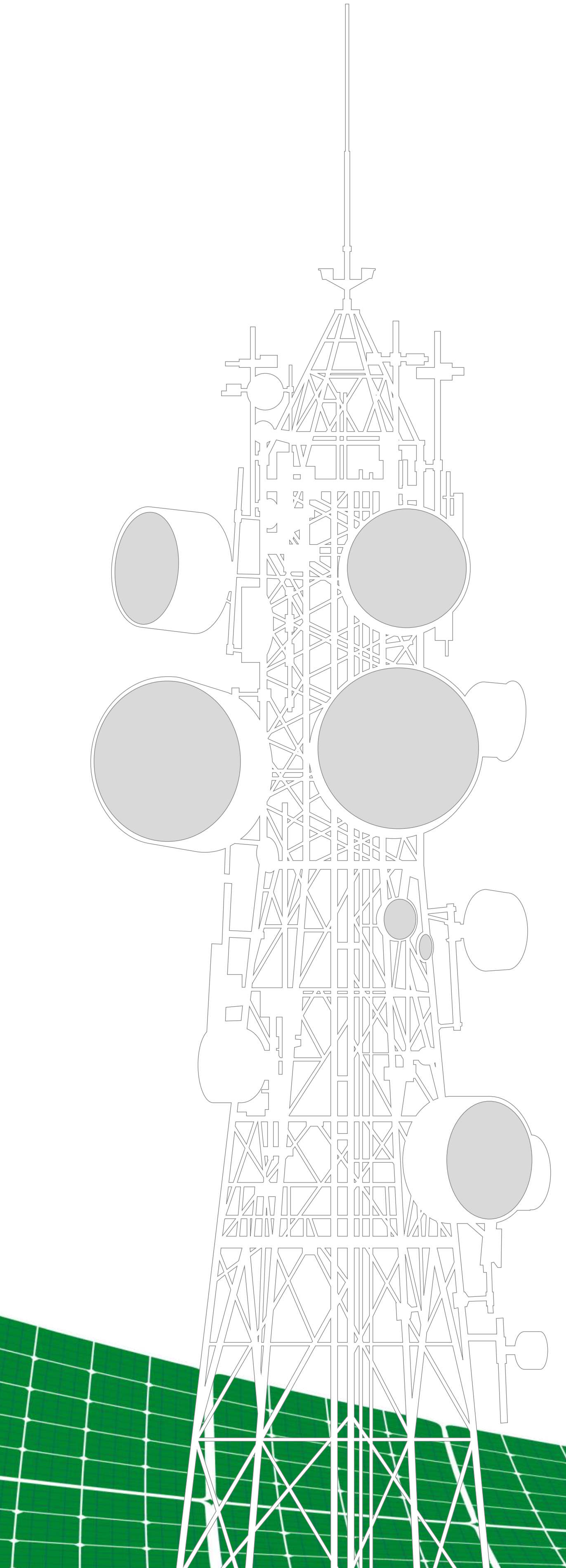

IHS NETHERLANDS HOLDCO B.V.

Unaudited Interim Condensed Combined Financial Statements for the 3 month and 9 month periods ended 30 September 2019

Directors

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Mr. VAN DIJK Bart (resigned 15 February 2019)
Mr. VAN SPALL Gerard Jan (appointed 15 February 2019)
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Registered office

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Contents

INFORMATION ON THE COMPANY

Information on the Company and the Group

IHS Netherlands Holdco B.V. (the "Company") and its subsidiaries form the "Restricted Group" for the purposes of the $500 million 7.125% Senior Notes due 2025 (the "2025 Notes") and the $800 million 8.0% Senior Notes due 2027 (the "2027 Notes"), each issued on 18 September 2019, and listed on The International Stock Exchange (TISE). Each of the Company's subsidiaries, other than Tower Infrastructure Company Limited and IHS Towers Netherlands FinCo NG B.V., which are immaterial subsidiaries, is a Guarantor of those notes. The Company and its subsidiaries are hereinafter referred to as the "Group".

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the "Holdco Notes") under a Senior Notes Indenture dated 27 October 2016 between, *inter alios*, the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, Tower Infrastructure Company Limited, and IHS Towers Netherlands FinCo NG B.V.) and the Trustee (Citibank N.A., London branch).This bond was fully redeemed on 28 October 2019 and is no longer outstanding.

The Company was incorporated on 12 May 2016 and shares in the Company were subscribed for by its now immediate parent entity, IHS Netherlands (Interco) Coöperatief U.A., as a result of which the Company became part of the "IHS Group", a group whose ultimate parent Company is IHS Holding Limited ("IHS Holding"), a private company incorporated under the laws of Mauritius.

On 13 May 2016, the Company subscribed for the entire share capital in two special purpose vehicles, IHS Netherlands NG1 B.V. ("NG1") and IHS Netherlands NG2 B.V. ("NG2").

On 15 September 2016, IHS Holding transferred the shares it held (representing 100% ownership[1]) in IHS Nigeria Limited ("IHSN") and IHS Towers NG Limited (formerly Helios Towers Nigeria Limited) ("ITNG") to NG1 and NG2 respectively.

On 18 September 2019 IHS Netherlands (Interco) Coöperatief U.A. transferred the shares it held (representing 100% ownership) in Nigeria Tower Interco B.V. ("Tower Interco") to IHS Netherlands Holdco B.V.. INT Towers Limited ("INT") is a fully owned subsidiary of Tower Interco.

Basis of preparation

These unaudited interim condensed combined financial statements do not constitute statutory accounts.

Since the Group as currently constituted was not fully formed until 18 September 2019, financial information on a statutory basis from 18 September to 30 September 2019 will have limited use for bondholders. Consequently, these financial statements have been prepared on a pro forma combined basis, aggregating the results of operations and financial position of the group existing previously with those of the two subsidiaries (Tower Interco and INT), acquired in September 2019 as part of a group restructuring, as if they had been part of the Group from 1 January 2018. These financial statements thus do not fully comply with International Financial Reporting Standards ("IFRS").

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Company's audited financial statements for the year ended 31 December 2018 except the proforma combined basis adopted to show the results as if the Group were in existence from 1 January 2018 as described in more detail below.

The formation of the present Group is a transaction under common control and in the statutory accounts of the Company and Group, is accounted for following the principles of predecessor accounting in accordance with IFRS, whereby the assets acquired and liabilities assumed, of Tower Interco and INT, by the Group will be recognised at their pre-combination carrying values that exist within the consolidated accounts of the IHS Group.

Proforma adjustments

In addition to incorporating the results of Tower Interco and INT for the period 1 January 2018 to 17 September 2019 and the financial position of Tower Interco and INT at 31 December 2018, proforma adjustments have been made as follows:

- IHSN charges INT for management services under a management and technical services agreement, recognising the charges as other income in its accounts, whilst INT recognises them as an expense. These intercompany charges have been eliminated from 1 January 2018.

[1] Less one share in each of IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited which are held by a nominee shareholder, for local legal reasons.

INFORMATION ON THE COMPANY (CONTINUED)

Basis of preparation (continued)

Proforma adjustments (continued)

- To reflect the carrying value, at 1 January 2018 and consequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014, the following adjustments were made:
    - Adding property, plant and equipment of $40.5m ($55.6m in cost and $15.1m in accumulated depreciation),
    - Adding goodwill of $259.2m,
    - Adding intangible assets of $77.0m ($86.5m in cost and $9.5m in accumulated amortisation),
    - Increasing both deferred tax liabilities and deferred tax assets by $40.3m

- For the period 1 January 2018 to 31 December 2018, the above carrying values have been adjusted to reflect:
    - Depreciation of property, plant and equipment of $4.9m and a net unfavourable foreign exchange translation impact of $0.5m,
    - Amortisation of intangible assets of $3.1m and a net unfavourable foreign exchange translation impact of $0.9m,
    - An unfavourable foreign exchange translation impact of $2.9m against goodwill

- For the period 1 January 2019 to 30 September 2019, the above carrying values have been adjusted to reflect:
    - Depreciation of property, plant and equipment of $3.7m and a net favourable foreign exchange impact on translation of $0.2m,
    - Amortisation of intangible assets of $2.3m and a net favourable foreign exchange impact on translation of $0.5m,
    - A favourable foreign exchange impact on translation of $1.8m against goodwill

A condensed combined statement of changes in equity has not been provided since the combined aggregation of the operating units' share capital and reserves is not considered to be meaningful to users.

