AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2019 and 2018

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Report of Independent Registered Public Accounting Firm

To the Members
AP WIP Investments, LLC and Subsidiaries:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AP WIP Investments, LLC and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, members' deficit, and cash flows for each of the years in the two-year period ended December 31, 2019 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

Changes in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Update 2016-02, Leases (Topic 842).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the Company's auditor since 2010.

Philadelphia, Pennsylvania
May 8, 2020

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands)

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	$ 62,892	$ 13,746
Restricted cash	1,140	1,076
Trade receivables, net	7,578	5,863
Prepaid expenses and other current assets	9,199	7,341
Total current assets	80,809	28,026
Real property interests, net:		
Right-of-use assets - finance leases, net	80,498	-
Cell site leasehold interests, net	346,662	352,673
Real property interests, net	427,160	352,673
Intangible assets, net	2,848	2,279
Property and equipment, net	1,095	1,147
Deferred tax asset	991	421
Restricted cash, long-term	14,014	86,592
Other long-term assets	5,892	1,222
Total assets	$ 532,809	$ 472,360
Liabilities and Members' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,786	$ 13,813
Rent received in advance	13,856	11,290
Finance lease liabilities, current	5,749	-
Cell site leasehold interest liabilities, current	8,379	11,856
Current portion of long-term debt, net of deferred financing costs	48,884	-
Total current liabilities	99,654	36,959
Finance lease liabilities	10,451	-
Cell site leasehold interest liabilities	8,462	14,698
Long-term debt, net of deferred financing costs	524,047	493,866
Other long-term liabilities	5,531	4,711
Total liabilities	648,145	550,234
Commitments and contingencies		
Members' deficit:		
Class A units	33,672	33,672
Common units	85,347	85,347
Accumulated deficit	(208,883)	(170,517)
Accumulated other comprehensive loss	(25,472)	(26,376)
Total members' deficit	(115,336)	(77,874)
Total liabilities and members' deficit	$ 532,809	$ 472,360

See accompanying notes to consolidated financial statements.

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Statements of Operations

(in thousands)

	Year Ended December 31,	
	2019	2018
Revenue	$ 55,706	$ 46,406
Cost of service	326	233
Gross profit	55,380	46,173
Operating expenses:		
Selling, general and administrative	36,783	27,891
Management incentive plan	893	5,241
Amortization and depreciation	19,132	29,170
Impairment - decommission of cell sites	2,570	271
Total operating expenses	59,378	62,573
Operating loss	(3,998)	(16,400)
Other (expense) income:		
Realized and unrealized (loss) gain on foreign currency debt	(6,118)	13,836
Interest expense, net	(32,038)	(27,811)
Other income (expense), net	177	(2,468)
Total other expense, net	(37,979)	(16,443)
Loss before income tax expense	(41,977)	(32,843)
Income tax expense	2,468	2,833
Net loss	$ (44,445)	$ (35,676)

See accompanying notes to consolidated financial statements.

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss

(in thousands)

	Year Ended December 31,	
	2019	2018
Net loss	$ (44,445)	$ (35,676)
Other comprehensive loss:		
Foreign currency translation adjustment	904	(14,769)
Comprehensive loss	$ (43,541)	$ (50,445)

See accompanying notes to consolidated financial statements.

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Statements of Members' Deficit

(in thousands)

	Class A units		Common units				
	Units	**Amount**	**Units**	**Amount**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Members' deficit**
Balance at January 1, 2018	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (134,841)	$ (11,607)	$ (27,429)
Foreign currency translation adjustment	-	-	-	-	-	(14,769)	(14,769)
Net loss	-	-	-	-	(35,676)	-	(35,676)
Balance at December 31, 2018	4,003,603	33,672	20,000,000	85,347	(170,517)	(26,376)	(77,874)
Consolidation of variable interest entity	-	-	-	-	6,079	-	6,079
Foreign currency translation adjustment	-	-	-	-	-	904	904
Net loss	-	-	-	-	(44,445)	-	(44,445)
Balance at December 31, 2019	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (208,883)	$ (25,472)	$ (115,336)

See accompanying notes to consolidated financial statements.

AP WIP INVESTMENTS, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(in thousands)

	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities:		
Net loss	$ (44,445)	$ (35,676)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	19,132	29,170
Amortization of finance lease and cell site leasehold interest liabilities discount	2,097	1,943
Impairment - decommission of cell sites	2,570	271
Unrealized gain (loss) on foreign currency debt	6,118	(13,836)
Amortization of deferred financing costs	2,920	2,098
Provision for bad debt expense	761	-
Deferred income taxes	(570)	(372)
Change in assets and liabilities:		
Trade receivables, net	(2,492)	(4,046)
Prepaid expenses and other assets	(6,428)	(765)
Related party receivable	-	629
Accounts payable, accrued expenses, and other long-term liabilities	11,228	7,625
Rent received in advance	2,520	2,305
Net cash used in operating activities	(6,589)	(10,654)
Cash flows from investing activities:		
Investments in real property interests and related intangible assets	(78,052)	(67,146)
Consolidation of variable interest entity	4,457	-
Purchases of property and equipment	(317)	(892)
Net cash used in investing activities	(73,912)	(68,038)
Cash flows from financing activities:		
Borrowings under the Facility and Subscription Agreements	75,480	98,400
Borrowings under the Loan Agreement	18,600	1,506
Repayments of the Loan Agreement	(19,350)	(1,006)
Debt issuance costs	(3,031)	(4,717)
Repayments of finance lease and cell site leasehold interest liabilities	(12,601)	(12,753)
Net cash provided by financing activities	59,098	81,430
Net change in cash and restricted cash	(21,403)	2,738
Effect of change in foreign currency exchange rates on cash and restricted cash	(1,965)	(1,865)
Cash and restricted cash at beginning of year	101,414	100,541
Cash and restricted cash at end of year	$ 78,046	$ 101,414
Supplemental disclosure of cash and non-cash transactions:		
Cash paid for interest	$ 28,781	$ 25,998
Debt issuance costs incurred but not paid	$ 779	$ 25
Cash paid for income taxes	$ 1,080	$ 578

See accompanying notes to consolidated financial statements.

1. Organization

AP WIP Investments, LLC (together with its subsidiaries, "AP WIP Investments" and/or the "Company") was established for the purpose of building a portfolio of high-quality telecommunications infrastructure assets. AP WIP Investments' focus is on lease prepayments, where AP WIP Investments purchases the right to receive future cell site income over a specified duration from wireless communication tower operators and providers of wireless communications and broadcast services, such as wireless services and wireless data transmission.

AP WIP Investments is headquartered in San Diego, California and was owned by Associated Partners, L.P. ("Associated Partners") and KKR Wireless Investors, L.P. ("KKR") until the closing of the Landscape Transaction on February 10, 2020 (see Note 16 – Subsequent Events). AP WIP Investments has subsidiaries and operations internationally, including Luxembourg, the Netherlands, the United Kingdom, Australia, Canada, Germany, France, Italy, Spain, Portugal, Mexico, Brazil, Ireland, Turkey, Chile, Romania, Hungary, Colombia, Belgium and Puerto Rico.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of AP WIP Investments and its wholly owned subsidiaries, as well as a variable interest entity ("VIE").

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany transactions and account balances have been eliminated.

Variable Interest Entities

The Financial Accounting Standards Board ("FASB") provides guidance for determining whether an entity is a VIE. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is required to be consolidated by its primary beneficiary, which is the party that (i) has the power to control the activities that most significantly impact the VIE's economic performance and (ii) has the obligation to absorb losses, or the right to receive benefits, of the VIE that could potentially be significant to the VIE.

