Section 1: 40-F (40-F)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

____

FORM 40-F

____

(Check One)

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

[X] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: **December 31, 2018**

Commission file number: **000-55716**

____

TRILOGY INTERNATIONAL PARTNERS INC.

(Exact name of registrant as specified in its charter)

____

British Columbia, Canada
(Province or other jurisdiction of incorporation or organization)

4812
(Primary standard industrial classification code number)

98-1361786
(I.R.S. employer identification number)

155 – 108 Avenue NE, Suite 400, Bellevue, Washington 98004; Phone number: 425-458-5900
(Address and telephone number of registrant's principal executive offices)

Friedman Kaplan Seiler & Adelman LLP
7 Times Square, 28th Floor
New York, New York 10036
Telephone: 212-833-1100
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act: **Not applicable.**

Securities registered pursuant to Section 12(g) of the Act: **Common Shares, no par value.**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **Not applicable.**

For annual reports, indicate by check mark the information filed with this Form:

[X] **Annual Information Form** [X] **Audited Annual Financial Statements**

____

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
57,713,836 Common Shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13(d) or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company [X]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. [ ]

[†]The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

This annual report on Form 40-F and Exhibits 99.1, 99.2 and 99.3 to this report on Form 40-F shall be deemed to be incorporated by reference into the Registrant's Registration Statement on Form S-8 (File No. 333-218631) and Registration Statement on Form F-10 (File No. 333-219429) and to be a part of each thereof from the date on which this report is filed, to the extent not superseded by documents subsequently filed or furnished.

DOCUMENTS FILED PURSUANT TO GENERAL INSTRUCTIONS

In accordance with General Instruction B.(3) of Form 40-F, Trilogy International Partners Inc. (the "**Company**" or the "**Registrant**") hereby incorporates by reference Exhibits 99.1 (Annual Information Form for the Year Ended December 31, 2018 (the "**AIF**")), 99.2 (Management's Discussion and Analysis of the Company (the "**2018 MD&A**")) and 99.3 (Consolidated Financial Statements as of December 31, 2018 and 2017) as set forth in the Exhibit Index attached hereto.

In accordance with General Instruction B.(6) of Form 40-F, the Company has filed the certifications required thereby as Exhibits 99.5, 99.6, 99.7 and 99.8 as set forth in the Exhibit Index attached hereto.

The Company has filed the written consent of Grant Thornton LLP, whose report of independent registered public accounting firm is included in the foregoing Exhibit 99.3, as Exhibit 99.4 as set forth in the Exhibit Index attached hereto.

FORWARD-LOOKING STATEMENTS

The cautionary statement provided under the heading "Cautionary Note Regarding Forward-Looking Statements" contained in the AIF, filed as Exhibit 99.1 to this Annual Report on Form 40-F, is incorporated by reference herein.

TAX MATTERS

Purchasing, holding, or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report on Form 40-F.

DISCLOSURE CONTROLS AND PROCEDURES

A. Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures to ensure that information required to be disclosed in the Company's filings under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), is recorded, processed, summarized and reported in accordance with the requirements specified in the rules and forms of the Securities and Exchange Commission (the "**SEC**" or the "**Commission**"). The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of December 31, 2018 are effective to ensure that information required to be disclosed by the Registrant in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Registrant's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and, as indicated in the preceding paragraph, the Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures are effective at that reasonable assurance level, although the Chief Executive Officer and Chief Financial Officer do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The Company will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make such modifications from time to time as it considers necessary.

B. Management's Annual Report on Internal Control Over Financial Reporting

The information provided under the heading "Controls and Procedures - Management's Report on Internal Control over Financial Reporting" contained in the 2018 MD&A, filed as Exhibit 99.2 to this Annual Report on Form 40-F, is incorporated by reference herein.

C. Attestation Report of the Registered Public Accounting Firm

In accordance with the United States Jumpstart Our Business Startup Act (the "**JOBS Act**") enacted on April 5, 2012, the Company qualifies as an "emerging growth company" (an "**EGC**"), which entitles the Company to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs. Among other things, the JOBS Act defers the requirement to have the Company's independent auditor assess the Company's internal controls over financial reporting under Section 404(b) of the Sarbanes-Oxley Act. As such, the Company is exempted from the requirement to include an auditor attestation report in this Form 40-F for so long as the Company remains an EGC.

D. Changes in Internal Control Over Financial Reporting

The information provided under the heading "Controls and Procedures - Changes in Internal Control over Financial Reporting" contained in the 2018 MD&A, filed as Exhibit 99.2 to this Annual Report on Form 40-F, is incorporated by reference herein.

BENEFIT PLAN BLACKOUT PERIODS

Not applicable.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that Mr. Mark Kroloff is an audit committee financial expert, within the meaning of paragraph 8 (b) of General Instruction B of Form 40-F, and is also independent within the meaning of United States and Canadian securities regulations and NASDAQ requirements (although the Company is not listed on NASDAQ). A description of Mr. Kroloff's education and experience is set forth under the heading "Directors and Executive Officers" in the Company's AIF, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

The SEC has provided that the designation of an audit committee financial expert does not make him or her an "expert" for any purpose, impose on him or her any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him or her as a member of the Audit Committee and the Board of Directors in the absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Company has adopted a code of ethics that applies to the Company's directors, officers and employees, including the Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller, persons performing similar functions and other officers, directors and employees of the Company. The code of ethics was adopted in February 2017 and set forth in Exhibit 99.3 to the Company's Form 6-K furnished to the Commission on February 22, 2017. The Company will provide to any person without charge, upon request, a copy of the code of ethics by contacting Trilogy International Partners Inc. Investor Relations by telephone at 425-458-5900 or by mail at 105 – 108 Avenue NE, Suite 400, Bellevue Washington 98004. The Company has not made any amendments to the above-mentioned code of ethics. In the fiscal year ended December 31, 2018, the Company has not granted a waiver (including an implicit waiver) from a provision of its code of ethics to any of its Chief Executive Officer,

Chief Financial Officer, principal accounting officer or controller or persons performing similar functions that relates to one or more of the items set forth in paragraph (9)(b) of General Instruction B to Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information provided under the heading "Audit Committee – External Audit Service Fees" and – "Pre-Approval Policies and Procedures" contained in the AIF, filed as Exhibit 99.1 to this Annual Report on Form 40-F, is incorporated by reference herein. All of the "All Other Fees" disclosed in the AIF under the heading "Audit Committee – External Audit Service Fees" were approved by the Audit Committee pursuant to paragraph (c)(7(i)(C) of Rule 2-01 of Regulation S-X.

The Company was not subject to the audit committee pre-approval requirements of Rule 2-01(c)(7) of Regulation S-X with respect to its external auditor, Grant Thornton LLP, until the February 7, 2017 closing of its business combination transaction, described under the heading "Corporate Structure – The Arrangement" in the AIF, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Liquidity and Capital Resources Measures – Contractual Obligations" contained in the 2018 MD&A, filed as Exhibit 99.2 to this Annual Report on Form 40-F, is incorporated by reference herein.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Company has a separately-designated standing Audit Committee. For further information on the members of the Audit Committee, see the information provided under the heading "Audit Committee" contained in the AIF, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an Annual Report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Company has previously filed with the SEC a Form F-X, as amended, in connection with its Common Shares. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: **TRILOGY INTERNATIONAL PARTNERS INC.**

By: */s/ Erik Mickels*

Title: Senior Vice President and
Chief Financial Officer

Date: March 27, 2019

EXHIBIT INDEX

99.1	Annual Information Form for the Year Ended December 31, 2018
99.2	Management's Discussion and Analysis of Trilogy International Partners Inc.
99.3	Consolidated Audited Financial Statements for the Years Ended December 31, 2018 and 2017
99.4	Consent of Grant Thornton LLP
99.5	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.7	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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Section 2: EX-99.1 (EXHIBIT 99.1)

TRILOGY INTERNATIONAL PARTNERS INC.

Annual Information Form
For the Year Ended December 31, 2018

Dated March 27, 2019

ANNUAL INFORMATION FORM
TRILOGY INTERNATIONAL PARTNERS INC.

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ANNUAL INFORMATION FORM
TRILOGY INTERNATIONAL PARTNERS INC.

GENERAL MATTERS

Information Contained in this Annual Information Form

Unless the context otherwise indicates, references to the "**Company**" in this Annual Information Form ("**AIF**") mean Trilogy International Partners Inc. ("**TIP Inc.**") and its consolidated subsidiaries. References to "**Trilogy LLC**" mean Trilogy International Partners LLC, which became a subsidiary of the Company upon completion of the Arrangement (as defined below). See "*Corporate Structure – The Arrangement*."

Unless otherwise indicated, all information in this AIF is presented as at March 27, 2019, and references to specific years are references to the fiscal years of the Company ended December 31.

On February 7, 2017, Trilogy LLC and Alignvest Acquisition Corporation ("**Alignvest**") completed the Arrangement (as such term is defined below, see "*Corporate Structure – The Arrangement*"), as a result of which Alignvest changed its name to "Trilogy International Partners Inc." and adopted the financial year-end of Trilogy LLC, being December 31. This AIF should be read in conjunction with the Company's 2018 audited consolidated financial statements and notes and the Company's 2018 Management's Discussion and Analysis (the "**2018 MD&A"**). These documents are not, however, incorporated by reference herein. The Company's 2018 audited consolidated financial statements and notes and the 2018 MD&A were filed by the Company pursuant to Section 4.10 of National Instrument 51-102 – *Continuous Disclosure Obligations* and are available on the Company's profile in Canada on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and in the United States on the Electronic Data Gathering Analysis and Retrieval ("EDGAR") database at www.sec.gov.

Presentation of Financial Information

The Company has prepared its consolidated financial statements in accordance with generally accepted accounting principles in the U.S. ("**U.S. GAAP**"). Shareholders of the Company who are resident in Canada should be aware that U.S. GAAP is different from International Financial Reporting Standards generally applicable to Canadian-incorporated companies.

This AIF makes reference to certain measures and wireless telecommunication industry metrics that are not recognized measures under U.S. GAAP and do not have a standardized meaning prescribed by U.S. GAAP. They are, therefore, unlikely to be comparable to similar measures presented by other companies. Rather, these non-U.S. GAAP measures complement U.S. GAAP measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of the Company's financial information reported under U.S. GAAP. Non-U.S. GAAP measures used to analyze the performance of the Company include "Adjusted EBITDA" and "Adjusted EBITDA margin".

This AIF also makes reference to "data revenue", "wireless service revenues", "subscriber count", "monthly average revenue per wireless user" or "ARPU", "churn", "cost of acquisition", "equipment subsidy per gross addition", and "capital intensity", which are commonly used operating metrics in the wireless telecommunications industry, but may be calculated differently compared to other wireless telecommunication providers.

For a description of why non-U.S. GAAP measures are presented and a definition and reconciliation of each such measure to its most directly comparable measure calculated in accordance with U.S. GAAP, see the heading "*Definitions and Reconciliations of Non-GAAP Measures*" in the 2018 MD&A.

Currency

Unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "$" or "US$" are to United States dollars. References to "C$" are to Canadian dollars and references to "NZD" are to New Zealand dollars.

The following table sets forth, for the periods indicated, the high, low, average and period-end daily spot rates of exchange for the U.S. dollar, expressed in Canadian dollars, published by the Bank of Canada.

	Year Ended December 31		
	2018	**2017**	**2016**
Daily exchange rate at end of period	C$1.3642	C$1.2545	C$1.3427
Average noon rate during period	C$1.2957	C$1.2986	C$1.3248
High noon rate for period	C$1.3642	C$1.3743	C$1.4589
Low noon rate for period	C$1.2288	C$1.2128	C$1.2544

The following table sets forth, for the periods indicated, the high, low, average and period-end spot rates of exchange for the New Zealand dollar, expressed in U.S. dollars, published by Oanda (www.oanda.com).

	Year Ended December 31		
	2018	**2017**	**2016**
Rate at end of period	US$0.6710	US$0.7101	US$0.6918
Average rate during period	US$0.6910	US$0.7106	US$0.6969
High rate for period	US$0.7402	US$0.7515	US$0.7442
Low rate for period	US$0.6430	US$0.6788	US$0.6386

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information in this AIF are not based on historical facts and constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws ("**forward-looking statements**"). Forward-looking statements are provided to help you understand the Company's views of its short and longer term plans, expectations and prospects. The Company cautions you that forward-looking statements may not be appropriate for other purposes.

Forward-looking statements include those about the Company's business outlook for the short and longer term and statements regarding the Company's strategy, plans and future operating performance. Furthermore, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" occur, be taken, or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not promises or guarantees of future performance. Such statements reflect the Company's current views with respect to future events and may change significantly. Forward-looking statements are subject to, and are necessarily based upon, a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies, many of which, with respect to future events, are subject to change. The material assumptions used by the Company to develop such forward-looking statements include, but are not limited to:

- the absence of unforeseen changes in the legislative and operating frameworks for the Company;

- the Company meeting its future objectives and priorities;
- the Company having access to adequate capital to fund its future projects and plans;
- the Company's future projects and plans proceeding as anticipated;
- taxes payable;
- subscriber growth, pricing, usage and churn rates;
- technology deployment;
- data based on good faith estimates that are derived from management's knowledge of the industry and other independent sources;
- general economic and industry growth rates; and
- commodity prices, currency exchange and interest rates and competitive intensity.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors, including, without limitation, those described below under "*Risk Factors*" and those referred to in the Company's other regulatory filings with the U.S. Securities and Exchange Commission (the "**SEC**") in the United States and the provincial securities commissions in Canada. Such risks, as well as uncertainties and other factors that could cause actual events or results to differ significantly from those expressed or implied in the Company's forward-looking statements include, without limitation:

- Trilogy LLC's and the Company's history of incurring losses and the possibility that the Company will incur losses in the future;
- the Company having insufficient financial resources to achieve its objectives;
- risks associated with any potential acquisition, investment or merger;
- the Company's significant level of consolidated indebtedness and the refinancing, default and other risks resulting therefrom;
- the Company's and Trilogy LLC's status as holding companies;
- the Company's and its subsidiaries' abilities to sell or purchase assets;
- the restrictive covenants in the documentation evidencing the Company's outstanding indebtedness;
- the Company's and Trilogy LLC's abilities to incur additional debt despite its indebtedness level;
- the Company's ability to pay interest due on its indebtedness;
- the Company's ability to refinance its indebtedness;
- the risk that the Company's credit ratings could be downgraded;
- the significant political, social, economic and legal risks of operating in Bolivia;
- the regulated nature of the industry in which the Company participates;
- some of the Company's operations being in markets with substantial tax risks and inadequate protection of shareholder rights;
- the need for spectrum access;
- the use of "conflict minerals" in handsets and the availability of certain products, including handsets;
- anti-corruption compliance;
- intense competition in all aspects of the Company's business;
- lack of control over network termination costs, roaming revenues and international long distance revenues;
- rapid technological change and associated costs;
- reliance on equipment suppliers;
- subscriber "churn" risks, including those associated with prepaid accounts;
- the need to maintain distributor relationships;
- the Company's future growth being dependent on innovation and development of new products;
- security threats and other material disruptions to the Company's wireless network;
- the ability of the Company to protect subscriber information and cybersecurity risks generally;
- actual or perceived health risks associated with handsets;
- litigation, including class actions and regulatory matters;

- fraud, including device financing, customer credit card, subscription and dealer fraud;
- reliance on limited management resources;
- risks related to the minority shareholders of the Company's subsidiaries;
- general economic risks;
- natural disasters, including earthquakes;
- foreign exchange rate changes;
- currency controls and withholding taxes;
- interest rate risk;
- Trilogy LLC's ability to utilize carried forward tax losses;
- tax related risks;
- the Company's dependence on Trilogy LLC to make contributions to pay the Company's taxes and other expenses;
- Trilogy LLC's obligations to make distributions to the Company and the other owners of Trilogy LLC;
- differing interests among TIP Inc.'s and Trilogy LLC's other equity owners in certain circumstances;
- the Company's internal controls over financial reporting;
- an increase in costs and demands on management resources when the Company ceases to qualify as an "emerging growth company" under the U.S. Jumpstart Our Business Startups Act of 2012 (the "**JOBS Act**");
- additional expenses if the Company loses its foreign private issuer status under U.S. federal securities laws;
- risks that the market price of the common shares of TIP Inc. ("**Common Shares**") may be volatile and may continue to be significantly depressed;
- risks that substantial sales of Common Shares may cause the price of the shares to decline;
- risks that the Company may not pay dividends;
- restrictions on the ability of Trilogy LLC's subsidiaries to pay dividends;
- dilution of the Common Shares and other risks associated with equity financings;
- risks related to the influence of securities industry analyst research reports on the trading market for Common Shares;
- new laws and regulations; and
- risks as a publicly traded company, including, but not limited to, compliance and costs associated with the U.S. Sarbanes-Oxley Act of 2002 ("**SOX**") (to the extent applicable).

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date of this AIF, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

MARKET AND INDUSTRY DATA

This AIF relies on and refers to information regarding various companies and certain market and industry data. The Company has obtained this information and industry data from independent market research reports and information made publicly available by such companies. Such reports generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed. Although the Company believes the market research and publicly available information is reliable, the Company has not independently verified and cannot guarantee the accuracy or completeness of that information and investors should use caution in placing reliance on such information.

CORPORATE STRUCTURE

Incorporation

The Company was incorporated under the name "Alignvest Acquisition Corporation" under the *Business Corporations Act* (Ontario) ("**OBCA**") on May 11, 2015. Alignvest was a special purpose acquisition corporation, or "SPAC", formed for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving Alignvest, referred to as its "Qualifying Acquisition".

The Arrangement

On November 1, 2016, Alignvest and Trilogy LLC entered into an arrangement agreement (as amended December 20, 2016, the "**Arrangement Agreement**"). On February 7, 2017, pursuant to the terms of the Arrangement Agreement, Alignvest completed its Qualifying Acquisition under which it effected a business combination with Trilogy LLC by way of a court approved plan of arrangement (the "**Arrangement**").

