

AFRICA TOWERS N.V.

Annual Report and Financial Statements for the year ended 31 March 2020

CONTENTS

Page

MANAGEMENT REPORT

3

FINANCIAL STATEMENTS

Balance Sheet

4

Income Statement

5

Notes to the Financial Statements

6

OTHER INFORMATION

Notification regarding the absence of an audit report

12

Statutory appropriation of profit

12

Appropriation of the result for the 2018/2019 financial year

12

Proposed appropriation of result for the financial year 2019/2020

12

Post Balance Sheet events

12

To the shareholders,
Africa Towers N.V. (the "Company")
Overschiestraat 65
1062 XD Amsterdam

Dear shareholders,

Please find attached the financial statements for the year starting on April 1, 2019 and ending on March 31, 2020 of the Company (hereinafter referred to as the "Year 2019/2020").

We have prepared the annual accounts of the Year 2019/2020 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at March 31, 2020 and the Income Statement for the Year 2019/2020 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment and holding company.

DIRECTORS

The following directors appointed in terms of the Articles of Association of the company served office during the period.

- J.C. Uneken- van de Vreede
- D. Van Kootwijk
- J.K. Paul

FINANCIAL PERFORMANCE

The Balance Sheet as on March 31, 2020 is showing a total amount of USD 23,454 thousands and the Income Statement for the Year 2019/2020 is showing a post-tax loss of USD 1,378 thousands (2018/2019 : USD 1,122 thousands).

We will gladly provide further explanations upon request.

On behalf of the management board of the Company



[Tina Uneken \(Jul 14, 2020 15:42 GMT+2\)](#)

J.C. Uneken - van de Vreede
Managing Director

Africa Towers N.V.
Balance Sheet

(All amounts are in US dollar; unless stated otherwise)

	Notes	As of	
		March 31, 2020	March 31, 2019
ASSETS			
Intangible fixed assets	(4)	-	-
Financial fixed assets	(5)		
Participations in group company	(a)	100,000	100,000
Receivables from group companies	(b)	17,018,733	17,037,423
		<u>17,118,733</u>	<u>17,137,423</u>
Current assets			
Receivables			
Receivables from group companies	(6)	6,334,930	6,333,209
Cash and cash equivalents	(7)	443	441
Total current assets		<u>6,335,373</u>	<u>6,333,650</u>
Total assets		<u>23,454,106</u>	<u>23,471,073</u>
EQUITY AND LIABILITIES			
Shareholder's equity	(8)		
Issued and paid-up share capital		49,669	50,535
Other reserves		(7,993,607)	(6,879,089)
Unappropriated results		(1,378,473)	(1,121,723)
		<u>(9,322,411)</u>	<u>(7,950,277)</u>
Non-current liabilities			
Payable to group companies	(9)	32,745,104	31,374,336
Current liabilities	(10)		
Other liabilities		9,937	9,937
Accruals		21,476	37,077
Total current liabilities		<u>31,413</u>	<u>47,015</u>
Total equity and liabilities		<u>23,454,106</u>	<u>23,471,073</u>

Africa Towers N.V.
Income Statement

(All amounts are in US dollar; unless stated otherwise)

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Income			
Operating income	(11)	-	(450,626)
Other income	(12)	-	3,991
Expenses			
Costs	(13)	-	(627,629)
Operating results		-	180,994
Finance income and expenses	(14)		
Interest expense and similar charges	(a)	1,389,461	1,308,980
Foreign currency exchange differences	(b)	(10,988)	(6,262)
Financial income and expenses		1,378,473	1,302,717
Result from operations before taxation		(1,378,473)	(1,121,723)
Taxation on result from operations		-	-
Result from operations after taxation		(1,378,473)	(1,121,723)

Africa Towers N.V.

Notes to the Financial Statements

(All amounts are in US dollar; unless stated otherwise)

1. Corporate information

1.1 Activities

The activities of the Company are that of an investment and holding company. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, The Netherlands.