Management performs a qualitative analysis to determine whether it is the primary beneficiary of a VIE. Management considers the rights and obligations conveyed by its implicit and explicit variable interests and the relationship of these with the variable interests held by other parties to determine whether its variable interests will absorb a majority of a VIE's expected losses or receive a majority of its expected returns, or both. If management determines that its variable interests will absorb a majority of the VIE's expected losses, receive a majority of its expected residual returns, or both, management consolidates the VIE as the primary beneficiary, and if not, management does not consolidate.

Use of Estimates

The preparation of the consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(Dollar amounts in thousands, unless otherwise disclosed)

Functional Currency

The functional currency of each of AP WIP Investments' foreign operating subsidiaries is normally the respective local currency. All foreign currency assets and liabilities held by the subsidiaries are translated into U.S. Dollars, the functional currency of AP WIP Investments, at the exchange rate in effect at the end of the applicable fiscal reporting period and all foreign currency revenues and expenses are translated at the average monthly exchange rates. Translation adjustments are reflected in equity as a component of accumulated other comprehensive loss in the consolidated balance sheets and included as a component of comprehensive loss in the consolidated statements of comprehensive loss. AP WIP Investments has a loan that is not denominated in its functional currency; the foreign exchange gain or loss on this loan is recorded in the consolidated statements of operations.

Cash

Cash includes cash on hand and demand deposits. AP WIP Investments maintains its deposits at high quality financial institutions and monitors the credit ratings of those institutions. AP WIP Investments held no cash equivalents during the years ended December 31, 2019 and 2018.

Restricted Cash

AP WIP Investments is required to maintain cash collateral at certain financial institutions. Additionally, amounts that are required to be held in an escrow account, which, subject to certain conditions, are available to AP WIP Investments under the loan agreements. Accordingly, these balances contain restrictions as to their availability and usage and are classified as restricted cash in the consolidated balance sheets.

The reconciliation of cash and restricted cash reported within the applicable balance sheet that sum to the total of the same such amounts shown in the consolidated statements of cash flows is as follows:

	December 31,	
	2019	**2018**
Cash	$ 62,892	$ 13,746
Restricted cash	1,140	1,076
Restricted cash, long term	14,014	86,592
Total cash and restricted cash	$ 78,046	$ 101,414

Fair Value Measurements

AP WIP Investments applies Accounting Standards Codification ("ASC") 820, *Fair Value Measurement* ("ASC 820"), which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in AP WIP Investments' principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances.

The carrying amounts reflected in the consolidated balance sheets for cash, trade receivables, prepaid expenses and other current assets, accounts payable and accrued expenses and rent received in advance approximate fair value due to their short-term nature. As of December 31, 2019 and 2018, the carrying amounts of AP WIP Investments' debt approximated its fair value, as the obligation bears interest at rates currently available for debt with similar maturities and collateral requirements.

(Dollar amounts in thousands, unless otherwise disclosed)

Level 1 — Assets and liabilities with unadjusted, quoted prices listed on active market exchanges. Inputs to the fair value measurement are observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs to the fair value measurement are determined using prices for recently traded assets and liabilities with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 — Inputs to the fair value measurement are unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities.

Trade Receivables, Net

Trade receivables are recorded at the invoiced amount and are generally unsecured as they are uncollateralized. AP WIP Investments provides an allowance for doubtful accounts to reduce receivables to their estimated net realizable value. Judgement is exercised in establishing allowances and estimates are based on the tenants' payment history and liquidity. Any amounts that were previously recognized as revenue and subsequently determined to be uncollectible are charged to bad debt expense included in selling, general and administrative expense in the accompanying consolidated statements of operations. The allowance for doubtful accounts was $491 and $0 at December 31, 2019 and 2018, respectively.

Changes in the allowance for doubtful accounts are as follows:

	December 31,	
	2019	**2018**
Beginning balance	$ -	$ -
Allowance for doubtful accounts	761	-
Write-offs	(270)	-
Ending balance	$ 491	$ -

Real Property Interests

AP WIP Investments' core business is to contract for the purchase of cell site leasehold interests either through an up-front payment or on an installment basis from property owners who have leased their property to companies that own telecommunications infrastructure assets. Real property interests include costs recorded under cell site leasehold interest arrangements either as intangible assets or right-of-use assets, depending on whether or not the arrangement is determined to be a lease at the inception of the agreement. For acquisitions of real property interests that meet the definition of an asset acquisition, the cell site leasehold interests are recorded as intangible assets and are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of these real property interests, which is estimated as the lesser of the useful life of the underlying cell site asset or the term of the arrangement.

Accounting Standards Update No. 2016-02, Leases ("ASU 2016-02" and or "ASC 842") requires AP WIP Investments to recognize assets and liabilities arising from a lease for both financing and operating leases, along with qualitative and quantitative disclosures. This classification determines whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record right-of-use asset and a lease liability in the balance sheet for all leases with a term of greater than twelve months regardless of their classification.

On January 1, 2019, AP WIP Investments adopted the new lease standard using the modified retrospective method applied to lease arrangements that were in place on the transition date. Results for reporting periods beginning January 1, 2019 are presented under the new standard, while prior-period amounts are not adjusted and continue to be reported in accordance with accounting under the previously applicable guidance.

AP WIP Investments elected certain available practical expedients which permit the adopter to not reassess certain items upon adoption, including: (i) whether any existing contracts are or contain leases, (ii) the classification of existing leases, (iii) initial direct costs for existing leases and (iv) short-term leases, which permits an adopter to not apply the lease standard to leases with a remaining maturity of one year or less and applied the new lease accounting standard to all leases, including short-term leases. AP WIP Investments also elected the practical expedient related to easements, which permits carryforward accounting treatment for land easements (included in cell site leasehold interests) on existing agreements.

Commencing with the adoption of ASC 842, AP WIP Investments determines if an arrangement, including cell site leasehold interest arrangements, is a lease at the inception of the agreement. AP WIP Investments considers an arrangement to be a lease if it conveys the right to control the use of the asset for a specific period of time in exchange for consideration.

AP WIP Investments' lease liability is the present value of the remaining minimum rental payments to be made over the remaining lease term, including renewal options reasonably certain to be exercised. AP WIP Investments also considers termination options and factors those into the determination of lease payments when appropriate. To determine the lease term, AP WIP Investments considers all renewal periods that are reasonably certain to be exercised, taking into consideration all economic factors, including the cell site's estimated economic life. Leases with an initial term of twelve months or less are not recorded in the consolidated balance sheet. The finance lease right-of-use asset is amortized over the lesser of the lease term or the estimated useful life of the underlying asset associated with the leasing arrangement, which is estimated to be twenty-five years.

The Company continually reassesses the estimated useful lives used in determining amortization of its real property interests. AP WIP Investments reviewed its estimates of the useful lives of its existing cell site leasehold interest arrangements as of January 1, 2019. Assessments of the remaining useful lives of the underlying cell site assets associated with leasehold interest arrangements indicated that the estimated useful lives used in the determination of amortization expense of cell site leasehold interests accounted for as asset acquisitions should be increased based upon the Company's experience as well as observable industry data. Accordingly, as of January 1, 2019, AP WIP Investments adjusted the remaining useful life of the existing cell site leasehold interests based on a twenty five-year useful life of the underlying cell site asset, which previously was considered to be a fifteen-year useful life. This change in estimate was accounted for prospectively effective January 1, 2019, and resulted in a decrease in amortization and depreciation expense, operating loss and net loss of $13,259 for the year ended December 31, 2019 from that which would have been reported if the previous estimates of useful life had been used.

Operating Leases

Additionally, as part of the adoption of ASC 842, AP WIP Investments recorded a lease liability of $1,521 and a corresponding right-of-use asset of $1,437 upon adoption of the new lease standard. Those rights and obligations are primarily related to operating leases for office space. The Company records lease expense for operating leases on a straight-line basis over the lease term.