Under the Arrangement, Alignvest acquired, directly or indirectly, all of the voting interest, and a significant economic equity interest, in Trilogy LLC. As consideration, Trilogy LLC received payments from Alignvest totaling approximately $199.3 million (net of $3.0 million in cash retained by the Company), representing the proceeds of Alignvest's initial public offering in 2015 and of private placements that closed concurrently with the Arrangement, less redemptions from such proceeds of a portion of Alignvest's then outstanding class A restricted voting shares and certain expenses.

At the effective time of the Arrangement, Alignvest's name was changed to "Trilogy International Partners Inc." and Alignvest's authorized capital was amended to create one special voting share (the "**Special Voting Share**") and an unlimited number of Common Shares. In addition, the existing share purchase warrants of Alignvest were deemed to be amended to be share purchase warrants (the "**TIP Inc. Warrants**") to acquire Common Shares following 30 days after the effective date of the Arrangement, at an exercise price of C$11.50 per share, but otherwise unamended. The TIP Inc. Warrants are governed by the terms of a warrant agency agreement dated June 24, 2015 (as amended February 7, 2017, the "**Warrant Agency Agreement**") between the Company and TSX Trust Company (the "**Warrant Agent**").

Immediately following the effective time of the Arrangement, the Company continued out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) ("**BCBCA**"). As a result of this continuation, the Company adopted new Articles (the "Articles") that included an advance notice policy, as well as certain ownership and voting restrictions that were implemented in order for the Company to comply with the *Overseas Investment Act 2005* of New Zealand. See "*Description of Capital Structure"*.

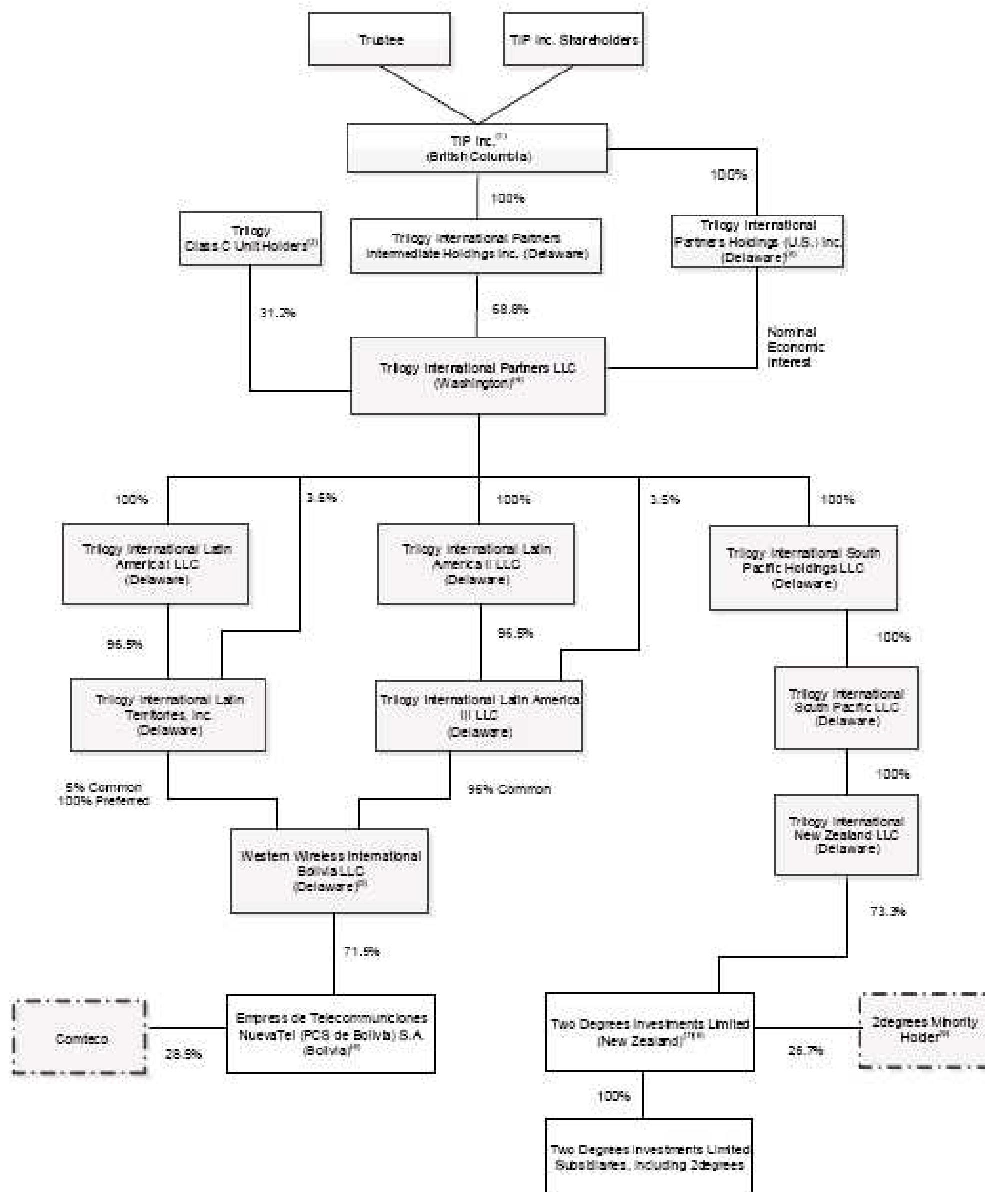
For more information on the Arrangement, see the management information circular of Alignvest dated December 22, 2016 (including the prospectus set out at Appendix "F" thereto), as amended January 12, 2017, which is available on the Company's SEDAR profile at www.sedar.com.

Trilogy International Partners Inc.

The head office of the Company is located at Suite 400, 155 108th Avenue NE, Bellevue, Washington, 98004 and the registered and records office of the Company is located at Suite 2600, 595 Burrard Street, P.O. Box 49314, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3.

Inter-corporate Relationships

The organizational chart below indicates the inter-corporate relationships of the Company and its material subsidiaries, including their jurisdiction of incorporation in parentheses, as of the date hereof.



Notes:

(1) The Company indirectly holds equity interests in Trilogy LLC through two wholly owned direct subsidiaries. One of these subsidiaries, Trilogy International Partners Holdings (U.S.) Inc. ("**Trilogy Holdings**"), is Trilogy LLC's Managing Member (as defined below under the heading "*Corporate Structure – Trilogy LLC Agreement*") and holds all of the Class A units of Trilogy LLC (the "**Trilogy LLC Class A Units**"); except in under limited circumstances (see note 3 below), the Trilogy LLC Class A Units represent all of the voting rights under the Trilogy LLC Agreement. See "*Corporate Structure – Trilogy LLC Agreement – Management*". The second subsidiary, Trilogy International Partners Intermediate Holdings Inc. ("**Trilogy Intermediate Holdings**") holds the class B units of Trilogy LLC (the "**Trilogy LLC Class B Units**"), which currently provide the Company with an indirect 68.8% economic interest in Trilogy LLC. Holders of Trilogy LLC Class C units ("**Trilogy LLC Class C Units**") hold the balance of the economic interests in Trilogy LLC.

(2) Holders of Trilogy LLC Class C Units are entitled to exercise voting rights in the Company through the Special Voting Share held by TSX Trust Company (the "**Trustee**") on the basis of one vote per Trilogy LLC Class C Unit held, under the terms of a voting trust agreement among the Company, Trilogy LLC and the Trustee dated February 7, 2017 (the "**Voting Trust Agreement**"). See "*Description of Capital Structure - Special Voting Share of the Company*" and "*Description of Capital Structure - Voting Trust Agreement*". At such time as there are no Trilogy LLC Class C Units outstanding, the Special Voting Share shall automatically be redeemed and cancelled for C$1.00 to be paid to the holder thereof.

(3) Trilogy Holdings holds the Trilogy LLC Class A Units and is the Managing Member of Trilogy LLC. See "*Corporate Structure – Trilogy LLC Agreement – Management*". The Managing Member has full and complete authority, power and discretion to manage and control the business, affairs and properties of Trilogy LLC, subject to applicable law and the restrictions on Trilogy LLC described under the heading "*Corporate Structure – Trilogy LLC Agreement*". The Trilogy LLC Class A Units have nominal economic value and no rights to participate in the appreciation of the economic value of Trilogy LLC.

(4) The Trilogy LLC Agreement governs, among other things, the business and affairs of Trilogy LLC. See "*Corporate Structure – Trilogy LLC Agreement*".

(5) The Company's interest in Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia) S.A ("**NuevaTel**") is held primarily by Western Wireless International Bolivia LLC; a nominal stake in NuevaTel is also held by Western Wireless International Bolivia II Corporation, but this entity has not been shown above because its equity interest in NuevaTel is insignificant. Western Wireless International Bolivia II Corporation is wholly owned by Trilogy LLC.

(6) Certain matters relating to the Company's ownership, transfer and sale of shares (the "**NuevaTel Shares**") of NuevaTel are subject to the NuevaTel Shareholders Agreement (as defined below). See "*Description of the Business of the Company – Bolivia (NuevaTel) – NuevaTel Shareholders Agreement*".

(7) Certain matters relating to the Company's ownership, transfer and sale of shares (the "**2degrees Investments Shares**") of Two Degrees Investments Limited ("**2degrees Investments**") as well as the governance of 2degrees Investments and its subsidiaries (including Two Degrees Mobile Limited, referred to below as "**2degrees**") are subject to the 2degrees Shareholders Agreement (as defined below). See "*Description of the Business of the Company – New Zealand (2degrees) – 2degrees Shareholders Agreement*".

(8) 2degrees Investments has loans from subsidiaries of Trilogy LLC, which are eliminated upon consolidation, totaling approximately $23.0 million as of December 31, 2018. These loans were originally made by Trilogy LLC subsidiaries to 2degrees, but were replaced with loans to 2degrees Investments in September 2018, in conjunction with the restructuring of 2degrees' ownership. See "*Description of the Business of the Company – New Zealand (2degrees) – 2degrees Shareholders Agreement*". The loans are convertible into 2degrees Investments Shares at their fair market value at the time of conversion. In March 2019, 2degrees paid $10.0 million to one of the wholly owned subsidiaries of Trilogy LLC, reducing the aggregate amount of these loans. If the conversion rights under such indebtedness were exercised at December 31, 2018 and adjusted for the March 2019 payment, the impact would be an increase in the Company's current 73.3% ownership interest in 2degrees Investments by approximately 0.5%, subject to certain pre-emptive rights held by Tesbrit B.V. ("**Tesbrit**") under the 2degrees Shareholders Agreement (see "*Description of the Business of the Company – New Zealand (2degrees) – 2degrees Shareholders Agreement*").

(9) The minority holder of 2degrees Investments is Tesbrit.

The assets and revenues of each of the unnamed subsidiaries of the Company did not exceed 10% of Trilogy LLC's assets or have revenues exceeding 10% of the total consolidated revenues attributable to Trilogy LLC's assets as of and for the year ended December 31, 2018. In the aggregate, such subsidiaries did not account for 20% of Trilogy LLC's assets or total consolidated revenues attributable to Trilogy LLC's assets as of and for the year ended December 31, 2018.

Trilogy LLC Agreement

At the effective time of the Arrangement, Trilogy LLC, Trilogy International Partners Inc. and all of the Trilogy LLC Members (as defined below), other than Trilogy Intermediate Holdings, entered into the Sixth Amended and Restated Limited Liability Company Agreement. Immediately after the effective time of the Arrangement, Trilogy LLC, TIP Inc., Trilogy Holdings, Trilogy Intermediate Holdings and the other Trilogy LLC Members entered into the Seventh Amended and Restated Limited Liability Company Agreement (the "**Trilogy LLC Agreement**") to effect the transfer of Trilogy LLC Class B Units from the Company to Trilogy Intermediate Holdings.

The following is a summary of the Trilogy LLC Agreement, which is binding on all Trilogy LLC Members. This summary is qualified in its entirety by reference to that agreement, which is available on the Company's SEDAR profile at www.sedar.com and EDGAR profile at www.sec.gov.

Description of Units

The interests in Trilogy LLC are divided into and represented by an unlimited number of each of three classes of units (the "**Trilogy LLC Units**") as follows: (i) Trilogy LLC Class A Units, all of which are held by (and only by) the Managing Member (as defined below), (ii) Trilogy LLC Class B Units, all of which are held by Trilogy Intermediate Holdings, a 100% owned subsidiary of the Company, and (iii) Trilogy LLC Class C Units, all of which are held by the other Trilogy LLC members (all of whom were members of Trilogy LLC as of immediately prior to consummation of the Arrangement) (collectively, with Trilogy Intermediate Holdings and the Managing Member, the "**Trilogy LLC Members**").

As of December 31, 2018, there were 157,682,319 Trilogy LLC Class A Units, 57,713,836 Trilogy LLC Class B Units and 26,343,909 Trilogy LLC Class C Units outstanding. The Trilogy LLC Class C Units are subdivided into Class C-1 Units, Class C-2 Units, and Class C-3 Units.

The economic interests of the Trilogy LLC Class C Units are pro rata to those of the Trilogy LLC Class B Units, which are held by the Company through its 100% owned subsidiary, Trilogy Intermediate Holdings. The number of Trilogy LLC Class B Units is equal, and at all times will be equal, to the number of Common Shares.

Except under limited circumstances, only Trilogy LLC Members holding Trilogy LLC Class A Units (currently, Trilogy Holdings) have any voting rights under the Trilogy LLC Agreement. Except for the nominal economic rights possessed by the holders of Trilogy LLC Class A Units, only Trilogy LLC Members holding Trilogy LLC Class B Units or Trilogy LLC Class C Units have economic rights under the Trilogy LLC Agreement.

Reciprocal Changes

The Company may not issue or distribute additional Common Shares, or issue or distribute rights, options or warrants to acquire additional Common Shares, or issue or distribute any cash or property to holders of all or substantially all Common Shares (on a ratable basis), unless a corresponding issuance or distribution is made on an equitably equivalent basis to all holders of Trilogy LLC Class C Units. The Company also may not subdivide, reduce, combine, consolidate, reclassify or otherwise change Common Shares, unless a corresponding change is made with respect to the Trilogy LLC Class C Units.

No action in respect of the Trilogy LLC Class C Units contemplated by the preceding paragraph shall be made without the corresponding action having been made in respect of Common Shares.

If the Company issues or redeems Common Shares, Trilogy LLC is obligated to issue or redeem a corresponding number of Trilogy LLC Class B Units to or from Trilogy Intermediate Holdings, such that the number of issued and outstanding Trilogy LLC Class B Units at any time will correspond and be equivalent to the then number of issued and outstanding Common Shares.

Income Allocations; Distributions

Income is allocated among the Trilogy LLC Members in proportion to the number of Trilogy LLC Class B Units and Trilogy LLC Class C Units held by such members, except that, under Section 704(c) of the *U.S. Internal Revenue Code of 1986*, as amended (the "**Code**"), gain or loss realized from the disposition of NuevaTel or 2degrees shall be allocated taking into account the "built-in gain" associated with such assets as of February 7, 2017, the effective date of the Arrangement, first allocating such built-in gain to the holders of Trilogy LLC Class C Units, and then, unless otherwise determined by the Independent Directors (as defined in the Trilogy LLC Agreement), allocating gain in excess of such built-in gain, and loss, pro rata among the Trilogy LLC Members in proportion to the number of Trilogy LLC Class B Units and Trilogy LLC Class C Units held by such members. Distributions (except in liquidation) shall be made at the times and in the amounts determined by the Managing Member, except that Trilogy LLC is required to make, on a periodic basis, tax distributions to the Trilogy LLC Members in proportion to the number of Trilogy LLC Class B Units and Trilogy LLC Class C Units held by such members, based on an assumed forty percent (40%) tax rate multiplied by Trilogy LLC's positive taxable income (if any) for the period. All distributions of cash flow from operations shall be made among the Trilogy LLC Members in proportion to the number of Trilogy LLC Class B Units and Trilogy LLC Class C Units held by such members.

Redemption Rights of Holders of Trilogy LLC Class C Units

A holder of Trilogy LLC Class C Units has the right to require Trilogy LLC to repurchase any or all of such Trilogy LLC Class C Units held by such holder for either (i) a number of Common Shares equal to the number of Trilogy LLC Class C Units to be repurchased or (ii) a cash amount equal to the fair market value of such Common Shares at such time (based on the weighted average market price of a Common Share during the preceding twenty (20) consecutive trading days), with the form of consideration to be determined by Trilogy LLC. The repurchase shall occur on the date specified in the notice provided by the holder notifying Trilogy LLC of its exercise of such redemption right, which shall be no less than fifteen (15) business days from the date of such notice. In addition, Trilogy LLC is required to cause a mandatory redemption of all outstanding Trilogy LLC Class C Units for the consideration described above upon the earliest to occur of (A) the seven-year anniversary of consummation of the Arrangement, (B) there remaining outstanding fewer than five percent (5%) of the issued and outstanding Trilogy LLC Class C Units immediately after consummation of the Arrangement, (C) a change in control of the Company or of Trilogy Holdings and Trilogy Intermediate Holdings, or (D) the failure of the holders of Trilogy LLC Class C Units to approve any transaction required to maintain the economic equivalence of a Trilogy LLC Class C Unit and a Common Share.

Transfer Restrictions

Since lock-up periods which were in effect post-Arrangement for Trilogy LLC Class C Units have expired, any holder of Trilogy LLC Class C Units may freely transfer such holder's Trilogy LLC Class C Units after giving fifteen (15) business days prior written notice to Trilogy LLC of the holder's intention to do so; provided that if Trilogy LLC receives from any holder of Trilogy LLC Class C Units any such notice ("**Proposed Transfer Notice**"), then upon notice to such holder within five (5) business days of receipt of such Proposed Transfer Notice, Trilogy LLC is required, unless otherwise determined by all of the Independent Directors (as defined in the Trilogy LLC Agreement), to cause a mandatory redemption of all of the outstanding Trilogy LLC Class C Units of such holder proposed to be transferred in accordance with the procedures set forth under the heading "*Redemption Rights of Holders of Trilogy LLC Class C Units*" above.

None of the Company, Trilogy Holdings or Trilogy Intermediate Holdings is permitted to transfer its Trilogy LLC Units, other than (i) pursuant to a change of control transaction involving the Company or involving Trilogy Holdings and Trilogy Intermediate Holdings, (ii) pursuant to a Drag-Along Sale (as defined below), or (iii) to any 100% owned direct or indirect subsidiary of the Company.