1.2 Group structure

The Company forms part of the Bharti Airtel Group of companies. Immediate parent Company is Bharti Airtel International (Netherlands) B.V. and the step up parent Companies are;

- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India

1.3 List of participating interests

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital	
	March 31, 2020	March 31, 2019
	%	%
Congo RDC Towers S.A. Kinshasa, République Démocratique du Congo	99.00	99.00

2. General accounting principles for the preparation of the annual accounts

2.1 Basis of preparation

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As stipulated in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result will be based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969. The annual report and financial statements have been prepared on the historical cost basis, and based on the principal accounting policies set out below. They are presented in US Dollars. These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Company.

2.2 Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Airtel Africa plc, United Kingdom. A copy of the consolidated accounts of Airtel Africa plc is filed together with these financial statements and is available at the Trade Register of the Chamber of Commerce in Amsterdam.

2.3 Reclassification/regrouping

Previous year's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

2.4 Assumption of continuity

The Company has an equity deficit of USD 9,322,411 as of March 31, 2020. The result for 2019/2020 is loss amounted to USD 1,378,473. The deficit is fully funded by intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of group companies to continue the said loans. The group companies confirmed their willingness to continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

2.5 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives.

The Company does not use derivatives.

2.6 Translation of foreign currency

The financial statements are presented in US dollar, which is also the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (other than functional currency of the Company) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the Balance Sheet date. Foreign exchange differences on subsequent re-statement/settlement are recognised in the Profit and Loss Account within finance income and expenses. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; foreign exchange differences are taken to the other reserves within shareholder's equity.

2.7 Impairment

At each Balance Sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.8 Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Netherlands Civil Code, participating interests in group companies and affiliated companies are carried at cost less any impairment.

Receivables are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are included in the current assets.

2.9 Current assets

Receivables are valued at nominal value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Africa Towers N.V.
Notes to the Financial Statements

(All amounts are in US dollar; unless stated otherwise)

2.10 Cash and cash equivalents

Cash includes cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash is stated at face value.

2.11 Non-current liabilities

Borrowings are valued at nominal value. Payables to group companies are included in non-current liabilities, except for maturities less than 12 months after balance sheet date. They are included in the current liabilities.

2.12 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.13 Other costs

Other costs are recognized based on the historical cost convention and are allocated to the reporting year to which they relate.

2.14 Financial income and expenses

Financial income and expenses comprises of interest income and expense of loans for the current reporting period.

3. Staff members

During the year 2019/2020 the Company had no employees, and hence incurred no wages, salaries or related social security charges (2018/2019: NIL).

Africa Towers N.V.
Notes to the Financial Statements
(All amounts are in US dollar; unless stated otherwise)

4. Intangible fixed assets

	As of	
	March 31, 2020	March 31, 2019
<u>Software</u>	USD	USD
Book value as of April 1, 2019		
Purchase price	3,080,000	3,080,000
Accumulated amortization	(3,080,000)	(3,080,000)
	-	-
Movements		
Amortization during the period	-	-
	-	-
Book value as of March 31, 2020		
Purchase price	3,080,000	3,080,000
Accumulated amortization	(3,080,000)	(3,080,000)
	-	-

5. Financial fixed assets

	As of	
	March 31, 2020	March 31, 2019
(a) Participations in group companies	100,000	100,000
(b) Receivables from group companies	17,018,733	17,037,423
	17,118,733	17,137,423

	As of	
	March 31, 2020	March 31, 2019
(a) Participations in group companies		
Congo RDC Towers S.A.	100,000	100,000
	100,000	100,000

	As of	
	March 31, 2020	March 31, 2019
(b) Receivables from group companies		
Congo RDC Towers S.A.	16,568,015	16,568,015
Tanzania Towers Limited	450,718	469,408
	17,018,733	17,037,423

6. Receivables from group companies

	As of	
	March 31, 2020	March 31, 2019
Management fees receivable from Congo RDC Towers S.A.	3,329,773	3,329,773
Management fees receivable from Malawi Towers Limited	1,113,563	1,113,563
Management fees receivable from Madagascar Towers S.A.	1,706,268	1,706,268
Other receivables	185,326	183,605
	6,334,930	6,333,209

Africa Towers N.V.
Notes to the Financial Statements
(All amounts are in US dollar; unless stated otherwise)

7. Cash and cash equivalents

	As of	
	March 31, 2020	March 31, 2019
Cash at Bank	443	441
	<u>443</u>	<u>441</u>

Cash balances are free for disposal by the Company.

