

## **1. Background Information Cellular market in RSA**

The cellular market in South Africa is one of the fastest developing in the world. Business Monitor International's (BMI) Market Analysis of the SA Telecoms market at the end of Quarter 2, 2014, found the following:

- Market penetration of mobile subscribers have reached 139% and is still growing;
- Mobile Network Operators (MNOs) such as Vodacom, MTN and Cell-C, are seeing a surge in data traffic putting strains on their existing network infrastructure;
- More sites will be required by MNO's as they try to keep up with data demand

As the demand for data increases, the MNOs need to erect more Cellular Telecommunication Base Stations (hereafter referred to as cellular towers) to try to keep up with the demand. The high surge in data traffic is already a strain on the existing network infrastructure. To put this into perspective, there are currently estimated 24,000 cellular towers in South Africa and it is anticipated that this number will increase to 74,000 by 2021.

## **2. Atlas Tower**

Atlas Tower is a rapidly growing, organic tower company, that operates in the USA, South Africa, Kenya and Botswana. Atlas Tower started its US operations in 2007 and expanded into Africa in 2014. Atlas Tower owns and operates over 850 communication towers worldwide. Currently, Atlas Tower is the fastest growing tower company in South Africa and Winner of the 2016 TowerXchange Industry Award for best Build-To-Suit Towerco and 2017 Infrastructure Company of the Year.

Atlas Tower builds today's towers for the complex needs of tomorrow's networks. We have developed, built, owned, and operated communication sites from MTN, CellC, Vodacom, Neotel, Telkom, ATT, Verizon, US Cellular, T-Mobile, Sprint, and others. We do so with the clear objective to meet our tenant's aggressive on-air schedules, hire the market's leading professionals, quickly solve complex developmental challenges with innovative thinking and utilize the highest integrity in customer service.

In South Africa we have established 4 offices with a professional staff of 52 and growing. This modest size combined with a manager-owned structure, facilitates nimble operations and simple office processes resulting in high-speed tower development. We use thoughtful and strategic siting methodologies, coupled with a quick lease process to turn a nominal into a tower in record time.

Our Management team has a combined 88 years of network development and specifically carrier neutral, tower ownership experience. Our performance and service level delivery is the reason network managers have repeatedly chosen to work with Atlas since its inception, 2007. Unlike other towercos, Atlas Tower is a local start-up company that has quickly become the largest organic tower owner in South Africa.

Atlas Tower's portfolio has been built up over the past 4 years, where 90% of our assets are built by us and the balance is obtained through M&A's. The lease up ratio (number of tenants per cellular tower) currently sits at  $\pm 2$  with an average cellular tower age of 12 months.

We believe this lease up ratio is a testament to Atlas Tower's ability to cater to all mobile network operators and internet service provider (ISP's) needs. The MNO's need the best networks, at record speeds to compete for subscribers. We understand this need and run a little faster building infrastructure quickly.

## 2.1 Infrastructure sharing/colocation

The core business of Atlas Tower is infrastructure sharing/colocation. Colocation refers to more than one MNO (mobile network operator) establishing on a cellular tower, thus one cellular tower can be shared by up to 4 MNOs. The major operators

across Africa have all realized that tower sharing is now an essential strategy to reduce their operation costs and refocus on their customer service offerings.

### **3. Need and desirability**

Over the years, cellular communication has changed from merely being a convenience to being essential for business and communication purposes, including for emergency and safety purposes.

The proposed development will increase the level of coverage and capacity to all consumers in the catchment area which will benefit the community by having access to improved internet connection and communication facilities and services. It is important to note that as the proposed cellular tower is built specifically to accommodate more than one operator through co-location/sharing, all cellular users will benefit from the proposed development and not only those using a specific cellular operator.

Investment in telecommunications networks not only facilitates economic trade in goods, by bringing together buyers and sellers, but more importantly, also promotes trade in services upon which modern economies are built.