Canadian securities regulatory authorities may intervene in the public interest (either on application by an interested party or by staff of a Canadian securities regulatory authority) to prevent an offer to holders of Trilogy LLC Class C Units being made or completed where such offer is abusive of the holders of Common Shares who are not subject to that offer.

The Company is required to advise the Ontario Securities Commission in the event a holder of Trilogy LLC Class C Units proposes to transfer to a third party Trilogy LLC Class C Units representing greater than 10% of the combined issued and outstanding Common Shares and Trilogy LLC Class C Units for a price that is greater than 115% of the market price (as such term is defined in s.1.11 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*).

Holders of Trilogy LLC Class C Units were prohibited from transferring any Trilogy LLC Class C Units for lock-up periods following the date of consummation of the Arrangement (February 7, 2017). On August 7, 2017, the lock-up period expired for 22,004,964 Trilogy LLC Class C Units. Thereafter, through December 31, 2017, holders of Trilogy LLC Class C Units redeemed 9,564,019 Trilogy LLC Class C Units for an equivalent number of Common Shares. On February 7, 2018, the lock-up period expired for 8,697,835 Trilogy LLC Class C Units and during 2018, holders of Trilogy LLC Class C Units redeemed an aggregate of 3,505,787 Trilogy LLC Class C Units for an equivalent number of Common Shares. On February 7, 2019, the lock-up period expired for the remaining Trilogy LLC Class C Units (8,677,753 Trilogy LLC Class C Units). From December 31, 2018 to the date of this AIF, holders of Trilogy LLC Class C Unit redeemed an aggregate of 78,462 Trilogy LLC Class C Units for an equivalent number of Common Shares.

Change of Control; Drag-Along; Required Approvals for Sale Transactions

The Company may not, and may not permit Trilogy Holdings and Trilogy Intermediate Holdings or Trilogy LLC to, consummate a change of control transaction, unless the consideration payable in respect of such transaction is comprised of cash or marketable securities having value sufficient to enable the recipient thereof to pay all tax liabilities arising under, or related to, such transaction (assuming the consideration payable to each recipient would be taxable at a forty percent (40%) tax rate).

If the Company, Trilogy Holdings and Trilogy Intermediate Holdings determine to transfer in one or a series of related bona fide arm's-length transactions all, but not less than all, of the Trilogy LLC Class A Units and Trilogy LLC Class B Units held by them (whether in connection with a merger, acquisition or similar transaction) and the consideration payable in respect of such transaction meets the consideration requirements described above, the Company, Trilogy Holdings and Trilogy Intermediate Holdings are required to "drag-along" all other Trilogy LLC Members as to all of their respective Trilogy LLC Units, on the same terms and conditions (a "**Drag-Along Sale**").

Under the Articles, if any Trilogy LLC Class C Units (as constituted on the close of business on the effective date of the Arrangement, being February 7, 2017) would be issued and outstanding on the effective date of any proposed Sale Transaction (as defined below in "*Description of Capital Structure – Rights and Restrictions in Connection with a Proposed Sale Transaction*"), such proposed Sale Transaction would, unless approved by all of the Independent Directors of the Company (as defined in the Articles), be subject to the approval of the holders of Common Shares and the holder of the Special Voting Share, each voting as a separate class and each by a simple majority of votes cast.

Management

The management of the business and affairs of Trilogy LLC is vested in the Trilogy LLC Member designated by the holders of Trilogy LLC Class A Units as the "**Managing Member**". The initial Managing Member is Trilogy Holdings. The Managing Member can only be changed by the holders of a majority of the Trilogy LLC Class A Units (i.e., the Managing Member acting through its Company-appointed directors). Subject to applicable law and the restrictions on Trilogy LLC described in this section of the AIF, the Managing Member generally has complete authority, power and discretion to manage and control the business, affairs and properties of Trilogy LLC.

Restrictions on Activities of the Company

The Company and its wholly-owned subsidiaries are not permitted to, among other things, incur indebtedness (except as provided below), make acquisitions or investments, or engage in any trade or business, except through Trilogy LLC and its subsidiaries (subject to limited exceptions).

If the Company issues any additional equity interests, the net proceeds of such issuance are required to be paid to Trilogy LLC, in consideration of the issuance to Trilogy Intermediate Holdings of a corresponding amount of Trilogy LLC Class B Units or other applicable additional equity in Trilogy LLC. If the Company incurs any indebtedness, the net proceeds of such incurrence must be advanced to Trilogy LLC as a loan, on terms corresponding to those governing the indebtedness incurred by the Company

Notwithstanding the foregoing, as more fully described below, a portion of the net proceeds of any such equity issuance or debt issuance may be used by the Company to pay obligations that are to be funded by Trilogy LLC, but that Trilogy LLC is unable to fund because of restrictions under the Senior Notes Indenture (as defined below in "*Material Contracts – Senior Notes Indenture*") or other agreements by which Trilogy LLC is bound.

The Company and Managing Member Expenses

Trilogy LLC is required to make payments to the Company and Trilogy Holdings (and any 100% owned subsidiary of the Company) as required for each of them to pay expenses, costs, disbursements, fees and other obligations (other than income tax obligations, except for income tax obligations arising in respect of payments made by Trilogy LLC to the Company, Trilogy Holdings or any 100% owned subsidiary of the Company to pay expenses and other obligations) incurred in respect of any of their business or affairs related to their investment in Trilogy LLC, in all cases to the extent that the Company, Trilogy Holdings or such subsidiary does not have cash on hand to pay such amounts. Trilogy LLC may be restricted under the Senior Notes Indenture or other agreements by which Trilogy LLC is or may in the future be bound from making such payments as required, in which case, to the extent Trilogy LLC is so restricted, the Company shall be permitted to issue equity, and the Company, Trilogy Holdings or any 100% owned subsidiary of the Company shall be permitted to incur indebtedness, to finance the payment of such obligations.

Tax Matters Partner/Partnership Representative

For all taxable years of Trilogy LLC ending before or including the effective date of the Arrangement, Theresa E. Gillespie or, if Theresa E. Gillespie is unable or declines to serve, another person selected by the holders of a majority of the Trilogy LLC Class C Units, shall serve as the tax matters partner of Trilogy LLC (the "**Tax Matters Partner**"); provided, however, that with respect to any matter to be acted upon or determined by such Tax Matters Partner (other than any act or determination as required by applicable law, or related to or arising out of any matter encompassed by the redemption rights of the holders of Trilogy LLC Class C Units), the approval of all of the Independent Directors shall be required if the decision of the Tax Matters Partner would have a material or disproportionately adverse effect upon the holders of Trilogy LLC Class B Units, as compared to the holders of Trilogy LLC Class C Units. For Trilogy LLC's tax year ended December 31, 2017, an individual selected by the Managing Member with the approval of a majority of the Independent Directors served as the Tax Matters Partner.

The Bipartisan Budget Act of 2015 (P.L. 114-74) changed the way the Internal Revenue Service ("**IRS**") will audit partnerships for tax years beginning after December 31, 2017. One of these changes includes replacing the Tax Matters Partner with a Partnership Representative as the party with authority to represent the partnership before the IRS. Trilogy LLC has not yet designated a Partnership Representative for the tax year ended December 31, 2018, but may either do so on its timely filed tax return or within 30 days of receiving a notice from the IRS that Trilogy LLC has not designated a Partnership Representative.

Amendments

Amendments generally require approval by holders of Trilogy LLC Units representing not less than fifty percent (50%) of each class of Trilogy LLC Units, provided that any amendment that materially adversely or disproportionately affects the economic benefits of any Trilogy LLC Member requires the written consent of such member.

DESCRIPTION OF THE BUSINESS OF THE COMPANY

Following the Arrangement between Alignvest and Trilogy LLC, the Company holds a significant economic interest in Trilogy LLC's existing business of indirectly providing wireless communications services through its operating subsidiaries in New Zealand and Bolivia.

Overview

Trilogy LLC Background

Trilogy LLC, based in Bellevue, Washington, is a wireless telecommunications company that is managed by Trilogy Holdings and is owned by Trilogy Intermediate Holdings as well as individual and institutional members who invested in Trilogy LLC prior to the Arrangement. Trilogy LLC was founded in 2005 by John W. Stanton, Bradley J. Horwitz, and Theresa E. Gillespie (collectively, the "**Trilogy LLC Founders**"), who, together with a small group of other investors, bought assets including Bolivia (NuevaTel) from Western Wireless Corporation ("**Western Wireless**"), which had been founded by the Trilogy LLC Founders and sold to Alltel Corporation for $6 billion in 2005.

Over the following 12 years, Trilogy LLC completed a number of transactions that resulted in the portfolio of operations that are now owned by the Company. In 2008, Trilogy LLC acquired 26% of New Zealand Communications Limited, a greenfield mobile wireless operator in New Zealand, now known as 2degrees. Trilogy LLC subsequently increased its stake in 2degrees and the Company now holds approximately 73.3% of 2degrees. Focusing its efforts on growing 2degrees and NuevaTel, Trilogy LLC sold its operating company in Haiti in 2012 and its operating company in the Dominican Republic (adjacent to Haiti) in 2016. In 2015, 2degrees acquired Snap Limited ("**Snap**"), a New Zealand provider of fixed broadband communications services to enterprise and residential subscribers.

Trilogy International Partners Inc.

The Company owns and controls majority stakes in two operations that the Trilogy LLC Founders grew from greenfield developments. 2degrees in New Zealand, with an estimated wireless market share of approximately 22%, and NuevaTel in Bolivia, with an estimated wireless market share of approximately 21%, provide communications services customized for each market, including local, international long distance, and roaming services for both customers and international visitors roaming on their networks. 2degrees also provides fixed voice and broadband services in New Zealand. Both companies provide mobile services on both a prepaid and postpaid basis.

2degrees and NuevaTel's networks support several digital technologies including Global System for Mobile Communications ("**GSM**" or "**2G**"); Universal Mobile Telecommunication Service, a GSM-based third generation mobile service for mobile communications networks ("**3G**"); and Long Term Evolution, a widely deployed fourth generation service ("**4G LTE**"). 3G and 4G LTE networks are important because they enable customers to use smartphones that facilitate greater consumption of data. 4G LTE networks are particularly important as data speeds of up to 10 times faster than 3G enable customers to use more data-intensive applications, driving higher revenue. Both 2degrees and NuevaTel hold spectrum licenses that are adequate for current usage levels, and have recently invested significant amounts of capital in their network infrastructure in 3G and 4G LTE to benefit from growth in additional data consumption.

A summary overview of the Company's operating subsidiaries is presented below as at December 31, 2018 unless otherwise noted.

	New Zealand (2degrees)	**Bolivia (NuevaTel)**
Trilogy LLC Ownership Percentage(1)	73.3%	71.5%
Launch Date	August 2009	November 2000
Population (in millions)(2)	4.5	11.3
Wireless Penetration(3)	141%	84%
Wireless Subscribers (in thousands)	1,396	2,028
Market Share of Wireless Subscribers(3)	22%	21%

Notes:

(1) Approximate as of the date hereof.
(2) Source: The U.S. Central Intelligence Agency's World Factbook as of July 2018.
(3) Management estimates.

Short Form Base Shelf Prospectus and Registration Statement, and Prospectus Supplements

On July 24, 2017, the Company filed a preliminary short form base shelf prospectus with the British Columbia Securities Commission ("**BCSC**") and a related shelf registration statement with the SEC qualifying for issuance an aggregate of $350 million of Common Shares, warrants, units, subscription receipts and share purchase contracts. On August 2, 2017, the final base shelf prospectus (the "**Base Shelf Prospectus**") and the final registration statement were filed and were declared effective by the BCSC and shortly thereafter by the SEC. The Base Shelf Prospectus is intended to give the Company the flexibility to take advantage of financing opportunities when market conditions are favorable, but was also filed toward satisfying the Company's obligation to provide resale registration rights for the Common Shares which may be issued upon redemptions of the Trilogy LLC Class C Units.

On October 11, 2017, the Company filed a resale prospectus supplement (the "**Prospectus Supplement**") to the Base Shelf Prospectus with the BCSC and the SEC, to qualify specified Common Shares for resale at times and in amounts determined by the holders of those Common Shares. The Prospectus Supplement covered certain issued and outstanding Common Shares as well as Common Shares issuable upon redemption of Trilogy LLC Class C Units from time to time by holders thereof.

Trilogy LLC Note Refinancing

On May 2, 2017, Trilogy LLC completed its private offering of the Senior Notes (as defined below in "*Material Contracts – Senior Notes Indenture*"). Trilogy LLC applied the proceeds from the offering of the Senior Notes, together with cash on hand, to redeem all of its outstanding 13.375% senior secured notes due May 15, 2019 (see *Material Contracts – Senior Notes Indenture*").

New Zealand (2degrees)

Background to market entry

Prior to 2degrees' entry, the New Zealand wireless communications market was a duopoly, and the incumbent operators, Vodafone and Telecom New Zealand (now Spark New Zealand ("**Spark**")), were able to set relatively high prices, which resulted in low wireless usage by consumers. Additionally, mobile revenue in New Zealand in 2009 was only 31% of total New Zealand telecommunications industry revenue, compared to 42% for the rest of its Organisation for Economic Co-operation and Development peers. These two factors led the Company to believe that New Zealand presented a significant opportunity for a third competitor to enter the market successfully.

Consequently, 2degrees launched in the New Zealand wireless market in 2009 through innovative pricing, a customer-centric focus, and differentiated brand positioning. 2degrees introduced a novel, low-cost, prepaid mobile product that cut the incumbents' prices of prepaid voice calls and text messages in half and rapidly gained market share. Since then, 2degrees has reinforced its reputation as the challenger brand by combining low-cost alternatives with excellent customer service. Management estimates 2degrees' market share of wireless subscribers to be approximately 22% based on most currently available information.

Additionally, 2degrees provides fixed broadband communications services to residential and enterprise customers.

As of December 31, 2018, Trilogy LLC-controlled entities owned 73.3% of 2degrees, with the remaining 26.7% interest owned by Tesbrit.

Strategy

2degrees has grown rapidly since its launch in 2009. Since starting as a low-cost, prepaid-only challenger, 2degrees matured into a full-service provider. Management believes several key initiatives will enable 2degrees to continue its growth, including: (i) increasing market share in the consumer postpaid mobile market by providing 4G LTE data services and optimizing video content delivery, (ii) providing fixed broadband services and bundled product offerings, specifically to the previously underserved enterprise customers, (iii) cross-selling fixed solutions to the existing mobile consumer subscriber base, and (iv) continuing to invest in its network.

2degrees is in the process of transitioning its customer mix to add higher value, higher margin postpaid customers. Despite having an overall market share of all wireless customers of approximately 22%, 2degrees' market share of higher-value postpaid customers was only approximately 15% as of December 31, 2018. As a result, management estimates that there is a significant opportunity to drive incremental service revenues and Adjusted EBITDA by both (i) converting prepaid customers into postpaid customers, and (ii) gaining greater market share in the postpaid space. As 2degrees' customer mix improves and it gains a greater share of the postpaid market, management anticipates that blended ARPU will increase. In 2018, 2degrees' postpaid subscribers generated 4.5 times the ARPU of prepaid subscribers, at $34.48 compared to prepaid ARPU of $7.60. Management believes that there continue to be opportunities to grow data revenues in the postpaid market due to, among other reasons, (i) proliferating smartphone usage in New Zealand, (ii) the enhancement of distribution channels, and (iii) the introduction of new devices and other technologies.

Additionally, 2degrees is leveraging its acquisition of Snap, a broadband service provider, to improve its service offerings and gain a larger share of the overall $5 billion NZD telecommunications market. Given this addition to the service offerings, 2degrees started to bundle wireless and broadband product offerings to Small and Medium Enterprises ("**SME**") customers to become a compelling and competitive option. SME is the market base with the single largest concentration of revenue in the New Zealand market and 2degrees estimates that it has only single-digit penetration of the SME market. To enable 2degrees to target SME customers more effectively, the acquisition of Snap has given 2degrees the ability to develop SME specific plans and to cross-sell services to existing mobile and broadband subscribers. These initiatives are expected to drive meaningful increases in service revenues, Adjusted EBITDA and, importantly, cash flow, given that fixed-broadband offerings in New Zealand require minimal capital investment because of the fiber-to-the-premise infrastructure funded and supported by the government.

Lastly, 2degrees has invested over $500 million in its spectrum, network and other capital expenditures since 2009. 2degrees has used these investments in building its network to provide national coverage (approximately 97% of New Zealand's population), launching 4G LTE services in 2014, and bringing its 4G LTE sites to over 99% of its total cell sites. Initially, 2degrees launched service with a network only in major population centers and relied on roaming agreements to provide service outside these areas. It now has its own robust, nationwide network, enabling it to provide better service, enhancing both customer attraction and retention, and improving its cost structure with lower roaming fees paid to other network operators. 2degrees expects to continue investing in its network infrastructure to continue offering competitive service offerings.

Services

Today, 2degrees continues to offer compelling plans for data, voice and text on both mobile and fixed lines.

2degrees' prepaid offerings include high value "Carryover Combo" service bundles which provide generous monthly allowances of data, voice and SMS from $9 to $49 NZD per month. The Carryover Combos permit subscribers to call and text Australia at no extra cost and provide Carryover Minutes and Carryover Data that last for up to one year. For casual usage, 2degrees offers low standard calling and texting rates which can be boosted with "Add Ons" for additional minutes or data.

As 2degrees has increased scale, it has intensified its efforts to recruit postpaid subscribers. 2degrees' postpaid plans attract higher value subscribers through innovative offers such as the "Carryover" plans, in addition to the EIP, described below. 2degrees also offers Pool plans where customers can save per subscriber by adding additional connections to their account. All postpaid monthly plans are "Freedom" plans (no-term contracts), and include the ability to call and text both New Zealand and Australia at no extra cost.

