DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Financial Statements

Unaudited Condensed Consolidated Financial Statements for the three months ended June 30, 2020 and the period from February 10, 2020 to June 30, 2020 (Successor), and for the periods from January 1, 2020 to February 9, 2020, and for the three and six months ended June 30, 2019 (Predecessor)

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands, except share and per share amounts)

	Successor June 30, 2020	Predecessor December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 188,569	$ 62,892
Restricted cash	1,357	1,140
Trade receivables, net	5,065	7,578
Prepaid expenses and other current assets	10,734	9,199
Total current assets	205,725	80,809
Real property interests, net:		
Right-of-use assets - finance leases, net	177,429	80,498
Cell site leasehold interests, net	746,271	346,662
Real property interests, net	923,700	427,160
Intangible assets, net	5,316	2,848
Property and equipment, net	601	1,095
Goodwill	89,841	-
Deferred tax asset	-	991
Restricted cash, long-term	12,569	14,014
Other long-term assets	5,872	5,892
Total assets	$ 1,243,624	$ 532,809
Liabilities and Stockholders' Equity/Members' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 30,014	$ 22,786
Rent received in advance	15,757	13,856
Finance lease liabilities, current	6,711	5,749
Cell site leasehold interest liabilities, current	6,137	8,379
Current portion of long-term debt, net of deferred financing costs	-	48,884
Total current liabilities	58,619	99,654
Finance lease liabilities	16,248	10,451
Cell site leasehold interest liabilities	9,650	8,462
Long-term debt, net of debt discount and deferred financing costs	520,968	524,047
Deferred tax liability	52,515	-
Other long-term liabilities	7,491	5,531
Total liabilities	665,491	648,145
Commitments and contingencies		
Stockholders' equity/Members' deficit:		
Series A Founder Preferred Shares (Successor), no par value; 1,600,000 shares authorized; 1,600,000 shares issued and outstanding as of June 30, 2020	-	-
Series B Founder Preferred Shares (Successor), no par value; 1,386,033 shares authorized; 1,386,033 shares issued and outstanding as of June 30, 2020	-	-
Ordinary Shares (Successor), no par value; 1,590,000,000 shares authorized; 58,425,000 shares issued and outstanding as of June 30, 2020	-	-
Class B Shares (Successor), no par value; 200,000,000 shares authorized; 11,414,030 shares issued and outstanding as of June 30, 2020	-	-
Class A units (Predecessor)	-	33,672
Common units (Predecessor)	-	85,347
Additional paid-in capital (Successor)	665,635	-
Members' accumulated deficit (Predecessor)	-	(208,883)
Members' accumulated other comprehensive loss (Predecessor)	-	(25,472)
Accumulated other comprehensive loss (Successor)	(13,717)	-
Accumulated deficit (Successor)	(135,004)	-
Total stockholders' equity attributable to Digital Landscape Group, Inc./members' deficit	516,914	(115,336)
Noncontrolling interest	61,219	-
Total liabilities and stockholders' equity/members' deficit	$ 1,243,624	$ 532,809

See accompanying notes to condensed consolidated financial statements.

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except share and per share amounts)

	Successor		Predecessor		
	Three months ended June 30, 2020	Period from February 10, 2020 to June 30, 2020	Period from January 1, 2020 to February 9, 2020	Three months ended June 30, 2019	Six months ended June 30, 2019
Revenue	$ 16,181	$ 24,936	$ 6,836	$ 13,765	$ 26,937
Cost of service	104	175	34	23	74
Gross profit	16,077	24,761	6,802	13,742	26,863
Operating expenses:					
Selling, general and administrative	20,017	28,684	4,344	8,399	15,798
Share-based compensation	3,738	75,101	-	-	-
Management incentive plan	-	-	-	765	765
Amortization and depreciation	11,714	18,829	2,584	4,697	9,209
Impairment - decommission of cell sites	76	597	530	665	1,205
Total operating expenses	35,545	123,211	7,458	14,526	26,977
Operating loss	(19,468)	(98,450)	(656)	(784)	(114)
Other income (expense):					
Realized and unrealized (loss) gain on foreign currency debt	(3,539)	730	11,500	1,642	1,840
Interest expense, net	(5,788)	(9,322)	(3,623)	(7,784)	(15,572)
Other income (expense), net	222	375	(277)	(781)	(405)
Gain on extinguishment of debt	1,264	1,264	-	-	-
Total other income (expense), net	(7,841)	(6,953)	7,600	(6,923)	(14,137)
Income (loss) before income tax expense	(27,309)	(105,403)	6,944	(7,707)	(14,251)
Income tax expense	442	1,429	767	474	949
Net income (loss)	(27,751)	(106,832)	$ 6,177	$ (8,181)	$ (15,200)
Net loss attributable to noncontrolling interest	(2,203)	(2,974)			
Net loss attributable to Digital Landscape Group, Inc. ordinary shareholders	$ (25,548)	$ (103,858)			
Loss per ordinary share:					
Basic and diluted	$ (0.44)	$ (1.78)			
Weighted average common shares outstanding:					
Basic and diluted	58,425,000	58,425,000			

See accompanying notes to condensed consolidated financial statements.

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
(in thousands)

	Successor		Predecessor		
	Three Months Ended June 30, 2020	Period from February 10, 2020 to June 30, 2020	Period from January 1, 2020 to February 9, 2020	Three months ended June 30, 2019	Six months ended June 30, 2019
Net income (loss)	$ (27,751)	$ (106,832)	$ 6,177	$ (8,181)	$ (15,200)
Other comprehensive income (loss):					
Foreign currency translation adjustment	5,146	(13,717)	(7,165)	(948)	424
Comprehensive loss	$ (22,605)	$(120,549)	$ (988)	$ (9,129)	$ (14,776)

See accompanying notes to condensed consolidated financial statements.

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/MEMBERS' DEFICIT (Unaudited)
(in thousands, except share and per share amounts)

	Predecessor						
	Class A units		Common units				
	Units	Amount	Units	Amount	Accumulated deficit	Accumulated other comprehensive loss	Members' deficit
Balance at March 31, 2019	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (170,517)	$ (26,376)	$ (77,874)
Foreign currency translation adjustment	-	-	-	-	-	(948)	(948)
Net loss	-	-	-	-	(8,181)	-	(8,181)
Balance at June 30, 2019	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (178,698)	$ (27,324)	$ (87,003)
Balance at January 1, 2019	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (170,517)	$ (26,376)	$ (77,874)
Foreign currency translation adjustment	-	-	-	-	-	424	424
Net loss	-	-	-	-	(15,200)	-	(15,200)
Balance at June 30, 2019	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (185,717)	$ (25,952)	$ (92,650)
Balance at January 1, 2020	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (208,883)	$ (25,472)	$ (115,336)
Foreign currency translation adjustment	-	-	-	-	-	(7,165)	(7,165)
Net income	-	-	-	-	6,177	-	6,177
Balance at February 9, 2020	4,003,603	$ 33,672	20,000,000	$ 85,347	$ (202,706)	$ (32,637)	$ (116,324)

See accompanying notes to condensed consolidated financial statements.

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/MEMBERS' DEFICIT (Unaudited)

(in thousands, except share and per share amounts)

	Successor												
	Series A Founder Preferred Shares		Series B Founder Preferred Shares		Ordinary Shares		Class B Shares						
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Noncontrolling interest	Total stockholders' equity
Balance at March 31, 2020	1,600,000	$ -	1,386,033	$ -	58,425,000	$ -	11,414,030	$ -	$ 661,897	$ (18,863)	$ (109,456)	$ 63,422	$ 597,000
Issuances of shares in APW Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-	-	-	3,738	-	-	-	3,738
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	5,146	-	-	5,146
Net loss	-	-	-	-	-	-	-	-	-	-	(25,548)	(2,203)	(27,751)
Balance at June 30, 2020	1,600,000	$ -	1,386,033	$ -	58,425,000	$ -	11,414,030	$ -	$ 665,635	$ (13,717)	$ (135,004)	$ 61,219	$ 578,133
Balance at February 10, 2020	1,600,000	$ -	-	$ -	58,425,000	$ -	-	$ -	$ 590,534	$ -	$ (31,146)	$ -	$ 559,388
Issuances of shares in APW Acquisition	-	-	-	-	-	-	6,014,030	-	-	-	-	64,193	64,193
Share-based compensation	-	-	1,386,033	-	-	-	5,400,000	-	75,101	-	-	-	75,101
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	(13,717)	-	-	(13,717)
Net loss	-	-	-	-	-	-	-	-	-	-	(103,858)	(2,974)	(106,832)
Balance at June 30, 2020	1,600,000	$ -	1,386,033	$ -	58,425,000	$ -	11,414,030	$ -	$ 665,635	$ (13,717)	$ (135,004)	$ 61,219	$ 578,133

See accompanying notes to condensed consolidated financial statements.