(Dollar amounts in thousands, unless otherwise disclosed)

Long-Lived Assets, Including Definite-Lived Intangible Assets

The Company's primary long-lived assets include real property interests and intangible assets. Intangible assets recorded for in-place tenant leases are stated at cost less accumulated amortization and are amortized on a straight-line basis over the remaining cell site lease term with the in-place tenant, including ordinary renewals at the option of the tenant. The carrying amount of any long-lived asset group is evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets. If the carrying amount of the long-lived asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. AP WIP Investments reviewed the portfolio of cell site leasehold interests and intangible assets for impairment, in which AP WIP Investments identified twenty-seven cell sites for which an impairment charge of $2,570 was recorded during the year ended December 31, 2019 and four cell sites for which an impairment charge of $271 was recorded during the year ended December 31, 2018.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense when incurred. Additions and improvements that extend the economic useful life of the asset are capitalized and depreciated over the remaining useful lives of the assets. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is reflected in current earnings. Depreciation is provided using the straight-line method in amounts considered to be sufficient to amortize the cost of the assets to operations over their estimated useful lives or lease terms, as follows:

Asset category	Depreciable life
Land	Indefinite
Hardware	3 years
Software	3 years
Furniture and fixtures	2 years
Tenant improvements	1 – 3 years

Revenue Recognition

AP WIP Investments receives rental payments from in-place tenants of wireless communication sites under operating lease agreements. Revenue is recorded as earned over the term of the lease since the operating lease arrangements are cancellable by both parties.

Rent received in advance is recorded when AP WIP Investments receives advance rental payments from the in-place tenants. Contractually owed lease prepayments are typically paid one month to one year in advance. At December 31, 2019 and 2018, AP WIP Investments rent received in advance was $13,856 and $11,290 respectively.

Income Taxes

AP WIP Investments is organized as a limited liability company and is treated as a disregarded entity for U.S. federal income tax purposes. Income and losses of AP WIP Investments are required to be reported in the income tax returns of the members pursuant to applicable tax regulations. No U.S. federal or state income tax provision has been provided for AP WIP Investments in the consolidated financial statements as AP WIP Investments' tax attributes are passed through to the members for inclusion in the members' tax returns.

AP WIP Investments files income tax returns in the various state and foreign jurisdictions in which it operates. AP WIP Investments' tax returns are subject to tax examinations by foreign tax authorities until the expiration of the respective statutes of limitation. AP WIP Investments currently has no tax years under examination.

AP WIP Investments recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. AP WIP Investments records interest related to unrecognized tax benefits and penalties as a component of income tax expense on the accompanying consolidated statements of operations.

Segment Reporting

AP WIP Investments operates in one reportable segment which focuses on leasing cell sites to companies that own and operate cellular communication towers and other infrastructure. AP WIP Investments' business offerings have similar economic and other characteristics, including the types of customers, distribution methods and regulatory environment. The chief operating decision maker of AP WIP Investments reviews investment specific data to make resource allocation decisions and assesses performance by review of profit and loss information on a consolidated basis. The consolidated financial statements reflect the financial results of AP WIP Investments' one reportable segment.

Reclassifications

Certain balances in the prior year have been reclassified to conform to the presentation in the current year, primarily related to the Company's adoption of ASC 842.

Recent Accounting Pronouncements

Accounting Pronouncement Not Yet Adopted

In June 2016, the FASB issued guidance that modifies how entities measure credit losses on most financial instruments. The new guidance replaces the current "incurred loss" model with an "expected credit loss" model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the asset. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date. AP WIP Investments is finalizing its analysis of the impact of this guidance on its consolidated financial statements, though as operating lease receivables are not within the scope of this guidance, the Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Accounting Pronouncements Recently Adopted

In 2014, the FASB issued a new revenue recognition standard entitled Revenue from Contracts with Customers. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. AP WIP Investments adopted Accounting Standards Update No. 2014-09 during the year ended December 31, 2018 and concluded that the adoption did not have a material impact on its consolidated financial statements as current revenue contracts are leases and not within the scope of the Revenue from Contracts with Customers (Topic 606).

In November 2016, the FASB issued new guidance on amounts described as restricted cash or restricted cash equivalents within the statement of cash flows. The guidance requires amounts generally described as restricted cash and restricted cash equivalents be included with cash when reconciling the beginning-of-period and end-of-period balances in the statement of cash flows. AP WIP Investments adopted ASU 2016-18 during the year ended December 31, 2018.

(Dollar amounts in thousands, unless otherwise disclosed)

3. Real Property Interests

Real property interests, net consisted of the following:

	December 31, 2019	December 31, 2018
Right-of-use assets – finance leases (1)	$ 81,733	$ -
Cell site leasehold interests (2)	468,969	458,371
	550,702	458,371
Less accumulated amortization:		
Right-of-use assets – finance leases	(1,235)	-
Cell site leasehold interests	(122,307)	(105,698)
Real property interests, net	$ 427,160	$ 352,673

(1) Effective with the adoption of ASC 842, cell site leasehold interests are recorded as finance leases.
(2) Includes cell site leasehold interests acquired prior to the adoption of ASC 842 and fee simple interest arrangements.

AP WIP Investments' core business is to purchase cell site leasehold interests either through an up-front payment or on an installment basis from property owners who have leased their property to companies that own telecommunications infrastructure assets. The agreements that provide for the cell site leasehold interests typically are easement agreements, which have stated terms up to 99 years and provide AP WIP Investments with certain beneficial rights, but not obligations, with respect to the underlying cell site leases. The beneficial rights acquired include, principally, the right to receive the rental income related to the cell site lease with the in-place tenant, and in certain circumstances, additional rents. In most cases, the stated term of the cell site leasehold interest is longer than the remaining term of the cell site lease with the in-place tenant, which provides AP WIP Investments with the right and opportunity for renewals and extensions. Although AP WIP Investments has the rights under the acquired cell site leasehold interests over the duration of the entire term, typically, the underlying tenant can terminate their lease acquired by AP WIP Investments within a short time frame (30- to 90-day notice) without penalty. Under certain circumstances, AP WIP Investments acquires the fee simple interest ownership, rather than acquiring a leasehold interest. In the instance in which a fee simple interest in the land is acquired, AP WIP Investments is also assigned the existing cell site lease with the in-place tenant.

Right-Of-Use Assets – Finance Leases and Related Liabilities

Commencing with the adoption of ASC 842 on January 1, 2019, AP WIP Investments determines if a cell site leasehold interest arrangement is a lease at the inception of the agreement. AP WIP Investments considers an arrangement to be a lease if it conveys the right to control the use of the cell site or ground space underneath a communications site for a period of time in exchange for consideration. In cases in which AP WIP Investments acquires a leasehold interest, AP WIP Investments is both a lessor and a lessee. AP WIP Investments recorded finance lease expense totaling $1,235 for the year ended December 31, 2019. Interest expense associated with the finance lease liability totaled $504 for the year ended December 31, 2019.

AP WIP Investments' lease agreements do not state an implicit borrowing rate; therefore, an internal incremental borrowing rate was determined based on information available at the lease commencement date for the purposes of determining the present value of lease payments. The incremental borrowing rate reflects the cost to borrow on a securitized basis in each market. The weighted-average remaining lease term for finance leases was 36.71 years and the weighted-average incremental borrowing rate was 7.90% as of December 31, 2019. As of December 31, 2019, the weighted average remaining contractual payment term for finance leases was 2.9 years.

(Dollar amounts in thousands, unless otherwise disclosed)

Supplemental cash flow information related to finance leases for the year ended December 31, 2019 was as follows:

Cash paid for amounts included in the measurement of finance lease liabilities:		
Operating cash flows from finance leases	$	38
Financing cash flows from finance leases	$	1,255
Finance lease liabilities arising from obtaining right-of-use-assets	$	16,989

Cell Site Leasehold Interests and Related Liabilities

For real property interests that are not accounted for under ASC 842, AP WIP Investments applies the acquisition method of accounting, recording an intangible asset in cell site leasehold interests, net in the consolidated balance sheet. The recorded amount of the cell site leasehold interest represents the allocation of purchase price to the contractual cash flows acquired from the in-place tenant, as well as the right and opportunity for renewals.

