Company Registration No. 11565549 (England and Wales)

DAWN UK HOLDCO LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019

DAWN UK HOLDCO LIMITED

COMPANY INFORMATION

Directors	G Montesi P L Sim S M Button
Secretary	F&L CoSec Limited
Company number	11565549
Registered office	New Penderel House 4th Floor 283-288 High Holborn London WC1V 7HJ
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

DAWN UK HOLDCO LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the Strategic Report for Dawn UK Holdco Limited ("the Company"), for the period ended 31 December 2019.

Fair review of the business

The Company was incorporated on 12 September 2018 and its operations commenced following the acquisition of data centre assets and customer contracts from AT&T Corporation which took place on 31 December 2018. The Company is a provider of high-performance, enterprise grade, data centre services focused on offering cost efficient colocation solutions. The Company operates in the UK and also acts as a holding company for its subsidiary undertakings. The results of the Company for the first period of account ended 31 December 2019 are shown on page 8, where the Company has reported revenue of £10,607,000 and a loss for the year of £4,959,604. At the 31 December 2019, the Company held net assets totalling £29,612,289.

Principal risks and uncertainties

For the Company's data centre business, the key business risks and uncertainties affecting the management of the Company and execution of the Company's strategy pertain to increasing price pressures from customers and the competitive pressure from other suppliers of similar products. These pressures are continually monitored and assessed by the business with appropriate programmes in place to anticipate or act on changing market conditions. These include, but are not limited to, cost control initiatives and expansion in strategic markets.

In respect of the Company's investment holding activities, the principal risk that the Company is exposed to is the recoverability of its investment values. The carrying value of investments is £18,790,197 and the directors carry out annual impairment reviews on investments, plus regular performance reviews of their underlying businesses.

Liquidity risk is managed on a group wide basis by the ultimate holding company, and the Company is exposed to fluctuations in market interest rates and foreign exchange rates. These are managed using professionals within a fellow subsidiary. The Company has no third-party finance exposure.

The directors believe the Company is well placed to manage its business risks successfully and has adequate resources to continue for the foreseeable future. The directors review the principal risks and uncertainties facing the Company on a regular basis and ensure systems and policies are adhered to in order to minimise any risks.

Future developments and going concern

It is the intention of the directors that the Company will continue with its principal activities as described in the Directors' Report on page 3.

In March 2020, the World Health Organization formally recognised COVID-19, the novel strain of coronavirus, as a pandemic. As a result of various actions taken by federal and local governments worldwide to curb the pandemic, including the temporary closure of certain businesses, various travel restrictions, and the mandatory containment of large segments of the global population within their geographic regions, global economic output has shown signs of short-term contraction and there remains significant uncertainty as to the extent and duration of the global economic impact. The Company provides a critical service to customers and is considered an essential business, which means that there has been minimal disruption in business during the pandemic. However, the operations of the Company, its suppliers and other vendors and customers could be negatively impacted by the regional and global outbreak of COVID-19, and this may impact the Company's financial position and operating results. The Company is continuously monitoring the ongoing developments and will be proactive in mitigating the impact on its operations. At the date of approval of this report, the pandemic has not resulted in a significant impact to the Company's revenues, its results of operations or its overall access to liquidity to manage operations on an ongoing basis. Given the continued uncertainty regarding the ultimate impact of this pandemic, however, any future related financial impact cannot be reasonably estimated at this time.

DAWN UK HOLDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Future developments and going concern (continued)
As reported, the Company made a loss for the period. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the date of approval of the financial statements. This assessment is documented in note 1 – Accounting policies, Going concern. With the developments in the business and the express support of the parent company underpinned by an appropriate group financing facility, which are considered sufficient, the directors consider it is appropriate that the financial statements are prepared on a going concern basis.

Key performance indicators
The key performance indicators of the business are revenue and customer churn rates. For the period ended 31 December 2019, the Company achieved its revenue targets as expected and did not have any large or unexpected disconnects and/or customer churn (churn). Churn rates were consistent with industry averages. Going forward revenue is expected to remain stable and churn rates to continue within industry averages.

On behalf of the board

DocuSigned by:
Sarah Button
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S M Button
Director

Date: 30 November, 2020

DAWN UK HOLDCO LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 31 December 2019.

Incorporation
The Company was incorporated on 12 September 2018 as a private company limited by shares. These financial statements are the Company's first financial statements and reflect the extended accounting period from incorporation to 31 December 2019. Therefore, no comparative period as been presented.

Principal activities
The principal activities of the Company were the provision of colocation data centres and the installation of equipment, as well as the holding of investments in portfolio companies.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

G Montesi	(Appointed 12 September 2018)
P L Sim	(Appointed 12 September 2018)
J G Kelly	(Appointed 12 September 2018 and resigned 10 January 2020)
S M Button	(Appointed 6 May 2020)

Results and dividends
The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Events after the reporting date
As noted in the Strategic Report, in March 2020 COVID-19 was recognised as a pandemic. The Company provides a critical service to customers and is considered an essential business, which means that there has been minimal disruption in business during the pandemic. The Company has taken precautions with regards to employees and facility hygiene, imposed travel restrictions on employees and transitioned employees to work from home as applicable. Protocols such as social distancing and limiting the number of people at facilities have been implemented to protect those required to work on-site to ensure availability and continuity of services. In addition, the directors are proactively taking action to ensure any impact felt from the COVID-19 outbreak to the Company is minimal and a summary of these steps is given in note 1 – Accounting policies, Going Concern.

Auditor
RSM UK Audit LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

DAWN UK HOLDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Information set out in the Strategic Report
The Company has chosen in accordance with Companies Act 2006, section 414C, to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, to be contained in the Directors' Report. It has done so in respect of the fair review of the business, principal risks and uncertainties, key performance indicators and future developments of the Company.

On behalf of the board

DocuSigned by:

Sarah Button

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S M Button
Director

Date: 30 November, 2020

DAWN UK HOLDCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAWN UK HOLDCO LIMITED

Opinion

We have audited the financial statements of Dawn UK Holdco Limited (the 'company') for the period ended 31 December 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAWN UK HOLDCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Nicholas Davies FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

30/11/2020

DAWN UK HOLDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Period ended 31 December 2019 £
Revenue	3	10,607,000
Cost of sales		(15,560,587)
Gross (loss)/profit		(4,953,587)
Administrative expenses		(1,048,861)
Loss before taxation		(6,002,448)
Tax on loss	8	1,042,844
Loss for the financial period		(4,959,604)

Company Registration No. 11565549

DAWN UK HOLDCO LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 £	£
Non-current assets			
Goodwill	9		272,026
Property, plant and equipment	10		12,531,503
Investments	11		18,790,197
			31,593,726
Current assets			
Trade and other receivables falling due after more than one year	13	1,046,789	
Trade and other receivables falling due within one year	13	12,960,831	
Cash and cash equivalents		2,730,301	
		16,737,921	
Current liabilities	14	(18,379,652)	
Net current liabilities			(1,641,731)
Total assets less current liabilities			29,951,995
Non-current liabilities	15		(339,706)
Net assets			29,612,289
Equity			
Called up share capital	18		34,571,893
Retained earnings	19		(4,959,604)
Total equity			29,612,289

The financial statements were approved by the board of directors and authorised for issue on 30 November 2020 and are signed on its behalf by:

S M Button
Director

DocuSigned by:
Sarah Button
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DAWN UK HOLDCO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Share capital £	Retained earnings £	Total £
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(4,959,604)	(4,959,604)
Issue of share capital	**18**	34,571,893	-	34,571,893
Balance at 31 December 2019		34,571,893	(4,959,604)	29,612,289

1 Accounting policies

Company information
Dawn UK Holdco Limited ("the Company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is New Penderel House, 4th Floor, 283-288 High Holborn, London, WC1V 7HJ.

The Company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures
This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Infra Colodata Holdings LLC. The consolidated financial statements of Infra Colodata Holdings LLC are available from their registered office, c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, USA.

Consolidation
The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

Since the balance sheet date the Company, and its wider group, have been operating in an environment affected by the virus crisis. The potential risks from this include disruption to supply, reduced demand, direct effects on personnel, and effects on working capital. To date the Company and group have been successful in managing these risks. The Company provides a critical service to customers and is considered an essential business, which means that there has been no disruption to its ability to operate. The circumstances have also prompted businesses to evaluate their IT infrastructure requirements, with the need to support remote IT access and work from home capabilities, and consequently there has been no reduction in demand. Indeed these potential significant shifts in the way businesses operate, along with enhanced reliance on technology are likely long-term positive outcomes for the Company's industry. The Company and wider group personnel have been able to continue to work with appropriate protocols and safeguards, and with significant numbers able to work remotely. With no particular impact on trading the pandemic has not had any specific effects on the working capital in the business.

The Company made a loss for the period due to being in initial investment, set-up and implementation phase of its plans. Despite this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next twelve months. The Company, along with its parent company Infra Colodata Holdings LLC, has sufficient cash on hand and cash generated from operations to meet their operational requirements. Furthermore, the parent company has identified the Company as a strategic entity and is planning to undertake initiatives geared towards its continual development. Although the Company has no active debt facility, it has access to external financing via a US$50 million revolving credit facility held by the parent which is currently not drawn against. Therefore the Company is reliant on the support of its parent company, and the parent company has expressly confirmed its support for the Company.