The preparation of the unaudited interim condensed combined financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

DISCLAIMER

The information in this document may contain forward-looking statements. Forward-looking statements include, but are not limited to, all statements other than statements of historical fact included in the information, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets in which it operates or intends to operate. Forward-looking statements can be identified, in some instances, by the use of words such as "target", "believe", "expect", "aim", "intend", "continue", "forecast", "seek", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof, or by the forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise. For the avoidance of doubt, the Company does not accept any liability in respect of any such forward-looking statements.

Certain data included in the information are "non-IFRS measures". These non-IFRS measures may not be comparable to similarly titled financial measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although the Company believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included in this document.

OPERATING AND FINANCIAL REVIEW

Overview

All financial information provided in this 'Operating and Financial Review' represents the combined position of the Group. A glossary of terms used is provided at the end of this document. The functional and presentation currency of the Company is the United States dollar ("USD", "US dollar" or "$").

The Group is a leading independent telecommunications tower infrastructure owner and operator in Nigeria. Its primary business is leasing tower space for communications equipment to Mobile Network Operators ("MNOs") and other customers, who in turn provide wireless, voice and data services to their end users. The Group provides its customers with opportunities to lease space on existing towers alongside current tenants, known as colocation, or to commission new towers for construction to the customer's specifications, known as build-to-suit ("BTS"). The Group also provides managed services in limited situations, such as maintenance, operations, marketing and leasing services, for certain towers owned by third parties. Services are provided based on long-term contracts with annual contractual escalations. A significant proportion of contracted tenant lease revenues are linked to US dollars.

The Group predominantly serves three of the four main Nigerian mobile network operators. As of 30 September 2019, the Group owned 16,495 towers, with a colocation rate of 1.45x, based on 23,975 tenants.

Highlights for the quarter and year to date

- Q3 revenue increase year-on-year of 7.2% and 9 month revenue increase year-on-year of 11.4%.
- Q3 and 9 month Adjusted EBITDA increase year-on-year of 9.6% and 22.3% respectively.
- Q3 and 9 month Adjusted EBITDA increase year-on-year of 4.5% and 16.4% on a like-for-like basis excluding the impact of IFRS 16 Leases ('IFRS 16') accounting.
- Added 1,013 lease amendments and 251 tenants in the quarter.

	3 month period ended 30 Sep			9 month period ended 30 Sep		
	2019 $'000	2018 $'000	Change %	**2019 $'000**	2018 $'000	Change %
Revenue	**232,657**	217,105	7.2%	**683,924**	614,049	11.4%
Operating profit	**58,992**	41,447	42.3%	**199,904**	145,684	37.2%
Loss/(profit) for the period	**(40,687)**	7,851	n.a	**37,544**	(61,956)	n.a
*Alternative measures**						
Adjusted EBITDA	**145,104**	132,414	9.6%	**433,866**	354,847	22.3%
Adjusted EBITDA margin	**62.4%**	61.0%	1.4pt	**63.4%**	57.8%	5.6pt

*Alternative performance measures are non-IFRS measures that are presented to provide readers with additional information that is regularly reviewed by management. They should not be viewed in isolation or as an alternative to the equivalent IFRS measure. See reconciliations of Adjusted EBITDA in note 11 to the closest equivalent IFRS measure and Non-IFRS measures definitions on page 26 for further details.

Adoption of IFRS 16

The table on the following page removes the accounting impact of IFRS 16 from the Group's year to date 2019 financial results, as reported in these interim financial statements, in order to aid a like-for-like comparison of the current period results to the prior year. Please refer to note 2 for a description of the basis of preparation of these accounts and the accounting policy for IFRS 16.

Throughout this 'Operating and Financial Review' the term 'like-for-like' is used to compare 9 month period to 30 September 2019 results excluding the impact of IFRS 16 accounting to the comparative 9 month period to 30 September 2018 period results. No other adjustments have been made. Changes in cash flow line items are as a result of changes in presentation within line items; there is no change in underlying cash flows as a result of applying IFRS 16.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Adoption of IFRS 16 (continued)

	9 month period ended 30 Sep			
	As reported 2019	IFRS 16 impact 2019	**Excluding IFRS 16 2019**	**As Reported 2018**
	$'000	$'000	**$'000**	**$'000**
Revenue	**683,924**	-	**683,924**	**614,049**
Cost of sales	**(406,177)**	(1,458)	**(407,635)**	**(399,585)**
Administrative expenses	**(82,129)**	(2)	**(82,131)**	**(71,055)**
Net financing costs including changes in fair value through profit or loss	**(178,430)**	3,884	**(174,546)**	**(201,483)**
Taxation	**16,070**	-	**16,070**	**(6,157)**
Cash flows generated from operating activities	**350,558**	(38,878)	**311,680**	**251,949**
Net cash used in financing activities	**(222,095)**	38,878	**(183,217)**	**(155,310)**
Right of use assets (at period end)	**207,025**	(207,025)	**-**	**-**
Trade and other receivables (non-current and current at period end)	**267,912**	178,154	**446,066**	**459,716**
Lease liabilities (non-current and current at period end)	**31,277**	(31,277)	**-**	**-**
*Alternative measures**				
Adjusted EBITDA	**433,866**	(20,895)	**412,971**	**354,847**
Adjusted EBITDA margin	**63.4%**	(3.0)pt	**60.4%**	**57.8%**

Trading results

In Q3 2019 the net increase in number of towers was 29, resulting in a total of 16,495 live owned towers at the end of the period. Tenants increased by 251 in the quarter, giving a colocation rate of 1.45x at 30 September 2019. We also added 1,013 lease amendments during the period.

Revenue

Revenue increased by 11.4% to $683.9m in the 9 month period ended 30 September 2019 compared to $614.0m in the 9 month period ended 30 September 2018, and by 7.2% to $232.7m in the quarter ended 30 September 2019 compared to $217.1m in the quarter ended 30 September 2018. Underlying Naira revenue increased by 11.5% in the 9 months to 30 September year-on-year. This growth is driven by increases in tenancies and towers as well as the escalations in our contracts.

Costs

Cost of sales increased by 1.6% to $406.2m in the 9 month period ended 30 September 2019 from $399.6m in the prior year comparative period. The increase for the 9 month period ended 30 September 2019 is mainly due to higher power generation costs, higher insurance costs, higher travel and logistics costs and higher depreciation and impairment of property, plant and equipment; depreciation being higher as a result of depreciating right of use site leasehold assets under IFRS 16. These higher costs were partially offset by lower regulatory permit costs and lower site rental costs.

Cost of sales decreased by 6.8% to $146.7m in Q3 2019 from $157.5m in Q3 2018. The decrease for the quarter ended 30 September 2019 is mainly due to a decrease in site rental costs, regulatory permits and depreciation and amortisation, offset by increases in power generation costs, insurance and impairment of property, plant and equipment.

The majority of the cost for site rental is now being accounted for under IFRS 16 and is therefore recognised through depreciation expense rather than through site rental; this resulted in total reclassified site rent cost of $20.9m for the 9 month period ended 30 September 2019 ($6.7m for Q3 2019) and an increase in depreciation cost of $19.4m for the 9 month period ended 30 September 2019 ($6.5m for Q3 2019). Short-term lease (<12 months) rentals continue to be recognised as rental expense.

On a like-for-like basis, cost of sales increased by 2.0% from $399.6m in the 9 month period ended 30 September 2018 to $407.6m in the 9 month period ended 30 September 2019 and decreased by 6.7% from $157.5m in Q3 2018 to $146.8m in Q3 2019.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trading results (continued)

Cost (continued)

Administrative expenses increased year-on-year, to $82.1m in the 9 month period ending 30 September 2019 from $71.1m in the same period in 2018, and from $19.8m in Q3 2018 to $28.7m in Q3 2019. The largest increase in administrative expenses is the impairment of withholding tax assets of $39.7m in the 9 month period ending 2019 (of which, $13.7m in Q3 2019) compared to $24.7m in the 9 month period ending 30 September 2018 (of which, $7.9m in Q3 2018). The increase in the impairment of withholding tax for the 9 months to 30 September 2019 is partially offset by a decrease in other administrative expenses from $24.0m in the period in 2018 to $13.8m in 2019. This decrease is primarily due to a one-off contract exit fee of $8.0m paid to a vendor in the 9 months to 30 September 2018.