Under certain circumstances, the contractual payments for the acquired cell site leasehold interests were made to property owners on a noninterest-bearing basis over a specified period of time, generally ranging from one to eight years. AP WIP Investments is contractually obligated to fulfill such payments. Included in cell site leasehold interest liabilities in the consolidated balance sheets, the liabilities associated with cell site leasehold interests were initially measured at the present value of the unpaid payments. For the year ended December 31, 2018, the Company's noncash investing and financing activities included purchases of cell site leasehold interests totaling $13,940 pursuant to arrangements that finance these purchases.

For cell site leasehold interests accounted for under the acquisition method of accounting, amortization expense recorded in the consolidated statements of operations for the years ended December 31, 2019 and 2018 was $16,930 and $28,348, respectively, and as of December 31, 2019, amortization expense to be recognized for each of the succeeding five years was as follows:

2020	$	17,364
2021		17,364
2022		17,291
2023		17,261
2024		17,261
Thereafter		260,121
	$	346,662

(Dollar amounts in thousands, unless otherwise disclosed)

Maturities of finance lease liabilities and cell site leasehold interest liabilities as of December 31, 2019 were as follows:

	Finance Leases	Cell Site Leasehold Interests
2020	$ 5,829	$ 8,762
2021	3,841	4,855
2022	3,150	2,632
2023	2,357	1,700
2024	1,946	329
Thereafter	1,772	329
Total lease payments	18,895	18,607
Less amounts representing future interest	(2,695)	(1,766)
Total liability	16,200	16,841
Less current portion	(5,749)	(8,379)
Non-current liability	$ 10,451	$ 8,462

4. Tenant Lease Rental Payments

AP WIP Investments receives rental payments from in-place tenants of wireless communication sites under operating lease agreements. As of December 31, 2019, the future minimum amounts due from tenants under leases, including cancellable leases in which the tenant is economically compelled to extend the lease term, were as follows:

2020	$ 57,074
2021	45,269
2022	32,763
2023	19,342
2024	7,102
Thereafter	-
	$ 161,550

Generally, AP WIP Investments' leases with the in-place tenants provide for annual escalations and multiple renewal periods at the in-place tenant's option. The rental payments included in the table above do not assume exercise of the in-place tenant's renewal options but do include the effects of escalations within the current term.

(Dollar amounts in thousands, unless otherwise disclosed)

5. Intangible Asset

Intangible assets subject to amortization consisted of the following:

	December 31, 2019				
	Gross Carrying Amount	**Additions**	**Impairments**	**Accumulated Amortization**	**Intangible Asset, Net**
In-place lease intangible asset	$ 3,972	1,106	(5)	(2,225)	$ 2,848

	December 31, 2018				
	Gross Carrying Amount	**Additions**	**Impairments**	**Accumulated Amortization**	**Intangible Asset, Net**
In-place lease intangible asset	$ 3,443	530	(1)	(1,693)	$ 2,279

For each cell site leasehold interest arrangement, a portion of the purchase price is allocated to an in-place lease intangible asset. The in-place lease intangible asset represents the allocation of purchase price to the avoided cost of originating the acquired lease with the in-place tenant. Amortization expense for the years ended December 31, 2019 and 2018 was $532 and $448, respectively.

As of December 31, 2019, the intangible asset amortization expense to be recognized for each of the succeeding five years was as follows:

2020	$ 563
2021	426
2022	336
2023	272
2024	222
Thereafter	1,029
Total future amortization	$ 2,848

(Dollar amounts in thousands, unless otherwise disclosed)

6. Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2019	2018
Land	$ 520	$ 520
Hardware	1,289	1,074
Software	434	423
Furniture and fixtures	195	118
Tenant improvements	80	62
Total	2,518	2,197
Less: accumulated depreciation	(1,423)	(1,050)
Property and equipment, net	$ 1,095	$ 1,147

Depreciation expense for the periods ended December 31, 2019 and 2018 was $373 and $358, respectively.

7. Other Long-Term Assets

AP WIP Investments often closes and funds its cell site lease prepayment transactions through a third-party intermediary. These intermediaries are generally AP WIP Investments' retained legal counsel in each jurisdiction. Funds for these transactions are typically deposited with the intermediary who releases the funds once all closing conditions are satisfied. In other circumstances, the Company deposits monies with the owners of the cell sites in advance of consummating a lease prepayment transaction, at which time all conditions are satisfied and remaining payments are made. Amounts held by others as deposits at December 31, 2019 and 2018 totaled $2,311 and $433, respectively, and were recorded as other long-term assets in AP WIP Investments' consolidated balance sheets.

Right-of-Use Assets – Operating Leases

Additionally, AP WIP Investments is a lessee under noncancelable lease agreements, primarily for office space, over periods ranging from one to ten years. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties and equipment. Included in accounts payable and accrued expenses and other long-term liabilities in the consolidated balance sheets as of December 31, 2019, the liabilities associated with these operating leases were initially measured at the present value of the unpaid payments and a corresponding right-of-use asset was recorded in the same amount, plus any indirect costs incurred and less any lease incentives received. For the year ended December 31, 2019, the total lease liabilities recorded as a result of obtaining right-of-use assets under operating leases was $1,326. Cash paid for amounts included in the measurement of operating lease liabilities was $953 for the year ended December 31, 2019.

Included in selling, general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2019 was operating lease expense associated with right-of-use assets under operating leases totaling $1,183.

(Dollar amounts in thousands, unless otherwise disclosed)

Maturities of operating lease liabilities as of December 31, 2019 were as follows:

2020	$	868
2021		711
2022		363
2023		107
2024		67
Thereafter		108
Total lease payments		2,224
Less amounts representing future interest		(97)
Total lease liability		2,127
Less current portion of lease liability		(824)
Non-current lease liability	$	1,303

The weighted-average remaining lease term for operating leases was 3.01 years and the weighted-average incremental borrowing rate was 7.07% as of December 31, 2019.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	December 31,			
	2019		2018	
Interest payable	$	3,807	$	3,497
Accrued liabilities		3,279		1,908
Taxes payable		6,319		3,459
Payroll and related withholdings		4,510		1,768
Accounts payable		1,658		1,740
Professional fees accrued		1,580		931
Current portion of operating lease liabilities		824		-
Other		809		510
Total accounts payable and accrued expenses	$	22,786	$	13,813

9. Debt

Long-term debt, net of deferred financing costs consisted of the following:

	December 31,			
	2019		2018	
DWIP Agreement	$	102,600	$	102,600
Facility Agreement		359,764		356,203
DWIP II Loan		49,250		50,000
Subscription Agreement		76,567		-
Less: unamortized debt discount and financing fees		(15,250)		(14,937)
Debt, carrying amount	$	572,931	$	493,866

$115 million Loan Agreement

On August 12, 2014, a subsidiary of AP WIP Investments, AP WIP Holdings, LLC ("DWIP"), entered into a $115 million loan agreement ("DWIP Agreement"). Under the terms of the DWIP Agreement, DWIP is the sole borrower and the lending syndicate is a collection of lenders managed by a related party to the administrative agent (the "Lender"). AP Service Company, LLC ("Servicer"), a wholly owned subsidiary of AP WIP Investments Holdings, LP, is the Servicer under the DWIP Agreement. An unrelated party to DWIP was named as backup servicer in the event of a default of the Servicer as defined in the DWIP Agreement. The DWIP Agreement requires an annual rating be performed by a rating agency.