DIGITAL LANDSCAPE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands, except share and per share amounts)

	Successor	Predecessor	
	Period from February 10, 2020 to June 30, 2020	Period from January 1, 2020 to February 9, 2020	Six months ended June 30, 2019
Cash flows from operating activities:			
Net income (loss)	$ (106,832)	$ 6,177	$ (15,200)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Amortization and depreciation	18,829	2,584	9,209
Amortization of finance lease and cell site leasehold interest liabilities discount	803	213	991
Impairment – decommission of cell sites	597	530	1,205
Realized and unrealized gain on foreign currency debt	(730)	(11,500)	(1,840)
Amortization of debt discount and deferred financing costs	28	280	1,123
Provision for bad debt expense	167	26	559
Share-based compensation	75,101	-	-
Deferred income taxes	(336)	339	-
Gain on extinguishment of debt	(1,264)	-	-
Change in assets and liabilities:			
Trade receivables, net	3,024	(682)	(414)
Prepaid expenses and other assets	164	935	(214)
Accounts payable, accrued expenses and other long-term liabilities	(18,018)	(4,605)	(265)
Rent received in advance	292	2,251	1,589
Net cash used in operating activities	(28,175)	(3,452)	(3,257)
Cash flows from investing activities:			
Cash paid in APW Acquisition, net of cash acquired	(277,065)	-	-
Investments in real property interests and related intangible assets	(45,729)	(5,064)	(31,563)
Advances on note receivable	(2,500)	(17,500)	-
Payments received on note receivable	20,000	-	-
Purchases of property and equipment	(189)	(40)	(658)
Net cash used in investing activities	(305,483)	(22,604)	(32,221)
Cash flows from financing activities:			
Repayments of the Loan Agreement	(48,025)	(250)	(250)
Repayments of finance lease and cell site leasehold interest liabilities	(4,760)	(3,149)	(3,561)
Net cash used in financing activities	(52,785)	(3,399)	(3,811)
Net change in cash and cash equivalents and restricted cash	(386,443)	(29,455)	(39,289)
Effect of change in foreign currency exchange rates on cash and restricted cash	310	(232)	381
Cash and cash equivalents and restricted cash at beginning of period	588,628	78,046	101,414
Cash and cash equivalents and restricted cash at end of period	$ 202,495	$ 48,359	$ 62,506
Supplemental disclosure of cash and non-cash transactions:			
Cash paid for interest	$ 15,939	$ 4,684	$ 13,762
Cash paid for income taxes	$ 2,713	$ 1,112	$ 678

See accompanying notes to condensed consolidated financial statements.

1. Organization

Digital Landscape Group, Inc. (together with its subsidiaries, "Digital Landscape Group", "DLGI" and/or the "Company"), formerly known as Landscape Acquisition Holdings Limited ("Landscape"), is one of the largest international aggregators of rental streams underlying wireless sites through the acquisition of wireless telecom real property interests and contractual rights. The Company purchases, primarily for a lump sum, the right to receive future rental payments generated pursuant to an existing tenant lease (and any subsequent lease or extension or amendment thereof). Typically, the Company acquires the rental stream by way of a purchase of a real property interest in the land underlying the wireless tower or antennae, most commonly easements, usufructs, leasehold and sub-leasehold interests, or fee simple interests, each of which provides the Company the right to receive the rents from the tenant lease. In addition, the Company purchases contractual interests, such as an assignment of rents, either in conjunction with the property interest or as a stand-alone right.

The Company was incorporated with limited liability under the laws of the British Virgin Islands under the BVI Companies Act on November 1, 2017. The Company was originally formed to undertake an acquisition of a target company or business.

On February 10, 2020 (the "Closing Date"), the Company completed its acquisition by purchasing AP WIP Investments Holdings, LP ("AP Wireless"), a Delaware limited partnership and the direct parent of AP WIP Investments, LLC ("AP WIP Investments") pursuant to a merger agreement entered into on November 19, 2019. The acquisition, together with the other transactions contemplated by the merger agreement are referred to herein as the "Transaction" and/or "APW Acquisition". In connection with the closing of the Transaction, Landscape changed its name to Digital Landscape Group, Inc.

Upon completion of the Transaction, on the Closing Date, the Company acquired a 91.8%. interest in APW OpCo LLC ("APW OpCo"), the parent of AP Wireless and the indirect parent of AP WIP Investments for consideration of approximately $860,000 less (i) debt as of June 30, 2019 of approximately $539,000, (ii) approximately $65,000 to redeem a minority investor in the AP Wireless business, and (iii) allocable transaction expenses of approximately $10,700 plus (iv) cash as of June 30, 2019 of approximately $66,500 (subject to certain limited adjustments). The Transaction was completed through a merger of newly created subsidiary of DLGI with and into APW OpCo, with APW OpCo surviving such merger as a majority owned subsidiary of the DLGI. Following the Transaction and as noted above, the Company owned 91.8% of APW OpCo. The remaining 8.2% interest in APW OpCo is owned by certain former partners of Associated Partners, L.P. ("Associated Partners"), the selling party in the Transaction. Such partners of Associated Partners were members of APW OpCo immediately prior to the Closing Date and elected to roll over their investment in AP Wireless in connection with the APW Acquisition (the "Continuing OpCo Members"). As a result, the AP Wireless business is 100% owned by DLGI and the Continuing OpCo Members.

In connection with the APW Acquisition, the Company entered into a subscription agreement, dated as of November 20, 2019 and amended and supplemented as of February 7, 2020 (the "Centerbridge Subscription Agreement"), with Centerbridge Partners Real Estate Fund, L.P., Centerbridge Partners Real Estate Fund SBS, L.P. and Centerbridge Special Credit Partners III, L.P. (collectively, the "Centerbridge Entities"). Pursuant to the Centerbridge Subscription Agreement, the Centerbridge Entities subscribed for $100,000 of Ordinary Shares at a price of $10.00 per share (the "Centerbridge Subscription") in connection with, and contingent upon the consummation of, the APW Acquisition. The cash proceeds from the Centerbridge Subscription are available for general corporate purposes, including the acquisition of real property interests and revenue streams critical for wireless communications.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

Unless the context otherwise requires, the "Company", refers, for periods prior to the completion of the Transaction, to AP WIP Investments, and its subsidiaries and, for periods after the completion of the Transaction, to Digital Landscape Group and its subsidiaries, including AP WIP Investments and its subsidiaries.

As a result of the Transaction, for accounting purposes, the Company is the acquirer and AP WIP Investments is the acquiree and accounting Predecessor to DLGI, as Landscape had no operations prior to the Transaction. Accordingly, the financial statement presentation includes the financial statements of AP WIP Investments as "Predecessor" for periods prior to the Closing Date and DLGI as "Successor" for periods after the Closing Date, including the consolidation of AP WIP Investments and its subsidiaries. The Transaction was accounted for as a business combination under the scope of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") No. 805, *Business Combinations*, ("ASC 805").

(in thousands, except share and per share amounts and unless otherwise disclosed)

The condensed consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the rules and regulations of Securities and Exchange Commission ("SEC"). The accompanying condensed consolidated financial statements include the accounts of the Company and its majority-owned or controlled subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

For the Successor period from February 10, 2020 through June 30, 2020, Digital Landscape Group consolidated the financial position and results of operations of AP WIP Investments and its subsidiaries. For the Predecessor periods, the consolidated financial statements include the accounts of AP WIP Investments and its subsidiaries, as well as a variable interest entity ("VIE").

Use of Estimates

The preparation of the condensed 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 condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. The Company maintains its deposits at high quality financial institutions and monitors the credit ratings of those institutions. The Company considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. While cash held by financial institutions may at times exceed federally insured limits, the Company believes that no material credit or market risk exposure exists due to the high quality of the institutions. The Company has not experienced any losses on such accounts. Gains and losses on highly liquid investments classified as cash equivalents are reported in other income in the condensed consolidated statements of operations.