Operating profit

Operating profit of $199.9m was achieved in the 9 month period ending 30 September 2019 compared to an operating profit of $145.7m for the same period in the prior year; an increase of 37.2%. Although cost of sales and administrative expenses have increased as discussed above, the increased revenue exceeded increases in costs and resulted in increased profit from operations.

Adjusted EBITDA

Q3 2019 Adjusted EBITDA increased by 9.6% year-on-year, from $132.4m in Q3 2018 to $145.1m in Q3 2019, with the Adjusted EBITDA margin increasing by 1.4pts from 61.0% to 62.4%. The increase in Adjusted EBITDA is primarily as a result of increased operating profits and the impact of IFRS 16 which, as described in cost of sales above, decreased site rental costs by $6.7m.

Adjusted EBITDA for the 9 month period ended 30 June 2019 increased to $433.9m compared to $354.9m for the comparative period, an increase of 22.3%, with the Adjusted EBITDA margin increasing by 5.6pts from 57.8% to 63.4%. The increase in Adjusted EBITDA is primarily as a result of increased operating profits coupled with the impact of IFRS 16 which, as described in cost of sales above, decreased site rental costs by $20.9m.

On a like-for-like basis Adjusted EBITDA in the 9 month period ending 30 September 2019 increased by 16.4% year-on-year, from $354.9m in the 9 month period ending 30 September 2018 to $413.0m in the 9 month period ending 30 September 2019, with the Adjusted EBITDA margin increasing by 2.6pts from 57.8% to 60.4%. These increases are due to higher revenues which resulted in increased operating profits as discussed above.

Underlying Naira Adjusted EBITDA for the quarter increased by 9.5% to ₦52.6 bn in Q3 2019 compared to ₦48.0 bn in Q3 2018, and on a like-for-like basis, by 4.5% to ₦50.1 bn in Q3 2019 compared to ₦48.0 bn in Q3 2018.

Net financing cost

In the 9 month period ending 30 September 2019 the year-on-year net financing costs increased by $8.7m. The increase is the combined impact of:

- an increase in interest expense of $1.0m;
- a decrease in interest income of $5.2m;
- the recognition of early redemption costs paid on the settlement of the 2021 Notes and local USD and NGN facilities of $22.2m,
- the immediate write-off of unamortised transaction costs of $10.5m for the 2021 Notes and the NGN and USD facilities now settled,
- interest on lease liabilities of $3.9m recognised under IFRS 16
- an increase in net foreign exchange gains from financing of $34.3m that offsets the above increases in expense.

Interest expense (which includes intercompany interest on subordinated shareholder loans) increased from by $1.0m and $24.4m in the 9 month and 3 month periods ending 30 September 2019 respectively. The variation is primarily due to effective interest rate adjustments on the repayments of subordinated shareholder loans. In Q3 2018 INT made subordinated shareholder loan repayments of $109.3m which resulted in IFRS interest credit adjustments of $28.6m, thereby decreasing overall interest expense in the prior year. In comparison, the subordinated shareholder loan repayments made by INT in Q3 2019 resulted in IFRS interest credit adjustments of only $5.6m, resulting in a comparative increase in interest expense of $23.0m.

Interest income on bank deposits decreased $5.2m year-on-year on decreased deposit levels.

The Group had net foreign exchange gains of $11.4m in the 9 month period ending 30 September 2019 compared to net losses in the 9 month period ending 30 September 2018 of $22.9m. The foreign exchange gains in the 9 month period ending 30 September 2019 result from foreign exchange revaluations on US dollar debt held by the Nigerian subsidiaries, owing to the movement in the Naira/US dollar exchange rate which moved from 364.5 at 31 Dec 2018 to 362.02 at 30 September 2019.

The net foreign exchange gains are partially offset by a year-on-year increase in interest expense of $3.9m and $1.2m for the 9 month and 3 month periods ended 30 September 2019 respectively, following the implementation of IFRS 16.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Taxation

The tax credit for the 9 month period ended 30 September 2019 is $16.1m and $8.6m in Q3 2019 compared to a tax expense of $6.2m in the 9 month period ended 30 September 2018 and $2.1m in Q3 2018. It is comprised of corporation tax and education tax in both periods. The tax credit arises in IHSN ($8.6m in Q3 2019 and $17.6m for the 9 month period to 30 September 2019) and is a reversal of an overprovision of the 2018 and H1 2019 tax charge. Both of IHSN and ITNG have unutilised capital allowances, which partially offset their taxable income generated in the period; ITNG also has assessed losses which fully offset taxable income. ITNG and IHSN both realised foreign exchange losses from the settlement of their proceeds bonds relating to the Holdco Notes in Q3 2019, resulting in assessed tax losses for the period and a reversal of previously recognised tax expense for H1 2019.

INT is still subject to Pioneer status and therefore pays tax equal to 1% of Pioneer income, resulting in a combined corporation and education tax charge of $0.6m for the 9 month period to 30 September 2019. INT's Pioneer status comes to an end on 31 December 2019. From 1 January 2020, customers of INT will be responsible for deducting revenue withholding tax equal to 10% of applicable revenues from payments to INT.

Aggregate deferred tax liabilities relating to property, plant and equipment and intangible assets have decreased in the 9 month period ended 30 September 2019 and the impact of the decrease has been offset by the derecognition of deferred tax assets raised in respect of unutilised capital allowances and unutilised tax losses, up to the level of the deferred tax liabilities. Deferred tax assets in respect of unrealised foreign exchange losses have decreased following the settlement of the Holdco Notes and the USD facilities previously held by INT. Tax losses, for which no deferred tax assets had previously been recognised, have also been utilised in the period, particularly. Deferred tax liabilities in respect of the fair valuation of the derivatives embedded within the terms of the Holdco Notes have decreased following the change in the derivatives value (see note 14). Deferred tax assets are recognised to the extent they do not exceed the sum of deferred tax liabilities.

Cash flows and funding

Net change in cash position

There was a net increase in cash and cash equivalents in the 3 months to 30 September 2019 of $113.1m. This is mainly due to increased cash flows from operating activities, cash inflows from financing activities in the period, partially offset by increased outflow from investing activities (see below). In the 9 month period to 30 September 2019, cash increased by $38.5m owing to increased cash from operating activities, a decrease in cash outflows from investing activities, offset by increased cash outflows from financing activities. As at 30 September 2019 we had $327.1m (31 Dec 2018: $288.6m) of cash and cash equivalents.

Changes in cash from operations, financing and investment

Net cash inflows from operating activities totalled $145.8m in the 3 month period ended 30 September 2019 compared to net cash inflows of $109.7m in the 3 month period ended 30 September 2018. The primary drivers of this increase are an increase in operating profits of $17.6m as discussed above, a decrease in cash outflow from working capital of $11.6m, and the reclassification of $14.9m of payments for long term rent from cash flows from operations to cash flows from investing activities, as a result of IFRS 16.

Net cash inflows from operating activities totalled $350.6m in the 9 month period ended 30 September 2019 compared to net cash inflows of $251.9m in the 9 month period ended 30 September 2018. The primary drivers of this increase are an increase in operating profits of $54.2m as discussed above, offset by an increase in cash outflow from working capital of $10.9m, and the reclassification of $53.3m of payments for long term rent from cash flows from operations to cash flows from investing activities, as a result of IFRS 16.

In Q3 2018 the Group had net cash inflows from investing activities of $58.2m owing to the release of $112.7m of restricted cash; this did not recur in 2019, restricted cash having been fully released and is the main driver of the $96.6m difference in financing activities cash flows between Q3 2018 and Q3 2019.

Net cash used in investing activities decreased from $166.4m in the 9 month period ended 30 September 2018 to $93.4m in the 9 month period ended September 2019. The decrease is primarily driven by lower payments made for property, plant and equipment (including advance payments) of $104.9m in the period compared to $201.0m in the comparative period. The higher cash outflows in the 9 month period ended September 2018 were mainly comprised of advance payments for property, plant and equipment, in in anticipation of increased BTS activity which occurred in H2 2018.