The DWIP Agreement was fully funded on August 12, 2014. In January 2016, DWIP repaid $12,400 of the loan balance. Prior to October 16, 2018, interest was payable on borrowings under the DWIP Agreement at a fixed rate equal to 4.50%. Fees equal to 0.80% to 1.00% of the $102,600 loan amount are payable to the Lender, Servicer, backup servicer, and rating agency of the loan, as applicable.

On October 16, 2018, DWIP signed an amendment that extended the maturity from August 10, 2019, to October 16, 2023, at which time all outstanding principal balances shall be repaid. Incremental fees of $795 were incurred in connection with the amendment. The amendment allows that principal balances may be prepaid in whole on any date, provided that a prepayment premium equal to 3.0% of the prepayment loan amount shall apply if the payment occurs on or prior to 24 months after October 16, 2018, to 2.0% of the prepayment loan amount shall apply if the payment occurs on or prior to 36 months after October 16, 2018 but after 24 months after October 16, 2018, 1.0% of the prepayment loan amount shall apply if the payment occurs on or prior to 60 months after October 16, 2018 but after 36 months after October 16, 2018, and 0% of the prepayment loan amount shall apply if the payment occurs after 60 months after October 16, 2018. Additionally, the amendment also adjusted the interest rate from 4.50% to 4.25%. DWIP's interest and fees due under the DWIP Agreement totaled $5,280 and $5,504 for DWIP for the years ended December 31, 2019 and 2018, respectively, and were recorded in interest expense in the consolidated statements of operations. Amortization of deferred financing costs for the DWIP Agreement, included in interest expense, net in the consolidated statements of operations, were $210 and $431 for the years ended December 31, 2019 and 2018 respectively.

Interest and fees due under the DWIP Agreement are payable monthly through the application of funds secured in a bank account controlled by the collateral agent (the collection account). The collateral agent sweeps customer collections from DWIP's lockbox account each month. After receipt of a monthly report prepared by the Servicer detailing loan activity, borrowing compliance, customer collections, and general reserve account required balances, the collateral agent disburses funds monthly for interest, fees, deposits to the reserve account (if required), mandatory prepayments (if required), and remaining amounts from the prior months collections to DWIP.

As of December 31, 2019 and 2018, $100,000 has been advanced to DWIP under the DWIP agreement and DWIP's escrow account balance and the related liability associated with this balance was $2,600, the balance of which was included in the carrying amounts of restricted cash and long-term debt in the consolidated balance sheets. The remaining portion of DWIP's restricted cash as of December 31, 2019 and 2018 included the collection account balance of $1,140 and $1,075, respectively.

DWIP is subject to restrictive covenants relating to, among others, future indebtedness and transfer of control of DWIP, and DWIP must also meet a financial ratio relating to interest coverage (as defined in the DWIP Agreement). For the periods presented, DWIP was in compliance with all covenants associated with the DWIP Agreement.

Facility Agreement (up to £1 billion)

On October 24, 2017, a subsidiary of AP WIP Investments, AP WIP International Holdings, LLC ("IWIP"), entered into a facility agreement for up to £1.0 billion with AP WIP Investments, LLC, as guarantor, Telecom Credit Infrastructure Designated Activity Company ("TCI DAC"), as original lender, Goldman Sachs Lending Partners LLC, as agent, and GLAS Trust Corporation Limited, as security agent.

TCI DAC is an Irish Section 110 Designated Activity Company. The Facility Agreement is an uncommitted, £1.0 billion note issuance program with an initial 10-year term and was created as a special purpose vehicle with the objective of issuing notes from time to time. The notes may be issued in US Dollars, British Sterling, Euros, Australian Dollar, and Canadian Dollar. No rating of the loans is required.

Under the terms of the Facility Agreement, IWIP is the sole borrower and the finance parties include a lender, an agent and certain other financial institutions. AP WIP Investments, which controls IWIP, is a guarantor of the loan and the loan is secured by the direct equity interests in IWIP. The loan is also secured by a debt service reserve account and escrow cash account of IWIP as well as direct equity interests and bank accounts of certain of IWIP's asset owning subsidiaries. The balance in the escrow account was $3,242 and $78,992 as of December 31, 2019 and 2018, respectively; the balance in the debt service reserve account was $5,167 and $5,000 as of December 31, 2019 and 2018, respectively, and are included in the consolidated balance sheets as restricted cash. The Servicer, an affiliate of AP WIP Investments, is the Servicer under the Facility Agreement. The loan is senior in right of payment to all other debt of IWIP.

The Facility Agreement provides for funding up to £1 billion (uncommitted) in the form of 10-year term loans consisting of tranches in Euros ("Series 1-A Tranche") and tranches in British Sterling ("Series 1-B Tranche"), with additional tranches available in Canadian, Australian and U.S. dollars. On October 30, 2017, $266,200 of the amount available under the Facility Agreement was funded. This amount comprised €115,000 and £100,000 (equivalent to $273,013, in total, at December 31, 2017). At closing of the Facility Agreement, $5,000 was funded to and is required to be held in an escrow account.

On November 26, 2018, an additional $98,400 of the amount available under the Facility Agreement was funded. This amount comprised of €40,000 ("Series 2-A Tranche") and £40,000 ("Series 2-B Tranche") (equivalent to $96,863, in total, at December 31, 2018).

The Series 1-A Tranche and Series 1-B Tranche accrue interest at an annual rate of 4.098% and 4.608%, respectively. The Series 2-A Tranche and Series 2-B Tranche accrue interest at an annual rate of 3.442% and 4.294%, respectively. Each tranche may include sub-tranches which may have a different interest rate than the other loans under the initial tranche. All tranches will have otherwise identical terms. For any floating interest rate portion of any tranche (or sub tranche), the interest rate is as reported and delivered to IWIP five days prior to a quarter end date. Coupons do not reflect certain related administration or servicing costs from third parties. Interest expense under the Facility Agreement is payable quarterly and totaled $18,471 and $15,036, including fees, for the years ended December 31, 2019 and 2018, respectively.

The loans mature on October 30, 2027, at which time all outstanding principal balances shall be repaid. Principal balances under the Facility Agreement may be prepaid in whole on any date, subject to the payment of any make-whole provision (as defined in the Facility Agreement).

IWIP is subject to certain financial condition and testing covenants (such as interest coverage, leverage and equity requirements and limits) as well as restrictive covenants relating to, among others, future indebtedness and liens and other material activities of IWIP and its subsidiaries. For the periods presented, IWIP was in compliance with all covenants associated with the Facility Agreement.

IWIP incurred $14,342 in fees to third parties under the Facility Agreement. These fees have been recorded as deferred financing fees and are included in the consolidated balance sheets as contra long-term debt. Amortization of deferred financing costs, included in interest expense, net in the consolidated statements of operations, totaled $1,498 and $1,201 for the years ended December 31, 2019 and 2018, respectively.

DWIP II Loan Agreement

On December 11, 2015, AP WIP Domestic Investment II, LLC (“DWIP II”), a wholly owned subsidiary of AP WIP Investments, entered into a Secured Loan and Security Agreement (the “DWIP II Loan Agreement”) whereby DWIP II borrowed an original principal amount of $40,000 (with an issue price of $39,950) (the “DWIP II Loan”). The DWIP II Loan, until September 2018, accrued interest at a rate equal to one-month LIBOR, plus a margin. The margin is equal to (a) 5%, plus (b) generally, a three-year average of credit default swap rates for two leading wireless telecommunication tower companies. The DWIP II Loan is senior in right of payment to all other debt of DWIP II and was secured by a first priority security interest in (a) cash received by DWIP II as a result of its indirect ownership in DWIP and (b) all books and records in respect of such cash receipts.