Restricted Cash

The Company 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 the Company under the loan agreements. Accordingly, these balances contain restrictions as to their availability and usage and are classified as restricted cash in the condensed consolidated balance sheets.

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

	Successor	Predecessor	
	June 30, 2020	February 9, 2020	December 31, 2019
Cash and cash equivalents	$ 188,569	$ 33,333	$ 62,892
Restricted cash	1,357	2,642	1,140
Restricted cash, long term	12,569	12,384	14,014
Total cash and cash equivalents and restricted cash	$ 202,495	$ 48,359	$ 78,046

Fair Value Measurements

The Company applies 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 the Company's 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 condensed consolidated balance sheets for cash and cash equivalents, 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 June 30, 2020 (Successor) and December 31, 2019 (Predecessor), the carrying amounts of the Company's debt and lease and other leasehold interest liabilities approximated its fair value, as the obligation bears interest at rates currently available for debt with similar maturities and collateral requirements.

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. The Company 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 condensed consolidated statements of operations. The allowance for doubtful accounts was $658 and $491 at June 30, 2020 (Successor) and December 31, 2019 (Predecessor), respectively.

Real Property Interests

The Company's 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 the Company 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 a right-of-use asset and a lease liability in the balance sheet for all leases with term of greater than twelve months regardless of their classification.

On January 1, 2019, the Company adopted the new lease standard using the modified retrospective method applied to lease arrangements that were in place on the transition date. Commencing with the adoption of ASC 842, the Company determines if an arrangement, including cell site leasehold interest arrangements, is a lease at the inception of the agreement. The Company 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.

The Company's 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. The Company also considers termination options and factors those into the determination of lease payments when appropriate. To determine the lease term, the Company 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 condensed 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.

Operating Leases

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.

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 recognized using the straight-line method in amounts considered to be sufficient to allocate the cost of the assets to operations over their estimated useful lives. Depreciation expense was $98 and $151 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $44 for the period from January 1 to February 9, 2020 (Predecessor), and $91 and $183 for the three and six months ended June 30, 2019 (Predecessor), respectively.

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. The Company reviewed the portfolio of cell site leasehold interests and intangible assets for impairment, in which the Company identified cell sites for which impairment charges were recorded in Impairment – decommission of cell sites in the condensed consolidated statements of operations.

Goodwill

Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is carried at cost. Goodwill is not amortized; rather, it is subject to a periodic assessment for impairment by applying a fair value based test. The Company is organized in one reporting unit and evaluates the goodwill for the Company as a whole. Goodwill is assessed for impairment on an annual basis as of October 1st of each year or more frequently if events or changes in circumstances indicate that the asset might be impaired. Under the authoritative guidance issued by the FASB, the Company has the option to first assess the qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the goodwill impairment test is performed. The goodwill impairment test requires the Company to estimate the fair value of the reporting unit and to compare the fair value of the reporting unit with its carrying amount. If the fair value exceeds the carrying amount, then no impairment is recognized. If the carrying amount recorded exceeds the fair value calculated, then an impairment charge is recognized for the difference. There was no impairment of goodwill for the period ended June 30, 2020 (Successor).

Revenue Recognition

The Company receives rental payments from in-place tenants of wireless communication sites under operating lease agreements. Revenue is recorded as earned over the period in which the lessee is given control over the use of the wireless communication sites and recorded over the term of the lease, not including renewal terms, since the operating lease arrangements are cancellable by both parties.

Rent received in advance is recorded when the Company receives advance rental payments from the in-place tenants. Contractually owed lease prepayments are typically paid one month to one year in advance. At June 30, 2020 (Successor) and December 31, 2019 (Predecessor), the Company's rent received in advance was $15,757 and $13,856, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Where applicable, the Company records a valuation allowance to reduce any deferred tax assets that it determines will not be realizable in the future.

For periods after the consummation of the Transaction, the Company is subject to U.S. federal and state income taxes. Additionally, 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.

The Company 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. The Company records interest related to unrecognized tax benefits and penalties as a component of income tax expense in the accompanying consolidated statements of operations.

Share-based compensation

The Company expenses share-based compensation over the requisite service period of the awards (usually the vesting period) based on the grant date fair value of awards. For share-based compensation awards with performance-based milestones, the expense is recorded over the service period after the achievement of the milestone is probable or the performance condition is achieved. An offsetting increase to stockholders' equity is recognized equal to the amount of the compensation expense charge. The Company recognizes forfeitures as they occur as a reduction of share-based compensation expense in the condensed consolidated statement of operations.

Warrants

The Company has warrants issued with its Ordinary Shares and Series A Founder Preferred Shares that were determined to be equity classified in accordance with ASC 815, *Derivatives and Hedging*. The Company also issued warrants with shares issued to non-founder directors for compensation that were determined to be equity classified in accordance with ASC 718, *Compensation – Stock Compensation* ("ASC 718"). The fair value of the warrants was recorded as additional paid-in capital on the issuance date, and no further adjustments were made.

Basic and Diluted Earnings per Ordinary Share

Basic earnings (loss) per Ordinary Share excludes and is computed by dividing net income (loss) attributable to ordinary shares by the weighted average number of Ordinary Shares outstanding during the period. The Company has determined that its Series A Founder Preferred Shares are participating securities as the Series A Founder Preferred Shares participate in undistributed earnings on an as-if-converted basis. Accordingly, the Company used the two-class method of computing earnings per share, for Ordinary Shares and Series A Founder Preferred Shares according to participation rights in undistributed earnings. Under this method, net income applicable to holders of ordinary shares is allocated on a pro rata basis to the holders of Ordinary Shares and Series A Founder Preferred Shares to the extent that each class may share income for the period; whereas undistributed net loss is allocated to Ordinary Shares because Series A Founder Preferred Shares are not contractually obligated to share the loss.

Diluted earnings per ordinary share reflects the potential dilution that would occur if securities were exercised or converted into Ordinary Shares. The Company's dilutive securities include Series A Founder Preferred Shares, warrants, options, and restricted shares. To calculate the number of shares for diluted earnings per ordinary shares, the effect of the participating preferred shares is computed using the as-if-converted method, and effects of the warrants, options, LTIP units and restricted shares are computed using the treasury stock method. For all periods presented with a net loss, the effects of any incremental potential ordinary shares have been excluded from the calculation of loss per Ordinary Share because their effect would be anti-dilutive. Therefore, the weighted-average shares outstanding used to calculate both basic and diluted loss per share are the same for periods with a net loss.

As the Company's Class B Shares and Series B Founder Preferred Shares do not confer upon the holder any right to distributions, neither share class shall be included in the Company's computation of basic or diluted earnings (loss) per Ordinary Share.

Segment Reporting

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

Foreign Currency

The Company's functional and reporting currency is the U.S. dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date, while revenue and expenses are translated at the average exchange rates during the period. Foreign exchange gains and losses arising from translation are included in the condensed consolidated statements of operations.

Recent Accounting Pronouncements

Accounting Pronouncements Recently 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. Effective January 1, 2020, the Company adopted the new guidance and the Company noted that operating lease receivables are not within the scope of this guidance. As such, there was no cumulative-effect adjustment to the condensed consolidated balance sheet as of the effective date. The adoption of this guidance did not have an impact on the Company's condensed consolidated financial statements.

In January 2017, the FASB issued Accounting Standard Update ("ASU") No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU-2017-04"). The new ASU removes Step 2 of the goodwill impairment test and requires the assessment of fair value of individual assets and liabilities of a reporting unit to measure goodwill impairments. Goodwill impairment will then be the amount by which a reporting unit's carrying amount exceeds its fair value. The Company adopted the new standard on January 1, 2020, and the adoption did not have an impact on its condensed consolidated financial statements.

In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ("ASU 2019-04"), to clarify and address implementation issues around the new standards related to credit losses, hedging and recognizing and measuring financial instruments. The Company adopted the new standard on January 1, 2020, and the adoption did not have an impact on its condensed consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-03, *Codification Improvements to Financial Instruments* ("ASU 2020-03"). The ASU clarifies disclosure guidance for fair value options, adds clarifications to the subsequent measurement of fair value, clarifies disclosure for depository and lending institutions, clarifies the line-of-credit or revolving-debt arrangements guidance, and the interaction of Financial Instruments - Credit Losses (Topic 326) with Leases (Topic 842) and Transfers and Servicing-Sales of Financial Assets (Subtopic 860-20). The Company adopted the new standard on January 1, 2020, and the adoption did not have an impact on its condensed consolidated financial statements.