In the 9 month period ended September 2019 we had a net outflow from financing activities of $222.1m (9 months to September 2018: net outflow of $155.3m) and in Q3 2019 we had a net inflow from financing activities of $4.1m (Q3 2018: net outflow of $132.7m). In the 9 months to 30 September we had net cash inflows of $88.1m from third party loans and bonds (including early settlement costs of $22.2m and loan facility fees of $11.6m) compared to net outflows of $103.5m in the prior year. This positive financing cash impact of $191.7m is offset by an increase in cash outflows on the settlement of subordinated shareholder loans of $198.6m from $109.3m in the 9 months to 30 September 2018 to $308.0m in the 9 months to 30 September 2019. In Q3 2019 and Q3 2018, the Group repaid $204.2m and $109.3m respectively in respect of subordinated shareholder loans.

The reclassification of $38.9m of payments for long term rent from cash flows from operations to cash flows from investing activities, as a result of IFRS 16, further increases cash outflows from financing activities in the period.

On a like-for-like basis, the Group had cash outflows from financing activities of $183.2m for the 9 month period ended 30 September 2019 and cash inflows of $12.2m for Q3 2019, and cash inflows from operating activities of $311.7m and $137.8m for the 9 month and 3 month periods ended 30 September 2019 respectively.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Indebtedness

At 30 September 2019, the book value of total outstanding loans and borrowings were $2.7bn (31 Dec 2018: $2.6bn), of which $905.3m (31 Dec 2018: $1,054.9m) is in the form of subordinated shareholder loans from the Company's immediate and ultimate parent entities (with a principal value of $904.4m (31 Dec 2018: $1,085.2m)).

On 18 September 2019 the Group issued the 2025 Notes and the 2027 Notes. Interest is payable on the Notes semi-annually in arrear on March 18 and September 18 of each year, beginning on March 18, 2020. The 2025 Notes will mature on March 18, 2025 unless redeemed earlier in accordance with the terms of the 2025 Notes. The 2027 Notes will mature on September 18, 2027 unless redeemed earlier in accordance with the terms of the 2027 Notes.

As a group, we continuously review our capital structure and sources of equity and debt funding, and will continue to explore opportunities in the international capital markets to avail ourselves of any additional funding.

For more information on borrowings, see note 15.

At 30 September 2019, following the application of IFRS 16 from 1 January 2019, lease liabilities arising on land leases total $31.3m.

For more information on lease liabilities, see note 16.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the three month and 9 month periods ended 30 September 2019

	Note	3 month period ended		9 month period ended	
		30 Sep 2019 $'000	30 Sep 2018 $'000	30 Sep 2019 $'000	30 Sep 2018 $'000
Revenue	3	232,657	217,105	683,924	614,049
Cost of sales	4	(146,734)	(157,469)	(406,177)	(399,585)
Gross profit		**85,923**	**59,636**	**277,747**	**214,464**
Administrative expenses	5	(28,660)	(19,773)	(82,129)	(71,055)
Other income	6	1,729	1,584	4,286	2,275
Operating profit		**58,992**	**41,447**	**199,904**	**145,684**
Finance income	7	7,833	5,505	38,233	24,465
Finance costs	8	(106,822)	(49,238)	(213,900)	(191,478)
Changes in fair value through profit or loss	9	(9,293)	12,280	(2,763)	(34,470)
(Loss)/profit before taxation		**(49,290)**	**9,994**	**21,474**	**(55,799)**
Taxation	10	8,603	(2,143)	16,070	(6,157)
(Loss)/profit for the period		**(40,687)**	**7,851**	**37,544**	**(61,956)**
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Changes in fair value of available-for-sale financial assets		-	-	-	-
Exchange differences on translation		1,266	(869)	(2,537)	425
Other comprehensive income/(loss) for the period		**1,266**	**(869)**	**(2,537)**	**425**
Total comprehensive (loss)/profit for the period		**(39,421)**	**6,982**	**35,007**	**(61,531)**

As noted in the basis of preparation on page 4, the combined statements of comprehensive income include adjustments which reflect the carrying value, at 1 January 2018 and subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

COMBINED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Note	At 30 Sep 2019 $'000	At 31 Dec 2018 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	991,039	990,331
Right of use assets	12	207,025	-
Intangible assets	13	723,632	732,910
Investments		9	9
Derivative financial instruments	14	22,596	6,920
Trade and other receivables		100,689	291,959
		2,044,990	**2,022,129**
Current assets			
Inventories		49,707	15,847
Trade and other receivables		167,223	167,757
Amounts due from related parties	19	2,887	5,611
Cash and cash equivalents		327,077	288,621
		546,894	**477,836**
Total assets		**2,591,884**	**2,499,965**
LIABILITIES			
Current liabilities			
Trade and other payables		273,950	235,543
Income tax payable		3,981	10,270
Derivative financial instruments	14	488	310
Borrowings	15	5,926	111,793
Lease liabilities	16	2,883	-
Amounts due to related parties	19	1,943	1,593
Provisions for liabilities and other charges	17	4,032	4,471
		293,203	**363,980**
Non-current liabilities			
Borrowings	15	1,773,460	1,440,985
Lease liabilities	16	28,394	-
Amounts due to related parties	19	905,338	1,054,878
Provisions for liabilities and other charges	17	7,317	5,983
		2,714,509	**2,501,846**
Total liabilities		**3,007,712**	**2,865,826**
Net liabilities		**(415,828)**	**(365,861)**

As noted in the basis of preparation on page 4, the combined statement of financial position includes adjustments which reflect the carrying value, at 1 January 2018 and subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

COMBINED CASH FLOW STATEMENTS

For the three month and 9 month period ended 30 September 2019

	Note	3 month period ended 30 Sep 2019 $'000	3 month period ended 30 Sep 2018 $'000	9 month period ended 30 Sep 2019 $'000	9 month period ended 30 Sep 2018 $'000
Cash flows from operating activities					
Cash generated from operations	18	145,942	128,515	355,484	310,016
Payment for rent*		(44)	(14,942)	(565)	(53,858)
Income taxes paid		(88)	(3,926)	(4,361)	(4,209)
Net cash flows generated from operating activities		**145,810**	**109,647**	**350,558**	**251,949**
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,404)	(926)	(3,544)	(1,829)
Construction of property, plant and equipment		(22,479)	(9,538)	(42,076)	(34,773)
Payments in advance for property, plant and equipment		(16,651)	(49,025)	(59,256)	(164,392)
Purchase of software and licences		-	(247)	(94)	(1,486)
Proceeds from the sale of property, plant and equipment		918	257	1,159	729
Insurance claims received		892	1,503	3,226	1,720
Interest income received		1,325	3,511	5,511	10,732
Restricted cash transferred from other receivables		-	112,673	1,710	22,923
Net cash (used in)/generated from investing activities		**(38,399)**	**58,208**	**(93,364)**	**(166,376)**
Cash flows from financing activities					
Fees on loans and financial derivatives		(10,336)	(433)	(11,569)	(977)
Principal repayment to third parties		(1,525,780)	(8,628)	(1,543,668)	(16,365)
Principal repayment to related parties		(176,969)	(30,262)	(263,143)	(30,262)
Costs paid on early loan settlements		(22,153)	-	(22,153)	-
Proceeds received from bond issuance		1,300,000	-	1,300,000	-
Loans received from third parties		500,000	-	500,000	9,563
Loans received from related parties		35,000	-	35,000	-
Payment of lease liabilities		(8,069)	-	(38,878)	-
Refund of margin deposit for non-deliverable forwards		1,006	4,923	2,239	16,208
Foreign exchange derivative (losses paid)/gains received		(60)	-	(586)	41,358
Interest paid to third parties		(61,307)	(19,220)	(134,501)	(95,763)
Interest paid to related parties		(27,247)	(79,072)	(44,836)	(79,072)
Net cash generated from/(used in) financing activities		**4,085**	**(132,692)**	**(222,095)**	**(155,310)**
Increase in cash and cash equivalents		**111,496**	**35,163**	**35,099**	**(69,737)**
Cash and cash equivalents at beginning of the period		213,963	269,842	288,621	374,062
Exchange gains/(losses) on cash and cash equivalents		1,618	(1,235)	3,357	(555)
Cash and cash equivalents at period end		**327,077**	**303,770**	**327,077**	**303,770**

* In 2019, following the implementation of IFRS 16, payment for rent represents amounts paid on short-term leases. In 2018, it represents all rentals paid.

As noted in the basis of preparation on page 4, the combined cash flow statements include adjustments which reflect the carrying value, at 1 January 2018 and subsequent impact of the purchase price adjustments assessed on the acquisition of INT by IHS Holding Limited in 2014.