The loan had a maturity date of December 11, 2017. On April 19, 2017, AP WIP Investments signed an amendment that extended the maturity date to September 25, 2018 and permitted DWIP II to borrow an additional $15,000. Under the DWIP II Loan Agreement, beginning with the first payment date after March 30, 2016, DWIP II must pay $1,000 per calendar quarter in principal, plus any principal necessary to lower the aggregate principal amounts outstanding under the sum of the loans outstanding under the DWIP Agreement and the DWIP II Loan Agreement to no more than twelve times the eligible free cash flow as reported on the most recent servicer report delivered pursuant to the DWIP Agreement. Under the amendment, the principal payments were reduced to $250 per calendar quarter. DWIP II is also required to prepay all outstanding amounts under the DWIP II Loan Agreement either (a) upon the repayment in full, termination or refinancing of the loans under the DWIP Agreement or (b) if DWIP II sells any of its assets or refinances the DWIP II Loan, any proceeds of such sale or refinancing received by DWIP II that exceed $10,000 must be used to repay any outstanding amounts under the DWIP II Loan Agreement. All outstanding amounts under the DWIP II Loan Agreement may be prepaid in whole on any date without any premium, penalty or fees.

On September 20, 2018, AP WIP Investments amended and restated the loan agreement (the “A&R DWIP II Loan Agreement”). Under the A&R DWIP II Loan Agreement, the A&R DWIP II Loan accrues interest at a fixed rate equal to 6.50%. The maturity date has been reset to the earlier of (a) June 30, 2020 and (b) the maturity date of the loans under the DWIP Agreement. The A&R DWIP II Loan continues to be senior in right of payment to all other debt of DWIP II and continues to be secured by a first priority security interest in (a) cash received by DWIP II as a result of its indirect ownership in DWIP and (b) all books and records in respect of such cash receipts. DWIP II incurred $1,000 in fees to third parties at closing of the A&R DWIP II Loan Agreement. These fees have been recorded as deferred financing fees and are included on the consolidated balance sheets as contra long-term debt.

On July 25, 2019, AP WIP Investments amended and restated the loan agreement (the “Second A&R DWIP II Loan Agreement”). Under the Second A&R DWIP II Loan Agreement, AP WIP Investments borrowed an additional $18,600 (the “Bridge Loan”). The Bridge Loan accrues interest at a fixed rate equal to 6.50%, with a maturity date of December 16, 2019.In consideration for providing the Bridge Loan, the Company paid an upfront fee of $600. The Bridge Loan was paid in full on November 9, 2019 in which all related deferred financing costs were expensed, included in interest expense, net on the consolidated statements of operations.

Interest due under the A&R DWIP II Loan Agreement continues to be payable monthly through the payment by the paying agent under the DWIP Agreement of any remaining monthly amounts under the DWIP Agreement.

Interest expense under the DWIP II Loan Agreement for the years ended December 31, 2019 and 2018, totaled $3,633 and $3,722, respectively.

Under the A&R DWIP II Loan Agreement, beginning with the first payment date after March 31, 2019, DWIP II must pay $250 per calendar quarter in principal, plus any principal necessary to lower the aggregate principal amounts outstanding under the sum of the loans outstanding under the DWIP Agreement and the A&R DWIP II Loan Agreement to no more than twelve times the eligible free cash flow as reported on the most recent Servicer report delivered pursuant to the DWIP Agreement.

DWIP II is subject to restrictive covenants relating to, among others, future indebtedness and liens on the equity interests of DWIP II. For the periods presented, DWIP II was in compliance with all covenants associated with the A&R DWIP II Loan Agreement.

Amortization of deferred financing costs, included in interest expense, net in the consolidated statements of operations, was $1,172 and $466 for the years ended December 31, 2019 and 2018, respectively.

Subscription Agreement (up to £250,000)

On November 6, 2019, AP WIP Investments Borrower, LLC, a subsidiary of AP WIP Investments ("AP WIP Investments Borrower") and a Delaware limited liability company, which was created on September 25, 2019, entered into a Subscription Agreement to borrow funds for working capital and other corporate purposes. Under the terms of the Subscription Agreement, AP WIP Investments Borrower is the sole borrower and AP WIP Investments is the guarantor of the loan and the loan is secured by AP WIP Investments Holdings, LP direct equity interests in AP WIP Investments. The loan is senior in right of payment to all other debt of AP WIP Investments Borrower. There is no cross default or cross acceleration to senior secured debt other than if there is an acceleration under the senior debt in relation to certain events as per documentation such as the breach by the Guarantor in certain cases.

The subscription agreement provides for uncommitted funding up to £250,000 in the form of nine-year term loans consisting of three tranches available in Euros, British Sterling and U.S. dollars. On November 8, 2019, $75,480 of the amount available under the Subscription Agreement was funded (Class A, Tranche 1 Euro). This amount was comprised of €68,000. At closing of the Subscription Agreement, $3,000 was funded to and is required to be held in a debt service reserve account. Other tranches maybe be issued as long as AP WIP Investments Borrower is in compliance under the Subscription Agreement and certain parameters in the deal documentation such as (a) loan to value less than 65%; (b) interest coverage is not less than 1.5x; and (c) leverage as at any collection period end date shall not exceed 10.0x (each as defined in the Subscription Agreement).

The initial Euro Class A Tranche balance outstanding under the Subscription Agreement accrues interest at a fixed annual rate equal to 4.25%, which is payable quarterly on the 20th day following the end of each calendar quarter; provided that on February 10, 2020 the Subscription Agreement was amended such that the first quarterly interest payment (including the amount accrued from November 8, 2019 through December 31, 2019 would be due on the twentieth day following March 31, 2020. The loans under the Subscription Agreement mature on November 6, 2028, at which time all outstanding principal balances shall be repaid. The loans also carry a 2.00% payment-in-kind interest (PIK), payable on repayment of principal. Principal balances under the Subscription Agreement may be prepaid in whole on any date, subject to the payment of any applicable prepayment fee. Each Tranche may include sub-tranches, which may have a different interest rate than other Promissory Certificates under its related Tranche. Interest expense under the Subscription Agreement for the year ended December 31, 2019 totaled $701.

(Dollar amounts in thousands, unless otherwise disclosed)

AP WIP Investments Borrower is subject to certain financial condition and testing covenants (such as interest coverage and leverage limits) as well as restrictive and operating covenants relating to, among others, future indebtedness and liens and other material activities of AP WIP Investments Borrower and its affiliates. AP WIP Investments Borrower was in compliance with all covenants associated with the Subscription Agreement for the period that borrowings were outstanding during 2019. AP WIP Investments Borrower incurred $1,653 in fees to third parties under the Subscription Agreement. Amortization of deferred financing costs, included in interest expense, net in the consolidated statements of operations, was $40 and $0 for the years ended December 31, 2019 and 2018, respectively.

Financing Fees and Costs

Amortization of deferred financing cost, included in interest expense, net on the consolidated statements of operations, was $2,920 and $2,098 for the periods ended December 31, 2019 and 2018, respectively.

10. Income Taxes

No U.S. federal or state income tax provision has been provided for AP WIP Investments in the consolidated financial statements as the AP WIP Investments' tax attributes are passed through to the members for inclusion in the members' tax returns.