The directors continue to monitor the likely impact on operations going forward due to the uncertainty inherent in the current situation. The directors have assessed the Company's, and the wider group's, projected business activities and available financial resources, together with detailed cash forecasts. Therefore with the parent company support, and the underlying finance available, directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the directors consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Reporting period

The Company was incorporated on 12 September 2018 and these financial statements are the Company's first financial statements. The Company chose to extend its reporting period to show results for the 16 month period ended 31 December 2019.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

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1 Accounting policies (Continued)

Intangible fixed assets - goodwill
Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 4 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	40 years
Leasehold improvements	up to 20 years
Plant and equipment	15 - 20 years
Fixtures and fittings	10 years
Computers	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Non-current investments
Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of non-current assets
At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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1 Accounting policies (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

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

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no critical accounting estimates or judgements used in the preparation of these financial statements.

3 Revenue

	2019
	£
Revenue analysed by class of business	
Colocation services	10,560,273
Installation services	6,107
Other services	40,620
	10,607,000

The total revenue of the Company for the period has been derived from its principal activities wholly undertaken in the United Kingdom.

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

4 Employees

The average monthly number of persons employed by the Company during the period was:

	2019 Number
Production	11
Administrative	1
	12

Their aggregate remuneration comprised:

	2019 £
Wages and salaries	808,203
Social security costs	79,523
Pension costs	49,005
	936,731

5 Directors' remuneration

No remuneration was paid to directors during the period.

6 Operating loss

Operating loss for the period is stated after charging/(crediting):	2019 £
Exchange gains	(339,848)
Depreciation of owned property, plant and equipment	960,963
Loss on disposal of property, plant and equipment	23,074
Amortisation of intangible assets	90,675
Operating lease charges	8,181,336

7 Auditor's remuneration

Fees payable to the Company's auditor and its associates:	2019 £
For audit services	
Audit of the financial statements of the Company	36,100
For other services	
All other non-audit services	19,200

8 Taxation

	2019
	£
Deferred tax	
Origination and reversal of timing differences	(1,042,844)

The total tax (credit)/charge for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2019
	£
Loss before taxation	(6,002,448)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(1,140,465)
Tax effect of expenses that are not deductible in determining taxable profit	164,918
Permanent capital allowances in excess of depreciation	(67,297)
Taxation credit for the period	(1,042,844)

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 December 2019 has been calculated based on this rate.

9 Intangible fixed assets

	Goodwill
	£
Cost	
Additions - separately acquired	362,701
At 31 December 2019	362,701
Amortisation and impairment	
Amortisation charged for the period	90,675
At 31 December 2019	90,675
Carrying amount	
At 31 December 2019	272,026

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

10 Property, plant and equipment

	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£	£
Cost						
Additions	5,550,519	82,450	7,864,745	12,642	5,184	13,515,540
Disposals	-	-	(24,945)	-	-	(24,945)
At 31 December 2019	5,550,519	82,450	7,839,800	12,642	5,184	13,490,595
Depreciation and impairment						
Depreciation charged in the period	107,175	27,483	819,518	6,321	466	960,963
Eliminated in respect of disposals	-	-	(1,871)	-	-	(1,871)
At 31 December 2019	107,175	27,483	817,647	6,321	466	959,092
Carrying amount						
At 31 December 2019	5,443,344	54,967	7,022,153	6,321	4,718	12,531,503

The Company purchased land in the period at a cost of £3,392,226, which is not depreciated. This is included in freehold land and buildings.

11 Fixed asset investments

	Notes	2019 £
Investments in subsidiaries	12	18,790,197

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 12 September 2018	-
Additions	18,790,197
At 31 December 2019	18,790,197
Carrying amount	
At 31 December 2019	18,790,197

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Subsidiaries

Details of the Company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Dawn UK Holdco II Limited	United Kingdom	Holding company	Ordinary	100.00	-
Dawn China Holdings HK Ltd	Hong Kong (1)	Colocation services for data centres	Ordinary	100.00	-
Dawn France Holdings SAS	France (2)	Fund management	Ordinary	100.00	-
Dawn Australia Holdings Pty Ltd	Australia (3)	Colocation services for data centres	Ordinary	100.00	-
Dawn Japan Holdings G.K.	Japan (4)	Telecommunication services	Ordinary	100.00	-
Dawn Netherlands Holdings B.V.	Netherlands (5)	Holding company	Ordinary	100.00	-
Dawn Hong Kong Holdings Private Limited	Hong Kong (6)	Colocation services for data centres	Ordinary	100.00	-
Dawn Germany Holdings GmbH	Germany (7)	Colocation services for data centres	Ordinary	100.00	-
Small Stream India Private Limited	India (8)	Computer related activities	Ordinary	99.99	0.01
968 SG Holdings Pte Ltd	Singapore (9)	Data analytics and processing	Ordinary	100.00	-

Dawn UK Holdco II Limited is registered in the United Kingdom at New Penderel House, 4th Floor, 283-288 High Holborn, London, WC1V 7HP.

The registered office of subsidiaries outside of the UK are as follows:

(1) Suite 2006, 20/F, Champion Tower, 3 Garden Road, Central, Hong Kong
(2) 37 Avenue Pierre 1er de Serbie, 75008 Paris, France
(3) C/- Brookfield Australia Investments Limited, Level 22, 135 King, Sydney, NSW 2000
(4) 1-2-1406, Azabudai 2-chome, Minato-Ku, Tokyo, Japan
(5) Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
(6) Suite 2006, 20/F, Champion Tower, 3 Garden Road, Central, Hong Kong
(7) Eschersheimer Landstraße 14, 60322 Frankfurt am Main, Germany
(8) Gopala Krishna Complex, 45/3, Residency Road, MG Road, Shanthala Nagar, Ashok Nagar, Bengaluru, Karnataka, 560025
(9) 16 Collyer Quay, #19-00 Income at Raffles, Singapore, 049318

DAWN UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

13 Trade and other receivables

Amounts falling due within one year:	**2019 £**
Trade receivables	4,323,805
Amounts owed by group undertakings	6,674,886
Other receivables	1,902,920
Prepayments and accrued income	59,220
	12,960,831

Amounts falling due after more than one year:	**2019 £**
Prepayments and accrued income	3,945
Deferred tax asset (note 16)	1,042,844
	1,046,789
Total debtors	14,007,620

14 Current liabilities

	2019 £
Trade payables	1,922,330
Amounts owed to group undertakings	15,575,365
Other payables	73,403
Accruals and deferred income	808,554
	18,379,652

15 Non-current liabilities

	2019 £
Accruals and deferred income	339,706

16 Deferred taxation

The deferred tax assets recognised by the Company are:

	Assets 2019 £
Balances:	
Tax losses	1,042,844
	1,042,844

	2019 £
Movements in the period:	
Liability at 12 September 2018	-
Credit to profit or loss	(1,042,844)
Liability/(Asset) at 31 December 2019	(1,042,844)

The deferred tax asset set out above is expected to reverse in the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.

17 Retirement benefit schemes

	2019 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	49,005

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

18 Share capital

	2019 £
Ordinary share capital	
Issued and fully paid	
44,027,305 Ordinary shares of $1 each	34,571,893

Ordinary share rights:
The Company's ordinary shares, which carry no rights to fixed income, each carry the right to one vote at general meetings of the Company.

Share issues:
During the Company's first period of account there were multiple share issues of varying quantities of shares, however all share issues were at par. In total 44,027,305 ordinary shares with a nominal value of $1 USD were issued for cash consideration of £34.571,893.

19 Reserves

Retained earnings
Cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee
At the reporting end date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019
	£
Within one year	7,356,301
Between one and five years	9,695,963
In over five years	2,518,178
	19,570,442

21 Events after the reporting date

The World Health Organisation officially declared the coronavirus (COVID-19) outbreak a global pandemic on 11 March 2020. The UK entered its first lockdown from 22 March, with its second lockdown from 5 November. The impact of COVID-19 on UK and global economies and businesses is expected to be significant. The directors consider the impact of the COVID-19 outbreak to be a non-adjusting event. The Company is considered to be an essential business and so the Company and its facilities have been able to continue in full operation, with appropriate safeguards for personnel and staff working remotely where possible. To date there have not been significant impacts on demand, suppliers, personnel, or working capital. This is detailed in note 1 – Accounting policies, Going concern. The directors cannot fully predict the overall impact on, or consequences for, the Company and its business but they are confident that the Company has access to sufficient resources such that it will continue as a going concern.

22 Related party transactions

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

23 Parent company

The Company's immediate parent undertaking is Dawn Acquisitions LLC, a company registered in the United States of America at 251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808.

Dawn Aquisitions LLC is in turn a wholly owned subsidiary of Infra Coladata Holdings LLC, a company incorporated in the United States of America. Infra Colodata Holdings LLC is the largest and smallest group in which the results of the Company are consolidated and a copy of their financial statements are available from from their registered office, c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, USA.