The notes are an integral part of these combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IHS Netherlands Holdco B.V. is a private Company with limited liability incorporated under the laws of the Netherlands on 12 May 2016.

The Company owns 100% of the shares in IHS Netherlands NG1 B.V., IHS Netherlands NG2 B.V. and Nigeria Tower Interco B.V. who in turn own 100%[2] of the shares in IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited (INT) respectively. IHS Netherlands Holdco B.V. therefore indirectly owns 100% of IHS Nigeria Limited and IHS Towers NG Limited and INT Towers Limited, the three main operating subsidiaries of the Company.

These unaudited interim condensed combined financial statements ("financial statements") as at and for the three month and 9 month periods ended 30 September 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). They include the combined statements of comprehensive income, the combined statement of financial position, the combined statements of cash flows, and the accompanying selected notes.

The Group is principally involved in the managing and leasing of telecommunications infrastructure to telecommunications and other service providers.

2. BASIS OF PREPARATION

These financial statements do not constitute statutory accounts. These financial statements include the combined financial information of IHSN, ITNG, NG1, NG2, IHS Netherlands FinCo NG B.V., Tower Infrastructure Company Limited, INT, Tower Interco, and the Company.

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group's audited consolidated financial statements for the year ended 31 December 2018 except for the proforma combined basis adopted to show the results as if the Group were in existence from 1 January 2018 as described in more detail on pages 4 to 5. The disclosures made in these financial statements are not complete disclosures as required by International Financial Reporting Standards "IFRS" (IAS 34).

The preparation of the unaudited condensed combined financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is the US dollar. Unless otherwise indicated, financial information presented in US dollar has been rounded to the nearest thousand.

The functional currency for IHS Nigeria Limited, IHS Towers NG Limited and INT Towers Limited is Nigerian Naira ("₦" or "NGN"). The financial statements were translated to US dollar (the reporting currency) at ₦362.02 (2018: ₦364.50) per US dollar for the combined statement of financial position, and monthly average rates ranging from ₦360.42 to ₦363.82 per US dollar (2018: ₦360.25 to ₦364.73) for the combined statements of comprehensive income and combined statements of cash flows.

2.2 ADOPTION OF IFRS 16

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Under IFRS 16, lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17. For lessees however, the standard provides a single lessee accounting model requiring lessees to recognise assets and liabilities for all leases which will result in a 'right of use' asset for the leased item and a financial liability to pay related rentals. The only exceptions are short-term and low-value leases.

As a lessor, the Group has revenue contracts with customers that contain an operating lease component for colocation revenues. Given that lessor accounting under IFRS 16 is largely unchanged, the Group did not have an accounting impact on its revenue from contracts with customers on implementing IFRS 16.

As a lessee, the Group's leases primarily comprise real estate leases. The significant majority of these are site land leases for our tower sites but the Group also holds a small number of office space leases and warehouse leases. These leases were classified as operating leases under IAS 17.

[2] Less one share in each of IHS Nigeria Limited IHS Towers NG Limited and INT Towers Limited which are held by a nominee shareholder, for local legal reasons

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.2 ADOPTION OF IFRS 16 (continued)

The Group adopted IFRS 16 prospectively from 1 January 2019 using the modified retrospective approach, which does not require restatement of prior periods and therefore the results for the 9 months ended 30 September 2019 include the impact of IFRS 16. The period 1 January 2018 to 31 December 2018 is stated under the previous lease standard, IAS 17, and does not include the impact of IFRS 16 application. The actual impact on the results for the 9 months ended 30 September 2019 is detailed on page 8.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e. < 12 months) and leases of low-value assets (i.e. < US$5,000).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using a relevant incremental borrowing rate (based on the related risks of each country and the lease term) at the start of the contract.

2.3 APPROVAL

These interim condensed combined financial statements were authorised and approved for issue on 12 November 2019.

3. REVENUE

The Group's revenue accrues primarily from providing telecommunication support services. The Group provides services in respect of telecommunication towers ranging from infrastructure sharing and leasing (colocation) and managed services. For the sale of colocation and managed services, revenue is recognised in the accounting period in which the services are rendered.

4. COST OF SALES BY NATURE

	3 month period ended		**9 month period ended**	
	30 Sep 2019 $'000	30 Sep 2018 $'000	**30 Sep 2019 $'000**	30 Sep 2018 $'000
Tower repairs and maintenance	12,259	11,533	35,573	35,180
Power generation	47,382	40,205	134,777	110,424
Regulatory permits	2,332	5,983	6,847	22,201
Site rent*	1,113	6,850	1,655	19,809
Security services	5,608	5,135	16,676	15,532
Staff costs	3,706	3,235	10,661	8,979
Depreciation* and amortisation	64,110	81,346	182,133	180,025
Impairment of property, plant and equipment	6,701	1,477	9,154	3,659
Impairment of prepaid land rent	-	152	39	265
Other expenses†	3,523	1,553	8,662	3,511
	146,734	**157,469**	**406,177**	**399,585**

* In the 9 month period ended 30 September 2019, rent is decreased by $20.9m and depreciation increased by $19.4m as a result of applying IFRS 16.

† Other expenses include non-site rent, vehicle maintenance and repairs, insurance, travel and logistics costs, professional fees and other sundry costs.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. ADMINISTRATIVE EXPENSES

	3 month period ended		9 month period ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
Staff costs	5,412	4,518	16,200	13,893
Rent	601	220	1,657	850
Repairs and maintenance	669	787	2,027	2,752
Travel cost	777	484	1,969	1,484
Professional fees	1,357	536	2,767	2,338
Depreciation and amortisation	223	145	629	588
Impairment of withholding tax assets	13,729	7,854	39,666	24,704
Loss on disposal of property, plant and equipment	2,181	74	3,394	471
Other expenses	3,711	5,155	13,820	23,975
	28,660	**19,773**	**82,129**	**71,055**

Included in 'Other expenses' for the 9 month periods ended 30 September 2019 and 2018 are allowances for doubtful debts of $9.8m and $11.5m respectively.

6. OTHER INCOME

Other income for the three month and 9 month periods ended 30 September 2019 is mainly comprised of income from insurance claims of $0.9m and $3.2m respectively and income from disposal of property, plant and equipment of $0.8m and $1.1m respectively.

7. FINANCE INCOME

	3 month period ended		9 month period ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
Interest income - bank deposits	1,325	3,511	5,511	10,732
Foreign exchange gain from non-deliverable forward exchange contracts	526	-	545	271
Foreign exchange gain arising from financing	5,982	1,994	32,177	13,462
	7,833	**5,505**	**38,233**	**24,465**

8. FINANCE COSTS

	3 month period ended		9 month period ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
Interest expense	54,499	30,130	154,354	153,329
Costs paid on early settlement of bonds	22,153	-	22,153	-
Immediate amortisation of unamortised loan and bond facility fees	10,481	-	10,481	-
Interest on lease liabilities	1,173	-	3,884	-
Foreign exchange loss from non-deliverable forward exchange contracts	105	-	1,104	856
Foreign exchange loss arising from financing	17,941	18,675	20,750	36,316
Fees on loans and financial derivatives	470	433	1,174	977
	106,822	**49,238**	**213,900**	**191,478**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. CHANGES IN FAIR VALUE THROUGH THE PROFIT AND LOSS

	3 month period ended		**9 month period ended**	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
Embedded derivatives in bond – change in fair value	(9,293)	12,280	(2,763)	(34,470)
	(9,293)	**12,280**	**(2,763)**	**(34,470)**

10. TAXATION

	3 month period ended		**6 month period ended**	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
Company income tax	7,051	(1,118)	15,233	(3,361)
Education tax	1,552	(1,035)	845	(2,796)
Capital gains tax	-	10	(8)	-
	8,603	**(2,143)**	**16,070**	**(6,157)**

ITNG and IHSN have assessed losses resulting from realised foreign exchange on the settlement of the 2021 Notes which fully offset taxable income generated in the current period. IHSN has assessed losses which were partially utilised against income tax expense for the prior year and this gave rise to a prior year over provision adjustment in IHSN of $16.8m. All entities have unutilised capital allowances, which partially offset their taxable income to date in 2019.

The income tax expense for the current period includes a small income tax charge for IHS Netherlands Holdco B.V. and charges for current income tax and education tax for ITNG, in so far as this is related to its subsidiary, Tower Infrastructure Company Limited (TICL), which does not have assessed losses or withholding tax credits which it can offset against taxable income.