8. Shareholder's Equity

	As of	
	March 31, 2020	March 31, 2019
Issued and paid-up share capital		
45,000 ordinary shares at par value Euro 1.00	49,669	50,535
	<u>49,669</u>	<u>50,535</u>

The authorized share capital amounts to Euro 225 thousands. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.104 as at 31 March 2019(31 March 2019: Euro 1.123). Translation differences are recorded in Other reserves.

	As of	
	March 31, 2020	March 31, 2019
Other reserves		
Balance as of April 1	(6,883,896)	(6,094,280)
Allocation of previous financial year net result	(1,121,723)	(789,616)
	(8,005,619)	(6,883,896)
Foreign currency changes on share capital	12,011	4,807
Balance as of March 31	<u>(7,993,607)</u>	<u>(6,879,089)</u>

	As of	
	March 31, 2020	March 31, 2019
Unappropriated results		
Balance as of April 1	(1,121,723)	(789,616)
Unappropriated results	(1,378,473)	(1,121,723)
	(2,500,196)	(1,911,339)
Appropriation of result previous year	1,121,723	789,616
Balance as of March 31	<u>(1,378,473)</u>	<u>(1,121,723)</u>

9. Payable to group companies

	As of	
	March 31, 2020	March 31, 2019
Loan payable to Bharti Airtel International (Netherlands) B.V.	32,745,104	31,374,336
Balance as of March 31	<u>32,745,104</u>	<u>31,374,336</u>

The calculated interest as at year end is based on 3 month libor+ 225 bps (in 2018/2019: 3 month libor+225 bps). Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

Africa Towers N.V.
Notes to the Financial Statements

(All amounts are in US dollar; unless stated otherwise)

10. Current Liabilities

	As of	
	March 31, 2020	March 31, 2019
Others	9,937	9,937
Accrual liabilities	21,476	37,077
	31,413	47,014

11. Operating Income

	For the year ended	
	March 31, 2020	March 31, 2019
Management fees*	-	(450,626)
	-	(450,626)

*Reversal of management fees during the Year.

12. Other Income

	For the year ended	
	March 31, 2020	March 31, 2019
Liquidation of Africa Towers Services Limited	-	3,991
	-	3,991

13. Other Operating expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Rates and Taxes including WHT	-	(56,650)
IT Expenses	-	(570,979)
	-	(627,629)

14. Finance income and expenses


(a) Interest expense and similar charges

	For the year ended	
	March 31, 2020	March 31, 2019
Interest expenses on loan from Bharti Airtel International B.V.	1,389,462	1,308,375
Bank charges	(0)	605
	1,389,461	1,308,980

(b) Foreign currency exchange differences

Unrealized exchange gains/losses	(10,988)	(6,262)
	(10,988)	(6,262)

On behalf of the management board of the Company


 Tina Uneken (Jul 14, 2020 15:42 GMT+2)
 J.C. Uneken - van de Vreede
 Managing Director


 Daan Vankootwijk (Jul 14, 2020 15:45 GMT+2)
 D. van Kootwijk
 Managing Director


 J.K. Paul
 Managing Director

Date:

Africa Towers N.V.
Other Information

(All amounts are in US dollar; unless stated otherwise)

1. Notification regarding the absence of an audit report

The Company is exempt from audit requirement because it is within the limits set in Article 2: 396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts do not include an audit report.

2. Statutory appropriation of profit

According to the Company's Articles of Association, article 22, the General Meeting of shareholders determines the appropriation of the Company's net result for the year.

3. Appropriation of the result for the 2018/2019 financial year

The annual accounts for the year 2018/2019 were adopted by the General Meeting held on June 24, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

4. Proposed appropriation of result for the financial year 2019/2020

The management board proposes to transfer the 2019/2020 result to the other reserves for an amount of USD 1,378 thousands. The financial statements do (not yet) reflect this proposal.

5. Post Balance Sheet events

There is no post Balance Sheet event to report.