In 2018, 2degrees launched Data Clock, an innovative app which enables prepaid and postpaid subscribers to purchase time-bound unlimited mobile data sessions in affordable bursts. Subscribers can currently purchase from time bundles of between 15 minutes to 24 hours of unlimited mobile data sessions. 2degrees also gives all prepaid and postpaid plan subscribers a free hour of unlimited data every day in their plan through the Data Clock app, something no other New Zealand telecom company offers.

2degrees continues to offer the Equipment Installment Plan ("**EIP**"), which is a handset financing plan that enables customers to purchase the handsets they prefer, largely without regard to the service rate plans they select, and pay for their phones over time. The introduction of the EIP significantly reduces handset subsidies that 2degrees pays, thereby reducing subscriber acquisition costs, while allowing subscribers to purchase high-end handsets with the flexibility to choose the appropriate monthly plans without long-term contracts. This handset-financing model enables subscribers to purchase data-centric handsets leading to increased data usage and revenues, as well as generating overall customer satisfaction. 2degrees also offers a trade-up option on eligible high value handsets whereby a subscriber can trade up to the latest smartphone every year as part of their EIP.

2degrees entered the fixed-line internet service provider ("**ISP**") business and began offering home broadband plans with the Snap acquisition in 2015. Consistent with the 2degrees values of simplicity and transparency, 2degrees offers three plans to new residential customers: a capped plan with a traffic cap of 80 gigabytes per month, an unlimited data plan with speeds up to 100Mbps and an unlimited plan offering the fastest available residential speeds in New Zealand of 900Mbps down and 400Mbps up.

For the capped and unlimited plans, 2degrees offers customers equivalent pricing for both traditional copper broadband and standard ultra-fast fiber broadband (100Mbps). This equivalent pricing enables 2degrees to stand by its commitment to offer the best type of connection available at each address and to upgrade customers as new technology becomes available.

With the acquisition of Snap in 2015, 2degrees acquired a fixed broadband business that was focused on South Island business customers. Since then, 2degrees has expanded to serve business customers across all major cities in New Zealand with sales and support functions in Dunedin, Christchurch, Wellington and Auckland. 2degrees offers enterprise and government solutions which include voice products, a fully-supported end-to-end managed network service, local and global cloud services, mobile plans, machine-to-machine, and Telecommunications as a Service. In 2018, 2degrees added cloud security to its offerings. The enterprise solution also provides professional services to assist in the design and execution of a network or voice solution.

Marketing Strategy

2degrees positions itself as customer friendly, standing for value, fairness, and simplicity, combining low-cost alternatives with excellent customer service. 2degrees leverages its outstanding customer service capabilities to differentiate itself from competitors and to foster a highly satisfied and loyal customer base as evidenced by 2degrees' strong net promoter score. This customer-centric focus has resulted in 2degrees receiving numerous customer service awards from Canstar Blue and Roy Morgan Research, both of which seek to identify and reward brands that exemplify product innovation and customer value.

Advertising

2degrees' media strategy involves developing insight into consumer preferences and choices, followed by seeking to influence the consumers at each stage of their selection process. 2degrees aims to (i) reach consumers who are not actively in the market, (ii) win share from consumers who are seeking a communications product, and (iii) foster brand-loyalty and advocacy to its existing customers. With respect to its media strategy, 2degrees focuses on digital, television, online-video content, and outdoor advertising to market the 2degrees brand.

Distribution

As of December 31, 2018, 2degrees' distribution network included approximately 20 Company-owned retail stores, 40 independent dedicated dealers and over 2,500 points of sale through national retail chains and grocery stores. 2degrees also offers services through its online self-service store.

Operations

Facilities

2degrees is headquartered in Auckland, with offices in Wellington and Christchurch.

Employees

2degrees has experienced rapid growth and has increased total employees from 381 as of December 31, 2010 to 1,069 employees as of December 31, 2018. 2degrees' employees are distributed across its functional areas with 282 in sales and marketing, 227 in operations and engineering, 102 in information technology, 330 in customer operations, and 128 in finance and administration, corporate affairs and human resources.

Assets

Network

2degrees operates 3G and 4G LTE networks. The 2G services on its mobile network were discontinued in March 2018. As of December 31, 2018, the 2degrees network consisted of 1,092 cell sites, of which approximately 1,086 provide 4G LTE service (an increase of 87 4G LTE sites from December 31, 2017). We estimate that 97% of New Zealand's population is covered through the 2degrees network and approximately 2% of the population is covered through a national roaming agreement with Vodafone. 4G LTE sites covered 97% of the population, enhancing 2degrees' nationwide coverage. In 2018, 2degrees built additional cell sites and expanded the 4G LTE rollout to improve data throughput and in-building coverage. Additionally, during 2016 and 2017, 2degrees deployed cell sites in areas of the country where its subscribers generate high levels of national roaming traffic in order to minimize consumer roaming costs. 2degrees now receives full benefits from this construction program as it completed this project during the first quarter of 2017.

2degrees Spectrum Holdings

Management believes 2degrees currently has sufficient spectrum to compete effectively against other New Zealand wireless operators and expects to renew all or substantially all of its spectrum position once the applicable license expiration dates are reached.

Frequency Band	Spectrum	Spectrum License Expiration	Technology
700 MHz	10 MHz x 2	2031[(1)]	4G LTE
900 MHz	9.8 MHz x 2	2031[(2)]	3G and 4G LTE
1800 MHz	25 MHz x 2	2021	4G LTE
2100 MHz	15 MHz x 2	2021	3G

Notes:

(1) The 2031 expiration for the 700 MHz license is conditioned on payment of the spectrum license cost in installments by December 2019. If the aforementioned criteria are not satisfied, the 700 MHz spectrum license expires in 2020.

(2) The 2031 expiration for the 900 MHz spectrum is conditioned on payment by May 2022 of the price of the spectrum license and satisfying certain New Zealand *Commerce Act* requirements per the sale offer. If these criteria are not satisfied, the right to use the 900 MHz spectrum expires in 2022 except for 4 MHz that expires in 2031.

Market Context

New Zealand is a developed, prosperous country with a population of 4.5 million and a wireless penetration rate of 141%.

Economy Overview

Over the past 30 years, New Zealand has transformed from an agrarian economy, dependent on concessionary British market access, to a more industrialized, developed, services-dependent nation, with a large and growing tourism industry and free market economy that competes globally. The country had steady GDP growth of over 2.5% per year with low, stable inflation rates. The country's GDP per capita is on par with Western Europe.

The country has a well-developed legal framework and regulatory system. New Zealand was most recently rated AA+ by Standard & Poor's ("**S&P**") and Aaa by Moody's based on the country's high economic strength, very high institutional and government financial strength, and low susceptibility to event risk. The country has no history of debt default.

New Zealand operates under a floating currency regime where the Official Cash Rate ("**OCR**") is used as a monetary policy lever. The OCR is the interest rate set by the Reserve Bank of New Zealand to meet the inflation target specified in its Policy Targets Agreement; the rate is reviewed eight times a year and may be adjusted following significant changes in global macroeconomics.

Telecom Overview

The size of the New Zealand telecommunications market reached $5 billion NZD for the 2018 reporting period and total industry investment for the same period was approximately $1.66 billion NZD. This investment was underpinned by: government-backed spending in the Ultra-Fast Broadband initiative, which brings fiber connectivity to homes, schools, businesses, and medical facilities; the New Zealand government's Rural Broadband initiative, which brings broadband connectivity to rural areas using wireless and wired infrastructure; and the private sector's 4G LTE mobile spectrum investment, which upgrades the infrastructure capability.

With a high wireless penetration rate of 141% and the availability of the latest in-demand devices, data consumption in New Zealand continues to grow. The average amount of mobile data consumed per subscriber in New Zealand is now two gigabytes per month, up from 390 megabytes in 2015. The Company expects growth in data consumption to continue, driven by increased adoption of 4G LTE enabled smartphones and the expanding ecosystem of mobile applications.

Competition

2degrees competes with two wireless providers in New Zealand: Vodafone, with approximately 40% of the wireless subscriber market, and Spark, with approximately 38% of the market, in each case based on the most currently available information. Vodafone operates a 2G, 3G and 4G LTE network. Spark operates a 3G and 4G LTE network. Spark and Vodafone offer services across both the fixed and mobile markets.

In the broadband market, 2degrees, with 5% of the broadband subscriber market, competes with a handful of broadband providers in New Zealand: Spark with 41% of the broadband subscriber market, Vodafone with 26% of the market, Vocus with 13% of the market, Trust Power with 5% of the market, and remaining players accounting for 10% based on the most currently available information.

Governmental Regulation

New Zealand has a Minister of Broadcasting, Communications and Digital Media, supported by the Ministry of Business Innovation and Employment ("**MBIE**"), which advises on policy for telecommunications and spectrum issues. Following a general election in October 2017, the New Zealand Labour, New Zealand First and Green parties formed a new coalition government. The current Minister of Broadcasting, Communications and Digital Media is a New Zealand Labour MP, appointed to this position in September 2018. The New Zealand Labour party has signaled particular interest in digital content, digital inclusion, regional and broadcasting issues. The government has established a Digital Economy and Digital Inclusion Ministerial Advisory Group to advise the government on how it can best meet its objectives to grow the digital economy, reduce digital divides and benefit from new digital technologies.

On behalf of the government, the MBIE also administers the allocation of radio frequency management rights. 2degrees offers service pursuant to rights in the 700 MHz band, the 900 MHz band, the 1800 MHz band and the 2100 MHz band. 2degrees' 900 MHz and 700 MHz spectrum rights expire in, or can be extended to, 2031; the 2degrees 1800 MHz and 2100 MHz spectrum rights expire in 2021. The Minister of Communications has announced that the government intends to renew 2degrees' 1800 MHz and 2100 MHz rights but will hold back, for future use, 5 MHz in each of the transmit and receive frequencies from 2degrees' 1800 MHz license renewal. (The MBIE will withdraw 5MHz in the transmit and receive frequencies from Vodafone's and Spark's 1800 MHz renewals in 2021 as well). As a result, 2degrees will hold 20 MHz x 2 of 1800 MHz spectrum and 15 MHz x 2 of 2100 MHz spectrum following the renewals in 2021. The New Zealand government has indicated that the cost to 2degrees for these renewals will be approximately $50 million NZD and installment terms will be offered, which is consistent with 2degrees' expectations. The MBIE is also preparing for the introduction of fifth generation wireless services ("**5G**") in New Zealand, including consideration of 5G spectrum allocations and timing. In line with international developments, the government has announced its intention to auction 5G rights in the 3.5 GHz band in 2020, although it has yet to provide the exact timing or allocation details. The MBIE is currently considering technical issues related to such an allocation. The MBIE is considering other potential 5G bands, including 600 MHz and mmWave spectrum (above 20 GHz) for allocations in the future.

The politically independent Commerce Commission of New Zealand (the "**Commerce Commission**") is responsible for implementation of New Zealand's Telecommunications Act 2001. The Commerce Commission includes a Telecommunications Commissioner, who oversees a team that monitors the telecommunications marketplace and identifies telecommunications services that warrant regulation. The Commerce Commission's recommendations are made to the Minister. For services that are regulated, the Commerce Commission is authorized to set price and/or non-price terms for services and to establish enforcement arrangements applicable to regulated services. The Commerce Commission's responsibilities include wholesale regulation of the fixed line access services that 2degrees offers, including unbundled bitstream access. The Commerce Commission is currently conducting a study of the mobile market under its monitoring powers. The purpose of this review is to develop a common understanding of the competitive landscape and any future competition issues. It considers both evolving consumer preferences and technological shifts, including implications of fixed-mobile convergence and 5G for infrastructure sharing and wholesale access regulation. The Commerce Commission is consulting with industry stakeholders and has indicated it expects to release preliminary findings of its study in April 2019 and a final report in September 2019. The Commerce Commission is also carrying out a study on domestic backhaul services.

The New Zealand government completed a review of the Telecommunications Act 2001 and issued policy recommendations in June 2017. As a result, legislation was passed late in 2018 that sets out a new regulatory framework for fiber services, which 2degrees employs for the provision of both fixed broadband and mobile communications services to its customers. The legislation takes a regulated 'utility style' building blocks approach, representing a shift from the current Total Service Long Run Increment Cost pricing approach applied to copper services. Copper services will be deregulated in areas where fiber services are available. Access to fiber unbundling will be required, but is not price-regulated. The Commerce Commission is now responsible for implementing this new utility style framework for fiber. It will be conducting extensive industry consultations regarding this so that it can put in place the new regime by January 2022, as required.

In addition, under the new legislation, telecommunications monitoring will be expanded to provide a greater emphasis on service quality rather than the current focus on price and coverage. We expect the Commerce Commission to consult with industry stakeholders on the collection of retail service quality data in early 2019.

There are no major changes to the regulation of mobile-specific services, but the new legislation streamlines various Telecommunications Act 2001 processes, shortening the time for implementation of future regulations, which could include rules governing the mobile sector.

The New Zealand government has taken an active role in funding fiber (the Ultra-Fast Broadband Initiative) and wireless infrastructure (the Rural Broadband Initiative) ("**RBI**") to enhance citizens' access to higher speed broadband services. The Ultra-Fast Broadband Initiative has been extended over time and fiber is now expected to reach 87% of the population by December 2022. In addition, the government announced an extension of the RBI to RBI2 and a Mobile Black Spots Fund ("**MBSF**"). This fund was initially allocated $150 million NZD by the New Zealand government. In April 2017 the three national mobile providers, 2degrees, Vodafone and Spark, formed a joint venture to deliver a shared wireless broadband/mobile solution in the rural areas identified by the government. In August 2017, the New Zealand government signed an agreement with the joint venture to fund a portion of the country's rural broadband infrastructure project (the "**RBI2 Agreement**"). Under the RBI2 Agreement, each joint venture partner, including 2degrees, committed to invest $20 million NZD over several years in accordance with payment milestones agreed upon between the parties to the agreement. 2degrees will also contribute to the operating costs of the RBI2 network. In December 2018, a further extension of the RBI2/MBSF was announced. This is expected to extend coverage to 99.8% of the population and is funded with $40 million NZD from the government's Provincial Growth Fund and a further $105 million NZD from funding already allocated to the RBI2/MBSF expansion.

In the past, New Zealand's government has supported competition in the telecommunications market. In February 2017, the Commerce Commission rejected a proposed merger between Vodafone, one of 2degrees' competitors, and Sky Network Television, a satellite pay television provider, on grounds that the transaction would lessen competition. The government also has previously imposed limits on the quantity of spectrum that any one party and its associates can hold in specific frequency bands, and has permitted purchasers of spectrum rights to satisfy their purchase payment obligations over time (both of which assisted 2degrees' ability to acquire spectrum rights); however, the government does not have a clear policy to continue these practices.

Political Climate

New Zealand is a constitutional monarchy with a stable parliamentary system of government closely patterned on that of the United Kingdom. The Labor Party and the more conservative National Party dominate New Zealand politics, governing in coalition with smaller parties, which has resulted in a stable legislative environment.

New Zealand is renowned for its efforts to ensure a transparent, competitive, and corruption-free government procurement system. Stiff penalties against bribery of government officials as well as those accepting bribes are strictly enforced. New Zealand consistently achieves top ratings in the Transparency International's Corruption Perception Index ("**CPI**"). In the 2018 CPI, Transparency International ranked New Zealand number two in the world (out of 180 countries and territories), with a rating of 87 out of 100.

Intangible Properties

2degrees has a unique and strong local brand with marketing and operating strategies tailored to fit its market and the potential return on investment. 2degrees' intellectual property enables it to be known and recognized in the New Zealand marketplace through its brand style, trade dress, domain names and trademarks. For example, the 2degrees brand plays a key role in product positioning and its reputation.

2degrees aims to maximize the value of its intangible assets by ensuring that they are adequately used, protected and valued. In order to protect its intellectual property assets, 2degrees relies on a combination of legal protections afforded under copyright, trade-mark, patent and other intellectual property laws as well as contractual provisions under licensing arrangements.

2degrees' intangible properties also include wireless spectrum licenses as further discussed above under "*2degrees Spectrum Holdings*".

Corporate Structure of 2degrees Group

In September 2018, 2degrees and its subsidiaries completed a restructuring in connection with the New Zealand 2021 Senior Facilities Agreement (as defined below). The terms of the 2021 New Zealand Facilities Agreement require that the shares of 2degrees be pledged to the lenders thereunder and that loans to 2degrees from persons other than those lenders be subordinated. Pursuant to the restructuring, 2degrees Investments was formed as the indirect parent of 2degrees and the equity interests in 2degrees that were previously held by the Company's subsidiaries as well as by Tesbrit were exchanged for identical equity interests in 2degrees Investments. 2degrees Investments now holds, through a wholly owned indirect subsidiary, 100% of the equity interests of 2degrees, and the loans extended to 2degrees by the Company's subsidiaries have been replaced with loans to 2degrees Investments. The shares of 2degrees are owned by a wholly owned indirect subsidiary of 2degrees Investments; this wholly owned indirect subsidiary has pledged (with some limited exceptions) all its assets, including its 2degrees equity interests as collateral for the New Zealand 2021 Senior Facilities Agreement.

2degrees Shareholders Agreement

The governance of 2degrees Investments and its subsidiaries, including 2degrees (collectively, the "2degrees Group"), is addressed in the constitution of each company, which sets forth conventional terms relating to the rights and obligations of shareholders and the board of directors, and by the 2degrees Shareholders Agreement, dated November 22, 2012, as amended on September 26, 2018, to conform to the restructuring summarized above (the "**2degrees Shareholders Agreement**"). In addition to 2degrees Investments, Trilogy International New Zealand LLC ("**TINZ**") (a subsidiary of the Company), and Tesbrit, the minority shareholder of 2degrees Investments, are parties to the 2degrees Shareholders Agreement. Any amendment of the 2degrees Shareholders Agreement requires the consent of each of the parties to that agreement. The 2degrees Shareholders Agreement limits the business of 2degrees Investments and of its subsidiaries to providing telecommunications services in New Zealand, requires shareholders to exercise best efforts to refer business opportunities to 2degrees Investments, and requires shareholders to refrain from activities that are competitive with 2degrees Investments and its subsidiaries.