The Company's ultimate parent undertaking is Brookfield Asset Management Inc. a company incorporated in Canada.

There is no single ultimate controlling party.

Infra Colodata Holdings LLC

Consolidated Financial Statements

December 31, 2019

(With Report of Independent Auditors)

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Audited Consolidated Financial Statements

Building a better working world

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Report of Independent Auditors

To Management of Infra Colodata Holdings LLC

We have audited the accompanying consolidated financial statements of Infra Colodata Holdings LLC, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive loss, cash flows and equity for the year ended December 31, 2019 and for the period of inception (October 18, 2018) to December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Infra Colodata Holdings LLC at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for the periods then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

April 24, 2020

Infra Colodata Holdings LLC
Consolidated Balance Sheet
(in thousands, except share information)

For years ended December 31,		2019		2018
Assets				
Current Assets				
Cash and cash equivalents	$	24,183	$	14,832
Accounts receivable, net of allowance for doubtful accounts of $1,599 and $ -		69,294		-
Prepaid and other assets		7,095		2,521
Total current assets		100,572		17,353
Property, plant and equipment		382,409		426,221
Operating lease right-of-use assets		566,661		-
Goodwill		487,596		469,682
Intangible assets		212,667		228,000
Other assets		6,870		1,767
Total assets		**1,756,775**		**1,143,023**
Liabilities and equity				
Accounts payable and accrued liabilities		54,193		4,086
Notes payable - related party		-		1,841
Current portion of long-term debt, net of financing fees		2,652		2,627
Other payable - related party		6,325		13,144
Current portion of operating lease liabilities		43,563		-
Total current liabilities		**106,733**		**21,698**
Long-term debt, net of financing fees		543,075		538,477
Operating lease liabilities		558,505		-
Unfavorable lease liabilities		-		20,857
Derivative liabilities		20,053		2,217
Other long-term liabilities		11,047		3,046
Total liabilities		**1,239,413**		**586,295**
Commitments and contingencies (see Note 11)				
Equity				
Common shares, $100 par value; 5,861,156 and 575,4965 shares authorized, issued and outstanding		586,116		575,496
Accumulated deficit		(47,701)		(16,519)
Accumulated other comprehensive loss		(21,053)		(2,249)
Total equity		517,362		556,728
Total liabilities and equity	**$**	**1,756,755**	**$**	**1,143,023**

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

Infra Colodata Holdings LLC
Consolidated Statement of Operations
(in thousands)

	For the Year Ended December 31, 2019	For the Period from October 18, 2018 to December 31, 2018
Revenue	$ 292,903	$ -
Costs and expenses		
Cost of services (excluding depreciation shown separately)	193,054	-
Selling, general and administrative expense	25,790	-
Transaction, integration, and other related expenses	16,305	16,514
Depreciation and amortization	50,515	-
Loss on disposal of assets	1,359	-
Total costs and expenses	287,023	16,514
Operating Income (loss)	5,880	(16,514)
Interest expense	39,743	-
Interest expense - related party	-	6
Other expense (income), net	(48)	(1)
Operating loss before taxes	**(33,815)**	**(16,519)**
Income tax (benefit) expense	(2,633)	-
Net Loss	**$ (31,182)**	**$ (16,519)**

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

Infra Colodata Holdings LLC
Consolidated Statement of Comprehensive Loss
(in thousands)

	For the Year Ended December 31, 2019	For the Period from October 18, 2018, to December 31, 2018
Net loss	$ (31,182)	$ (16,519)
Other Comprehensive loss:		
Unrealized loss on cash flow hedges	(17,836)	(2,217)
Net actuarial gain (loss) on defined benefit plans	(1,600)	-
Foreign currency translation adjustments	632	(32)
Other comprehensive loss	(18,804)	(2,249)
Total comprehensive loss	**$ (49,986)**	**$ (18,768)**

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

Infra Colodata Holdings LLC
Consolidated Statement of Cash Flows
(in thousands)

	For the Year Ended December 31, 2019	For the Period from October 18, 2018, to December 31, 2018
Cash flows from operating activities:		
Net loss	$ (31,182)	$ (16,519)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	50,515	-
Amortization of deferred financing cost	2,873	-
Loss on disposal of assets	1,359	-
Deferred income tax (benefit)	(2,715)	-
Other	734	-
Changes in operating assets and liabilities:		
Accounts receivable	(69,930)	-
Prepaids and other current assets	(4,660)	-
Other assets	(1,949)	(1,767)
Accounts payable and accrued liabilities	50,565	4,086
Note and other payable, related party	(1,386)	14,985
Other long-term liabilities	2,272	-
Operating lease right-of-use assets	46,781	-
Operating lease liabilities	(32,209)	-
Net cash provided by operating activities	**11,068**	**785**
Cash flows from investing activities		
Cash paid for Dawn Acquisition	-	(1,102,521)
Purchase of property and equipment	(6,280)	-
Net cash used in investing activities	**(6,280)**	**(1,102,521)**
Cash flows from financing activities		
Contributions from Member	2,695	575,496
Proceeds from issuance of debt	-	550,000
Repayments on long term debt	(5,500)	-
Borrowings on revolving credit facility	53,750	10,000
Repayments on revolving credit facility	(46,500)	-
Payments of debt issuance costs	-	(18,896)
Net cash used in financing activities	**4,445**	**1,116,600**
Effect of exchange rate fluctuations	118	(32)
Net change in cash and cash equivalents	9,351	14,832
Cash and cash equivalents at beginning of period	14,832	-
Cash and cash equivalents at end of period	**24,183**	**14,832**
Supplemental cash flow information:		
Cash paid for interest	36,767	-
Non-cash investing and financing activities:		
Conversion of other payables related party to Equity	7,924	-
Property and equipment in accounts payable	$ 467	$ -

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

Infra Colodata Holdings LLC
Consolidated Statement of Equity
(in thousands, except share information)

	Common Shares		Retained	Accumulated Other	
	Shares	Amount	Earnings	Comprehensive loss	Total
Balance at beginning of period, January 1, 2019	**5,754,965**	**$ 575,496**	**$ (16,519)**	**$ (2,249)**	**$ 556,728**
Net loss	-	-	(31.182)	-	(31,182)
Additional Member contributions	106,191	10,620	-	-	10,620
Unrealized loss on cash flow hedges	-	-	-	(17,836)	(17,836)
Net actuarial loss on defined benefit plans	-	-	-	(1,600)	(1,600)
Foreign currency translation adjustments	-	-	-	632	632
Balance at end of period, December 31, 2019	**5,861,156**	**$ 586,116**	**$ (47,701)**	**$ (21,053)**	**$ 517,362**

	Common Shares		Retained	Accumulated Other	
	Shares	Amount	Earnings	Comprehensive loss	Total
Balance at beginning of period, October 18, 2018	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Net loss	-	-	(16,519)	-	(16,519)
Member contribution on acquisition	5,697,083.00	569,708	-	-	569,708
Additional Member contributions	57,882.00	5,788	-	-	5,788
Unrealized loss on cash flow hedges	-	-	-	(2,217)	(2,217)
Foreign currency translation adjustments	-	-	-	(32)	(32)
Balance at end of period, December 31, 2018	**5,754,965**	**$ 575,496**	**$ (16,519)**	**$ (2,249)**	**$ 556,728**

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

1. Description of Business

Infra Colodata Holdings LLC (a Delaware corporation) ("Holdings") and its wholly-owned subsidiaries (together with Holdings, the "Company"), operate under the brand name Evoque Data Center Solutions. Holdings was formed by Brookfield Infrastructure ("Brookfield"), alongside institutional partners (together with Brookfield, the "Member") on October 16, 2018 (the "Inception"). The Company acquired its initial operating assets on December 31, 2018 in connection with the acquisition of colocation data center operations and assets from AT&T Corp. ("AT&T") ("Dawn Acquisition"). The Company is headquartered in Dallas, Texas, and is a provider of high-performance, enterprise grade, data center services focused on offering cost efficient colocation solutions. The Company's operations are located in diversified major markets where corporate datacenter and technology tenants are concentrated. These operations consist of 31 datacenter properties, of which 18 are located in North America, six are located in Europe, six are located in Asia and one is located in Australia.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The Company prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries as of December 31, 2019. All of the Company's subsidiaries are wholly owned. All inter-company accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements. There were no variable interest entities for any periods presented herein.

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year's presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to the allowance for doubtful accounts, fair values of financial instruments, intangible assets and goodwill, assets acquired and liabilities assumed from acquisitions, useful lives of intangible assets and property, plant and equipment, leases, asset retirement obligations, post retirement obligations, and other accruals. Whenever possible, estimates and assumptions are based on historical experience and best information available. However, certain estimates require the Company to make assumptions about expected future cash flows, events and usage patterns that it cannot influence or control. The Company's judgments, assumptions and estimates are based upon facts and circumstances known at the time the financial statements are prepared and are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities or recording revenue and expenses in the financial statements. Changes in facts and circumstances may cause changes to assumptions and estimates in future periods, and it is possible that actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company derives its revenues primarily from recurring revenue streams, consisting primarily of (i) colocation, which includes the licensing of cabinet space and power; (ii) interconnection offerings, such as cross connects and exchange ports; and (iii) other revenues consisting of rental income from tenants and/or subtenants. The remainder of the Company's revenues are from non-recurring revenue streams, such as installation services and other one-time charges such as termination fees and storage fees.