Income tax expense consisted of the following:

	Year ended December 31,	
	2019	**2018**
Current:		
Foreign	$ 3,038	$ 3,205
Deferred:		
Foreign	(570)	(372)
Income tax expense	$ 2,468	$ 2,833

Loss before income tax expense by geographic area was as follows:

	Year ended December 31,	
	2019	**2018**
Domestic	$ (30,066)	$ (18,178)
Foreign	(11,911)	(14,665)
Loss before income tax expense	$ (41,977)	$ (32,843)

(Dollar amounts in thousands, unless otherwise disclosed)

A reconciliation of the income tax expenses computed at statutory rates was as follows:

	December 31, 2019	December 31, 2018
Statutory tax rate	21%	21%
Loss before income taxes	$ (41,977)	$ (32,843)
Expected income tax benefit	(8,815)	(6,897)
Increase (decrease) income tax benefit resulting from:		
Effect of international operations	703	(704)
Valuation allowance	712	5,145
Non-taxable earnings	7,317	3,818
Uncertain tax position	319	1,471
Non-deductible expenses	2,232	-
Income tax expense	$ 2,468	$ 2,833

The significant components of the AP WIP Investments' deferred income tax assets and liabilities after applying enacted statutory tax rates are as follows:

	December 31, 2019	December 31, 2018
Deferred income tax assets (liabilities)		
Operating losses carried forward	$ 14,063	$ 12,727
Amortization	5,371	5,522
Depreciation	522	533
Other	12	(82)
Valuation allowance	(18,977)	(18,279)
Net deferred income tax asset	$ 991	$ 421

As of December 31, 2019, AP WIP Investments has foreign tax loss carryforwards of $53,058, which will expire in 2021 and thereafter. A full valuation allowance has been established with respect to the tax benefit of these losses, except for $6,780 which will be utilized prior to expiration.

In assessing the realizability of deferred tax assets, AP WIP Investments considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences representing net future deductible amounts become deductible. After consideration of all the evidence, both positive and negative, AP WIP Investments has recorded a valuation allowance against its net deferred tax assets as of December 31, 2019 and 2018 of $18,977 and $18,279, respectively. AP WIP Investments has determined that is it more likely than not that these assets will not be fully realized due to historical net operating losses incurred. The valuation allowance increased by $698 during the year ended December 31, 2019 due primarily to the generation of net operating loss carryforwards during the year.

As of December 31, 2019, AP WIP Investments intends to indefinitely reinvest all cumulative undistributed earnings of foreign subsidiaries, and as such no U.S. income or foreign withholding taxes have been recorded. It is not practicable to determine the amount of the unrecognized deferred tax liability related to any undistributed foreign earnings.

(Dollar amounts in thousands, unless otherwise disclosed)

A reconciliation of the activity related to unrecognized income tax benefits follows:

	December 31,	
	2019	**2018**
Balance at beginning of year	$ 3,560	$ 2,089
Increases related to current-year tax positions	319	1,471
Balance at end of year	$ 3,879	$ 3,560

AP WIP Investments has unrecognized income tax benefits of $3,879 and $3,560 as of December 31, 2019 and 2018, respectively, all of which would impact the effective rate, if recognized. Unrecognized income tax benefits are included in the consolidated balance sheets as a component of other long-term liabilities as AP WIP Investments does not anticipate the unrecognized income tax benefits will be reduced in the next 12 months. AP WIP Investments recognizes interest and penalties accrued on any unrecognized income tax benefits as a component of income tax expense.

11. Variable Interest Entity

Prior to October 16, 2019, the Company determined that it had one VIE, AP Wireless Infrastructure Partners, LLC (“AP Infrastructure”), for which the Company was the primary beneficiary. AP Infrastructure is headquartered in San Diego, California and was formed in 2010 in order to provide employees and other administrative services for AP WIP Holdings and AP WIP International Holdings, LLC. All of AP Infrastructure’s revenue since inception has been attributed to services performed for the Company and IWIP.

On October 16, 2019, Associated Partners, contributed 100% of the limited liability company interests in Servicer, the parent of AP Infrastructure, to AP WIP Investments Holdings, LP (the parent of AP WIP Investments). The Contribution Agreement, between entities under common control, triggered a reevaluation Servicer’s VIE status. Management determined AP WIP Investments to be the primary beneficiary of Servicer through an analysis of qualitative and quantitative factors, including, but not limited to, volume of transactions processed, amount of resources dedicated to asset originations for AP WIP Investments and the rationale for the initial entity formation.

As a result of Servicer and AP Infrastructure, being a VIE and management concluding that AP WIP Holdings is the primary beneficiary, the Company has recorded $6,856 of assets and $1,865 in liabilities at December 31, 2019 and $1,072 of assets and $1,128 in liabilities at December 31, 2018 in the consolidated balance sheets. Servicer has only been consolidated by the Company from October 16, 2019 through December 31, 2019. The assets recognized primarily consisted of cash of $5,891 and prepaid expenses of $457 at December 31, 2019 and cash of $307 and fixed assets, net of $290 at December 31, 2018. As of December 31, 2019 and 2018, the liabilities recognized consisted primarily of bonuses payable of $925 and $561, respectively. All intercompany revenue, payables, and receivables between the Company, AP Infrastructure and Servicer were eliminated upon consolidation.

12. Equity

AP WIP Investments has authorized and issued Class A Units (held solely by KKR) and Common Units (held solely by Associated). Associated and KKR own 83.32% and 16.68% of AP WIP Investments, respectively.

The holders of the Class A Units are entitled to certain preferential treatment related to distributions in the ordinary course or those resulting from a change of control in or liquidation of AP WIP Investments. In the event of an ordinary course distribution, the holders of Class A Units will be entitled to receive from assets available for distribution to members of AP WIP Investments, before any payment or distribution to holders of any Common

(Dollar amounts in thousands, unless otherwise disclosed)

Units, an amount in cash (and, to the extent sufficient cash is not available for such payment, property at its fair market value) equal to an 8% annually compounded return in respect of such Class A Units. Thereafter, the holders of Common Units will be entitled to receive an 8% annually compounded return in respect of such Common Units. The holders of Class A Units will then be entitled to receive their capital contributions (and any additional fees due as provided in the LLC Agreement) prior to the holders of Common Units receiving their capital contributions and any additional fees due as provided in the LLC Agreement. In the event of a distribution resulting from a change of control or in a liquidation distribution of AP WIP Investments, the holders of Class A Units will be entitled to receive from assets available for distribution to members of AP WIP Investments, before any payment or distribution to holders of any Common Units, an amount in cash (and, to the extent sufficient cash is not available for such payment, property at its fair market value) equal to an 8% annually compounded return in respect of such Class A Units, plus such holder's capital contributions (and any additional fees due as provided in the LLC Agreement).

For each Class A Unit or Common Unit held, the holder of such unit is entitled to one vote. Generally, for any matter in which a vote of AP WIP Investments' members is required, a vote must involve a majority of holders of Class A Units and Common Units, voting together as a single class, in order to approve such action.

Under the terms of the LLC Agreement, the holders of the Class A Units have the option to elect to convert their Class A Units to Common Units at their discretion. Upon election to convert to Common Units, the Class A Units would relinquish any accumulated preferred return and all rights granted to the holders of Class A Units as described above. In the event that the holders of the Class A Units would elect conversion to Common Units, AP WIP Investments would account for the conversion in the period in which it occurs.

As of December 31, 2019, the redemption value of the Class A Units was $60,665, which includes face value of $34,864 and cumulative return of $25,801. As of December 31, 2018, the redemption value of the Class A Units was $55,506, which includes face value of $34,864 and cumulative return of $20,642. As of the period presented, the authorized and outstanding units for AP WIP Investments are as follows:

	Authorized	Outstanding
Class A Units	4,003,603	4,003,603
Common Units	20,000,000	20,000,000

13. Geographic Data and Concentration

AP WIP Investments operates in a single reportable segment which focuses on leasing space to companies that own and operate cellular communication towers and other infrastructure. The following tables summarizes AP WIP Investments' revenues and total assets in different geographic locations (geographic summary is based on the billing addresses of the related in-place tenant):

Revenue

	Year ended December 31,	
	2019	2018
United States	$ 15,820	$ 15,202
United Kingdom	15,267	12,414
Other foreign countries	24,619	18,790
	$ 55,706	$ 46,406

(Dollar amounts in thousands, unless otherwise disclosed)

Total assets

	December 31,	
	2019	**2018**
United States	$ 156,541	$ 185,582
United Kingdom	125,126	102,873
Other foreign countries	251,142	183,905
	$ 532,809	$ 472,360

Although AP WIP Investments monitors the creditworthiness of its customers, a substantial portion of revenue is derived from a small number of customers. The loss, consolidation or financial instability of, or network sharing among, any of the limited number of customers may materially decrease revenue. AP WIP Investments' revenue concentration was with the following in-place tenants:

	Year ended December 31,	
	2019	**2018**
Company		
American Tower	13%	12%
Other (less than 10% individually)	87%	88%
	100%	100%

14. Commitments and Contingencies

In June 2014, the Company entered into a lease agreement for corporate office space. In March 2018, the Company extended the lease agreement by one year with an additional commitment of $536. The lease expires on January 31, 2020.