(in thousands, except share and per share amounts and unless otherwise disclosed)

Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, ("ASU 2019-12"). The ASU removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group. The ASU is effective for annual reporting periods beginning after December 15, 2020, including interim reporting periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its condensed consolidated financial statements.

3. Business Combination

On February 10, 2020, the Company completed the APW Acquisition, acquiring AP Wireless in a business combination. The acquisition was completed through a merger of a newly created DLGI subsidiary with and into APW OpCo, with APW OpCo surviving the merger as a majority-owned subsidiary of DLGI. Following completion of the Transaction on the Closing Date, DLGI owned 91.8% of APW OpCo, and the Continuing OpCo Members owned the remaining 8.2%. The APW Acquisition was accounted for as a business combination using the acquisition method with DLGI as the accounting acquirer in accordance with ASC 805. The interest in APW OpCo not owned by the Company was recognized as a noncontrolling interest in the condensed consolidated financial statements.

The aggregate acquisition consideration transferred in the APW Acquisition was $389,617, which consisted of cash consideration of $325,424 and equity consideration of $64,193. The cash component of the consideration was funded through the liquidation of cash equivalents owned by DLGI. The equity component of the consideration represented the fair value of the limited liability company units in APW OpCo issued to the Continuing OpCo Members, and includes Class B Common Units, Series A Rollover Profits Units and Series B Rollover Profits Units (collectively, the "Consideration Units"). The Company determined that the components of the Consideration Units were not freestanding instruments and the economic characteristics of the embedded features of the Consideration Units were considered clearly and closely related to the equity-like host of the Consideration Units, as the value of the embedded features fluctuate with the price of the underlying equity in the Consideration Units. Accordingly, the Consideration Units represented and were then accounted for as a single, hybrid financial instrument, classified as permanent equity and presented as noncontrolling interests in the consolidated balance sheet of the Company. The estimated fair value of the Consideration Units was calculated using a Monte Carlo simulation model, which used the following weighted-average assumptions: 19.2% expected volatility, a risk-free interest rate of 1.5%, estimated term of 9.2 years and a fair value of DLGI's Ordinary Shares of $10.00.

The Company recorded a preliminary allocation of the acquisition consideration to the acquiree's identified tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the Closing Date. The excess of the acquisition consideration over the fair value of the assets acquired and liabilities assumed was recorded as goodwill. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

Cash and restricted cash	$	48,359
Trade receivables		8,077
Prepaid expenses and other assets		31,775
Real property interests		900,147
Intangible assets		5,400
Accounts payable and other liabilities		(23,441)
Rent received in advance		(15,837)
Real property interest liabilities		(33,398)
Long-term debt		(570,759)
Deferred income tax liability		(50,547)
Net identifiable assets acquired		299,776
Goodwill		89,841
Total acquisition consideration	$	389,617

(in thousands, except share and per share amounts and unless otherwise disclosed)

The Company has preliminarily allocated the purchase price for the transaction based upon the estimated fair value of net assets acquired and liabilities assumed at the date of acquisition. Accordingly, the preliminary purchase price allocation is subject to change. The Company expects to finalize the allocation of the purchase price upon finalization of the valuation primarily for the real property interests and finance lease and cell site leasehold interest liabilities, as well as the finalization of noncontrolling interests. Any adjustments to the preliminary fair values will be made as soon as practicable but no later than one year from the acquisition date. The preliminary fair value of the real property interests, which consisted of right-of-use assets under finance leases and cell site leasehold interests, was estimated under an income approach based upon management's projections of monthly cash flows for the beneficial rights to the respective real property interests. With consideration given to the specified term of each real property interest arrangement, which ranged from 23 to 99 years as of the Closing Date, the monthly cash flow streams were discounted to present value using an appropriate pre-tax discount rate for the geographic region of each arrangement, with the discount rate for each region determined based on a base pre-tax discount rate for the United States with a premium to account for additional risk associated with the respective region. Discount rates used in the determination of the fair value of real property interests ranged from 8.2% to 18.5%.

The identified intangible assets included the in-place tenant leases. The preliminary fair value of the in-place lease intangible assets was estimated under a replacement cost method. This approach measures the value of an asset by the cost to reconstruct or replace it with another of like utility. The in-place lease intangible asset represents the avoided cost of originating the acquired lease with the in-place tenant. Based on industry experience, the Company estimated one month as a reasonable amount of time to allot for origination of a tenant lease. Accordingly, the fair value of the in-place lease intangible asset approximated the cash flows associated with one-month's net cash flows for each in-place tenant lease.

The preliminary purchase price allocation also reflected the recognition of deferred income taxes related to the fair value of assets acquired and liabilities assumed of the AP Wireless foreign subsidiaries over their respective historical tax bases as of the Closing Date.

The following unaudited pro forma combined financial information presents the Company's results as though the Transaction had occurred at January 1, 2019. The unaudited pro forma consolidated financial information has been prepared using the acquisition method of accounting in accordance with U.S. GAAP (unaudited):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenue	$ 16,181	$ 13,765	$ 31,772	$ 26,937
Net loss	$ (27,751)	$ (17,118)	$ (34,947)	$ (32,546)

4. Real Property Interests

Real property interests, net consisted of the following:

	Successor	Predecessor	
	June 30, 2020	**February 9, 2019**	**December 31, 2019**
Right-of-use assets – finance leases (1)	$ 179,793	$ 85,666	$ 81,733
Cell site leasehold interests (2)	761,878	461,383	468,969
	941,671	547,049	550,702
Less accumulated amortization:			
Right-of-use assets – finance leases	(2,364)	(1,630)	(1,235)
Cell site leasehold interests	(15,607)	(122,549)	(122,307)
Real property interests, net	$ 923,700	$ 422,870	$ 427,160

(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.

The Company's 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.

(in thousands, except share and per share amounts and unless otherwise disclosed)

The agreements that provide for the cell site leasehold interests typically are easement agreements, which have stated terms up to 99 years and provide the Company 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 the Company with the right and opportunity for renewals and extensions. Although the Company 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 the Company within a short time frame (30- to 90-day notice) without penalty. Under certain circumstances, the Company 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, the Company 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, the Company determines if a cell site leasehold interest arrangement is a lease at the inception of the agreement. The Company 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 the Company acquires a leasehold interest, the Company is both a lessor and a lessee. The Company recorded finance lease expense and interest expense associated with the lease liability in the condensed consolidated statements of operations as follows:

	Successor		Predecessor		
	Three Months Ended June 30, 2020	Period from February 10, 2020 to June 30, 2020	Period from January 1, 2020 to February 9, 2020	Six months ended June 30, 2019	Three months ended June 30, 2019
Finance lease expense	$ 1,649	$ 2,424	$ 425	$ 168	$ 137
Interest expense – lease liability	$ 152	$ 278	$ 95	$ 83	$ 68

The Company's 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 38.3 years and 36.7 years and the weighted-average incremental borrowing rate was 2.8% and 7.9% as of June 30, 2020 (Successor) and December 31, 2019 (Predecessor), respectively. As of June 30, 2020 (Successor) and December 31, 2019 (Predecessor), the weighted average remaining contractual payment term for finance leases was 2.8 years and 2.9 years, respectively.

Supplemental cash flow information for the respective periods was as follows:

	Successor	Predecessor	
	Period from February 10 to June 30, 2020	Period from January 1 to February 9, 2020	Six months ended June 30, 2019
Cash paid for amounts included in the measurement of finance lease liabilities:			
Operating cash flows from finance leases	$ 82	$ 37	$ 2
Financing cash flows from finance leases	$ 3,588	$ 845	$ 391
Finance lease liabilities arising from obtaining right-of-use assets	$ 7,838	$ 1,346	$ 4,286

(in thousands, except share and per share amounts and unless otherwise disclosed)

Cell Site Leasehold Interests and Related Liabilities

For real property interests that are not accounted for under ASC 842, the Company applies the acquisition method of accounting, recording an intangible asset in cell site leasehold interests, net in the condensed 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 are made to property owners on a noninterest-bearing basis over a specified period of time, generally ranging from one to eight years. The Company is contractually obligated to fulfill such payments. Included in cell site leasehold interest liabilities in the condensed consolidated balance sheets, the liabilities associated with cell site leasehold interests were initially measured at the present value of the unpaid payments.