Under the revenue accounting guidance, revenues are recognized when control of the aforementioned services is transferred to its customers, in an amount that reflects the consideration it expects to be entitled to in exchange for the products and services. Revenues from recurring revenue streams are generally billed monthly and recognized ratably over the term of the contract, generally 46 months for data center colocation customers. Non-recurring installation fees, although generally paid upfront upon installation, are deferred and recognized ratably over the average customer life of 46 months. Professional service fees, contract settlements and equipment sales are recognized in the period when the services were provided. For the contracts with customers that contain multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct or as a series of distinct obligations if the individual performance obligations meet the series criteria. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. The transaction price is allocated to the separate performance obligation on a relative standalone selling price basis. The standalone selling price is determined based on overall pricing objectives, taking into consideration market conditions, geographic locations and other factors. Other judgments include determining if any variable consideration should be included in the total contract value of the arrangement such as price increases.

Revenue from contract settlements, when a customer wishes to terminate their contract early, is treated as a contract modification and recognized ratably over the remaining term of the contract, if any.

The Company enters into revenue contracts with customers for data center and office spaces, which contain both lease and non-lease components. The Company elected to adopt the practical expedient which allows lessors to combine lease and non-lease components, by underlying class of asset, and account for them as one component if they have the same timing and pattern of transfer. The combined component is accounted for in accordance with the current lease accounting guidance ("Topic 842") if the lease component is predominant, and in accordance with the current revenue accounting guidance ("Topic 606") if the non-lease component is predominant. Lessors are permitted to adopt this practical expedient on a retrospective or prospective basis. The Company elected to apply the practical expedient prospectively based on classes of underlying assets as of January 1, 2019. This is further discussed in "Recently Adopted Pronouncements" below.

In general, customer contracts for data centers are accounted for under Topic 606. Customer contracts for the use of data center space and office space where the Company does not retain substantive substitution rights are accounted for under Topic 842 as lease revenue. The Company's leases with customers are generally classified as operating leases and are recognized on a straight-line basis over the lease term. Revenue from contracts with customers are accounted under Topic 606, with the exception of certain contracts that contain lease components are accounted for in accordance with Topic 842.

2. Summary of Significant Accounting Policies (continued)

From time to time, the Company enters into agreements which include minimum pricing levels. Revenues for these contracts are recognized in relation to the terms of the agreement and as the services are provided.

Contract Costs

Direct and indirect incremental costs solely related to obtaining revenue contracts are capitalized as costs of obtaining a contract, when they are incremental and if they are expected to be recovered. Such costs consist primarily of commission fees and sales bonuses, as well as indirect related payroll costs. Contract costs are amortized over the average customer life of 46 months on a straight-line basis. The Company elected to apply the practical expedient which allows the Company to expense contract costs when incurred, if the amortization period is one year or less.

The Company will assess contract assets for impairment when facts and circumstances suggesting possible impairment arise.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity from the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents consist of unrestricted amounts with financial institutions.

Accounts Receivable

The Company has accounts receivable from certain customers. Management evaluates a customer's credit risk prior to extending credit and does not require collateral. Management considers receivables to be past due between 30 and 60 days after billing, depending upon the customer, and assesses the need for an allowance for uncollectible receivables based on historical write-offs and current past due accounts. Management writes off trade receivables only with the approval of designated individuals and when all attempts to collect, including legal action, have proved ineffective. The Company normally does not charge interest on accounts receivable.

Concentration of Credit Risk

The Company's revenue is primarily derived from hosting and cloud computing, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in customer buying behavior could adversely impact operating results.

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents principally in accredited financial institutions of high credit standing; however, the balance may exceed its accounts and adjusts these balances as appropriate, they could be impacted if the underlying depository institutions fail or could be subject to other adverse conditions in the financial markets. To date, the Company has experienced no material loss or lack of access to its invested cash and cash equivalents; however, it can provide no assurances that access to funds will not be impacted by adverse conditions in the financial markets.

2. Summary of Significant Accounting Policies (continued)

The Company performs ongoing credit evaluations, and collateral is generally not required for trade receivables. The Company generally has not experienced any material losses related to receivables from individual customers or groups of customers. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company's accounts receivable, net.

As of December 31, 2019, the Company had two customers that represented greater than 10% of accounts receivable, net and a single customer that represented greater than 10% of total revenue. The Company had zero accounts receivable, net as of December 31, 2018. Although, the Company operates Worldwide, the predominant portion of revenue is recognized in the United States of America.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation, except for assets acquired using acquisition accounting, which were initially recorded at fair value. The cost of additions and substantial improvements to property and equipment is capitalized. The cost of maintenance and repairs of property and equipment is charged to operating expenses. Property, plant and equipment are depreciated using the straight-line method over their estimated economic lives. The Company amortizes leasehold improvements over the lesser of the life of the asset or term of the lease.

The Company's estimated useful lives of its property, plant and equipment are as follows:

Data center equipment and machinery	up to 31 years
Furniture, fixtures and equipment	2 to 10 years
Building and improvements	2 to 40 years
Leasehold improvements	2 to 12 years
Computer and networking equipment	2 to 5 years

The Company enters into non-cancellable lease arrangements as the lessee, primarily for its data center spaces and office spaces. These arrangements are accounted for as operating leases at December 31, 2019. Assets acquired through capital leases and other financing obligations are included in property, plant and equipment on the consolidated balance sheet. In addition, a portion of the Company's property, plant and equipment are used for revenue arrangements which are accounted for as operating leases where the Company is the lessor.

Property, plant and equipment is reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable.

The Company recognizes an impairment loss when the carrying amount of a long-lived asset is not recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. The Company did not record any impairment charges related to its property, plant and equipment during the year and period ended December 31, 2019 and 2018.

Goodwill and Other Intangible Assets

The Company has two major classes of intangibles assets: goodwill and customer lists (Note 7). Goodwill represents the excess of consideration paid over the fair value of identifiable net assets acquired in business combinations. Goodwill is not amortized but tested annually for impairment or whenever an event occurs, or circumstances change that would indicate it is

2. Summary of Significant Accounting Policies (continued)

more-likely-than-not that an impairment to goodwill exists. Customer lists have finite useful lives and are amortized on a straight-line basis over their useful lives of 12 years (Note 7).

Asset Retirement Costs and Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred and is recorded as other long-term liabilities on the Company's consolidated balance sheet. The associated retirement costs are capitalized and included as part of the carrying value of the long-lived assets and amortized over the useful life of the asset. Subsequent to the initial measurement, the Company accretes the liability in relation to the asset retirement obligations over time and the accretion expense is recorded as a cost of services.

The Company's asset retirement obligations are primarily related to its acquired data centers, of which the majority are leased under long-term arrangements and some of which are required to be returned to the landlords in their original condition. The majority of the Company's data center leases have been subject to significant development by the Company in order to convert them from, in most cases, vacant buildings or warehouses into data centers.

The Company's asset retirement obligations totalled approximately $4.6 million as of December 31, 2019 and is recognized as other long-term liabilities on the Company's consolidated balance sheet. The accretion expense of $0.5 million in relation to its existing asset retirement obligations was recognized during the year ended December 31, 2019.

Leases

The Company determines if an arrangement is or contains a lease at its inception. The Company enters into lease arrangements primarily for data center spaces and office spaces. The Company recognizes a right-of-use ("ROU") asset and lease liability on the consolidated balance sheet for all leases with a term longer than 12 months, including renewals.

ROU assets represent the Company's right to use an underlying asset for the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are classified and recognized at the commencement date. ROU liabilities are measured based on the present value of the fixed lease payments over the contractual lease term. ROU assets consist of (i) the initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by the Company. ROU assets are amortized on a systematic basis over the lease term.

Lease payments may vary because of changes in facts or circumstances occurring after the commencement date. Variable lease payments that do not depend on an index or a rate are excluded from the measure of ROU assets and lease liabilities and are recognized in the period in which the obligation for those payment is incurred. Since most of the Company's leases do not provide an implicit rate; the Company uses its own incremental borrowing rate ("IBR") on a collateralized basis in determining the present value of the lease payments.

The majority of the Company's lease arrangements include options to extend the lease. If the Company is reasonably certain to exercise such options, the periods covered by the options are included in the lease term. The Company has certain leases with an initial term of 12 months or less. For such leases, the Company elected not to recognize any ROU asset or lease liability.

2. Summary of Significant Accounting Policies (continued)

The Company reviews the carrying values of the ROU assets for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. Impairment loss is recognized in the consolidated statement of operations. Amortization of ROU assets and interest on lease liabilities are included in the cost of services and selling, general and administrative expenses in the consolidated statement of operations for the data center and corporate headquarter leases, respectively.