On October 15, 2019, the AP WIP Holdings, through Service Company, entered into a sublease agreement by and between Aries Pharmaceuticals, Inc., as sublessor, and AP Wireless Infrastructure, as sublessee, for subleased premises located in San Diego, California, U.S.A (San Diego New Corporate Office Sublease Agreement). AP WIP Holdings will occupy this premises as new corporate office space to replace the expiring premise lease in San Diego, California, U.S.A. The San Diego New Corporate Office Sublease Agreement has a term of two years and four months at a cost of $32 in rent per month and required a $193 letter of credit as a security deposit.

AP WIP Investments periodically becomes involved in various claims, lawsuits and proceedings that are incidental to its business. In the opinion of management, after consultation with counsel, the ultimate disposition of these matters, both asserted and unasserted, will not have a material adverse impact on AP WIP Investments' consolidated financial position, results of operations or liquidity.

15. Management Incentive Plan and Related Party Transactions

During the year ended December 31, 2018, a subsidiary of AP WIP Investments, DWIP, adopted the Management Carve-Out Plan (the "DWIP Plan") for employees of AP WIP Investments. Additionally, during the year ended December 31, 2018, a subsidiary of AP WIP Investments, IWIP, adopted the AP WIP International Holdings, LLC Management Carve-Out Plan (the "IWIP Plan") for employees of AP WIP Investments.

Awards under the DWIP Plan vest over a period of up to four years or upon a liquidity event whereby awardees would be eligible for a payment under the DWIP Plan. As defined in the DWIP Plan, if DWIP achieves an internal rate of return in excess of an agreed-upon percentage, a portion of the proceeds in excess of the internal rate of return would be allocable to the DWIP Plan.

During the years ended December 31, 2019 and 2018, a subsidiary of AP WIP Investments, DWIP, issued loans totaling $893 and $5,241, respectively, to certain employees of AP WIP Investments (related parties).

The loans of $893 and $5,241 were made in conjunction with the DWIP Plan. It is the obligation of the employees to repay the loans, with interest, in accordance with the loan agreements. Pursuant to the terms of each employee's loan agreement, the DWIP Plan proceeds attributable to an employee participant will be used to repay the loans. The full amount of the new loans of $893 and $5,241, respectively, have been expensed in the consolidated statement of operations because they are nonrecourse loans.

During the year ended December 31, 2019, AP WIP Investments issued no units under the DWIP Plan. As of December 31, 2019, the DWIP Plan has 145,000,000 authorized units, of which 121,580,001 were issued.

There were no employee loans issued pursuant to the IWIP Plan for the periods ended December 31, 2019 and 2018, respectively.

During the year ended December 31, 2019, AP WIP Investments issued no units under the IWIP Plan. As of December 31, 2019, the IWIP Plan has 145,000,000 authorized units, of which 116,775,001 were issued.

As payment to employees is contingent upon a change of control, no compensation expense has been recognized in connection with the DWIP and/or IWIP Plan other than the expense associated with the nonrecourse loans.

16. Subsequent Events

Landscape Transaction

On November 19, 2019, Landscape Acquisition Holdings Limited entered into a definitive agreement to acquire AP WIP Investments Holdings, LP, and the parent company of AP WIP Investments, for consideration of approximately $859,500 consisting of cash, shares and assumption of debt (the "Landscape Transaction"). The Landscape Transaction closed on February 10, 2020. Landscape Acquisition Holdings Limited now has been renamed as Digital Landscape Group, Inc. (“Digital Landscape”). In connection with the Landscape Transaction, the minority interest in AP WIP Investments, LLC, held by KKR Investors, LP, was redeemed in its entirety.

As a result of the entrance of the agreement, trading of Digital Landscape's ordinary shares and warrants on the London Stock Exchange was suspended on November 20, 2019. The Landscape Transaction was treated as a reverse takeover, and in connection with the closing of the Landscape Transaction, Digital Landscape was granted readmission that was effective on April 1, 2020. Pursuant to readmission, 58,425,000 ordinary shares of no par value and 50,025,000 warrants were added to the Official List and to trading on the London Stock Exchange's main market for listed securities. the As soon as practicable, Digital Landscape expects to pursue a change in its jurisdiction of incorporation to Delaware, U.S. and that, in conjunction with such change, it will file a registration statement with the Securities and Exchange Commission and a listing application with a U.S.-based stock exchange that is subject to regulatory approval.

TowerCom B, LLC Working Capital Bridge

On January 2, 2020, AP Working Capital, LLC, entered into a Secured Promissory Note and Security Agreement (the “Promissory Note Agreement”) with TowerCom B, LLC, a Delaware limited liability company, as the borrower (“TowerCom B”), and TowerCom, LLC, a Florida limited liability company and owner of 100% of the equity interests in TowerCom B, as the guarantor (“TowerCom”). Under the terms of the Promissory Note Agreement, AP Working Capital agreed to lend to TowerCom B up to $20,000 in three installments. The first two installments totaling $17,500 were advanced by AP Working Capital, LLC in January 2020. On March 18, 2020, AP Working Capital, LLC assigned all of its rights and obligations as lender under the Promissory Note Agreement to APW OpCo LLC, a newly formed subsidiary of Digital Landscape as part of the Landscape Transaction, in exchange for the principal and interest amounts then due under the Promissory Note Agreement.

DWIP II Loan Agreement

On April 21, 2020, APW OpCo acquired all of the rights to the loans and obligations under the DWIP II Loan Agreement from the lenders thereunder for $47,961, including accrued interest. Upon consummation of the acquisition by APW OpCo, the DWIP II Loan Agreement shall remain in effect and any amounts outstanding thereunder will be treated as intercompany loans between DWIP II and APW OpCo.

COVID-19 Pandemic

The recent outbreak of COVID-19 (commonly referred to as coronavirus) which first occurred in Wuhan City, China and has subsequently spread to many countries throughout the world, including the UK, the USA, mainland Europe and the Asia-Pacific region, has begun to negatively impact economic conditions globally and there are concerns for a prolonged tightening of global financial conditions. The COVID-19 outbreak could result in a more widespread public health crisis than that observed during the SARS epidemic of 2002-2003, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in March 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. Although the Company is taking measures to mitigate the broader public health risks associated with COVID-19 to its business and employees, including through self-isolation of employees where possible in line with the recommendations of relevant health authorities, the full extent of the COVID-19 outbreak and the adverse impact this may have on the Company's workforce is unknown. In addition, as a result of the COVID-19 outbreak, there may be short-term impacts on the Company’s ability to acquire new rental streams. For example, leasing transactions in certain civil law jurisdictions such as France, Italy and Portugal often require the notarization of legal documents in person as part of the closing procedure. Government-imposed restrictions on the opening of offices and/or self-isolation measures may have an adverse impact on the availability of notaries or other legal service providers or the availability of witnesses to legal documents in common law jurisdictions such as the UK and Ireland and, consequently, the Company’s ability to complete transactions may be adversely impacted during the COVID-19 outbreak. Similarly, government-imposed travel restrictions may impair the ability of the Company’s employees to conduct physical inspections of cell-site infrastructure which are part of the Company’s normal transaction underwriting process. Given the fastmoving nature of the outbreak and increasing government restrictions, there can be no assurances that there will not be a material adverse effect on the Company’s results of operations and financial condition.