For cell site leasehold interests accounted for under the acquisition method of accounting, amortization expense was $9,636 and $15,756 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $2,031 for the period from January 1 to February 9, 2020 (Predecessor), and $4,352 and $8,611 for the three and six months ended June 30, 2019 (Predecessor), respectively. As of June 30, 2020 (Successor), amortization expense to be recognized for each of the succeeding five years was as follows:

Remainder of 2020	$ 19,499
2021	38,998
2022	38,846
2023	38,778
2024	38,778
Thereafter	571,372
	$ 746,271

Maturities of finance lease liabilities and cell site leasehold interest liabilities as of June 30, 2020 (Successor) were as follows:

	Finance Lease	Cell Site Leasehold Interest
Remainder of 2020	$ 3,543	$ 4,128
2021	6,227	4,493
2022	4,746	2,478
2023	3,508	4,540
2024	2,751	320
Thereafter	3,663	503
Total lease payments	24,438	16,462
Less amounts representing future interest	(1,479)	(677)
Total liability	22,959	15,785
Less current portion	(6,711)	(6,137)
Non-current liability	$ 16,248	$ 9,648

(in thousands, except share and per share amounts and unless otherwise disclosed)

5. Tenant Lease Rental Payments

The Company receives rental payments from in-place tenants of wireless communication sites under operating lease agreements. Generally, the Company's leases with the in-place tenants provide for annual escalations and multiple renewal periods at the in-place tenant's option. As of June 30, 2020 (Successor), 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:

Remainder of 2020	$	29,610
2021		54,524
2022		41,942
2023		28,291
2024		16,389
	$	170,756

6. Goodwill and Intangible Assets

Goodwill and intangible assets at June 30, 2020 (Successor) were based on the preliminary purchase price allocation pursuant to the Transaction, which is based on a preliminary valuation performed to determine the fair value of the acquired assets as of the acquisition date. The amount allocated to goodwill and other intangible assets are subject to adjustment upon finalization of the purchase price allocation, which could have a material impact on the carrying amount of goodwill and other intangible assets.

The changes in the carrying amount of goodwill for the period from February 10, 2020 to June 30, 2020 (Successor), is summarized as follows:

Balance as of February 10, 2020	$	-
Addition – APW Acquisition		89,841
Goodwill as of June 30, 2020 (Successor)	$	89,841

Intangible assets subject to amortization consisted of the following:

	June 30, 2020 (Successor)				
	Gross Carrying Amount	**Additions**	**Impairments**	**Accumulated Amortization**	**Intangible Asset, Net**
In-place lease intangible asset	$ 5,400	411	(4)	(491)	$ 5,316

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

Amortization expense was $317 and $475 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $77 for the period from January 1 to February 9, 2020 (Predecessor), and $117 and $231 for the three and six months ended June 30, 2019 (Predecessor), respectively.

(in thousands, except share and per share amounts and unless otherwise disclosed)

As of June 30, 2020 (Successor), the intangible asset amortization expense to be recognized for each of the succeeding five years was as follows:

Remainder of 2020	$	538
2021		869
2022		658
2023		543
2024		453
Thereafter		2,255
	$	5,316

7. Other Long-Term Assets

The Company often closes and funds its cell site lease prepayment transactions through a third-party intermediary. These intermediaries are generally the Company's 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 June 30, 2020 (Successor) and December 31, 2019 (Predecessor) totaled $1,017 and $2,311, respectively, and were recorded as other long-term assets in the Company's condensed consolidated balance sheets.

Right-Of-Use Assets – Operating Leases

The Company 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 condensed consolidated balance sheets as of June 30, 2020 (Successor) and December 31, 2019 (Predecessor), 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. Amounts included in other long-term assets in the condensed consolidated balance sheets representing operating lease right-of-use assets as of June 30, 2020 (Successor) and December 31, 2019 (Predecessor) totaled $3,675 and $2,097, respectively. Cash paid for amounts included in the measurement of operating lease liabilities was $476 for the period from February 10 to June 30, 2020 (Successor), $136 for the period from January 1 to February 9, 2020 (Predecessor), and $455 for the six months ended June 30, 2019 (Predecessor).

Included in selling, general and administrative expenses in the condensed consolidated statements of operations were operating lease expenses associated with right-of-use assets under operating leases of $348 and $533 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $107 for the period from January 1 to February 9, 2020 (Predecessor), and $298 and $615 for the three and six months ended June 30, 2019 (Predecessor), respectively.

(in thousands, except share and per share amounts and unless otherwise disclosed)

Maturities of operating lease liabilities as of June 30, 2020 (Successor) were as follows:

	Operating Leases
Remainder of 2020	$ 670
2021	1,277
2022	865
2023	692
2024	692
Thereafter	607
Total lease payments	4,803
Less amounts representing future interest	(305)
Total liability	4,498
Less current portion	(1,235)
Non-current liability	$ 3,263

The weighted-average remaining lease term for operating leases was 4.3 and 3.0 years and the weighted-average incremental borrowing rate was 5.5% and 7.1% as of June 30, 2020 (Successor) and December 31, 2019 (Predecessor), respectively.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	Successor	Predecessor
	June 30, 2020	December 31, 2019
Interest payable	$ 2,799	$ 3,807
Accrued liabilities	2,334	3,279
Taxes payable	9,481	6,319
Payroll and related withholdings	8,025	4,510
Accounts payable	1,605	1,658
Professional fees accrued	3,722	1,580
Current portion of operating lease liabilities	1,235	824
Other	813	809
Total accounts payable and accrued expenses	$ 30,014	$ 22,786

9. Debt

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

	Successor	Predecessor
	June 30, 2020	December 31, 2019
DWIP Agreement	$ 102,600	$ 102,600
Facility Agreement	347,296	359,764
DWIP II Loan	-	49,250
Subscription Agreement	77,392	76,567
Less: unamortized debt discount and financing fees	(6,320)	(15,250)
Debt, carrying amount	$ 520,968	$ 572,931

DWIP Loan Agreement

In 2014, a subsidiary of the Company, AP WIP Holdings, LLC ("DWIP"), borrowed $115 million under a loan agreement ("DWIP Agreement"), pursuant to which 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. In 2016, DWIP repaid $12,400 of the loan balance.

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. 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%.

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 June 30, 2020 (Successor) and December 31, 2019 (Predecessor), $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 as of June 30, 2020 (Successor) and December 31, 2019 (Predecessor). The escrow and collection account balances are included in the carrying amount of restricted cash in the condensed consolidated balance sheets.

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)

In October 2017, a subsidiary of the Company, 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, which are included in restricted cash in the condensed consolidated balance sheets, as well as direct equity interests and bank accounts of certain of IWIP's asset owning subsidiaries. The Servicer, an affiliate of the Company, 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. In October 2017, $266,200 of the amount available under the Facility

Agreement was funded, comprising individual loans of €115,000 and £100,000. At closing of the Facility Agreement, $5,000 was funded to and is required to be held in an escrow account.

During November 2018, an additional $98,400 of the amount available under the Facility Agreement was funded, consisting of loans of €40,000 ("Series 2-A Tranche") and £40,000 ("Series 2-B Tranche").

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.

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.

DWIP II Loan Agreement

In 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"), which was later amended and restated (the "A&R DWIP II Loan Agreement"). In April 2020, APW OpCo acquired all of the rights to the loans and obligations under the A&R DWIP II Loan Agreement from the lenders thereunder for $47,775, thereby settling this obligation. As of the settlement date, the carrying amount of the outstanding debt was $49,039. Accordingly, a gain on the extinguishment of the obligation under the A&R DWIP II Loan agreement of $1,264 was recognized in the condensed consolidated statement of operations.

Under the A&R DWIP II Loan Agreement, the A&R DWIP II Loan accrued interest at a fixed rate equal to 6.50% and its maturity date was the earlier of (a) June 30, 2020 and (b) the maturity date of the loans under the DWIP Agreement. Under the A&R DWIP II Loan Agreement, beginning with the first payment date after June 30, 2019, DWIP II paid $250 per calendar quarter in principal.

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 is the guarantor of the loan and the loan is secured by AP WIP Investments Holdings, LP direct equity interests in AP WIP. 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 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. This amount was comprised of €68,000 in the form of Class A Tranche. At closing of the Subscription Agreement, $3,000 was funded to and is required to be held in a debt service reserve account.

The initial Euro Class A Tranche balance outstanding under the Facility 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. The loans 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 Facility 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.

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 the three months ended June 30, 2020.