The Company has strategic and operational control of 2degrees Investments and its subsidiaries, subject to certain consent rights that have been negotiated by Tesbrit, as set forth in the 2degrees Shareholders Agreement or that exist under New Zealand companies law. Tesbrit holds two seats on the 2degrees Investments board of directors and certain extraordinary decisions will require the approval of one of the directors appointed by Tesbrit, or by Tesbrit as shareholder. These decisions include (among other things) changes to the constitution, the nature of the business of 2degrees Investments and its subsidiaries, transactions outside of the ordinary course of business, and affiliated party transactions. A proposal to sell more than half of 2degrees Investments' assets requires the approval of the Company (acting through TINZ) and Tesbrit.

The 2degrees Shareholders Agreement provides all shareholder parties with pre-emptive rights in respect of issuances by 2degrees Investments of any equity or indebtedness, except with respect to securities issued to employees pursuant to an approved equity compensation program.

All transfers of 2degrees Investments Shares (other than for internal shareholder group re-organizations) by TINZ or Tesbrit are subject to rights of first offer in favor of the other party. Similarly, each of TINZ and Tesbrit have tag along rights in the case of a sale by the other party of 2degrees Investments Shares to a third party. If TINZ and/or Tesbrit seek to transfer all of their 2degrees Investments Shares to a third party in excess of a threshold price, they have the right to cause all other shareholders to sell in the transaction.

The 2degrees Shareholders Agreement terminates upon mutual consent of TINZ and Tesbrit or upon the dissolution or public listing of 2degrees Investments.

The direct parent of TINZ – Trilogy International South Pacific LLC – and the shareholders of Tesbrit also executed a separate agreement dated August 30, 2018, setting forth similar transfer restrictions and rights concerning transfers of equity interests in TINZ and Tesbrit.

Bolivia (NuevaTel)

The Trilogy LLC founders launched NuevaTel in 2000 while they served in senior management roles with Western Wireless. Trilogy LLC subsequently acquired a majority interest in the business in 2006 and currently owns 71.5% of NuevaTel, with the remaining 28.5% owned by Comteco, a large cooperatively owned fixed line telephone provider in Bolivia.

Overview

NuevaTel, which operates under the brand name "Viva" in Bolivia, provides wireless, long distance, public telephony and wireless broadband communication services. It provides competitively priced and technologically advanced service offerings and high quality subscriber care. NuevaTel focuses its customer targeting efforts on millennials and differentiates itself through simplicity, transparency, and a strong national brand. As of December 31, 2018, NuevaTel had approximately 2.0 million wireless subscribers representing an estimated 21% subscriber market share.

Strategy

NuevaTel has been a significant presence in the Bolivian wireless industry since its launch in 2000. Over the past 16 years, NuevaTel has grown substantially. Since 2008, NuevaTel has distributed cumulative gross dividends of $278 million to its shareholders. NuevaTel's recent key growth initiatives have focused on (i) driving 4G LTE adoption, (ii) increasing data usage among the existing subscriber base, and (iii) continuing its 4G LTE overlay expansion.

Management believes that future growth in the Bolivian wireless business will be driven through expanded 4G LTE adoption that will enable greater data consumption. NuevaTel has started migrating and upgrading its existing high-value customers to 4G LTE devices, and has seen their level of data consumption increase while traditional voice usage and text messages declined. As such, NuevaTel will continue to incentivize upgrading to 4G LTE with creative promotions and targeted subsidies.

To broaden the overall availability of 4G LTE services, NuevaTel has invested capital in expanding its 4G LTE footprint. It added over three hundred 4G LTE sites to its network in 2018, bringing its 4G LTE network footprint to over 90% of its network. Management believes these investments will enhance NuevaTel's ability to drive growth in service revenues and Adjusted EBITDA.

Services

NuevaTel offers wireless voice and high-speed data communications services through both prepaid and postpaid payment plans, with prepaid subscribers representing approximately 81% of the subscriber base as of December 31, 2018. Postpaid plans are sold using a customer-friendly, simplified approach with eight distinct offerings based on tariff and usage. Prepaid customers have the option of purchasing prepaid cards ranging from 10 Bolivianos up to 80 Bolivianos in addition to electronic recharges. Prepaid and postpaid customers with a minimum of four months seniority are also eligible to receive a double recharge offer once a month, which improves customer loyalty and reduces churn. NuevaTel offers a full range of smartphone devices, including Samsung Galaxy and Huawei Pro devices; however, the majority of its handset sales are more affordable Samsung and Huawei smartphones. The availability of 4G LTE-enabled smartphones, including through the grey market, at prices affordable to Bolivian customers is a key factor facilitating the growth of 4G LTE adoption. With the increasing penetration of 4G LTE smartphones in the customer base and the expanding 4G LTE network coverage, there is a significant opportunity for continued growth in 4G LTE data adoption and a corresponding growth in data consumption.

Additionally, NuevaTel has a number of ancillary, noncore businesses including public telephony (pay phone) services with approximately 51 thousand units installed nationally and WiMAX, a fixed broadband product offering. Both of these businesses will continue to decline in the coming years as NuevaTel focuses on its core business of postpaid and prepaid wireless services. NuevaTel is also currently trialing a Fixed LTE wireless broadband service to assess the new technology solution and longer term market opportunity. If the trial is successful, the Fixed LTE technology is expected to replace the WiMAX fixed broadband service. Public telephony and WiMAX products combined contributed less than 5% of service revenues for the year ended December 31, 2018.

Marketing Strategy

NuevaTel has positioned itself as the young and dynamic challenger brand in the Bolivian telecommunications market under the brand "Viva". NuevaTel's emphasis is on higher-value customers in both the prepaid and postpaid wireless services and on urban areas with higher population density and relatively strong socio-economic factors. Specifically, NuevaTel caters to millennials, and has developed a community for its customers centered on music, concerts, and Bolivian brands to increase loyalty.

Distribution

NuevaTel utilizes a vast network of outsourced dealers and stores to promote its products and to drive activations, recharges and other customer related services to manage the subscriber base. NuevaTel also owns stores, known as "Viva Experience" stores that are designed to encourage customers to interact with devices and technology. As of December 31, 2018, NuevaTel's distribution network included approximately 15 Company-owned stores, over 240 dealers and over 8,990 other dealer points of presence.

Advertising

NuevaTel uses many different forms of advertising to communicate and connect with its customers. Institutional brand awareness is built using television and billboard advertising, while newspaper, radio, and digital channels are typically used to drive promotional campaigns.

Operations

Facilities

NuevaTel's headquarters office is located in the capital city of La Paz. Additional operational offices are located in Santa Cruz and Cochabamba, with sales support offices located throughout the country.

Employees

As of December 31, 2018, NuevaTel had approximately 666 employees. The 666 employees are distributed across its functional areas with 269 in sales and marketing, 104 in operations and engineering, 86 in information technology, 61 in customer operations, and 146 in finance and administration, corporate affairs and human resources.

Assets

Network

NuevaTel has a robust spectrum position and network infrastructure. NuevaTel currently provides 2G and 3G mobile communications in the 1900 MHz band, 4G LTE services in the 1700/2100 MHz bands and WiMAX services in several cities in the 3500 MHz band. Its mobile network consisted of approximately 1,234 cell sites with 1,115 of those site enabled with 4G LTE at the end of December 31, 2018.

NuevaTel has invested significantly in a major network expansion over the past four years with a total investment of approximately $170 million between 2015 and 2018. This expansion project improved coverage and capacity of its voice and data networks and has dramatically improved the 4G LTE coverage. Total cell sites and 4G LTE sites increased by 35% and 182%, respectively, since the beginning of 2015.

NuevaTel maintains international roaming agreements with 210 operators in over 90 countries worldwide as of December 31, 2018.

NuevaTel Spectrum Holdings

Frequency Band	Spectrum	Spectrum License Expiration	Technology
1900 MHz	25 MHz x 2	2019-2028[1]	2G and 3G
3500 MHz	25 MHz x 2	2024-2027	WiMax
1700/2100 MHz	15 MHz x 2	2029	4G LTE

Notes:

(1) 30 MHz (15 MHz x 2) expires in November 2019 and 20 MHz (10 MHz x 2) expires in April 2028.

The Company estimates that NuevaTel had a 69% population coverage as of December 31, 2018.

Market Context

Economic Overview

Bolivia, officially known as the Plurinational State of Bolivia, is a presidential republic located in western-central South America, bordered to the northwest by Peru, to the north and east by Brazil, to the southeast by Paraguay, to the south by Argentina, and to the southwest by Chile. The currency used in Bolivia, the Boliviano, is tied to the value of the U.S. dollar. Since the introduction of the pegged regime, the Bolivian exchange rate has remained stable. The central bank of Bolivia is expected to maintain its peg to the U.S. dollar until the conclusion of the elections in late 2019. After elections are complete, there is speculation that the central bank will gradually depreciate the Boliviano against the U.S dollar. The Company does not expect the impact, if any, to be material in the short or medium term. In March 2017, Bolivia issued US$1 billion of sovereign bonds to mature in 2028 – rated by S&P as 'BB' and reflecting the country's strong external balance sheet, low debt burden, and favorable debt profile.

Bolivia is one of the best performing economies in Latin America, driven by strong public investment and private consumption; GDP increased annually from $11.5 billion in 2006 to $37.8 billion in 2016 and remained flat from 2016 to 2017 based on the latest estimate available.

Telecom Overview

Bolivia has a population of approximately 11 million and an estimated wireless penetration rate of 84%. The country presents an attractive market for wireless service providers given the substantial demand for communications services due primarily to the lack of a national fixed-line communications provider. The local wireline network is fragmented into 14 independent regional telephone cooperatives, with each having distinct products and services.

Mobile use in Bolivia has expanded rapidly due to the absence of extensive fixed-line infrastructure. Prepaid subscribers constitute the majority of the wireless market in Bolivia with an increasing postpaid base in recent years. The Bolivian market is exhibiting several trends, notably: (i) increased demand for smartphones, (ii) the increased prevalence and affordability of 3G and 4G LTE capable devices, (iii) the ability for new technology to reach rural, previously under-served areas, and (iv) increased availability of video and music content, social media, mobile money, and other such data-based services. The market is experiencing growing consumer demand for the latest technologies, particularly in data services, and the carriers are seeking to construct robust networks with the capacity to satisfy those demands.

Competition

NuevaTel competes with two main wireless providers in Bolivia: Entel, with approximately 44% of the market, and Tigo, with approximately 35% of the market, in each case as of December 31, 2018, based on management estimates. Entel is a government-run entity, which operates a 2G and 3G network in the 850 and 1900 MHz bands. It launched a 4G LTE network in the 700 and 1700/2100 MHz bands, and has also pursued a satellite-based strategy with the development of the Tupac-Katari satellite in 2015. While NuevaTel concentrates on urban customers, Entel operates with a mandate to provide coverage throughout Bolivia and a significant proportion of its subscriber base is in areas where NuevaTel does not compete. Additionally, Entel provides complementary cable television and broadband internet services that can be bundled with its wireless offerings. Tigo, a subsidiary of Millicom S.A., uses 2G and 3G technologies and operates in the 850 and 1900 MHz bands. Tigo also launched a 4G LTE network in 2014 and uses the 700 and 1700/2100 MHz bands. Additionally, Tigo provides complementary cable television and broadband internet services that can be bundled with its wireless offerings.

The wireless communications systems of NuevaTel also face competition from fixed-line networks and from wireless internet service providers, using both licensed and unlicensed spectrum and technologies such as WiFi and WiMAX to provide broadband data service, internet access and voice over internet protocol. NuevaTel's long distance service also competes with Entel, Tigo and other alternative providers.

Governmental Regulation

NuevaTel operates two spectrum licenses in the 1900 MHz band; the first license expires in November 2019, and the second license expires in 2028. Additionally, NuevaTel provides 4G LTE services in the 1700 / 2100 MHz bands with a license term expiring in 2029. NuevaTel also provides fixed broadband services using WiMAX and fixed LTE technologies through spectrum licenses in the 3500 MHz band with minimum terms ranging from 2024 to 2027. The long distance and public telephony licenses held by NuevaTel are valid until June 2042 and February 2043, respectively. The long distance license and the public telephony license are free and are granted upon request. See "*NuevaTel Spectrum Holdings*" above for additional information regarding NuevaTel's spectrum holdings.

The principal governmental agency with regulatory oversight for telecommunications is the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia (the "**ATT**"). The ATT is responsible for administering spectrum auctions, renewing licenses and concessions to provide services to the public, monitoring service quality, imposing sanctions for violations of its service reliability rules, setting interconnection rates and implementing other policies designed to promote competition and consumer protection. In the past four years, the ATT reduced both domestic and international interconnection rates and revised service quality standards.

The Bolivian telecommunications law ("**Bolivian Telecommunications Law**"), enacted on August 8, 2011, requires telecommunications operators to pay recurring fees for the use of certain spectrum (such as microwave links), and a regulatory fee of 1% and a universal service tax of up to 2% of gross revenues. The law also authorizes the ATT to promulgate rules governing how service is offered to consumers and networks are deployed. The ATT has required wireless carriers to publish data throughput speeds to their subscribers and to pay penalties if they do not comply with transmission speed commitments. It required carriers to implement number portability by October 1, 2018, which NuevaTel has implemented. The ATT has also conditioned the 4G LTE licenses it awarded to Tigo and NuevaTel on meeting service deployment standards, requiring that the availability of 4G LTE service expand over a 96-month period from urban to rural areas. NuevaTel has met its 4G LTE launch commitments due by 2018. See "*Risk Factors*".

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. Both the law and the Bolivian constitution specify that carriers' vested rights under their existing concessions will be preserved; however, the Company cannot guarantee that these protections will be respected by the Bolivian government. The ATT migrated the original concessions of Entel and Tigo, wireless competitors to NuevaTel, to new licenses in 2015 in conjunction with renewing their original concessions that were due to expire. In January 2019, NuevaTel received resolutions authorizing a migration to a new comprehensive license with terms similar to those in the Entel and Tigo licenses. NuevaTel signed the new license agreement in February 2019. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed on November 25, 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the service concessions. The ATT has not yet specified a price for the renewal of the 1900 MHz spectrum grant. However, based on the fee paid by Tigo in connection with its 2015 spectrum grant renewal, NuevaTel estimates that it will be required to pay approximately $25 million for its 1900 MHz spectrum renewal in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases and from the proceeds of the sale and leaseback of certain NuevaTel network towers (see "Tower Sale Agreements" below).

Political Climate

NuevaTel was launched in 2000 and has operated under six Bolivian presidents, including the current president, Evo Morales. Since 2006 when Evo Morales was elected as president, Bolivia has experienced strong growth. The high prices and strong demand for Bolivia's commodities such as natural gas, minerals and soybeans have improved the economy and reduced poverty levels. President Morales has established a level of political stability in one of South America's poorest countries. His current term ends in 2020. As a result of a ruling by Bolivia's constitution court permitting him to seek re-election in 2020, President Morales has stated that he intends to seek another term.

During President Morales' administration, the Bolivian government has nationalized numerous businesses that were once owned or controlled by the state. In 2008, the Bolivian government re-acquired, by expropriation from Telecom Italia, the shares in Entel that Telecom Italia had previously acquired from the Bolivian government. NuevaTel believes its circumstances differ materially from those enterprises that were expropriated in that NuevaTel has been funded 100% by direct foreign investment. Furthermore, government officials have stated publicly that the "phase" of nationalizations in Bolivia is over, and the Bolivian government has taken steps, through the enactment of a new foreign investment law and trade missions to Europe and North America, to attract foreign investment.

NuevaTel believes that it is perceived by the government as a model corporate citizen. NuevaTel endeavors to maintain its reputation in this regard by (i) continuing to reinvest in its network for the benefit of Bolivian customers, (ii) significantly and progressively employing thousands of Bolivians, directly or indirectly, (iii) being a meaningful taxpayer (14th largest taxpayer in Bolivia in 2014), and (iv) being a model of corporate social responsibility through the Fundacion Viva, a foundation promoting good causes for the people of Bolivia. See "*Risk Factors*".

Emerging Market Considerations

Assets and Property Interests

The Company's interest in NuevaTel is held indirectly through wholly-owned subsidiaries, Western Wireless International Bolivia LLC ("**Western Wireless LLC**") and Western Wireless International Bolivia II Corporation (together with Western Wireless LLC, the "**Western Wireless Bolivia Subsidiaries**"), which together hold 71.5% of NuevaTel.

The assets that NuevaTel owns consist principally of real estate, vehicles, network equipment, mobile communications handset inventory, and licenses; in addition, NuevaTel's assets include leased real estate, contractual rights, and bank accounts, and other assets that are customary for the operation of a wireless communications business. With respect to real estate, NuevaTel owns several office and store locations, numerous cell sites and an apartment for executive use. NuevaTel has registered its title in the appropriate Bolivian registries to each of these properties with the exception of a small number of cell sites, for which title registration is in process. NuevaTel has also registered its ownership of its vehicles. NuevaTel holds its other assets pursuant to rights granted in the relevant license and contractual documents. Substantially all of NuevaTel's assets are treated as collateral for a $25 million loan made by a consortium of Bolivian banks to NuevaTel. Many of NuevaTel's assets are also subject to encumbrances and restrictions set forth in the applicable contractual agreements and licenses, as is customary for a wireless communications business.

Trilogy LLC periodically reviews the status of NuevaTel's ownership of its assets in the course of assessing NuevaTel's accounting and business operations controls, often in conjunction with material transactions or financings. The Company expects to continue this periodic review going forward.

Tower Sale Agreements

On February 15, 2019, NuevaTel entered into a definitive asset purchase agreement (the "**Purchase Agreement**") to sell up to 633 of NuevaTel's telecommunication towers located throughout Bolivia to a Bolivian entity for an aggregate cash consideration of approximately US$100 million (the "**Tower Sale Transaction**"). NuevaTel concurrently entered into a multi-year lease agreement on February 15, 2019 (together with the Purchase Agreement, the "**Tower Sale Agreements**") whereby the buyer will provide NuevaTel with access to certain wireless communication towers and the right to use and operate such sites to support NuevaTel's wireless network and rollout plans.

The Tower Sale Transaction will close in stages, the first of which closed in February 2019, pursuant to which approximately 400 wireless communication towers were sold for approximately US$65 million. Subsequent closings are expected to be completed over the remainder of 2019.