Foreign Currency

The Company is exposed to foreign currency exchange risk through its affiliates in foreign companies. The Company's foreign subsidiaries report their earnings in their local currencies. After evaluating the relevant economic factors, the Company concluded that the operations in each of the foreign locations are relatively self-contained and integrated within their own particular country or economic environment, thus leading to the conclusion that the local currency is used as their functional currency and translated into USD, the reporting currency. The Company's foreign subsidiaries translate foreign assets and liabilities at exchange rates in effect at the balance sheet dates. The Company's foreign subsidiaries translate revenues and expenses using average rates during the period. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive loss (accumulated OCI) in the accompanying consolidated balance sheet.

Foreign exchange gains or losses resulting from foreign currency transactions, including intercompany foreign currency transactions, that are anticipated to be repaid within the foreseeable future, are reported as other expense (income), net on the Company's accompanying consolidated statements of operations. The gain (loss) from foreign currency exchange transactions was $0.4 million for the year ended December 31, 2019 compared to less than $0.1 million for the period ended December 31, 2018.

Fair Value Measurement

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, contingent consideration, and long-term debt. The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximates fair value due to their highly liquid nature, short-term maturity, or competitive rates assigned to these financial instruments. The Company adjusts the carrying amount of certain non-financial assets to fair value on a non-recurring basis when they are impaired. The fair value of debt is the estimated amount the Company would have to pay to transfer its debt, including any premium or discount attributable to the difference between the stated interest rate and market rate of interest at the balance sheet date. Fair values are supported by observable market transactions when available.

Assets and liabilities recorded at fair value in the consolidated balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels, as defined by Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures," are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities. An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

2. Summary of Significant Accounting Policies (continued)

Hierarchical levels are as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The fair value measurements of our derivative instruments are determined using models that maximize the use of the observable market inputs including interest rate curves and both forward and spot prices for currencies and are classified as Level 2 under the fair value hierarchy. The fair values of our derivative instruments are included in Note 14.

Asset retirement obligations are initially measured at fair value but not subsequently measured at fair value.

Derivative Instruments and Hedge Accounting

The Company does not use derivative instruments for trading or speculative purposes. The Company enters into interest rate swap agreements for the purpose of hedging cash flow exposure to floating interest rates on certain portions of debt. All derivative instruments are recognized on the balance sheet at their fair values. Changes in the fair value of a designated interest rate swap are recorded in other comprehensive loss until earnings are affected by the underlying hedged item. Any ineffective portion of the gain or loss is immediately recognized in earnings. Upon settlement, realized gains and losses are recognized in interest expense in the consolidated statement of operations.

The Company will discontinue hedge accounting when (1) the hedge is deemed to be ineffective and that the designation of the derivative as a hedging instrument is no longer appropriate; (2) the derivative matures, terminates or is sold; or (3) occurrence of the contracted or committed transaction is no longer probable or will not occur in the originally expected period. When hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its estimated fair value on the balance sheet, recognizing changes in the fair value in current period earnings. If a cash flow hedge becomes ineffective, any deferred gains or losses remain in accumulated other comprehensive loss until the underlying hedged item is recognized. If it becomes probable that a hedged forecasted transaction will not occur, deferred gains or losses on the hedging instrument are recognized in earnings immediately.

The Company is exposed to risk from credit-related losses resulting from non-performance by counterparties of financial instruments. The Company performs credit evaluations of counterparties under forward exchange contracts and interest rate swap agreements and expects all counterparties to meet their obligations. If necessary, the Company adjusts the values of derivative contracts for counterparty credit risk.

2. **Summary of Significant Accounting Policies (continued)**

Debt Issuance Costs

Loan fees and costs are recognized as a direct reduction to the related debt and are amortized over the life of the related loans based on the effective interest method. Such amortization is included as a component of interest expense.

Employee Benefit Plan

Certain of the Company's U.S. employees participate in a qualified defined benefit pension plan (the "Qualified Plan"). The assets, liabilities and expenses recognized, and disclosures made about plan actuarial and financial information are dependent on the assumptions and estimates used in calculating such amounts. The assumptions include factors such as discount rates, health care cost trend rates, inflation, expected rates of return on plan assets, retirement rates, mortality rates, turnover and other factors.

The assumptions utilized to compute expense and benefit obligations are shown in Note 10. These assumptions are assessed at least annually in consultation with independent actuaries as of December 31 and adjustments are made as needed. The Company evaluates prevailing market conditions, including appropriate rates of return, interest rates and medical inflation (health care cost trend) rates. The Company ensures that the significant assumptions are within reasonable range relative to market data. The methodology to set significant assumptions includes:

Discount rates are estimated using high quality corporate bond yields with a duration matching the expected benefit payments. The discount rate is obtained from a universe of A-rated, non-callable bonds across the full maturity spectrum to establish a weighted average discount rate. The discount rate assumptions are impacted by changes in general economic and market conditions that affect interest rates on long-term high-quality debt securities, as well as the duration of our plans' liabilities.

The expected rates of return on plan assets are derived from reviews of asset allocation strategies, expected future experience for trust asset returns, risks and other factors adjusted for the Company's specific investment strategy. These rates are impacted by changes in general market conditions, but because they are long-term in nature, short-term market changes do not significantly impact the rates. Changes to the target asset allocation also impact these rates.

Depending on the assumptions used, pension expense could vary within a range of outcomes and have a material effect on reported earnings. In addition, the assumptions can materially affect benefit obligations and future cash funding. Actual results in any given year may differ from those estimated because of economic and other factors.

The Company evaluates the funded status of the Qualified Plan using current assumptions and determine the appropriate funding level considering applicable regulatory requirements, tax deductibility, reporting considerations, cash flow requirements and other factors.

Income Taxes

The Company is a limited liability company treated as a disregarded entity for U.S. federal income tax purposes. As a result, the net taxable income or loss of the Company and any related tax credits are taxable to the Member of the Company and are included in that Member's tax returns, even when such taxable income or loss or tax credits are not distributed to that Member. The sole Member of the Company is treated as a corporation for

2. Summary of Significant Accounting Policies (continued)

U.S. federal income tax purposes. The Company does not include any allocation of current or deferred income taxes of its Member in its financial statements. However, the Company and its subsidiaries are subject to entity level tax in certain state, local and foreign jurisdictions and recognize the income tax expense (benefits) and current and deferred income taxes at the respective subsidiaries.

For the year ended December 31, 2019 the Company has recognized an entity level tax benefit of $2.6 million in relation to its operations in foreign jurisdictions. The Company had no material current or deferred income taxes for the year ended December 31, 2018.

Recently Adopted Pronouncements

Goodwill

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-04, "Simplifying the Test for Goodwill Impairment" (ASU 2017-04), which removes the second step of the goodwill impairment test that requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019 and will be applied prospectively. Early adoption is permitted for annual or any interim impairment tests with a measurement date on or after January 1, 2017. The Company has early adopted this standard effective January 1, 2019. The adoption of this standard was applied prospectively and did not have an impact on the Company's consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," as modified. On January 1, 2019, the Company adopted Topic 606 using the modified retrospective method. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements.

The Company recognized no adjustment to opening retained earnings as a result of the transition to Topic 606. Results for reporting periods beginning after January 1, 2019 will be presented under Topic 606, while the comparative information has not been restated and continues to be reported under accounting standards in effect for those periods. Refer to Note 3 for further discussion of the Company's adoption of Topic 606.

Leases

In February 2016, FASB issued ASU 2016-02, Leases and issued subsequent amendments to the initial guidance, collectively referred to as "Topic 842." Topic 842 replaces the guidance in former ASC Topic 840, Leases. The new lease guidance increases transparency and comparability among organizations by requiring the recognition of the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's future obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) an ROU asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Topic 842 allows entities to adopt with one of two methods: the modified retrospective transition method or the alternative transition method.

2. Summary of Significant Accounting Policies (continued)

On January 1, 2019, the Company adopted Topic 842 applying a package of practical expedients and utilized the modified retrospective transition method. By applying the modified retrospective transition method, the presentation of financial information for periods prior to January 1, 2019 was not restated. Refer to Notes 3 and 4 for further discussion surrounding the Company's adoption of Topic 842.

Hedging

In December 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities" ("ASU 2017-12"). This ASU was issued to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and to simplify the application of the hedge accounting guidance in current GAAP. This ASU permits hedge accounting for risk components involving nonfinancial risk and interest rate risk, requires an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the hedged item is reported, no longer requires separate measurement and reporting of hedge ineffectiveness, eases the requirement for hedge effectiveness assessment, and requires a tabular disclosure related to the effect on the income statement of fair value and cash flow hedges.

This ASU is effective for annual or any interim reporting periods beginning after December 15, 2018, with early adoption permitted. The Company has adopted Topic 815 effective January 1, 2019. The adoption of this standard was applied prospectively and did not have an impact on the Company. See Note 9 for additional disclosure regarding the Company's hedging arrangements.