Debt Discount and Financing Costs

Amortization of debt discount and deferred financing costs, included in interest expense, net on the condensed consolidated statements of operations, was $18 and $28 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $281 for the period from January 1 to February 9, 2020 (Predecessor), and $565 and $1,123 for the three and six months ended June 30, 2019 (Predecessor), respectively.

10. Income Taxes

Income tax expense was $442 and $1,429 for the three months ended June 30, 2020 and the period from February 10 to June 30, 2020 (Successor), respectively, $767 for the period from January 1 to February 9, 2020 (Predecessor), and $474 and $949 for the three and six months ended June 30, 2019 (Predecessor), respectively. For the period February 10 through June 30, 2020 (Successor), the effective tax rate was (1.4)%, compared with 11.0% for the period January 1 through February 9, 2020 (Predecessor), and (6.7)% for the six months ended June 30, 2019 (Predecessor). The negative effective tax rate in each respective period is primarily due to a limitation on the recognition of tax benefits due to the full valuation allowance.

11. Variable Interest Entity

Prior to October 16, 2019, AP WIP Investments determined that it had one VIE, AP Wireless Infrastructure Partners, LLC ("AP Infrastructure"), for which AP WIP Investments 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. All of AP Infrastructure's revenue since inception has been attributed to services performed for AP WIP Investments.

On October 16, 2019, Associated Partners, contributed 100% of the limited liability company interests in Service Company, the parent of AP Wireless Infrastructure, to AP WIP Investments Holdings. The Contribution Agreement led management to reconsider Service Company's VIE status. Management determined AP WIP Investments to be the primary beneficiary of Service Company because AP WIP Investments determined that, through AP WIP Investments Holdings, LP, it had the power to direct all of the activities of Service Company.

As AP WIP Investments was the primary beneficiary of the VIE, AP WIP Investments recorded $6,856 of assets and $1,865 in liabilities in the condensed consolidated balance sheet at December 31, 2019 (Predecessor). The assets recognized primarily consisted of cash of $5,891 and fixed assets, net of $457 at December 31, 2019 (Predecessor). As of December 31, 2019 (Predecessor), the liabilities recognized consisted primarily of bonuses payable of $925. All intercompany revenue, payables, and receivables between AP WIP Investments and Service Company were eliminated upon consolidation.

In conjunction with the acquisition of APW OpCo, the Company (Successor) does not have a variable interest in the entities noted above. The assets, liabilities, income and expense of the entities noted above are included the Company's condensed consolidated financial statements (Successor) for the periods subsequent to the Transaction.

12. Shareholders' Equity

Founder Preferred Shares

The Founder Preferred Shares consist of Series A Founder Preferred Shares and Series B Founder Preferred Shares.

Series A Founder Preferred Shares

In connection with Landscape raising approximately $500,000 before expenses through its initial placement of Ordinary Shares and Warrants in November 2017, the Company issued a total of 1,600,000 Series A Founder Preferred Shares, no par value to certain founders of Landscape. Each holder of Series A Founder Preferred Shares is entitled to a number of votes equal to the number of Ordinary Shares into which each Series A Founder Preferred Share could then be converted, on all matters on which stock holders are generally entitled to vote. There is no restriction on the repurchase or redemption by the Company of the Series A Founder Preferred Shares.

In addition to providing long-term capital, the Series A Founder Preferred Shares were issued to have the effect of incentivizing the holders to achieve the Company's objectives. As described below, they are structured to provide a return based on the future appreciation of the market value of the Ordinary Shares.

Upon the closing of the Transaction and once the average price per Ordinary Share for any ten consecutive trading days is at least $11.50, a holder of Series A Founder Preferred Shares will be entitled to receive, when, as and if declared by the Board, and payable in preference and priority to the declaration or payment of any dividends on the Ordinary Shares or any other junior stock, a cumulative annual dividend. Such dividend will be payable in Ordinary Shares or cash, in the sole discretion of the Board. In the first year in which such dividend becomes payable, such dividend will be equal in value to (i) 20% of the increase in the market value of one Ordinary Share, being the difference between $10.00 and the average price, multiplied by (ii) such number of outstanding Ordinary Shares immediately following the Transaction and giving effect to exercises of then outstanding warrants to purchase Ordinary Shares ("Preferred Share Dividend Equivalent"). Thereafter, the dividend will become payable only if the average price during any subsequent year is greater than the highest average price in any preceding year in which a dividend was paid in respect of the Series A Founder Preferred Shares. Such dividend will be equal in value to 20% of the increase in the average price over the highest average price in any preceding year multiplied by the Preferred Share Dividend Equivalent. In addition, the Series A Founder Preferred Shares will also participate in any dividends on the Ordinary Shares on an as-converted to Ordinary Shares basis. In addition, commencing on and after the closing of the Transaction, where the Company pays a dividend on its Ordinary Shares, the Series A Founder Preferred Shares will also receive an amount equal to 20% of the dividend which would be distributable on such number of Ordinary Shares equal to the Preferred Share Dividend Equivalent. All such dividends on the Series A Founder Preferred Shares will be paid contemporaneously with the dividends on the Ordinary Shares.

On the last day of the seventh full financial year of the Company after the closing of the Transaction, the Series A Founder Preferred Shares will automatically convert into Ordinary Shares on a one-for-one basis. Prior to the automatic conversion, a holder of Series A Founder Preferred Shares may require some or all of such holder's Series A Founder Preferred Shares to be converted into an equal number of Ordinary Shares, as adjusted. Also, in connection with the Transaction, the Series A Founder Preferred shareholders entered into the Shareholder Agreement, pursuant to which they agreed, among other things, not to make or solicit any transfer of their Series A Founder Preferred Shares prior to December 31, 2027, subject to certain exceptions.

In accordance with ASC 718, the annual dividend amount, based on the market price of the Company's ordinary shares, resulted in the dividend feature to be deemed compensatory to the Landscape founders receiving the shares and classified as a market condition award settled in shares. As the right to the annual dividend amount was triggered only upon an acquisition event, which was not considered probable until an acquisition had been consummated, the fair value of the annual dividend amount measured on the date of issuance of the Founder Preferred Shares was then recognized upon the consummation of the Transaction. The fair value of the Series A Founder Preferred Shares, $85.5 million, was measured as of its issuance date using a Monte Carlo method which took into consideration different stock price paths. Of the $85.5 million fair value of the Series A Founder Preferred Shares, approximately $69.5 million was attributed to the fair value of the annual dividend amount, which represented the excess of the fair value of the Series A Founder Preferred Shares over the price paid by the founders for these shares and was recorded as share-based compensation expense in the accompanying condensed consolidated statement of operations in the Successor period.

(in thousands, except share and per share amounts and unless otherwise disclosed)

The following assumptions were used when calculating the issuance date fair value:

Number of securities issued	1,600,000
Ordinary Share price upon initial public offering	$10.00
Founder Preferred Share price	$10.00
Probability of winding-up	16.7%
Probability of an acquisition	83.3%
Time to an acquisition	1.5 years
Volatility (post-acquisition)	38.68%
Risk free interest rate	2.26%

Series B Founder Preferred Shares

In connection with the Transaction, the Company issued a total of 1,386,033 Series B Founder Preferred Shares, no par value, of the Company to certain executive officers and were issued in tandem with LTIP Units (see Note 13). Each holder of Series B Founder Preferred Shares is entitled to a number of votes equal to the number of Ordinary and Class B Shares, respectively, into which each Series B Founder Preferred Share could then be converted, on all matters on which stockholders are generally entitled to vote.

The Series B Founder Preferred Shares do not confer upon the holder thereof any right to dividends or distributions at any time, including upon the Company's liquidation.

On the last day of the seventh full financial year of the Company after the Closing Date, i.e. December 31, 2027 (or if any such date is not a trading day, the first trading day immediately following such date), the Series B Founder Preferred Shares will automatically convert into Class B Shares on a one-for-one basis, as adjusted. A holder of Series B Founder Preferred Shares may require some or all of his Series B Founder Preferred Shares to be converted into an equal number of Class B Shares, as adjusted.