Impact of Bolivian Laws, Regulations and Customs

The impact of Bolivian laws and regulations on the Company's ownership of NuevaTel is not dissimilar to the impact of most countries' laws regarding foreign investment. Bolivian law does not preclude the Company or any foreign investor from owning a controlling stake in or 100% of a telecommunications company in Bolivia. Bolivian law does require that Bolivian entities report to the Bolivian central bank regarding the amount of investment that they have received from foreign owners. NuevaTel has regularly prepared these reports in compliance with Bolivian law and has received confirmatory certifications from the Bolivian central bank. As is the case in many countries, dividends paid to foreign investors are subject to a withholding tax. In Bolivia, the rate of such withholding tax is 12.5% .

Material Permits, Business Licenses and Other Regulatory Approvals

The licenses, permits and regulatory approvals that are of principal importance for NuevaTel to operate its wireless business in Bolivia consist of NuevaTel's original concession from the Bolivian government to offer mobile communications services to the public, various licenses from the Bolivian government to offer ancillary communications services (public telephony, long distance, Internet access, etc.), radio frequency licenses, permits for cell sites from municipalities and environmental agencies, tower permits from the Bolivian aviation authority, and permits from highway and forestry agencies to authorize NuevaTel to install fiber optics for network backhaul. The Company is satisfied that all necessary licenses, permits and regulatory approvals have been obtained and are in good standing with the exception of licenses, permits and regulatory approvals whose absence would not have a material adverse effect on NuevaTel's business.

The Company's Control of NuevaTel

The Company, through its ownership of the Western Wireless Bolivia Subsidiaries, has the power, under NuevaTel's bylaws, to elect 5 of the 7 members that constitute NuevaTel's board of directors (Comteco, the Bolivian Cochabamba-based telephone cooperative that is the only other NuevaTel shareholder, has the right to appoint the other 2 directors). Currently, Company appointees to the NuevaTel board consist of 3 of the Company's Officers – Bradley J. Horwitz, Scott Morris, and Juan Pablo Calvo – plus Erik Mickels, and Marcelo Hassenteufel (a NuevaTel executive). Comteco's directors on the NuevaTel board do not have veto rights and therefore cannot block decisions approved by a board majority.

The NuevaTel board has the right, by majority vote, to hire or terminate the employment of NuevaTel employees. The NuevaTel board can replace NuevaTel officers by majority vote. The Western Wireless Bolivia Subsidiaries can change the designations of their board appointees at any time, subject to ratification at a shareholders' meeting. Because the Western Wireless Bolivia Subsidiaries hold 71.5% of NuevaTel's shares, they can approve such changes without regard to the votes of Comteco, NuevaTel's other shareholder.

Flow of Funds

The NuevaTel board (subject to any fiduciary duties) approves, by majority vote, the payment of dividends to its shareholders, the Western Wireless Bolivia Subsidiaries and Comteco, from time to time. The most recent dividend was approved by the NuevaTel board in July 2018.

NuevaTel's Corporate Documents

NuevaTel's minute books, corporate seal, and corporate records are currently held by NuevaTel in its corporate offices in La Paz, Bolivia. The Company also has copies of essential corporate records, including board meeting minutes. The Company's board of directors (the "**Board**") (acting through its appointed NuevaTel directors) has unrestricted access to NuevaTel's books and records.

Experience of the Company's Executive Officers and Directors in Bolivia

The Company's management team has extensive experience overseeing the operations of NuevaTel in Bolivia. Bradley J. Horwitz was involved in founding the company in 1998 and has been a director of NuevaTel consistently since then. Juan Pablo Calvo is a Bolivian national who has served as NuevaTel's CEO from 2001 through 2008 and from 2010 through the present. Other Company officers and employees have had responsibilities for aspects of NuevaTel's operations for several years; similarly, members of the Board, namely John W. Stanton, Theresa E. Gillespie, and Mark Kroloff, in addition to Bradley J. Horwitz, have overseen the Company's and Trilogy LLC's (and before that (except for Mr. Kroloff) Western Wireless') investment in NuevaTel for many years (since 1998 in the case of Mr. Stanton, Ms. Gillespie, and Mr. Horwitz; since 2010 in the case of Mr. Kroloff).

By virtue of their long-standing involvement with the Company's investment in NuevaTel, the Company's management team and a majority of the Board are familiar with Bolivia's political environment, its business culture and practices, and relevant laws and regulations (including labor, tax, telecommunications, and banking laws and regulations). Members of the Board who did not have prior experience in overseeing Trilogy LLC's investment in NuevaTel have learned about Bolivia's business, political and regulatory environment in the course of due diligence investigations leading to the Arrangement and have personally met with Juan Pablo Calvo, NuevaTel's CEO. On an ongoing basis, the Board will receive information on key business, political and regulatory issues affecting NuevaTel's business.

Members of the Trilogy LLC management team regularly visits NuevaTel's offices in Bolivia and the NuevaTel management team travels to North America periodically to meet with Trilogy LLC. On average, these face to face meetings occurred once every two months and are expected to continue with the Company on an ongoing basis. Juan Pablo Calvo, the NuevaTel CEO and an officer of the Company, is fluent in English and Spanish. The NuevaTel management team is fluent in English and Spanish. Given the fluency of the NuevaTel management team in English and Spanish, the Company does not believe that a significant language barrier exists between the Company and the NuevaTel staff.

Corporate governance documents for NuevaTel were prepared originally in Spanish and have been translated into English. Most of NuevaTel's principal contracts with equipment vendors have been prepared in English. As needed, other documents that were originally prepared in Spanish (real estate leases, customer contracts, government licenses and regulations) have been translated into English.

Audit Committee Authority and Compliance with NI 52-110 and NI 52-109

The Company exercises control over NuevaTel through its ownership of the Western Wireless Bolivia Subsidiaries that are majority shareholders of NuevaTel. Consequently, the Company's audit committee has access to all of NuevaTel's records and is not restricted in its ability to engage and set the compensation for advisors or auditors to review NuevaTel's records and operations.

As part of the Company's process for developing internal controls over financial reporting, and its process to comply with NI 52-109, the Company has considered the guidance under OSC Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets*. The Company has also considered National Instrument 58-201 – *Auditor Oversight*, which highlights that the Board should adopt a written mandate that explicitly acknowledges responsibility for, among other things, the identification of principal risks of the company's business and oversight of the implementation of appropriate systems to manage these risks. These procedures seek to ensure that those charged with corporate governance have a sufficient understanding of Bolivia's legal, regulatory, political and cultural risks that may impact the company and that these risks are evaluated in the context of operating in Bolivia.

The Company assesses the risks it faces and links them to its financial statement disclosures in light of the multiple locations of the Company's operating businesses (and the fact that it operates in an emerging market). The Company evaluates its risks on the basis of criteria that include materiality, size and composition of the account affected, susceptibility to misstatement due to errors or fraud, transaction volume, complexity and homogeneity, and accounting and reporting complexities, among other things

Statutory Rights and Remedies under Canadian Securities Laws

Through its ownership of the Western Wireless Bolivia Subsidiaries, the Company exercises control over the operations and assets of NuevaTel and has the ability to declare dividends or distributions if needed to fulfill obligations that it may owe to the Company's investors. As such, and for the additional reasons described above, the Company does not expect that the location of a material portion of its assets in Bolivia impacts an investor's rights and remedies under Canadian securities laws.

Intangible Properties

NuevaTel operates under the brand name "Viva" in Bolivia. The intangible property considerations with respect to NuevaTel's business are substantially the same as for 2degrees as described above under "*Description of the Business of the Company – New Zealand (2degrees) – Intangible Properties*". NuevaTel's intangible properties also include wireless spectrum licenses as further discussed above under "*NuevaTel Spectrum Holdings*".

NuevaTel Shareholders Agreement

NuevaTel is a party to a shareholders agreement, dated November 19, 2003 (the "**NuevaTel Shareholders Agreement**"), with the Western Wireless Bolivia Subsidiaries and Comteco (collectively, the "**NuevaTel Shareholders**"). The NuevaTel Shareholders Agreement provides, among other things, that, through the Western Wireless Bolivia Subsidiaries, the Company has the right to appoint two-thirds of the members of the NuevaTel board of directors. The Company therefore has effective control over the management and operations of NuevaTel. The NuevaTel Shareholders Agreement also provides the NuevaTel shareholders with certain preemptive rights, and it includes customary tag-along rights in favor of the minority shareholder, and drag-along rights in the Company's favor. In addition, any transfer of NuevaTel Shares by the Western Wireless Bolivia Subsidiaries is subject to a right of first offer in favor of the minority shareholder.

The NuevaTel Shareholders Agreement provides that any NuevaTel Shareholder (including the Western Wireless Bolivia Subsidiaries) proposing to sell or transfer any of its NuevaTel Shares to any unaffiliated third party must first offer to sell those NuevaTel Shares to the other NuevaTel Shareholders.

Each NuevaTel Shareholder has certain tag along rights to participate in a sale, transfer or other disposition of NuevaTel Shares if any NuevaTel Shareholder proposes to sell 20% or more of its NuevaTel Shares to any unaffiliated third party purchaser, subject to compliance with the right of first offer provisions discussed above.

The Western Wireless Bolivia Subsidiaries also have certain drag-along rights allowing them to cause a sale of all of the issued and outstanding NuevaTel Shares to a third party purchaser, subject to certain conditions.

The NuevaTel Shareholders Agreement terminates on the earlier of: (i) December 2021; (ii) the dissolution or bankruptcy of NuevaTel; (iii) the public listing of its shares; and (iv) the revocation of its concession to offer wireless services.

Accretive M&A

In addition to the growth in its current businesses, the Company intends to leverage its expertise by seeking to acquire additional telecommunications companies. Management believes that with an improved capital structure the Company will have the opportunity to pursue various strategic acquisitions. First, the Company may acquire businesses with complementary product offerings in existing geographic markets, similar to the Snap acquisition that added broadband capabilities. These transactions are expected to increase the Company's ability to cross-sell products to its existing customer base, as well as attract new, previously unserved customers. Second, the Company may target operators in geographic markets adjacent to its existing operations, notably in the Southern Pacific region as well as in South America, where the Company expects to be able to realize revenue synergies from comparable customer bases as well as cost synergies from existing infrastructure. Finally, the Company may pursue new platform investments in other international jurisdictions, leveraging management's extensive telecom industry relationships and professional contacts who provide regular access to new opportunities and related deal flow. For each of these different avenues, management will continue to identify opportunities that display some of the characteristics they find attractive in international wireless operators. Potential targets are expected to have some combination of (i) operations in stable and well established markets, (ii) meaningful market share, (iii) the possibility to benefit from the switch from voice to data usage, (iv) the opportunity to grow through ancillary businesses, (v) demonstrated profit potential, (vi) the possibility to benefit from recent capital investments, (vii) ownership of their own infrastructure, and / or (viii) ample spectrum positions.

RISK FACTORS

This document contains forward-looking statements regarding the Company's business, prospects and results of operations that involve risks and uncertainties. The Company's actual results could differ materially from the results that may be anticipated by such forward-looking statements and discussed elsewhere in this AIF. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below, as well as those discussed elsewhere in this AIF. If any of the following risks occur, the Company's business, financial condition or operating results could be harmed. In that case, the trading price of the Common Shares could decline.

Investment in the Common Shares of the Company is speculative and involves a high degree of risk, is subject to the following specific risks among others, and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks. The Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Prospective purchasers should review these risks as well as other matters disclosed elsewhere in this AIF with their professional advisors.

Risks Related to the Company's Business

The Company and Trilogy LLC have incurred losses in the past and the Company may incur losses in the future.

For the years ended December 31, 2018 and 2017, the net loss attributable to the Company was $20.2 million and $15.3 million, respectively. For the years ended December 31, 2018, 2017 and 2016, the net income (loss) attributable to Trilogy LLC was $(12.0), $(18.4) million and $2.1 million, respectively. The Company may incur losses in the future. Future performance will depend, in particular, on the Company's ability to generate demand and revenue for the Company's services, to maintain existing subscribers and to attract new subscribers.

The Company may not have sufficient financial resources to achieve its objectives and pursue its growth strategy, and raising additional funds for this purpose could be problematic.

The Company may not have sufficient financial resources to expand and upgrade its businesses. Factors such as declines in the international or local economy, unforeseen construction delays, cost overruns, regulatory changes, engineering and technological changes and natural disasters may reduce its operating cash flow. In addition, indebtedness outstanding under various financing arrangements will require repayment over the upcoming years. The Company's and its subsidiaries' ability to incur additional indebtedness is limited under the Senior Notes Indenture. If the Company does not achieve its operating cash flow targets, the Company may be required to curtail capital spending, reduce expenses, abandon some of the Company's planned growth and development, seek to sell assets to raise additional funds, or otherwise modify its operations. Alternatively, the Company may seek additional debt (including, without limitation, high yield debt) or equity and/or restructure or refinance its financing arrangements. There can be no assurance that such funds or refinancing will be available on acceptable terms, if at all. Should needed financing be unavailable or prohibitively expensive when the Company requires it, the Company might not remain competitive with other wireless carriers.

Any acquisition, investment, or merger may subject us to significant risks, any of which may harm the Company's business.

The Company may pursue acquisitions of, investments in or mergers with businesses, technologies, services and/or products that complement or expand its business. Some of these potential transactions could be significant relative to the size of the Company's business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including:

- diversion of management attention from running the Company's existing business;
- increased costs to integrate the networks, spectrum, technology, personnel, customer base and business practices of the business involved in any such transaction with the Company's business;
- difficulties in effectively integrating the financial and operational reporting systems of the business involved in any such transaction into (or supplanting such systems with) the Company's financial and operational reporting infrastructure and internal control framework in an effective and timely manner;
- potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transaction;
- significant transaction expenses in connection with any such transaction, whether consummated or not;
- risks related to the Company's ability to obtain any required regulatory approvals necessary to consummate any such transaction;
- acquisition financing may not be available on reasonable terms or at all and any such financing could significantly increase the Company's outstanding indebtedness or otherwise affect its capital structure or credit ratings; and
- any business, technology, service, or product involved in any such transaction may significantly under-perform relative to the Company's expectations, and the Company may not achieve the benefits it expects from the transaction, which could, among other things, also result in a write-down of goodwill and other intangible assets associated with such transaction.

Each closing of the Tower Sale Transaction is subject to a number of conditions precedent and there can be no assurances that NuevaTel will be able to complete subsequent closings of the transaction

The Tower Sale Transaction will be completed in multiple closings whereby each closing is subject to certain closing conditions including, but not limited to, the representations and warranties of each party being true and correct in all aspects, there being no material adverse effect since signing and the parties entering into amendments for each relevant ancillary contract. Although the initial closing for cash consideration of $65 million was successfully completed on February 26, 2019, there is no assurance that NuevaTel will be able to complete subsequent closings of the transaction which could cause actual events and results to differ from estimates, beliefs and assumptions.

Risks Related to Indebtedness of the Company

The Company's substantial consolidated indebtedness could adversely affect its financial health and prevent it from fulfilling its obligations under the agreements governing its indebtedness.

The Company has substantial consolidated indebtedness with significant consolidated interest expense. As of December 31, 2018, the Company had consolidated indebtedness of $506.8 million outstanding, excluding unamortized discounts and deferred financing costs. The Senior Notes (as defined in “Material Contracts” below), issued by the Company, in the principal amount of $350 million, mature on May 1, 2022. They require significant interest payments on a semi-annual basis through maturity.

In addition to the indebtedness in respect of the Senior Notes described above, the Company’s subsidiaries have four additional loan facilities in place.

In July 2018, 2degrees entered into a bank loan syndication with ING Bank N.V. acting as the lend arranger and underwriter (the “**New Zealand 2021 Senior Facilities Agreement**”). This new debt agreement has a total available commitment of $250 million NZD, $195 million NZD of which was used to repay the outstanding balance of a prior debt facility (the “New Zealand 2019 Senior Facilities Agreement”) and fees and expenses associated with the refinancing. The New Zealand 2021 Senior Facilities Agreement has approximately **$**137.6 million principal amount outstanding as of December 31, 2018.

In April 2016, NuevaTel entered into a $25 million debt facility with the same consortium of Bolivian banks (the “**Bolivian 2021 Syndicated Loan**”) as under NuevaTel’s previous debt facility entered into in December 2012, namely, Banco Nacional de Bolivia S.A. (“**BNBSA**”), Banco Mercantil Santa Cruz S.A., Banco de Crédito de Bolivia S.A. and Banco Bisa S.A. (“**BBSA**”). The Bolivian 2021 Syndicated Loan has approximately $15.0 million principal amount outstanding as of December 31, 2018. In December 2017, NuevaTel entered into a $7.0 million debt facility (the “**Bolivian 2022 Bank Loan**”) with BBSA to fund capital expenditures. The Bolivian 2022 Bank Loan has $7.0 million principal amount outstanding as of December 31, 2018. In December 2018, NuevaTel entered into an $8.0 million debt facility (the “**Bolivian 2023 Bank Loan**”) with BNBSA to fund capital expenditures. The Bolivian 2023 Bank Loan had $4.0 million principal amount outstanding as of December 31, 2018. The remaining $4.0 million was drawn in January 2019.