Retirement Benefits

In March 2017, the FASB issued ASU No. 2017-07, "Compensation —Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." This ASU applies to all employers that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715, Compensation — Retirement Benefits. The ASU requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed. The ASU also allows only the service cost component to be eligible for capitalization when applicable (e.g., as a cost of internally manufactured inventory or a self-constructed asset).

The Company adopted ASU No. 2017-07 on January 1, 2019. The Company did not have any net periodic expenses during the period ended December 31, 2018. See Note 10 for additional disclosure regarding the Company's retirement benefits.

2. Summary of Significant Accounting Policies (continued)

Recent Pronouncements Not Yet Adopted

Financial Instruments

In June 2016, FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("Topic 326"): Measurement of Credit Losses on Financial Instruments. The ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU requires enhanced qualitative and quantitative disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 for private companies as amended by ASU 2019-10, with early adoption permitted for all organizations. The Company will adopt this new ASU on January 1, 2023. The Company is assessing the impact of this ASU on its accounting for allowances for doubtful accounts but does not expect the adoption of this standard to have a significant impact.

3. Revenue Recognition

Revenue Streams

For the year ended December 31, 2019, revenue disaggregated by primary revenue stream is as follows (in thousands):

Revenue stream	**2019**
Lease revenue	$ 50,100
Revenue from contracts with customers	242,803
Total revenue	$ 292,903

As of December 31, 2019, the future minimum lease payments (in thousands) to be received for the next five years under non-cancellable operating leases, excluding metered power reimbursements are shown below:

2020	$ 47,661
2021	47,661
2022	1,661
2023	1,661
2024	-
Thereafter	-
Total	**$ 98,644**

During the fiscal year-ended December 31, 2019, the Company recognized into revenue $1.1 million of variable lease payments received.

3. Revenue Recognition (continued)

Contract Balances

The following table summarizes the opening and closing balances of the Company's accounts receivable, net; contract assets and deferred revenue (in thousands):

	Accounts receivable, net	Contract asset	Deferred revenue
Beginning balances as of January 1, 2019	$ -	$ -	$ -
Closing balances as of December 31, 2019	69,294	1,760	1,877
Increase (decrease)	**$ 69,294**	**$ 1,760**	**$ 1,877**

For the year ended December 31, 2019, no impairment loss related to contract balances was recognized in the consolidated statement of operations.

Contract Costs

The ending balances of net capitalized contract costs as of December 31, 2019 were $1.8 million. Contract costs of $0.3 million were amortized during year ended December 31, 2019, which were included in selling, general and administrative expense in the consolidated statement of operations. There was no capitalized contract costs or amortization recognized during the year ended December 31, 2018.

Practical Expedients

Upon transition, the Company has elected to apply the practical expedient whereby an entity need not restate contracts that begin and are completed within the same annual reporting period.

4. Leases

The Company's lease agreements primarily consist of leased real estate and are included within the ROU assets and lease liabilities on the consolidated balance sheet. Many of the Company's lease agreements include options to extend the lease, which are not included in the minimum lease payments unless they are reasonably certain to be exercised at lease commencement. Rental expense related to leases is recognized on a straight-line basis over the lease term.

The Company operates 23 leased data center facilities throughout the World. The remaining term of the data center leases range from 1 to 15 years with options to extend the initial lease term on certain leases. The Company also leases an office space which serves as the Company's corporate headquarters.

On January 1, 2019, the Company adopted Topic 842 using the modified retrospective method. Therefore, results for reporting periods beginning after January 1, 2019 are presented using Topic 842, while comparative information has not been restated.

In adopting the new guidance, the Company elected to apply the package of practical expedients permitted under the new transition guidance which allows the Company to not reassess (i) whether any expired or existing contracts contain leases under the new definition

4. Leases (continued)

of a lease; (ii) lease classification for any expired or existing leases; and (iii) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

Adoption of Topic 842 has had a significant impact on the Company's financial results, primarily with the recognition of new ROU assets and lease liabilities on its balance sheet for all operating leases.

The cumulative effect of the changes made to the consolidated balance sheet as of January 1, 2019 is as follows (in thousands):

	Balance at December 31, 2018	**Adjustments due to adoption of Topic 842**	**Balance at January 1, 2019**
Assets			
Operating lease right-of-use assets	-	614,267	614,267
Prepaid rent	2,521	(2,521)	-
Liabilities			
Current portion of operating lease liabilities	-	40,572	40,572
Operating lease liabilities	-	592.031	592,031
Unfavorable lease liabilities	20,857	(20,857)	-

During 2019, the Company entered into lease amendment agreement with the landlords of two of the data centers. As a result of the amendment, the lease term of our two data centers are extended for an additional 15 years. These lease amendments are accounted for as a lease modification. The Company assessed the lease classification at modification date and determined that the lease should be accounted for as an operating lease, and recorded an incremental operating lease ROU asset $2.5 million and liability of $3.2 million.

On May 29, 2019, the Company entered into a lease agreement with an affiliate company of Brookfield for headquarter office space for initial lease term of 63 months. The Company assessed the lease classification at modification date and determined that the lease should be accounted for as an operating lease, and recorded an operating lease ROU asset $1.0 million and liability of $1.4 million.

For the year ended December 31, 2019, the Company had a total operating lease cost of $72.4 million. For the year ended December 31, 2019, the Company recognized variable lease payments of $6.6 million.

The table below summarizes lease commitments for the next five fiscal years (in thousands):

2020	$ 64,264
2021	60,969
2022	53,216
2023	53,484
2024	50,964
Thereafter	542,551
Total	**825,448**
Less: amount representing interest	(223,400)
Total lease liability[1]	**$ 602,068**

[1] Includes lease renewal options that are reasonably certain to be exercised

4. Leases (continued)

The table below summarizes cash paid for amounts included in the measurement of lease liabilities as well as ROU assets obtained in exchange for lease obligations:

	December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	14,572
Right-of-use assets obtained in exchange for lease obligations:[2]	
Operating leases	18,482

The Company's leases had a weighted-average remaining lease term of 14 years (including lease renewal options that are reasonably certain to be exercised) and a weighted-average discount rate of 3.90%.

Pursuant to the package of practical expedients within Topic 842, the Company has expensed $1.6 million of rental payments in relation to short-term lease arrangements.

5. Prior Period Acquisition

Dawn Acquisition

On December 31, 2018, Dawn Acquisitions LLC, a wholly-owned subsidiary of Holdings, completed the acquisition of certain colocation assets from AT&T (the "Dawn Acquisition"), consisting of 31 data center properties located in the United States, Europe, Asia and Australia, for a cash purchase price of approximately $1,102.5 million. These facilities and customers establish the Company's global platform, increase its ability to generate interconnections and assist with the Company's penetration of the enterprise and strategic markets. The Company funded the acquisition from debt financing and contributions from Member.

Under the terms of the Dawn Acquisition, AT&T transferred customer contracts, owned physical assets (including buildings, tenant improvements and equipment), employees, leases, vendor and other contracts, all dedicated to the Company.

In connection with the Dawn Acquisition, the Company entered into a credit agreement dated December 31, 2018, pursuant to which a group of lenders committed to extend credit in the form of the initial term loans in an aggregate principal amount of $550.0 million. Proceeds were reduced by issuance costs specific to the term loan, amounting to $17.2 million.

The Company incurred acquisition costs of approximately $2.0 million and $10.2 million during the year and period ended December 31, 2019 and 2018, respectively. These fees and expenses consist primarily of due diligence professional service fees, investment banking fees, and legal fees. These fees are classified as transaction, integration and other related expenses in the consolidated statement of operations.

[2] Represents all non-cash changes in ROU assets.

5. Prior Period Acquisition (continued)

Purchase Price Allocation

The Company has completed its final assessment of the fair values of intangible assets and liabilities, property and equipment, employee benefit plans, leases and acquired contracts. The consideration paid and the purchase price allocation for the assets acquired and liabilities assumed are as follows (in thousands):

	Dawn Acquisitions	
Prepaids	$	2,345
Property, plant and equipment		407,676
Intangible assets		232,000
Other long term		175
Total assets acquired		642,196
Pension and other post-employment benefits		(2,289)
Asset Retirement Obligation		(4,076)
Unfavorable leases		(20,857)
Net assets acquired		614,974
Goodwill		487,547
Total purchase price allocation	$	1,102,521
Total cash consideration paid	**$**	**1,102,521**

The nature of the intangible assets acquired is customer relationships with an estimated useful life of 12 years. Customer relationships acquired result from formal agreements entered into by the Company to provide pre-existing space and services to customers acquired from AT&T as well as to AT&T itself at the acquired data centers.

The fair value of customer relationships was estimated by applying an income approach.

The fair value of property, plant and equipment was estimated by applying the cost approach, with the exception of land which was estimated by applying the market approach. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The assumptions of the cost approach include replacement cost new, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The fair value measurements for both customer relationships and property, plant and equipment were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

Goodwill is attributable to the projected revenue increase expected to arise from future customers after the Dawn Acquisition as well as workforce of the acquired business.