INT is still subject to Pioneer status and therefore pays tax equal to 1% of Pioneer income, resulting in a combined corporation and education tax charge of $0.6m for the 9 month period to 30 September 2019.

The education tax charge represents a 2% charge on the taxable profits of IHSN, ITNG and INT, before the application of any assessed losses brought forward. Deferred tax assets continue to exceed liabilities and to be recognised to the level of deferred tax liabilities, yielding nil deferred tax expense or income for the period.

11. NON-IFRS PERFORMANCE MEASURES RECONCILIATIONS

Reconciliation of loss for the period to Adjusted EBITDA	**3 month period ended**		**9 month period ended**	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
(Loss)/profit for the period	(40,687)	7,851	37,544	(61,956)
Add back:				
Tax (credit)/charge	(8,603)	2,143	(16,070)	6,157
Change in fair value through the profit or loss	9,293	(12,280)	2,763	34,470
Finance costs	106,822	49,238	213,900	191,478
Finance income	(7,833)	(5,505)	(38,233)	(24,465)
Depreciation and amortisation	64,333	81,491	182,762	180,613
Impairment of property, plant and equipment and prepaid land rent	6,701	1,629	9,193	3,924
Net loss/(profit) on disposal of property, plant and equipment	1,349	(7)	2,341	(78)
Impairment of withholding tax assets	13,729	7,854	39,666	24,704
Adjusted EBITDA	**145,104**	**132,414**	**433,866**	**354,847**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Tower equipment $'000	Land and buildings $'000	Leasehold Assets $'000	Furniture and office equipment $'000	Motor Vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost							
At 1 January 2018	1,319,950	36,235	-	7,355	8,667	54,981	1,427,188
Additions during the period	(5,401)	1,035	-	1,530	839	59,779	57,782
Disposals*	(33,359)	(252)	-	(25)	(24)	-	(33,660)
Transfers from/(to) advanced payments	194,730	1,603	-	-	-	(278)	196,055
Reclassifications	23,254	8,460	-	548	-	(33,679)	(1,417)
Effect of movement in exchange rates	(17,741)	(532)	-	(101)	(106)	(424)	(18,904)
At 31 December 2018	**1,481,433**	**46,549**	**-**	**9,307**	**9,376**	**80,379**	**1,627,044**
At 1 January 2019	**1,481,433**	**46,549**	**-**	**9,307**	**9,376**	**80,379**	**1,627,044**
Additions during the period	**874**	**545**	**225,475**	**1,452**	**733**	**30,546**	**259,625**
Disposals	**(96,178)**	**-**	**(486)**	**(17)**	**-**	**-**	**(96,681)**
Transfers from/(to) advanced payments	**123,182**	**1**	**-**	**-**	**-**	**(1,299)**	**121,884**
Reclassifications	**25,513**	**331**	**-**	**-**	**-**	**(25,862)**	**(18)**
Effect of movement in exchange rates	**9,824**	**319**	**1,067**	**66**	**65**	**127**	**11,468**
At 30 September 2019	**1,544,648**	**47,745**	**226,056**	**10,808**	**10,174**	**83,891**	**1,923,322**
Accumulated depreciation							
At 1 January 2018	(455,811)	(818)	-	(5,853)	(6,122)	-	(468,604)
Charge for the period	(198,341)	(245)	-	(1,624)	(1,416)	-	(201,626)
Disposals	31,260	253	-	23	22	-	31,558
Impairment	(5,241)	(13)	-	-	-	-	(5,254)
Effect of movement in exchange rates	7,036	8	-	84	85	-	7,213
At 31 December 2018	**(621,097)**	**(815)**	**-**	**(7,370)**	**(7,431)**	**-**	**(636,713)**
At 1 January 2019	**(621,097)**	**(815)**	**-**	**(7,370)**	**(7,431)**	**-**	**(636,713)**
Charge for the period	**(146,862)**	**(238)**	**(19,435)**	**(850)**	**(969)**	**-**	**(168,354)**
Disposals	**92,680**	**-**	**383**	**15**	**-**	**-**	**93,078**
Impairment	**(9,154)**	**-**	**-**	**-**	**-**	**-**	**(9,154)**
Effect of movement in exchange rates	**(4,031)**	**(5)**	**21**	**(50)**	**(50)**	**-**	**(4,115)**
At 30 September 2019	**(688,464)**	**(1,058)**	**(19,031)**	**(8,255)**	**(8,450)**	**-**	**(725,258)**
Net book value							
At 31 December 2018	860,336	45,734	-	1,937	1,945	80,379	990,331
At 30 September 2019	**856,184**	**46,687**	**207,025**	**2,553**	**1,724**	**83,891**	**1,198,064**

Property, plant and equipment assets include adjustments to reflect the purchase price adjustments assessed on the inclusion of Nigeria Tower Interco and INT in the Restricted Group from 1 January 2018 (see basis of preparation on page 4).

*Included in the disposal of tower equipment for the year ended 31 December 2018 is the impact of the utilisation of decommissioning provision which was settled through exchange of the assets disposed of. This amounts to $4.9m.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	Goodwill $'000	Software and licences $'000	Customer related intangible assets $'000	Network related intangible assets $'000	Total $'000
Cost					
At 1 January 2018	383,524	6,279	381,039	35,249	806,091
Additions during the period	-	1,495	-	-	1,495
Effect of movement in exchange rates	(4,452)	(93)	(4,705)	(435)	(9,685)
At 31 December 2018	**379,072**	**7,681**	**376,334**	**34,814**	**797,901**
At 1 January 2019	379,072	7,681	376,334	34,814	797,901
Additions during the period	-	94	-	-	94
Effect of movement in exchange rates	2,597	52	2,579	239	5,467
At 30 September 2019	**381,669**	**7,827**	**378,913**	**35,053**	**803,462**
Accumulated amortisation					
At 1 January 2018	-	(3,284)	(34,608)	(7,151)	(45,043)
Charge for the period	-	(2,851)	(15,367)	(2,435)	(20,653)
Effect of movement in exchange rates	-	63	535	107	705
At 31 December 2018	**-**	**(6,072)**	**(49,440)**	**(9,479)**	**(64,991)**
At 1 January 2019	-	(6,072)	(49,440)	(9,479)	(64,991)
Charge for the period	-	(1,113)	(11,535)	(1,760)	(14,408)
Effect of movement in exchange rates	-	(41)	(326)	(64)	(431)
At 30 September 2019	**-**	**(7,226)**	**(61,301)**	**(11,303)**	**(79,830)**
Net book value					
At 31 December 2018	379,072	1,609	326,894	25,335	732,910
At 30 September 2019	**381,669**	**601**	**317,612**	**23,750**	**723,632**

Intangible assets include adjustments to reflect the purchase price adjustments assessed on the inclusion of Nigeria Tower Interco and INT in the Restricted Group from 1 January 2018 (see basis of preparation on page 4).

14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 Sep 2019	31 Dec 2018
	$'000	$'000
Current		
Non-deliverable forward exchange contracts	(488)	(310)
Non-current		
Embedded derivatives within listed bonds	22,596	6,920
	22,108	**6,610**

The embedded derivatives at 30 September 2019 represent the fair value of the put and call options embedded within the terms of the 2025 Notes and 2027 Notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (18 March 2025 and 18 September 2027 respectively), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to call the 2025 Notes and 2027 Notes before their redemption date in the event of a change in control (as defined in the terms of the 2025 Notes and the 2027 Notes, which also includes a major asset sale), and at a premium over the initial notional amount.

As at reporting date, the 2025 Notes and 2027 Notes call options had fair values of $6.8m (asset) and $20.8m (asset) respectively while the 2025 Notes and 2027 Notes put options had fair values of $1.5 million (liability) and $3.5m (liability) respectively, net $5.3 million (asset) and $17.3m (asset) respectively.

At 31 December 2018 the embedded derivatives represent the same call and put options within the Holdco Notes with the call option fair value of $8.5 million (asset) and the put option fair value of $1.6 million (liability); net $6.9 million (asset). The Holdco Notes were fully redeemed on 28 October 2019 and no longer remain outstanding.

The non-deliverable forward exchange contracts (NDFs) give IHS the right to purchase US dollars at a future date at an agreed fixed exchange rate; these are measured at fair value. As at the reporting date, the Group had NDF liabilities carried at $0.5 million (liabilities) (31 December 2018: $0.3 million liabilities)).