Founder Preferred Shares – Voting

For so long as TOMS Acquisition II LLC and Imperial Landscape Sponsor LLC (the "Series A Founder Entities") and William Berkman (collectively with the Series A Founder Entities, the "Founder Entities"), their affiliates and their permitted transferees under the Shareholder Agreement in aggregate hold 20% or more of the issued and outstanding Series A Founder Preferred Shares and Series B Founder Preferred Shares (the "Founder Preferred Shares"), the holders of a majority in voting power of the outstanding Founder Preferred Shares, voting or consenting together as a single class, will be entitled, at any meeting of the holders of the outstanding Founder Preferred Shares held for the election of directors or by consent in lieu of a meeting of the holders of the outstanding Founder Preferred Shares, to:

- elect four members of the Board of Directors (the "Founder Directors");
- remove from office, with or without cause, any Founder Director; and
- fill any vacancy caused by the death, resignation, disqualification, removal or other cause of any Founder Director.

Pursuant to the Shareholder Agreement, two of the Founder Directors will be appointed by holders of the Series A Founder Preferred Shares and two of the Founder Directors will be appointed by holders of the Series B Founder Preferred Shares.

Ordinary Shares

As of June 30, 2020 (Successor), the Company had outstanding 58,425,000 Ordinary Shares, no par value comprised of (i) 48,425,000 Ordinary Shares issued in connection with Landscape's initial placement of Ordinary Shares and Warrants and (ii) 10,000,000 Ordinary Shares issued pursuant to the Centerbridge Subscription Agreement. Each holder is entitled to one vote per share on all matters before the holders of Ordinary Shares. Holders of Ordinary Shares are entitled to ratably receive dividends and other distributions in cash, stock or property of the Company when, as and if declared thereon by the Board from time to time out of assets or funds of the Company legally available. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Company, the holders of Class A Shares will be entitled to receive the assets and funds of the Company available for distribution to stockholders of the Company, subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Shares.

Class B Shares

As of June 30, 2020 (Successor), the Company had outstanding 11,414,030 Class B Shares, all of which were issued to (i) the Continuing OpCo Members on the Closing Date pursuant to the Transaction and (ii) certain officers of the Company pursuant to the Long-Term Incentive Plan. Each holder is entitled to one vote per share together as a single class with Ordinary Shares. Class B Shares will be deemed to be non-economic interests. The holders of Class B Shares will not be entitled to receive any dividends (including cash, stock or property) in respect of their Class B Shares. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Company, the holders of Class B Shares will not be entitled to receive any assets or funds of the Company available for distribution to stockholders of the Company, subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Shares. Class B Shares are not convertible or exchangeable for any other class of series of shares of the Company.

Warrants

In connection with Landscape's initial placement of Ordinary Shares, the Company issued 50,025,000 warrants to the purchasers of both Ordinary Shares and Founder Preferred Shares (including the 25,000 warrants that were issued to non-founder directors of Landscape for their fees). Each warrant has a term of 3 years following the Transaction and entitles a warrant holder to purchase one-third of an ordinary share upon exercise. Warrants are exercisable in multiples of three for one ordinary share at a price of $11.50 per whole Ordinary Share. The warrants are mandatorily redeemable by the Company at a price of $0.01 should the average market price of an Ordinary Share exceed $18.00 for 10 consecutive trading days (subject to any prior adjustment in accordance with the terms of the warrant). The Company considers the mandatory redemption provision of the warrant to be a cancellation of the instrument given the nominal value to be paid out upon redemption.

Noncontrolling Interest

Noncontrolling interests consist of limited liability company units of APW OpCo not owned by DLGI and includes the following units issued by APW OpCo and further described below: Class B Common Units, Series A Rollover Profits Units and Series B Rollover Profits Units. As of June 30, 2020, the portion of APW OpCo not owned by DLGI was 8.2%, representing the noncontrolling interest.

Class B Common Units

As of June 30, 2020 (Successor), 5,389,030 Class B Common Units were outstanding. The Class B Common Units are held in tandem with Class B Shares. Beginning 180 days after the Closing Date, a member of APW OpCo may redeem the Class B Common Units for cash or Ordinary Shares, at the option of the Company, subject to certain terms and conditions, including the surrender (for no consideration) by the redeeming holder of the Class B Shares held in tandem with the Class B Common Units being redeemed.

Series A Rollover Profits Units

As of June 30, 2020 (Successor), 5,389,030 Series A Rollover Profits Units were outstanding. The Series A Rollover Profits Units serve to provide anti-dilution protection to Class B Common Units from dividends issued to holders of Series A Founder Preferred Shares. Concurrently with any dividend to holders of Series A Founder Preferred Share, APW OpCo is required to distribute to holders of Series A Rollover Profits Units corresponding distributions, which shall be made in either cash or Class B Common Units to the same extent as the distribution was made to the holders of the Series A Founder Preferred Shares. The Series A Rollover Profits Units are forfeited, subject to certain exceptions and limitations, upon the earlier of (i) the date of the conversion of all of the Series A Founder Preferred Shares into Ordinary Shares, and (ii) the date on which there are no Series A Founder Preferred Shares or Series A Founder Preferred Shares outstanding.

(in thousands, except share and per share amounts and unless otherwise disclosed)

Series B Rollover Profits Units

As of June 30, 2020 (Successor), 625,000 Series B Rollover Profits Units were outstanding. Series B Rollover Profits Units become equitized when such holders' capital accounts maintained for federal income tax purposes exceed a predetermined threshold. Once equitized, a Series B Rollover Profits Unit is treated for all purposes as one Class B Common Unit.

13. Share-Based Compensation

The Digital Landscape 2020 Equity Incentive Plan (the "Equity Plan") is administered by the Compensation Committee of the Board of Directors ("the Compensation Committee"). Awards granted under the Equity Plan as noted herein are subject to ASC 718. Under the Equity Plan, the Compensation Committee is authorized to grant stock options, stock appreciation rights, restricted stock, stock units, other equity-based awards and cash incentive awards. Awards may be subject to a combination of time and performance-based vesting conditions, as may be determined by the Compensation Committee. Except for certain limited situations, all awards granted under the Equity Plan are subject to a minimum vesting period of one year.

Subject to adjustment, the maximum number of shares of company stock (either Ordinary Shares, Class B Shares, or Series B Founder Preferred Shares) that may be issued or paid under or with respect to all awards granted under the Equity Plan is 13,500,000, in the aggregate. Generally, awards will deliver Ordinary Shares, Class B Shares or Series B Founder Preferred Shares. Each Class B Share available under the Equity Plan may only be granted in tandem with Series A LTIP Units in APW OpCo or upon conversion of the Series B Founder Preferred Shares, and each Series B Founder Preferred Share available under the Equity Plan may only be granted in tandem with Series B LTIP Units in APW OpCo. As of June 30, 2020, there were approximately 3,859,965 share-based awards collectively available for grant under the Equity Plan.

The Equity Plan will remain in effect for ten years following February 10, 2020, unless terminated earlier by the Board, and is subject to amendments as the Compensation Committee considers appropriate, subject to the consent of participants if such changes adversely affect the participant's outstanding rights. Shareholder approval is required to increase the permitted dilution limits and change eligibility requirements.

Long-Term Incentive Plan

The Company granted each executive officer of the Company an initial award (each, an "Initial Award") of LTIP Units and, in tandem with the LTIP Units an equal number of Class B Common Shares and/or Series B Founder Preferred Shares (collectively, the "Tandem Shares'), subject to the terms and conditions of the Equity Plan.

The Initial Awards consisted of (i) 3,376,076 time-vesting Series A LTIP Units that either vest over a three-year or five-year service period following the grant date ("Time-Vesting Series A LTIP Units"), (ii) 2,023,924 performance-based Series A LTIP Units that are subject to both time and performance vesting conditions, the latter condition based on the attainment of certain ordinary share price hurdles over seven years, and (iii) 1,386,033 Series B LTIP Units that contain only a performance-based vesting condition based on the attainment of certain ordinary share price hurdles over nine years. The Tandem Shares are subject to the same vesting and forfeiture condition as the related LTIP Units.

A summary of the Company's LTIP Units as of June 30, 2020, and changes during the period ended February 10, 2020 to June 30, 2020 (Successor) is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at February 10, 2020	-	$ -
Series A LTIP Units:		
Granted	5,400,000	8.32
Series B LTIP Units:		
Granted	1,386,033	6.17
Nonvested at June 30, 2020	6,786,033	$ 7.88

(in thousands, except share and per share amounts and unless otherwise disclosed)

The fair value of each LTIP award was measured as of its grant date using a Monte Carlo method which took into consideration different stock price paths and used the following assumptions:

	Series A LTIP Units	Series B LTIP Units
Expected term	7.9 years	9.9 years
Expected volatility	18.4%	19.7%
Risk-free interest rate	1.5%	1.6%

For the three months ended June 30, 2020 and for the period from February 10, 2020 to June 30, 2020 (Successor), the Company recognized share-based compensation expense of $3,313 and $4,777, respectively, for LTIP Units. As of June 30, 2020, there was $48,713 of total unrecognized compensation cost related to LTIP Units granted, which is expected to be recognized over a weighted-average period of 4.0 years.