The restrictions contained in the agreements governing the Company’s indebtedness, including the Senior Notes Indenture (as defined in “Material Contracts” below), the New Zealand 2021 Senior Facilities Agreement and the credit agreement governing the Bolivian 2021 Syndicated Loan (the “**Bolivian Syndicated Loan Agreement**”), limit the Company’s ability to incur additional indebtedness. The Company’s high level of indebtedness could have important consequences and significant effects on the Company’s business, including the following:

- limiting the Company’s ability to obtain financing in the future for working capital, capital expenditures, acquisitions, debt service or other general corporate purposes;
- requiring the Company to use a substantial portion of its available cash flow to service its debt, which will reduce the amount of cash flow available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing the Company’s vulnerability to general economic downturns and adverse industry conditions;
- limiting the Company’s flexibility in planning for, or reacting to, changes in the Company’s business and in its industry in general;
- placing the Company at a competitive disadvantage compared to its competitors that are not as highly leveraged, as the Company may be less capable of responding to adverse economic conditions;
- restricting the way the Company conducts its business because of financial and operating covenants in the agreements governing the Company and its subsidiaries’ existing and future indebtedness, including, in the case of certain foreign subsidiaries which may enter into separate credit facilities, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to the Company;
- increasing the risk of the Company failing to satisfy its obligations with respect to its debt instruments and/or complying with the financial and operating covenants contained in the Company or its subsidiaries’ debt instruments which, among other things, may require the Company or its subsidiaries to maintain a specified covenant ratio and limit the Company’s ability to incur debt and sell assets, which could result in an event of default under the agreements governing the Company’s debt instruments that, if not cured or waived, could have a material adverse effect on the Company’s business, financial condition and operating results;

- increasing the Company's cost of borrowing;
- preventing the Company from raising the funds necessary to repurchase outstanding debt upon the occurrence of certain changes of control, which would constitute an event of default under the Company's debt instruments;
- limiting the Company's ability to reinvest in technology and equipment;
- restricting the Company's ability to introduce products and services to its subscribers;
- limiting the Company's ability to make strategic acquisitions or exploit other business opportunities; and
- impairing the Company's relationships with large, sophisticated subscribers and suppliers.

If the Company or a subsidiary fails to make any required payment under the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement, or any of the Bolivian loan agreements or under any refinancing indebtedness or to comply with any of the financial and operating covenants included in the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement, or the Bolivian Syndicated Loan Agreement, or under any refinancing indebtedness, the Company or its subsidiaries will be in default. The lenders under such facilities could then vote to accelerate the maturity of the indebtedness and foreclose upon the Company's subsidiaries' assets securing such indebtedness. The Company's other creditors might then have the right to accelerate other indebtedness. If any of the Company's or its subsidiaries' other creditors accelerate the maturity of the portion of the Company's indebtedness held by such creditors, the Company and its subsidiaries may not have sufficient assets to satisfy the obligations under the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement, or any of the Bolivian loan agreements or its other indebtedness.

Each of Trilogy LLC and the Company is a holding company and depends on distributions from its subsidiaries to fulfill its obligations, including, with respect to Trilogy LLC, under the Senior Notes Indenture.

Trilogy LLC and the Company are holding companies. Trilogy LLC's subsidiaries are separate and distinct legal entities and have no obligation to make any funds available to Trilogy LLC or the Company or to pay their obligations, other than, with respect to several of Trilogy LLC's subsidiaries that are also holding companies, under their guarantees of the Senior Notes. Trilogy LLC's ability to service its debt obligations, including its ability to pay the interest on and the remaining principal amount of the Senior Notes or any refinancing thereof when due, will depend upon cash dividends and distributions or other transfers from its subsidiaries. Payments to Trilogy LLC by its subsidiaries will be contingent upon their respective earnings and subject to any limitations on the ability of such entities to make payments or other distributions to Trilogy LLC imposed by law or contained in credit agreements or other agreements permitted under the Senior Notes Indenture to which such subsidiaries may be subject. In particular, in order to (among other things) fund Trilogy LLC's growth strategy and network expansion in New Zealand, 2degrees entered into the New Zealand 2021 Senior Facilities Agreement, which as of December 31, 2018 had a current outstanding balance of $137.6 million, based on the exchange rate at December 31, 2018. This financing agreement contains terms which limit or prohibit the ability of 2degrees to make payments or distributions to Trilogy LLC. Accordingly, there can be no assurance that Trilogy LLC's subsidiaries will generate sufficient earnings to make cash dividends, distributions or other transfers sufficient to satisfy Trilogy LLC's obligation to pay the interest on and the remaining principal amount of the Senior Notes when due; even if Trilogy LLC's subsidiaries generate sufficient earnings, there can be no assurance that they will be permitted to make such cash dividends, distributions or transfers.

Further, the Company's sole material asset is its equity interest in Trilogy LLC. Due to restrictions under the Senior Notes Indenture, Trilogy LLC's ability to make distributions to the Company to fund the payment by the Company of its obligations is limited. There can be no assurance that the Company will be able to raise additional funds, whether to pay such obligations or to fund further investment in Trilogy LLC, in light of the significant amount of outstanding indebtedness of Trilogy LLC and its subsidiaries.

Restrictive covenants in the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement and the Bolivian Syndicated Loan Agreement may restrict the Company's ability to pursue its business strategies.

The Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement and the Bolivian Syndicated Loan Agreement contain a number of restrictive covenants that impose significant operating and financial restrictions on Trilogy LLC and its subsidiaries and may limit the Company's, Trilogy LLC's and their subsidiaries' ability to engage in acts that may be in their long-term best interests. These agreements governing Trilogy LLC's indebtedness include covenants restricting, among other things, Trilogy LLC's and its subsidiaries' ability to:

- incur or guarantee additional debt;
- pay dividends or make distributions to the Company or redeem, repurchase or retire Trilogy LLC's subordinated debt;
- make certain investments;
- create liens on Trilogy LLC's or certain of its subsidiaries' assets to secure debt;
- create restrictions on the payment of dividends or other amounts to Trilogy LLC from its restricted subsidiaries;
- enter into transactions with affiliates;
- merge or consolidate with another person or sell or otherwise dispose of all or substantially all of Trilogy LLC's assets;
- sell assets, including capital stock of Trilogy LLC's subsidiaries;
- alter the business that Trilogy LLC conducts; and
- designate Trilogy LLC's subsidiaries as unrestricted subsidiaries.

In addition, under the New Zealand 2021 Senior Facilities Agreement, 2degrees and its subsidiaries are required to maintain various financial covenants, including a total interest coverage ratio, a net leverage coverage ratio and annual capital expenditures limits, and under the Bolivian Syndicated Loan Agreement, NuevaTel is required to maintain various financial covenants, including an indebtedness ratio, a debt coverage ratio, a current ratio and a structural debt ratio. 2degrees' and NuevaTel's ability to meet the applicable financial ratios can be affected by events beyond the Company's control, and the Company cannot ensure that it will be able to meet those ratios. The Company, Trilogy LLC and their subsidiaries are in compliance with all debt covenants under the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement, the Bolivian Syndicated Loan Agreement and any other indebtedness as at the date of this AIF, but there can be no assurance that they will continue to be in compliance with such covenants in the future.

A breach of any covenant or restriction contained in the New Zealand 2021 Senior Facilities Agreement or the Bolivian Syndicated Loan Agreement could result in a default under those agreements. If any such default occurs, the lenders under these senior secured credit facilities may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding indebtedness, together with accrued and unpaid interest and other amounts payable under such indebtedness, to be immediately due and payable. In addition, the acceleration of debt under these senior secured credit facilities or the failure to pay that debt when due would, in certain circumstances, cause an event of default under the Senior Notes Indenture. The lenders under these senior secured credit facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide additional borrowings. Further, following an event of default under these senior secured credit facilities, the lenders under these facilities will have the right to proceed against the collateral granted to them to secure that debt. If the debt under these senior secured credit facilities or the notes were to be accelerated, the Company's assets may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration.

Despite the Company's significant indebtedness level, the Company and its subsidiaries may still be able to incur substantially more debt, which could exacerbate the risks associated with the Company's substantial leverage.

The Company and its subsidiaries may incur significant additional indebtedness to finance capital expenditures, investments or acquisitions, or for other general corporate purposes. Although the Senior Notes Indenture, New Zealand 2021 Senior Facilities Agreement and the Bolivian Syndicated Loan Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness the Company can incur in compliance with these restrictions could be substantial. The Company may also seek and obtain majority noteholder consent to issue additional indebtedness notwithstanding these restrictions. Moreover, the Senior Notes Indenture does not impose any limitation on the Company's incurrence of indebtedness or on the Company's or its restricted subsidiaries' incurrence of liabilities that are not considered "indebtedness" under the Senior Notes Indenture, nor will it impose any limitation on liabilities incurred by subsidiaries that are or may in the future be designated as "unrestricted subsidiaries". If the Company incurs additional debt, the risks associated with the Company's substantial leverage would increase.

Subsidiaries that are designated as “unrestricted subsidiaries” for purposes of the Senior Notes Indenture are not subject to the restrictive covenants in the Senior Notes Indenture applicable to Trilogy LLC and its “restricted subsidiaries”. However, Trilogy LLC is limited in its ability to designate a subsidiary as an “unrestricted subsidiary” as the investments it can make in “unrestricted subsidiaries” are treated for purposes of the Senior Notes Indenture as investments in unaffiliated third parties. Currently, none of Trilogy LLC’s subsidiaries are designated as “unrestricted subsidiaries”.

The Company may not be able to refinance when due the principal amount of its Senior Notes and its other substantial indebtedness, or may only be able to do so on then-prevailing terms that may be unfavorable to the Company. Given the substantial indebtedness of the Company, such an outcome could have materially adverse consequences for the Company.

The Company’s operating cash flow alone may not be sufficient to repay the principal amount of the Senior Notes at maturity. The Company’s inability to extend the maturity date of, or refinance, the principal amount of the Senior Notes at maturity could lead to foreclosure on the collateral securing the Senior Notes, could materially adversely affect the Company’s business, financial condition and prospects and could lead to a financial restructuring. There can be no assurance that the Company will be able to repay the principal amount of the Senior Notes, or extend the maturity date of, or refinance, the principal amount of the Senior Notes.

Likewise, if the principal due at maturity of the remaining principal amount of the Bolivian 2021 Syndicated Loan, the other Bolivian loans or the New Zealand 2021 Senior Facilities Agreement cannot be refinanced, or repaid with proceeds of capital transactions, such as new equity capital, the Company’s operating cash flow may not be sufficient to repay the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan or other Bolivian loans. There can be no assurance that the Company will be able to borrow funds on acceptable terms, if at all, to refinance these credit facilities at or before the time they mature or alternatively raise the necessary equity capital, or be able to repay the principal, when due, of the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan or the other Bolivian loans.

Since the Company’s existing indebtedness is (and to the extent any future indebtedness is) secured by its equity interests in certain of its subsidiaries and/or their assets, if the Company cannot refinance or pay this debt when due, the lenders could foreclose on their security, and the Company would lose all or a material portion of its operations. Even if the Company is able to refinance the Senior Notes Indenture, the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan or the other Bolivian loans, prevailing interest rates or other factors at the time of refinancing may result in higher interest rates paid by the Company or its subsidiaries, as applicable. The Company’s indebtedness could have further negative consequences for the Company, such as requiring it to dedicate a large portion of its cash flow from operations to fund payments on its debt, thereby reducing the availability of its cash flow from operations to fund working capital, capital expenditures and other general corporate purposes, and limiting flexibility in planning for, or reacting to, changes in the Company’s business or industry or in the economy.

The Company may not be able to pay interest due on the Senior Notes and other substantial indebtedness.

The Senior Notes in the principal amount of $350 million, which mature on May 1, 2022, require that significant interest payments be made on a semi-annual basis through that date.

The Company’s operating cash flow alone may not be sufficient to make the interest payments for the Senior Notes. The Company’s inability to make interest payments on, or refinance, the principal amount of the Senior Notes could lead to foreclosure on the collateral securing the Senior Notes, could materially adversely affect the Company’s business, financial condition and prospects and could lead to a financial restructuring. Substantial interest payments are also due under the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan and the other Bolivian loans. There can be no assurance that the Company (and as applicable, it subsidiaries) will be able to make interest payments due on, repay the principal amount of, extend the maturity date of, or refinance, the principal amount of the Senior Notes, the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan or the other Bolivian loans.

Downgrades in the Company's credit ratings could increase the Company's cost of borrowing.

The Company's cost of borrowing and ability to access the capital markets are affected not only by market conditions but also by the debt ratings assigned to the Company by the major credit rating agencies. Trilogy LLC's existing corporate family rating with Moody's, S&P and Fitch is currently B2, B and B-, respectively, and the Senior Notes are rated B3/LGD5, B and B/RR3, respectively. There can be no assurance that any rating assigned to the Senior Notes or Trilogy LLC's corporate rating will remain for any given period of time. Any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A decrease in these ratings would likely increase the Company's cost of borrowing and/or make it more difficult for it to obtain financing. See "*Credit Ratings*" for additional information on the Company's existing credit ratings.

Political and Regulatory Risks

Bolivia and other countries in which the Company may operate in the future present significant political, social, economic and legal risks, which could have a material adverse effect on the Company's business, financial condition and prospects.

Bolivia and other countries in which the Company may operate in the future present significant political, social, economic and legal challenges that could have a material adverse effect on the Company's business, financial condition and prospects. These include (i) governments that are unpredictable and may even become hostile to foreign investment, which could result in expropriation or nationalization of the Company's operations, (ii) possible civil unrest fueled by economic and social crises, insurrection, violent protests, terrorism and criminal activities (including kidnappings, extortion, gang-related activities and organized crime), which can, among other things, impair the Company's normal business operations, intimidate the Company's local personnel, interfere with the operation of the Company's communications systems and result in the loss of local management, (iii) political instability and bureaucratic infighting between government agencies with unclear and overlapping jurisdictions, (iv) political corruption and arbitrary enforcement of laws or the adoption of unreasonable or punitive policies, (v) economic disruptions, such as failures of the local banking system and (vi) the lack or poor condition of physical infrastructure, including transportation and basic utility services (such as power and water).

Similarly, changes in political structure or leadership, or in laws and policies that govern operations of overseas-based companies, or changes to, or different interpretations or implementations of, foreign tax laws and regulations, could have a material adverse effect on the Company's business, financial condition and prospects. High levels of corruption of governmental officials and failure to enforce existing laws also expose the Company to uncertainties, which could have a material adverse effect on the Company's business, financial condition and prospects. In Bolivia and in other countries in which it may operate in the future, the Company's only legal recourse may be to the internal regulatory and judicial systems of the relevant country. Because the legal and court systems in Bolivia and many other countries are not highly developed and may be subject to political influence and other inherent uncertainties, it could be more difficult to obtain a fair or unbiased resolution of disputes. The Company has been unable to procure insurance against political risks (such as losses due to expropriation) at affordable rates and is currently uninsured against such risks.

In Bolivia, the Company is exposed to political risk, such as expropriation or punitive taxation, by virtue of the socialist government's treatment of the private sector. Evo Morales was inaugurated as President on January 22, 2006, re-elected in 2009 for a five-year term and won reelection in 2014. President Morales's current term ends in 2020. Bolivia's constitutional court has ruled that President Morales may seek re-election in 2020; he has stated that he intends to do so.

President Morales has adopted a populist platform. He has compelled private businesses to pay additional annual bonuses to employees, has forced annual salary increases, and has nationalized or initiated plans to nationalize businesses that use or exploit Bolivian national resources, such as its natural gas reserves. While Bolivia's constitution grants citizens and foreigners the right to private property, it stipulates that the property must serve a social or economic function. If the government determines that an item of property is not sufficiently useful in this regard (according to its own criteria, which can be difficult to interpret), the Bolivian constitution allows the government to expropriate the property. Between 2006 and 2014, the Bolivian government re-nationalized a number of companies that were once owned by the state (but privatized in the 1990s), including upstream and mid-stream energy companies, and certain industrial plants. In 2008, the Bolivian government reacquired, by expropriation from Telecom Italia, the controlling interest in NuevaTel's competitor, Entel, which Telecom Italia had previously acquired from the Bolivian government. To take control of these companies, the government forced private entities to sell shares to the government, and often at below market prices.

In recent years, President Morales and senior members of his government have declared that the Bolivian government does not intend to undertake additional significant nationalizations. The Bolivian legislature has passed new foreign investment and arbitration codes and the Bolivian government has conducted trade missions to encourage foreign direct investment in Bolivia. However, there can be no assurance that, despite recent pronouncements to the contrary, the administration of President Morales will not seek to nationalize telecommunications carriers, including NuevaTel, in the future.

The wireless communications market is heavily regulated; the Company is exposed to regulatory risks in the countries in which it operates, and changes in laws and regulations could adversely affect the Company.

The Company's business is heavily regulated in both of the countries in which it operates and it should be expected that pervasive regulation will apply to the operations of the Company in other countries in which it may operate in the future. The regulatory environment is often unpredictable. New restrictions on the Company's business or new fees or taxes may be imposed arbitrarily and without advance notice. Regulators may adopt exceptionally strict or even punitive interpretations of applicable laws and regulations, purporting to find violations that would entitle the government to collect fines or even revoke essential licenses.

Changes in the regulation of the Company's activities, such as increased or decreased regulation affecting prices, the terms of the interconnect agreements with landline telephone networks or wireless operators, environmental or cell siting regulations, or requirements for increased capital investments, could have a material adverse effect on the Company's business, financial condition and prospects. Significant changes in the ownership of the Company, in the composition of the Board of Directors, or in its management of its subsidiaries, could provide regulators in the countries where the Company operates with opportunities to require that it or its subsidiaries seek governmental consent for changes in control over the Company's businesses or provide regulators with an opportunity to impose new restrictions on the Company and its subsidiaries. Similarly, if the Company is unable to renew licenses, or can renew its licenses only on terms and conditions that are less favorable to it than the terms and conditions that are currently in place, the Company's business, financial condition and prospects could suffer materially adverse consequences.

The ATT has aggressively investigated and imposed sanctions on all wireless carriers in connection with the terms on which they offer service to consumers, the manner in which they bill and collect for such services, the manner in which they maintain their networks and the manner in which they report to the ATT regarding network performance (including service interruptions). In the case of NuevaTel, the ATT has assessed fines totaling approximately $6.7 million in connection with proceedings concerning past service quality deficiencies in 2010 and a service outage in 2015. The fine relating to 2010 service quality deficiencies, in the amount of $2.2 million, was annulled by the Bolivian Supreme Court on procedural grounds, but the ATT was given the right to impose a new fine. The ATT has until December 2019 to do so. Should it decide to impose a new fine, NuevaTel can discharge the fine by paying half of the penalty on condition that it waives its right to appeal. The Company has accrued the $2.2 million. The fine relating to the 2015 service outage, $4.5 million, was also annulled by the Bolivian Public Works Ministry, which supervises the ATT; however, the ATT was allowed to re-impose the fine, which it did, although it has noted in its findings that the outage was a force majeure event. NuevaTel filed an appeal to the Ministry against the re-imposition of the fine. In September 2018, the Ministry notified NuevaTel that it rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel accrued $4.5 million for the fine in its financial statements in the third quarter of 2018. NuevaTel has appealed the Ministry's decision to the Bolivian Supreme Tribunal of Justice. NuevaTel can provide no assurances regarding the outcomes of any appeals that it has filed or may elect to file. It is possible that the ATT may subsequently open new investigations and seek to impose fines regarding other service outages (both prior outages and outages that occur in the future) or allegations that NuevaTel has failed to comply with ATT rules governing the provision of telecommunications services.

