
31 December 2015		
Non-interest bearing	356,144	356,144
	356,144	356,144

Derivative financial instruments (assets)/liabilities:
The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The Group

	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2016					
Net settled:					
Interest rate swaps	-	-	(1,393)	-	(1,393)
Gross settled:					
Minority interest buy-out	57,886	-	-	-	57,886
	57,886	-	(1,393)	-	56,493
31 December 2015					
Net settled:					
Interest rate swaps	-	-	1,333	-	1,333
Gross settled:					
Minority interest buy-out	-	50,839	-	-	50,839
	-	50,839	1,333	-	52,172

23. Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts, Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

The Company is not significantly exposed to foreign currency fluctuations as most of its financial assets and financial liabilities are denominated in its functional currency.

The Company is not exposed to interest rate variations as its financial assets and financial liabilities are non-interest bearing.

24. Contingencies

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an assessment against the Group for the financial years ended 31 December 2014 and 31 December 2015 of approximately US$3.4m including interest and penalties. Also, in the year ended 31 December 2016, the Ghana Revenue Authority issued an assessment against the Company for the financial years ended 31 December 2010 to 31 December 2012 of approximately $4.9m for unpaid direct and indirect taxes.

The Directors have appealed against these assessments and together with their advisors are in discussion with the tax authorities to bring the matter to conclusion based on the facts.

The Directors, having taken advice as appropriate, believe that there is no merit to these assessments and accordingly will defend their position vigorously and do not believe there will be a material impact to the Group.

The Group did not make a provision in respect of these matters for the year ended 31 December 2016 or 31 December 2015.

25. Subsequent events

Issue of Bond

On 8 March 2017, the Group issued US$600m 9.125% bonds due 2022 which are listed on the Irish Stock Exchange.

The proceeds of the issuance were used to, among other things (i) to refinance the existing indebtedness of certain of the Company's subsidiaries, (ii) to fund the purchase price of the Vodacom Buyout, (iii) to fund the pending acquisitions of remaining sites not yet closed in DRC, Congo Brazzaville and Tanzania and (iv) to fund additional identified capital expenditures.

Vodacom Buyout

In February 2017 Vodacom Tanzania, HTA Holdings, Ltd and Helios Towers Tanzania entered into an agreement pursuant to which HTA Holdings, Ltd acquired a portion of the shareholder loans advanced by Vodacom Tanzania to HTT Infraco for $30 million in cash. Under the same agreement, HTA Holdings, Ltd received an option up to and including March 31, 2018 to acquire Vodacom Tanzania's shares in Helios Towers Tanzania and the remaining outstanding shareholder loan and accrued interest thereon. It is anticipated that the acquisition of such shares and loan amounts will be completed in 2017, following Fair Competition Commission approval which is currently underway.

26. Reclassifications

As outlined below a number of reclassifications have been made to the financial information as of and for the year ended 31 December 2015 in order to more closely align our financial presentation with the presentation utilised by other companies that operate in our industry. These reclassifications did not have any impact on Loss before tax or Loss for the period. They were as follows:

1) Depreciation of $64.4m has been included in cost of sales in these financial statements. In the 2015 financial statements this was included with administration expenses.
2) Loss on disposal of property, plant and equipment of $1.8m has been reclassified from being presented below operating loss to above operating loss.
3) Loan issue costs of $10.2m have been included within loans in these financial statements. In the 2015 financial statements these were included within prepayments.
4) Liquidated damages paid to customers of $14.4m have been recognised as a reduction to revenue in these financial statements. In the 2015 financial statements these were recognised within cost of sales.
5) Exceptional items of $17.8m disclosed on the face of the statement of profit or loss and other comprehensive income in the 2015 financial statements have been included within administrative expenses.

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