6. Property, Plant and Equipment

Net property, plant and equipment is comprised of the following as of December 31, 2019 and 2018 (in thousands):

	2019	2018
Land	$ 69,424	$ 69,280
Data center system and equipment	284,285	288,136
Buildings and improvements	55,544	61,186
Leasehold improvements	1,728	3,058
Furniture, fixtures and office equipment	1,977	4,561
Construction in progress	561	-
	413,519	426,221
Accumulated depreciation	(31,110)	-
Property and equipment, net	$ 382,409	$ 426,221

The Company recorded depreciation expense of $31.2 million for the year ended December 31, 2019. The Company did not have any depreciation expense for the period ended December 31, 2018.

7. Goodwill and Other Intangible Assets

Net goodwill and other intangible assets are comprised of the following as of December 31, 2019 and 2018 (in thousands):

	2019	2018
Balance at January 1	$ 469,682	$ -
Acquisition during the year	-	469,682
Adjustment related to final purchase price allocation	17,865	-
Impact of foreign currency exchange	49	-
Balance at December 31	$ 487,596	$ 469,682

	2019	2018
Customer lists and relationships	$ 232,000	$ 228,000
Less: accumulated amortization	(19,333)	-
Intangible assets, net	$ 212,667	$ 228,000

The Company recorded amortization expense of $19.3 million for the year ended December 31, 2019. The Company did not have any amortization expense for the period ended December 31, 2018.

The Company has estimated annual aggregate amortization expense of $19.3 million for each of the next 11 years.

8. Debt

The Company's debt consisted of the following as of December 31, 2019 and 2018 (in thousands):

		2019		2018
Term loan facility	$	544,500	$	550,000
Revolving loan facility		17,250		10,000
Total debt		**561,750**		**560,000**
Less unamortized debt financing fees		(16,023)		(18,896)
Total debt net financing fees		**545,727**		**541,104**
Less current portion		(2,652)		(2,627)
Total long-term debt, net financing fees	**$**	**543,075**	**$**	**538,477**

Total debt issuance costs of $18.9 million were incurred on both the term loan and revolving facilities. For the period ended December 31, 2018, the Company did not have any interest accrued on the debt balance or amortization recorded on the debt issuance costs. The Company recognized debt issuance costs amortization expense of $2.9 million for the year ended December 31, 2019. Debt issuance costs related to the above credit facilities, net of amortization, were $16.0 million as of December 31, 2019.

On December 31, 2018, the Company entered into a credit agreement with a group of lenders for a credit facility, comprised of a $550.0 million senior secured term loan facility (the "Term Loan Facility") and a $50.0 million senior secured revolving credit facility (the "Revolving Facility"). The credit facility contains provisions relating to mandatory prepayments, voluntary prepayments, affirmative covenants, negative covenants and events of default. All obligations under the credit facility are guaranteed by Holdings and all of its wholly-owned domestic subsidiaries (subject to certain customary exceptions), which are currently Dawn Acquisitions LLC and Dawn US Holdings, LLC, and secured with a lien in substantially all assets of such entities, including the equity interests in Dawn Acquisitions LLC, Dawn US Holdings, LLC and Dawn UK Holdco Limited.

Term Loan Facility

The Company borrowed $550.0 million under the Term Loan Facility on December 31, 2018. The Company is required to repay the Term Loan Facility at the rate of 1% of the original principal amount per annum with the remaining balance to be repaid in full at its maturity. The Term Loan Facility bears interest at a rate based on the London Inter-bank Offered Rate ("LIBOR") plus a margin that can vary from 3.25% to 3.75%. As of December 31, 2019, the Company had $544.5 million outstanding under the Term Loan Facility. The Term Loan Facility has a seven-year term, maturing on December 31, 2025.

Revolving Facility

On December 31, 2018, the Company borrowed $10.0 million under the Revolving Facility which allows the Company to borrow, repay and reborrow over its term. As a part of the Revolving Facility there is a sublimit restriction for the issuance of letters of credit of up to $25.0 million at any one time. Borrowings under the Revolving Facility bears interest at the option of the Company at a rate based on LIBOR plus a margin that can vary from 2.75% to 3.25% or, alternate base rate ("ABR") plus a margin that can vary from 1.75% and 2.25%. The Company is required to pay 0.50% per annum on the average daily unused portion of the Revolving Facility, payable quarterly in arrears. The Company is required to pay a per annum letter of credit fee equal to the applicable spread over adjusted LIBOR. The

8. Debt (continued)

revolving facility matures on December 31, 2023. As of December 31, 2019, the Company had borrowed approximately $17.3 million under the Revolving Facility.

The facilities are secured against the Company's investments in its subsidiaries of Dawn US Holdings LLC, Dawn Colocation Services LLC and Dawn UK Holdco Limited. In addition, an affiliated entity of the Company has pledged its interest in the Company.

The Company is subject to financial covenants related to its long-term debt. As of December 31, 2019, the Company was in compliance with all of its covenants and conditions.

The term loan is payable in quarterly instalments of approximately $5.5 million. The Company's scheduled principal repayments are as follows for the next five fiscal years (in thousands):

		Amount
2020	$	5,500
2021		5,500
2022		5,500
2023		22,750
2024		5,500
Thereafter		517,000
Total	**$**	**561,750**

The Company has outstanding letters of credit amounting to $3.1 million as of December 31, 2019, of which no amount has been drawn. The letters of credit are pledges as collateral or security for rents and utilities.

9. Derivatives Designated as Hedging Instruments

On December 31, 2018, the Company entered into interest rate swap agreements to hedge exposure to floating interest rates on debt. As of December 31, 2019, the Company had $544.5 million of notional amount in outstanding designated interest rate swaps with third parties. All interest rate swaps are highly effective. As of December 31, 2019, the maximum remaining length of any interest rate swap contract in place was approximately four years.

The fair value of interest rate swaps designated as hedging instruments are summarized below (in thousands):

		2019		2018
Interest rate swaps	$	20,053	$	2,217

The following table presents the effect of the Company's derivative financial instruments on the accompany consolidated financial statements (in thousands):

		2019		2018
Derivatives in cash flow hedging relationship				
Cash flow hedge – interest rate swaps:				
Gain (Loss) recognized in accumulated OCI	$	(17,836)	$	(2,217)
Gain (loss) reclassified from accumulated OCI		-		

During the next twelve months, the Company does not expect any amount to be reclassified from other comprehensive income to net income (loss).

10. Employee Benefits

As part of the Dawn Acquisition, the Company assumed a qualified defined benefit plan covering a portion of the Company's employees to be fully funded by AT&T. Benefits accrue to eligible employees based on years of service and compensation.

The Company also assumed another post-employment benefit plan for the associated employees. The plan is provided to certain domestic employees who meet specific age, participation and length of service requirements at the time of retirement. The plan asset receivable is based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in ASC Topic 820.

Obligations and Funded Status

The following tables provide a reconciliation of changes in the plans' benefit obligations, asset fair values and funded status as of December 31, 2019 (in thousands):

Change in Benefit Obligation:		**Pension**		**OPEB**
Benefit Obligation as of December 31, 2018	**$**	**5,332**	**$**	**2,274**
Service Cost		271		125
Interest Cost		225		93
Plan Amendments		-		-
Net (Gain)/Loss		1,156		443
Benefits Paid		-		-
Benefit Obligation as of December 31, 2019		**6,983**		**2,935**
Change in Plan Assets:				
Market Value of Assets as of December 31, 2018		**5,316**		-
Actual Return on Plan Assets		-		-
Employer Contributions		-		-
Expenses Paid		-		-
Benefits Paid		-		-
Fair Value of Assets as of December 31, 2019		**5,316**		-
Funded Status as of December 31, 2019	**$**	**(1,667)**	**$**	**(2,935)**

The following table shows amounts recognized in the consolidated balance sheet as of December 31, 2019 (in thousands):

Amounts Recognized in the consolidated balance sheet:		**Pension**		**OPEB**
Current Liabilities	$	-	$	(15)
Noncurrent Liabilities		(1,667)		(2,919)
Total	**$**	**(1,667)**	**$**	**(2,935)**

10. Employee Benefits (continued)

Benefit Costs and Amortizations

The following table shows the components of the net periodic pension and postretirement health benefit costs as of December 31, 2019 (in thousands):

Year End December 31, 2019 Net Periodic Benefit Cost (NPBC):		**Pension**		**OPEB**
Service Cost	$	271	$	125
Interest Cost		225		93
Expected Return on Assets		-		-
Amortization of:				
Prior Service (Credit)/Cost		-		-
Net (Gain)/Loss		-		-
Total Periodic Benefit (Income)/Expense	**$**	**496**	**$**	**218**

The following table shows amounts that are recognized in other comprehensive income as of December 31, 2019 (in thousands):

Changes in Funded Status Recognized in OCI:		**Pension**		**OPEB**
Prior Service (Credit)/Cost	$	-	$	-
Net (Gain)/Loss		1,156		443
Amortization of:				
Prior Service (Credit)/Cost		-		-
Net Gain/(Loss)		-		-
Total Recognized in OCI	**$**	**1,156**	**$**	**443**

The following table shows amortization amounts expected to be recognized in the fiscal year ended December 31, 2020 in accumulated other comprehensive income (in thousands):

Preliminary Year End December 31, 2020 Net Periodic Benefit Cost (NPBC):		**Pension**		**OPEB**
Service Cost	$	337	$	148
Interest Cost		220		85
Expected Return on Assets		(105)		-
Amortization of:				
Prior Service (Credit)/Cost		-		-
Net (Gain)/Loss		47		15
Total Periodic Benefit (Income)/Expense	**$**	**499**	**$**	**248**
Average Expected Future Service		**9.69**		**10.09**

10. Employee Benefits (continued)

Cash Flows

The following table shows the estimated future benefit payments by fiscal year ended (in thousands):

Expected Benefit Payments for the Year End December 31:	Pension	OPEB
2020	276	15
2021	399	43
2022	275	80
2023	313	98
2024	300	148
2025-2029	1,783	1,097

For the year ended December 31, 2020 the Company expects to contribute $0.1 million in OPEB employer contributions and between $0.2 and $0.4 million in pension employer contributions.