15. BORROWINGS

	30 Sep 2019	31 Dec 2018
	$'000	$'000
Current		
Bank borrowings	2,368	84,716
Bond borrowings	3,558	27,077
	5,926	**111,793**
Non-current		
Bank borrowings	491,236	652,267
Bond borrowings	1,282,224	788,718
	1,773,460	**1,440,985**
Total third party borrowings	**1,779,386**	**1,552,778**
Subordinated shareholder loans (note 19)	905,338	1,054,878
All borrowings	**2,684,724**	**2,607,656**

Bank borrowings

Bank borrowings referred to above have been granted pursuant to a senior credit facilities agreement entered into on the 3 September 2019 (the “Senior Credit Facilities”) which include a Naira and a USD tranche (the “NGN Tranche” and the “USD Tranche”) for which IHSN, ITNG and INT are joint borrowers and guarantors. The NGN Tranche has an original principal amount of ₦141.3 billion provided by a consortium of lenders, has a five-year term, was issued at NIBOR plus a 2.5% margin and is due to be repaid in full by September 2024. The USD Tranche has an original principal amount of USD110.0 million provided by a consortium of lenders, has a five-year term, was issued at Libor plus a 4.25% margin and is due to be repaid in full by September 2024.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. BORROWINGS (continued)

Bank borrowings (continued)

As at 30 September 2019, the NGN credit facility previously held by IHSN and which had an outstanding balance of ₦25.0 billion at 30 June 2019 (31 Dec 2018: ₦29.0 billion), was fully repaid with the proceeds of the Senior Credit Facilities.

Prior to repayment, the facility accrued interest at an annual interest rate of NIBOR plus a 2.5% payable quarterly in arrear and was due to be repaid in full by December 2021.

Bond borrowings

IHS Netherlands Holdco B.V.

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the “Holdco Notes”) under a Senior Notes Indenture dated 27 October 2016 between, *inter alios*, the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, Tower Infrastructure Company Limited, and IHS Towers Netherlands FinCo NG B.V.) and the Trustee (Citibank N.A., London branch). The Holdco Notes were fully redeemed on 28 October 2019 and are no longer outstanding.

IHS Netherlands Holdco B.V. issued $500 million 7.125% Senior Notes due 2025 (the “2025 Notes”) and $800 million 8.0% Senior Notes due 2027 (the “2027 Notes”) pursuant to a Senior Notes Indenture dated 18 September 2019 between, *inter alios,* the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, INT Towers Limited and Nigeria Tower Interco B.V) and the Trustee (Citibank N.A., London branch). The 2025 Notes and 2027 Notes are listed on The International Stock Exchange (TISE).

The 2025 Notes and 2027 Notes have a tenor of five and a half years and eight years respectively, from the relevant date of issue, interest is payable semi-annually in arrear and the principal is repayable in full on maturity.

The 2025 Notes and 2027 Notes have early redemption features whereby IHS Netherlands Holdco B.V. has the right to redeem the relevant notes before the maturity date, and the holders hold a right to request the early settlement of the Notes, in certain circumstances. The values of the respective call and put options are disclosed in note 14.

IHS Towers Netherlands FinCo NG B.V.

The original $250 million 8.375% Guaranteed Senior Notes due 2019 (the “FinCo Notes”) issued by IHS Towers Netherlands FinCo NG B.V have all been fully repaid at maturity on 15 July 2019. Prior to repayment, during the current and comparative periods covered by these financial statements, an aggregate principal amount of $13.065 million remained outstanding and accrued interest at an annual interest rate of 8.375% payable semi-annually in arrear on 15 January and 15 July.

Subordinated shareholder loans

As at 30 September 2019, the Group had loans from IHS Holding Limited and IHS Netherlands (Interco) Coöperatief U.A. with principal values (including capitalised interest) of $799.5m and $105.0m respectively (31 December 2018: $1,013.7m and $141.6m respectively).

Contractual maturities

As at 30 September 2019, the contractual maturities of the Group’s borrowings were as follows:

	Carrying value $'000	Total contractual cash flows $'000	Less than 1 year $'000	Between 2 and 3 years $'000	Between 4 and 5 years $'000	Over 5 years $'000
Bank borrowings	493,604	751,393	66,118	278,920	406,355	-
Bond borrowings	1,285,782	2,007,937	99,625	199,250	199,250	1,509,812
Subordinated shareholder loans	905,338	1,930,679	-	-	-	1,930,679
	2,684,724	**4,690,009**	**165,743**	**478,170**	**605,605**	**3,440,491**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. LEASE LIABILITIES

	30 Sep 2019 $'000	31 Dec 2018 $'000
Current	2,883	-
Non-current	28,394	-
Total lease liabilities	**31,277**	**-**

Lease liabilities represent the net present value of future payments due under long term land leases for leasehold land on which our towers are located and for other leasehold assets such as warehouses and offices. During the 9 month period to 30 September 2019, payments to the value of $38.9m (2018: nil) were made in respect of recognised lease liabilities. These lease liabilities are unwound using discount rates which represent the credit risk of the lessee entity and the length of the lease agreement.

17. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

	30 Sep 2019 $'000	31 Dec 2018 $'000
Current	4,032	4,471
Non-current	7,317	5,983
Total decommissioning provision	**11,349**	**10,454**

The provision is for decommissioning and relates to the probable obligation that the Group may incur on the leased land on which its tower equipment is constructed. The amount is recognised initially at the present value of the estimate of the amount that will be required to decommission and restore the leased sites to the original states, discounted using the effective borrowing rate of the Group. The amount provided for each site has been discounted based on the respective lease terms attached to each site.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. CASH GENERATED FROM OPERATIONS

Reconciliation:	3 month period ended		9 month period ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
	$'000	$'000	**$'000**	$'000
(Loss)/profit before taxation	**(49,290)**	**9,994**	**21,474**	**(55,799)**
Adjusted for:				
Depreciation of property, plant and equipment	59,724	76,451	168,354	164,962
Impairment of property, plant and equipment	6,701	1,477	9,154	3,659
Amortisation of intangible assets	4,609	5,040	14,408	15,651
Impairment of prepaid land rent	-	152	39	265
Amortisation of prepaid land rent	621	6,699	910	19,504
Loss on sale of property, plant and equipment	1,681	65	2,894	403
Impairment of receivables	2,350	3,724	9,822	11,463
Impairment of inventory	-	-	-	862
Impairment of withholding tax assets	13,729	7,854	39,666	24,704
Finance costs	106,822	49,238	213,900	191,478
Fair value loss/(gain) through profit or loss	9,293	(12,280)	2,763	34,470
Finance income	(7,833)	(5,505)	(38,233)	(24,465)
Gain on sale of property, plant and equipment	(332)	(72)	(553)	(481)
Insurance claims income	(893)	(1,503)	(3,226)	(1,720)
Operating profit before working capital changes	**147,182**	**141,334**	**441,372**	**384,956**
(Increase)/decrease in inventories	(377)	(5,984)	(33,707)	(1,243)
(Increase)/decrease in trade and other receivables (excluding prepaid rent)	(15,530)	52,205	(39,922)	(83,390)
Increase/(decrease) in trade and other payables	16,096	(58,674)	(15,886)	8,663
(Increase)/decrease in net amounts due from related parties	(1,429)	(366)	3,627	1,030
Net working capital changes	**(1,240)**	**(12,819)**	**(85,888)**	**(74,940)**
Cash generated from operations	**145,942**	**128,515**	**355,484**	**310,016**

19. RELATED PARTY TRANSACTIONS

	30 Sep 2019	31 Dec 2018
Current	**$'000**	$'000
Amounts due from:		
IHS Holding Limited	1,176	3,907
Global Independent Connect Limited	1,381	1,373
IHS Netherlands (Interco) Coöperatief U.A.	330	331
	2,887	**5,611**
Amounts due to:		
IHS Holding Limited	1,887	1,540
IHS Netherlands (Interco) Coöperatief U.A.	56	53
	1,943	**1,593**
Non-current		
Amounts due to:		
IHS Holding Limited	800,232	870,400
IHS Netherlands (Interco) Coöperatief U.A.	105,106	184,478
	905,338	**1,054,878**

Non-current amounts due to IHS Holding Limited represent shareholder loans as disclosed in note 15.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had contractual, non-cancellable capital commitments of $133.6m for full turnkey site build and upgrade of existing sites as at 30 September 2019.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to determine on a case by case basis whether a loss from each of these matters is probable, possible or remote.