Restricted Stock

The Equity Plan permits the Compensation Committee to grant restricted stock awards to eligible recipients as detailed in the Equity Plan. Restricted stock awards are subject to the conditions in the Equity Plan as well as an individual award agreement further detailing the conditions of each award.

Restricted stock awards granted under the Equity Plan are non-transferable until vesting of each award is complete. Each restricted stock award granted under the Equity Plan grants the recipient one Class A Share at no cost to the recipient, subject to the terms and conditions of the Equity Plan and associated award agreement. Generally, vesting of restricted stock awards granted under the Equity Plan is contingent upon the recipient's completion of service, which ranges from one to five years beginning on the grant date.

A summary of the status of the Company's restricted stock awards as of June 30, 2020, and changes during the period from February 10, 2020 to June 30, 2020 (Successor) is presented below:

	Shares	**Weighted-Average Grant-Date Fair Value**
Nonvested at February 10, 2020	-	$ -
Granted	207,002	9.26
Vested	-	-
Forfeited	-	-
Nonvested at June 30, 2020	207,002	$ 9.26

For the three months ended June 30, 2020 and for the period from February 10, 2020 to June 30, 2020 (Successor), the Company recognized share-based compensation expense of $356 and $405, respectively, for restricted stock awards. As of June 30, 2020, there was $1,512 of total unrecognized compensation cost related to restricted stock awards granted as of June 30, 2020. The total cost is expected to be recognized over a weighted-average period of 1.8 years.

Stock Options

In November 2017, Landscape issued its non-founder directors 125,000 stock options to purchase Ordinary Shares of the Company that vested upon the consummation of the Transaction, expire on the 5th anniversary following the Transaction and have an exercise price of $11.50 per share. The fair value of each stock option was estimated at $2.90 on the grant date using the Black-Scholes option pricing model, which used the following assumptions: expected term – 5 years; expected volatility – 34.8%; and risk-free interest rate – 2.1%. As vesting was contingent upon the consummation of an acquisition transaction, the fair value of the awards, totaling $363, was recognized in share-based compensation expense in the Successor's condensed consolidated statement of operations and as an increase of additional paid-in capital upon consummation of the Transaction.

In June 2020, 2,647,000 stock options were granted to employees of the Company at an exercise price of $7.67 per share. Expiring on the tenth anniversary following the grant date, each employee option award vests upon the completion of five years of service. The fair value of each stock option was estimated at $1.60 on the grant date using the Black-Scholes option pricing model, which used the following assumptions: expected term – 6.5 years; expected volatility – 18.5%; and risk-free interest rate – 0.5%.

(in thousands, except share and per share amounts and unless otherwise disclosed)

For the three months ended June 30, 2020 and for the period from February 10, 2020 to June 30, 2020 (Successor), the Company recognized share-based compensation expense of $70 for stock options granted to employees. As of June 30, 2020, there was $4,165 of total unrecognized compensation cost, which is expected to be recognized over a weighted-average period of 4.7 years.

The following table summarizes the changes in the number of Ordinary Shares underlying options for the period of February 10, 2020 to June 30, 2020 (Successor):

	Shares	Weighted-Average Exercise Price
Outstanding at February 10, 2020	125,000	$ 11.50
Granted	2,647,000	7.67
Outstanding at June 30, 2020	2,772,000	$ 7.84
Exercisable at June 30, 2020	125,000	$ 11.50

14. Basic and Diluted Loss per Ordinary Share

Net income (loss) is allocated between the Ordinary Shares and other participating securities based on their participation rights. The Series A Founder Preferred Shares represent participating securities. Net loss attributable to Ordinary Shares is not adjusted for the Series A Founder Preferred Shares' right to earnings, because these shares are not contractually obligated to share in losses of the Company. Additionally, the Company excluded the Company's outstanding warrants, stock options, restricted shares, and Series A Founder Preferred Shares because the securities' effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per ordinary share using the two-class method:

	Successor	
	Three months ended June 30, 2020	Period from February 10, 2020 to June 30, 2020
Numerator:		
Net loss attributable to Digital Landscape Group, Inc. ordinary shareholders	$ (25,548)	$ (103,858)
Adjustment for vested participating preferred stock	-	-
Net loss attributable to ordinary shares	$ (25,548)	$ (103,858)
Denominator:		
Weighted average shares outstanding - basic and diluted	58,425,000	58,425,000
Basic and diluted loss per ordinary share	$ (0.44)	$ (1.78)

(in thousands, except share and per share amounts and unless otherwise disclosed)

The following potentially dilutive securities have been excluded from the computation of diluted weighted average shares outstanding as they would be anti-dilutive:

	Successor	
	Three months ended June 30, 2020	**Period from February 10, 2020 to June 30, 2020**
Series A Founder Preferred Shares	1,600,000	1,600,000
Warrants	16,675,000	16,675,000
Stock options	2,647,000	2,647,000
Restricted stock	207,002	207,002
LTIP Units	6,786,033	6,786,033

15. Commitments and Contingencies

The Company 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 the Company's condensed consolidated financial position, results of operations or liquidity.

16. Management Incentive Plan

AP WIP Investments maintained two incentive plans (collectively, the "Management Carve-Out Plan") for the benefit of certain employees of AP WIP Investments prior to the Transaction and under which non-equity awards were made.

Generally, vesting of awards under the Management Carve-Out Plan was contingent upon a liquidity event. As of the date of the Transaction, no awards vested and subsequent to the Transaction date, the Company ceased all activity under the Management Carve-Out Plan. As of July 10, 2020, all awards under the Management Carve-Out Plan have been canceled.

In conjunction with the Management Carve-Out Plan, loans totaling $6,134 were made to certain plan participants during 2018 and 2019. No loans were issued during the period from January 1, 2020 to February 9, 2020. It remains the obligation of the employees to repay the loans, with interest, in accordance with the loan agreements. In the period of issuance, the full amount of each loan was expensed in the consolidated statement of operations because the loans were nonrecourse.

17. Note Receivable

In January 2020, a subsidiary of AP WIP Investments, entered into a promissory note agreement with an unaffiliated company. Under the terms of the loan agreement, two installments totaling $17,500 were advanced during the period from January 1, 2020 to February 9, 2020 (Predecessor) and the final installment of $2,500 was advanced during the period from February 10, 2020 to June 30, 2020 (Successor). In April 2020, the borrower repaid the outstanding balance including accrued interest under the loan agreement.

18. Subsequent Events

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 each of the jurisdictions in which the Company operates, has had a negative impact on economic conditions globally and there are concerns for a prolonged deterioration of global financial conditions. The COVID-19 outbreak has resulted in a more widespread public health crisis than that observed during the SARS epidemic of 2002-2003, which has resulted in protracted volatility in international markets and a decline in global economic conditions, including as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains. Beginning in March 2020, the Company took measures to mitigate the broader public health risks associated with COVID-19 to its business and employees, including through office closures and self-isolation of employees where possible in line with the recommendations of relevant health authorities; however, the full extent of the COVID-19 outbreak and the adverse impact this may have on the Company's workforce and operations is unknown. In addition, as a result of the COVID-

19 outbreak, there have been and may continue to 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 have had, and may continue to 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. Accordingly, there can be no assurances that there will not be a material adverse effect on the Company's results of operations and financial condition.

Facility Agreement Borrowing and Amendment

On August 27, 2020, additional borrowings under the Facility Agreement were made, consisting of €75,000 ("Series 3-A Tranche") and £55,000 ("Series 3-B Tranche") and resulting in an increase in the outstanding debt thereunder of approximately $161 million. In connection with these borrowings, the Facility Agreement was amended, among other things, to extend the termination date of the Facility Agreement from October 30, 2027 to such latest date of any outstanding loan under the Facility Agreement. As a result, the maturity dates for the Series 3-A Tranche and the Series 3-B Tranche were set at August 26, 2030. The amendment to the definition of termination date in the Facility Agreement does not impact the maturity dates of the Series 1-A Tranche, Series 1-B Tranche, the Series 2-A Tranche or the Series 2-B Tranche.