Assumptions

The Company's pension benefit and postretirement health benefit obligations and the related effects on operations are calculated using actuarial models. Critical assumptions that are important elements of plan expenses and asset/liability measurements include discount rate and expected return on assets for the Pension Plan and health care cost trend for the postretirement health plan. The Company evaluates these critical assumptions at least annually. Other assumptions involving demographic factors such as retirement age, mortality and turnover are evaluated periodically and are updated to reflect the Company's experience and to meet regulatory requirements. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. The assumptions used in the previous calculations by fiscal year were as follows:

Assumptions for the Year End December 31, 2019 NPBC:	Pension	OPEB
Discount Rate	4.30%	4.10%
Weighted Average Interest Crediting Rate	3.75%	N/A
Expected Long Term Return on Assets	0.00%	N/A
Salary Increase (Representative)	2.50%	2.50%
Health Care Trend	N/A	7.00% in FY 2019, grading down 0.25% to 4.50% in FY 2029
Measurement Date	12/31/2018	12/31/2018
Average Expected Future Service	**9.69**	**10.09**

The discount rate was based on the FTSE Above Median Discount Curve to determine separately for the Pension Plan and the postretirement health plan, the single equivalent rate that would yield the same present value as the specific plan's expected cash flows.

10. Employee Benefits (continued)

The Company's expected rate of return on Pension Plan assets is determined by the Company's asset allocation, the historical long-term investment performance, the estimate of future long-term returns by asset class (using input from the Company's actuaries, investment managers and investment advisors), and long-term inflation assumptions.

For the fiscal year ended 2019, the medical cost trend assumption used for the postretirement health benefit cost was 7.0%. The graded trend rate is expected to decrease to an ultimate rate of 4.5% in fiscal year 2029.

The following table reflects the effect on pension benefit and postretirement health benefit costs and accruals in fiscal year 2019 of a one-percentage point change in the assumed health care cost trend and the discount rate as well as a one-year change in the average participant age (in thousands):

	Pension	OPEB
Discount rate (-1.0%)	$8,486	$3,328
Discount rate (+1.0%)	$5,824	$2,599
Health care trend sensitivity (-1.0%)	N/A	$2,634
Health care trend sensitivity (+1.0%)	N/A	$3,279
Mortality sensitivity- participants one-year younger	$7,081	$2,936

Pension Plan Assets

The investment objective for the Pension Plan assets is to optimize long-term return at a moderate level of risk in order to secure the benefit obligations to participants at a reasonable cost. To reach this goal, the Company's investment structure includes various asset classes, asset allocations and investment management styles that, in total, have a reasonable likelihood of producing a sufficient level of overall diversification that balances expected return with expected risk over the long-term. The Pension Plan does not invest directly in Company stock.

The following table sets forth the fair values of the Pension Plan's assets carried at fair value (in thousands) as of December 31, 2019:

Description:	Market Value		Cost		% of Port	
Mutual Funds – Balanced	$	1,079	$	1,171	$	20
Mutual Funds – Fixed Income		3,984		3,987		75
Sundry Assets		236		236		4
Total Investments	**$**	**5,298**	**$**	**5,393**	**$**	**100**

The Pension Plan assets have been designated at Level 2 investments in Note 14.

401(k) Retirement Savings Plan

The Company also offers a 401(k) retirement savings plan to its employees. The Company's matching contribution to its retirement savings plan was $0.8 million for the year ended December 31, 2019.

11. Commitments and Contingencies

Legal Contingencies

From time to time the Company is involved in certain legal proceedings and claims which arise in the ordinary course of business. It is the Company's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and the amount is reasonably estimable. In the opinion of the management, based on consultations with counsel, the results of any of these matters individually and in the aggregate, are not expected to have a material effect on its results of operations, financial condition or cash flows.

Purchase Obligations

As of December 31, 2019, the Company had purchase commitments related to saved energy utilities. Given the variable nature of the commitments, the amount of future commitments was undeterminable. These amounts do not represent the Company's entire anticipated purchases in the future but represent only those items for which the Company was contractually committed as of December 31, 2019. The terms of the commitments range from four to nine years.

12. Equity

The Company has one class of common shares. Common shares have all the rights, privileges, preferences and obligations provided for in the LLC Agreement, which are generally consistent with an ordinary equity ownership interest. During 2019, the Company recorded additional contribution from Member of $10.6 million. As of December 31, 2019, 5,861,156 common share units were issued and outstanding.

From time to time, distributions will be made to the Member at the sole discretion of the Company.

13. Related Party Transactions

As of December 31, 2018, the Company had a related party note payable balance of $1.8 million due to Brookfield. The amount represents initial net working capital funding advanced to the Company. The amount bears interest at a rate of 3.97% and is due on January 22, 2019. Interest paid on the amount totalled less than $0.1 million in fiscal 2018, and the balance in full was repaid in January of 2019.

As of December 31, 2018, the Company also has a related party accounts payable balance of $13.1 million due to Brookfield. During 2019, $7.9 million of this payable was converted to equity from Member. As of December 31, 2019, the related party accounts payable balance due to Brookfield was $6.3 million. The amount represents amounts paid by the related party relating to the acquisition and integration of the Company. The amount is due on demand and is non-interest bearing.

The Company also has a related party power purchase agreement with an affiliate of Brookfield through September 2029. For the year ended December 31, 2019, the Company recognized a power expense of $0.1 million.

On May 29, 2019, the Company entered into a lease agreement with an affiliate company of Brookfield for headquarter office space for initial lease term of 63 months. For the year ended, December 31, 2019, the Company recognized a lease expense of $0.1 million.

14. Fair Value Measurement

Fair Value

The Company's financial instruments recorded on the balance sheet include cash and cash equivalents, accounts receivable, derivatives, accounts payable and accrued liabilities, bank indebtedness and long-term debt. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and bank indebtedness approximate their fair values due to their short-term maturities. As of December 31, 2019, the carrying value of long-term debt approximates its fair value.

Credit Risk

The Company is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments with a maximum exposure equal to the carrying amount of the assets. The Company's exposure to credit risk consists of accounts receivable balances. Credit exposure on accounts receivable is minimized by dealing with only creditworthy counterparties. The Company performs ongoing credit evaluations of its counterparties' financial condition and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

Interest Rate Risk

The Company is exposed to interest rate fluctuations with respect to its bank indebtedness and long-term debt which bear interest at variable rates.

Currency Risk

The Company is exposed to currency risk with respect to its operations in foreign countries, specifically regarding leasing activities denominated in foreign currency.

Valuation Methods

Fair value estimates are made as of a specific point in time based on methods using the market approach valuation method which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities or other valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors.

For derivatives, the Company uses forward contract and option models employing market observable inputs, such as spot interest rates and forward points with adjustments made to these values utilizing published credit default swap rates of its trading counterparties and

other comparable companies. The Company has determined that the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, therefore the derivatives are categorized as Level 2.

During the year ended December 31, 2019, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

14. Fair Value Measurement (continued)

The Company's financial liabilities measured at fair value on a recurring basis as of December 31, 2019 were as follows (in thousands):

	Fair Value as of December 31, 2019		Fair Value Measuring Unit			
			Level 2		Level 3	
Derivative instruments[3]	$	20,053	$	20,053	$	-
Pension Assets	$	5,298	$	5,298	$	-

15. Subsequent Events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including the United States of America, businesses are being forced to cease or limit operations for long or indefinite periods of time.

Measures have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services. These measures have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company anticipates possible delays in materials and changes in demand which are highly dependent on the length of the pandemic. As of April 24, 2020, the Company is considered an essential service. As such, the Company continues to operate. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

On March 31, 2020 the Company executed assignment and assumptions of certain power agreements with third party service providers and AT&T for the remaining terms of the agreements.

The Company has performed an evaluation of subsequent events through April 24, 2020, which is the date the consolidated financial statements were available to be issued. There are no additional significant events to disclose.

[3] Includes interest rate swaps. Amounts are included as liabilities on the consolidated balance sheet.