The Group's contingent liabilities in respect of litigations and claims amounted to $2.6m at the end of the reporting period. Based on legal advice received, the Group's liability is not likely to crystallise, thus no provisions have been made in these financial statements.

21. EVENTS AFTER THE REPORTING PERIOD

The Group repaid $190.2m of subordinated shareholder loans between 1 October 2019 and 12 November 2019. This is part of the intended upstreaming described in the offering memorandum relating to the 2025 Notes and 2027 Notes.

There were no other disclosable events after the reporting period.

NON-IFRS MEASURES AND GLOSSARY

Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures are used by Group management to monitor the underlying performance of the business and the operations. Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures as reported by us to Adjusted EBITDA, Adjusted EBITDA margin and other non-IFRS financial measures as reported by other companies. Adjusted EBITDA, Adjusted EBITDA margin and the other non-IFRS financial measures described in this document are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of any regulatory authority and will not be subject to review by a regulatory authority; compliance with such requirements may require us to make changes to the presentation of this information.

Adjusted EBITDA: Profit or loss for the period excluding the impact of finance income, finance cost, fair value through profit or loss, depreciation and amortization, impairments of fixed assets and land rent, profit or loss on disposal of assets, share-based payment expense, and provision for or benefit from income taxes, less other income plus other expenditures that management considers sufficiently large and unusual as to distort comparisons from one period to the next. Adjusted EBITDA is a component of the calculation that has been used by our lenders to determine compliance with certain covenants under our debt facilities. Adjusted EBITDA is not intended to be an alternative measure of operating income or gross profit margin as determined in accordance with IFRS.

Adjusted EBITDA margin: Adjusted EBITDA divided by revenue, expressed as a percentage.

Capital expenditure (“Capex”): the additions of property, plant and equipment (including advance payments for such additions) and the purchase of software, as presented in the statement of cash flows.

Colocation Rate: Refers to the average number of tenants per tower that is owned or operated across a tower portfolio at a given point in time, excluding managed services.

Consolidated Net Leverage: Aggregate outstanding net indebtedness on a consolidated basis (excluding subordinated shareholder debt).

Consolidated Net Leverage Ratio: Ratio of Consolidated Net Leverage to LTM Adjusted EBITDA

Group: IHS Netherlands Holdco B.V. and each of its direct and indirect subsidiaries.

Lease Amendments: Refers to the installation of additional equipment on a site or the provision of ancillary services for an existing tenant.

Gross Debt: Borrowings as stated on the statement of financial position plus lease liabilities as stated on the statement of financial position.

LTM Adjusted EBITDA: Adjusted EBITDA for the last twelve months

Net Debt: Gross debt less cash and cash equivalents at a stated statement of financial position date.

Tenants: Refers to the number of distinct customers that have leased space on each tower that we own across our portfolio.

Towers: Refers to ground-based towers, in-building solutions, rooftop and wall-mounted towers and cells-on-wheels, each of which are constructed to support wireless transmission equipment. We measure the number of Towers in our portfolio at a given time by counting the number of Towers that we own or operate with at least one Tenant. The number of Towers in our portfolio excludes any towers for which we provide managed services.

SUMMARY OF UNAUDITED QUARTERLY RESULTS

For 2019 as reported (incorporating IFRS 16 application)

For the respective quarters ended:

Statement of profit or loss	**As reported 30 Sep 2019 $'000**	**As reported 30 Jun 2019 $'000**	**As reported 31 Mar 2019 $'000**
Revenue	**232,657**	**225,273**	**225,994**
Cost of sales	(146,734)	(132,444)	(126,999)
Gross profit	**85,923**	**92,829**	**98,995**
Administrative expenses	(28,660)	(35,657)	(17,812)
Other income	1,729	2,330	227
Operating profit	**58,992**	**59,502**	**81,410**
Finance income	7,833	2,428	27,972
Finance cost	(106,822)	(54,468)	(52,610)
Changes in fair value though profit or loss	(9,293)	3,221	3,309
(Loss)/profit before taxation	**(49,290)**	**10,683**	**60,081**
Taxation	8,603	13,533	(6,066)
(Loss)/profit for the period	**(40,687)**	**24,216**	**54,015**
Adjusted EBITDA reconciliation:			
(Loss)/profit for the period	**(40,687)**	**24,216**	**54,015**
Add back:			
Tax (benefit)/charge	(8,603)	(13,533)	6,066
Changes in fair value though profit or loss	9,293	(3,221)	(3,309)
Finance cost	106,822	54,468	52,610
Finance income	(7,833)	(2,428)	(27,972)
Depreciation and amortisation	64,333	61,358	57,071
Impairment of property, plant and equipment and prepaid land rent	6,701	2,492	-
Net loss/(profit) on disposal of property, plant and equipment	1,349	1,209	(217)
Impairment of withholding tax receivable	13,729	21,620	4,317
Other one-off items	-	-	-
Adjusted EBITDA	**145,104**	**146,181**	**142,581**
Adjusted EBITDA margin	62.4%	64.9%	63.1%
Capital expenditure in quarter:			
Purchase of property, plant and equipment	(2,404)	(616)	(524)
Construction of property, plant and equipment	(22,479)	(9,991)	(9,606)
Purchase of software and licences	-	-	(94)
Advance payments for property, plant and equipment	(16,651)	(36,731)	(5,874)
Total capital expenditure	**(41,534)**	**(47,338)**	**(16,098)**

SUMMARY OF UNAUDITED QUARTERLY RESULTS – EXCLUDING IFRS 16

For 2019, excluding the impact of IFRS 16 and for Q4 2018 as reported

For the respective quarters ended:

	Excluding IFRS 16 30 Sep 2019 $'000	Excluding IFRS 16 30 Jun 2019 $'000	Excluding IFRS 16 31 Mar 2019 $'000	As reported 31 Dec 2018 $'000
Statement of profit or loss				
Revenue	**232,657**	**225,273**	**225,994**	**238,680**
Cost of sales	(146,868)	(133,176)	(127,591)	(133,974)
Gross profit	**85,789**	**92,097**	**98,403**	**104,706**
Administrative expenses	(28,662)	(35,657)	(17,812)	(44,971)
Other income	1,710	2,330	227	398
Operating profit	**58,837**	**58,770**	**80,818**	**60,133**
Finance income	7,833	2,428	27,972	9,997
Finance cost	(105,649)	(53,300)	(51,067)	(45,588)
Changes in fair value though profit or loss	(9,293)	3,221	3,309	2,360
(Loss)/profit before taxation	**(48,272)**	**11,119**	**61,032**	**26,902**
Taxation	8,603	13,533	(6,066)	(26,189)
(Loss)/profit for the period	**(39,669)**	**24,652**	**54,966**	**713**
Adjusted EBITDA reconciliation:				
(Loss)/profit for the period	**(39,669)**	**24,652**	**54,966**	**713**
Add back:				
Tax (benefit)/charge	(8,603)	(13,533)	6,066	26,189
Changes in fair value though profit or loss	9,293	(3,221)	(3,309)	(2,360)
Finance cost	105,649	53,300	51,067	45,588
Finance income	(7,833)	(2,428)	(27,972)	(9,997)
Depreciation and amortisation	57,794	54,956	50,577	41,666
Impairment of property, plant and equipment and prepaid land rent	6,701	2,492	-	1,642
Net loss/(profit) on disposal of property, plant and equipment	1,368	1,209	(217)	922
Impairment/(reversal of impairment) of withholding tax receivable	13,729	21,620	4,317	(12,512)
Other one-off items*	-	-	-	43,921
Adjusted EBITDA	**138,429**	**139,047**	**135,495**	**135,772**
Adjusted EBITDA margin	59.5%	61.7%	60.0%	56.9%
Capital expenditure in quarter:				
Purchase of property, plant and equipment	(2,404)	(616)	(524)	(1,162)
Construction of property, plant and equipment	(22,479)	(9,991)	(9,606)	(21,082)
Purchase of software and licences	-	-	(94)	(9)
Advance payments for property, plant and equipment	(16,651)	(36,731)	(5,874)	(56,118)
Total capital expenditure	**(41,534)**	**(47,338)**	**(16,098)**	**(78,371)**

*One-off items for the three months ended 31 Dec 2018 includes an increase in the impairment provision for overdue trade accounts receivables treated as exceptional given its size and incidence.