NuevaTel's licensing contracts typically require that NuevaTel post a performance bond valued at 7% of projected revenue for the first year of the respective terms and 5% of gross revenue of the authorized service in subsequent years. Such performance bonds are enforceable by the ATT in order to guarantee that NuevaTel complies with its obligations under the licensing contract and to ensure that NuevaTel pays any fines, sanctions or penalties it incurs from the ATT. NuevaTel and other carriers are permitted by ATT regulations to meet their performance bond requirements by using insurance policies, which must be renewed annually. If NuevaTel is unable to renew its insurance policies, it would be required to seek to obtain a performance bond issued by a Bolivian bank. This performance bond would likely be available under less attractive terms than NuevaTel's current insurance policies. The failure to obtain such a bond could have a material adverse effect on the Company's business, financial condition and prospects.

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. Both the law and the Bolivian constitution specify that carriers' vested rights under their existing concessions will be preserved; however, the Company cannot guarantee that these protections will be respected by the Bolivian government. The ATT migrated the original concessions of Entel and Tigo, wireless competitors to NuevaTel, to new licenses in 2015 in conjunction with renewing their original concessions that were due to expire. In January 2019, NuevaTel received resolutions authorizing a migration to a new comprehensive license with terms similar to those in the Entel and Tigo licenses. NuevaTel signed the new license agreement in February 2019. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed on November 25, 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the service concessions. The ATT has not yet specified a price for the renewal of the 1900 MHz spectrum grant. However, based on the fee paid by Tigo in connection with its 2015 spectrum grant renewal, NuevaTel estimates that it will be required to pay approximately $25 million for its 1900 MHz spectrum renewal in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases and from the proceeds of the sale and leaseback of certain NuevaTel network towers.

Entel, the government-owned wireless carrier, maintains certain advantages under the Bolivian Telecommunications Law. For example, the Bolivian Telecommunications Law excuses Entel from bidding for spectrum in auctions (although it does require Entel to pay the same amount for spectrum as is paid by those who bid for equivalent spectrum in auctions).

New Zealand's government has adopted regulations that support competition in the telecommunications market. The government's antitrust regulator, the Commerce Commission, recently rejected a proposed merger between Vodafone, one of 2degrees' competitors, and Sky Network Television, a satellite pay television service provider. Similarly, the government has previously imposed limits on the amount of spectrum that any one party and its associates can hold, and, in specific frequency bands, has permitted purchasers of spectrum rights to satisfy their payment obligations over time (both of which assisted 2degrees' ability to acquire spectrum rights). However, the government does not have a clear policy to continue these practices.

The New Zealand government's previous policy has been to offer renewals to existing rights holders and the government is currently considering renewal options, the timing of which is to be determined. The cost of rights renewals cannot be calculated at this time (2degrees' 1800 and 2100 MHz rights expire in 2021; other rights used by 2degrees expire in 2031 provided 2degrees meets certain payment and service obligations). The New Zealand MBIE which is responsible for spectrum licensing, has indicated that it may not offer renewals to 2degrees and its wireless competitors for all of the spectrum they currently use in the 1800 and 2100 MHz bands, but may hold a portion of the spectrum for new allocation in the future. The MBIE has not made a final decision on the matter. The MBIE has also announced that it intends to auction 3.5 GHz frequencies for 5G in 2020, although it has yet to provide exact timing or allocation details. The MBIE is also considering allocations in other potential 5G bands, including 600 MHz, 1400 MHz, 2300 MHz spectrum and mmWave spectrum (above 20 GHz).

The Company operates in markets with substantial tax risks and where the laws may not adequately protect the Company's shareholder rights.

Taxes payable by the Company's subsidiary operating companies may be substantial and the Company may be unable to reduce such taxes. Furthermore, distributions and other transfers to the Company from its subsidiary operating companies may be subject to foreign withholding taxes.

The taxation systems in the countries in which the Company operates are complex and subject to change at the national, regional and local levels. In certain instances, new taxes and tax regulations have been given retroactive effect, which makes tax planning difficult. Bolivia has turned to new taxes, as well as aggressive interpretations of current taxes, as a method of increasing revenue. For example, in Bolivia, under the telecommunications law enacted by the Bolivian legislature on August 8, 2011, telecommunications operators pay a regulatory fee of 1% of gross revenues, recurring fees for the use of certain spectrum (such as microwave links), and are subject to a tax of up to 2% of gross revenues that will finance rural telecommunications programs through a Universal Access Fund.

In addition, the provisions of new tax laws may prohibit the Company from passing these taxes on to the Company's local subscribers. Consequently, these taxes may reduce the amount of earnings that the Company can generate from its services.

Continuing growth of the Company's business will depend on continuing access to adequate spectrum.

The wireless communications industry faces a dramatic increase in usage, in particular demand for and usage of data, video and other non-voice services. The Company must continually invest in its wireless network in order to improve the Company's wireless service to meet this increasing demand and remain competitive. Improvements in the Company's service depend on many factors, including continued access to and deployment of adequate spectrum, including any leased spectrum. If the Company cannot renew and acquire additional needed spectrum without burdensome conditions or at reasonable cost while maintaining network quality levels, then the Company's ability to attract and retain subscribers and therefore maintain and improve its operating margins could be adversely affected. The New Zealand MBIE which is responsible for spectrum licensing, has indicated that it may not offer renewals to 2degrees and its wireless competitors for all of the spectrum they currently use in the 1800 and 2100 MHz bands, but may hold a portion of the spectrum for auction. The MBIE has not made a final decision on this issue, nor has it specified a price for the renewal of 1800 and 2100 MHz spectrum licenses. Recently, the MBIE announced that it intends to auction 3.5 GHz frequencies for 5G in 2020, although it has yet to provide exact timing or allocation details. The MBIE is also considering allocation in other potential 5G bands, including 600 MHz, 1400 MHz, 2300 MHz spectrum and mmWave spectrum (above 20 GHz).

The Company may face shortages of products due to the unavailability of critical components.

Regulatory developments regarding the use of "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries could affect the sourcing and availability of minerals used in the manufacture of certain products, including handsets. Although the Company does not purchase raw materials, manufacture or produce any electronic equipment directly, the regulation may affect some of the Company's suppliers. As a result, there may only be a limited pool of suppliers who provide conflict-free metals, and the Company cannot ensure that its operating companies will be able to obtain products in sufficient quantities or at competitive prices. Also, because the Company's supply chain is complex, the Company may face reputational challenges with its subscribers and other stakeholders if the Company is unable to sufficiently verify the origins for all metals used in the products that the Company sells.

If the Company does not comply with anti-corruption legislation, the Company may become subject to monetary or criminal penalties.

The Company is subject to compliance with various laws and regulations, including the Canadian *Corruption of Foreign Public Officials Act*, the United States *Foreign Corruption Practices Act* and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage. The Company's employees are trained and required to comply with these laws, and the Company is committed to legal compliance and corporate ethics. The Company operates in Bolivia, which has experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There is no assurance that the Company's training and compliance programs will protect it from acts committed by its employees, affiliates or agents. Violations of these laws could result in severe criminal or civil sanctions and financial penalties and other consequences that may have a material adverse effect on the Company's business, reputation, financial condition or results of operations.

Competitive, Technology and other Business Risks

The Company faces intense competition in all aspects of its business.

New Zealand and Bolivia are highly competitive wireless markets and are dominated by well-established carriers with strong market positions, as is more fully described below. Many of the Company's competitors have substantially greater financial, technical, marketing, sales and distribution resources than the Company does. They are either international carriers with wider global footprints, which enable them to provide service at a lower cost than the Company is able to provide service, or they are affiliated with a fixed-line provider that enables them to offer bundles of services and subsidies to the wireless business. In Bolivia, NuevaTel competes against an operator, Entel, controlled by the local government that may provide it with a competitive advantage. The wireless communications systems in which the Company has interests also face competition from fixed-line networks and from wireless internet service providers, using both licensed and unlicensed spectrum and technologies such as WiFi and WiMAX to provide broadband data service, internet access and voice over internet protocol ("**VOIP**"). As the Company's wireless markets mature, the Company and its competitors must seek to attract an increasing proportion of each other's subscriber bases rather than first time purchasers of wireless services. Such competitive factors may result in pricing pressure, reduced margins and financial performance, increased subscriber churn and the loss of revenue and market share.

In Bolivia, NuevaTel competes with Entel (which is controlled by the Bolivian government) and Tigo in the provision of wireless services. As of December 31, 2018, the Company's management estimates Entel had a 44% market share, and Tigo a 35% market share. By comparison, as of December 31, 2018, the Company's management estimates NuevaTel had a 21% market share. The Company's long-distance service also competes with Entel, Tigo and other alternative providers.

2degrees competes with two wireless providers in New Zealand: Vodafone, with approximately 40% of the wireless subscriber market, and Spark, with approximately 38% of the market, in each case based on most currently available information. Vodafone operates a 2G, 3G and 4G LTE network. Spark operates a 3G and 4G LTE network. Spark and Vodafone offer services across both the fixed and mobile markets. In the broadband market, 2degrees, with 5% of the broadband subscriber market, competes with a handful of broadband providers in New Zealand: Spark with 41% of the broadband subscriber market, Vodafone with 26% of the market, Vocus with 13% of the market, Trust Power with 5% of the market, and remaining players accounting for 10% based on most currently available information.

Moreover, additional licenses may be granted in these markets, which would further increase the number of the Company's competitors.

The Company has limited control over its networks' call termination costs, roaming revenues and international long distance revenues.

The financial performance of the Company's wireless businesses is affected not only by the number of subscribers that it serves and the revenues it generates from local communications services, but also by the costs that the Company's networks incur when they deliver the Company's subscribers' calls for termination on other networks. These costs are determined by factors that the Company's businesses do not control.

Mobile telephone termination rates ("**MTRs**") are a significant cost for new entrants and operators with a small market share because most of their subscribers' traffic is directed to phones served by other carriers. High MTR costs result in higher operating costs for new entrants and small operators. Furthermore, high MTR costs have been shown to be an important factor in enabling incumbent mobile operators with large market share to defend their dominant positions against new entrants.

Roaming and international long distance ("**ILD**") revenues are important sources of income for the Company's operating companies. However, foreign carriers are increasingly aggressive in negotiating lower roaming fees, directing the phones of their subscribers to roam on the network of the carrier in a given market that offers the lowest roaming rates. While the Company is taking steps to increase the number of carriers to which its networks will provide roaming services, it is probable that roaming revenues will decline over time.

Similarly, wireless carriers that derive a significant portion of their income from ILD services are likely to experience increasing pressure on this source of revenues. Competition from emerging VOIP providers as well as from traditional voice and data carriers is intense, and illegitimate providers using fraudulent methods to route calls internationally to avoid taxes and licensing fees have proliferated.

The wireless market is subject to rapid technology changes. Consequently, the Company could be required to make substantial capital expenditures on new technologies, which may not perform as expected or may interfere with the delivery of existing services. Conversely, if the Company is unable or unwilling to make significant investments in new technologies, the Company's business, financial condition and prospects could be adversely affected to a material degree.

The wireless communications industry continues to face rapid technological change. When the Company invests in certain wireless and information technologies, there is a significant risk that the capabilities of the equipment and software the Company selects: (i) will not perform in accordance with its expectations; (ii) cannot be upgraded reliably or efficiently; (iii) will not be compatible with other equipment or technologies as market trends require; (iv) will interfere with the reliable delivery of important customer services or the maintenance of significant business processes; or (v) will prove to be inferior in critical respects to competing technologies. Equipment incorporating new wireless and information technologies may be unreliable or prove to be incompatible with other elements of network infrastructure operated by the Company or with equipment used by subscribers to access the Company's networks (e.g., handsets and routers). For example, 2degrees implemented a new business support system ("**BSS**") in the first quarter of 2017; while the new BSS is performing in accordance with expectations, the launch temporarily interfered with the delivery of electronic prepaid customer top up services and with routine billing schedules. The introduction of new technology platforms presents an inherent risk of operational failures that may result in subscriber dissatisfaction, loss of existing subscribers and injury to the Company's ability to recruit new subscribers, damage to reputation of the Company's operating subsidiaries, and the imposition of regulatory fines and sanctions, any of which could adversely affect the Company's business, financial condition, and prospects.

New technologies are being developed and the networks of the Company's competitors are being upgraded continuously. 4G LTE systems being deployed can deliver value added services that cannot be supplied over 2G or 3G networks efficiently. The Company's competitors have launched new or upgraded networks that are designed to support services that use high-speed data transmission capabilities, including internet access and video telephony. In addition, the Company may require additional or supplemental licenses to implement 5G technology in order to remain competitive, but it may be unable to acquire such licenses on reasonable terms or at all. If the Company does not upgrade its existing networks, which will require it to incur substantial cost that it may not have sufficient financial resources to fund, the Company will likely not be able to compete effectively with respect to data and smartphone services (4G LTE and 5G). If the Company fails to compete effectively with respect to technological advances by making capital expenditures to upgrade its wireless networks, the Company's business, financial condition and prospects could be materially adversely affected.

The Company's ability to maintain and to expand its networks efficiently depends on the support provided by its network equipment suppliers; the Company may be adversely affected if these suppliers fail or decide not to develop technologies in which the Company has invested or the Company is not able to obtain governmental clearance to use these suppliers' intellectual property.

The Company relies on a limited number of leading international and domestic communications equipment manufacturers to provide network and telecommunications equipment, including network infrastructure, handsets and technical support. While there are numerous suppliers of handsets and accessories, the number of network equipment suppliers is limited and is decreasing. For example, in the past several years, the Company's WiMAX equipment supplier in Bolivia announced that it would not continue to develop products using WiMAX technology. While the Company believes that it has sufficient spare equipment or alternative suppliers for the Company's foreseeable needs, long-term network upgrade or expansion plans may require the Company to establish relationships with new vendors. If the Company is unable to obtain adequate alternative suppliers of equipment or services in a timely manner or on acceptable commercial terms, the Company's ability to maintain and to expand the Company's networks may be materially and adversely affected.

The Company also purchases products from equipment suppliers that incorporate or utilize intellectual property. The Company and some of the Company's equipment suppliers may receive assertions and claims in the future from third parties that the products or software utilized by the Company or its equipment suppliers infringe on the patents or other intellectual property rights of these third parties. Such claims have been growing rapidly in the wireless industry. The Company is unable to predict whether the Company's business will be affected by any such claims. These claims could require the Company or an infringing equipment supplier to cease certain activities or to cease selling the relevant products and services. These claims can be time-consuming and costly to defend, and divert management resources. If these claims are successful the Company could be forced to pay significant damages or stop selling certain products or services or stop using certain trademarks, which could adversely affect the Company's results of operations.

Similarly, the Company's subsidiaries have been required to obtain governmental clearance for the use of intellectual property that is used in network equipment and applications, particularly those designed for the delivery of data and enhanced services. Approval to install equipment from the preferred provider of certain of these services has been withheld by governmental authorities in the past, resulting in delay and additional expense in deploying substitute equipment. Delays in obtaining such clearances or the inability to obtain them could result in postponements to or cancellations of the delivery of certain services in the future or compel the Company to seek alternate vendors, or both. Furthermore, when network equipment must be replaced or upgraded in the future, it is possible that the Company could be required to replace network equipment supplied by its current vendors with equipment procured from alternative providers in order to launch new services or even continue to offer existing services in accordance with applicable regulations; any such replacement might require the Company to pay higher purchase prices than it would be able to negotiate from its current vendors.

The Company expects its dependence on key equipment suppliers to continue as the Company develops and introduces more advanced generations of technology. In particular, the Company notes that the governments of various countries, including New Zealand, have raised network security concerns in regard to products manufactured by Huawei, a leading communications network supplier. If the Company is not permitted to procure equipment from Huawei in the future (for example, in connection with 5G upgrades), the Company can resort to procuring equipment from alternative suppliers, but the cost of such equipment may be higher than would be the case if Huawei were among the suppliers competing for the Company's business.

In Bolivia, a significant portion of the Company's communications network consists of cellular towers that are leased from a third party tower company, exposing the Company to increased operating costs and to risks that towers may not be properly maintained and that towers may become unavailable due to the loss of ground leases, leading to adverse commercial consequences and the possible imposition of fines for failure to provide service.

On February 15, 2019, NuevaTel and a Bolivian entity entered into the Tower Sale Transaction, in which NuevaTel agreed to sell up to 633 wireless communications towers to the Bolivian entity (the "Buyer"); NuevaTel and the Buyer concurrently executed a multi-year lease agreement whereby the Buyer will provide NuevaTel with access to such wireless communication towers and the right to use and operate these sites to support NuevaTel's wireless network and rollout plans. The Tower Sale Transaction will significantly increase NuevaTel's operating costs in the form of higher rental payments; and rental payments will further increase should NuevaTel seek to add communications gear to the sites it is leasing back from the Buyer. Furthermore, because NuevaTel no longer owns the towers on which its equipment is located, it cannot control the manner in which the towers and the sites are maintained, nor can it ensure that lease payments to the owners of the sites on which towers are situated will be paid on time or that other lease covenants or local permit requirements will be fulfilled by the Buyer. Consequently, NuevaTel faces an increased risk that towers in its network may become unavailable for indefinite periods of time, exposing it to loss of service and associated competitive injury as well as the possibility of fines for failure to maintain service to the public. While NuevaTel has a right of indemnification from the Buyer with respect to regulatory fines, there can be no assurance that indemnification will be recoverable from the Buyer.

Most of the Company's subscribers receive services on a mobile prepaid basis, exposing the Company to high rates of subscriber churn.

As of December 31, 2018, approximately 75.9% of the Company's wireless subscribers are prepaid mobile users. Because they do not sign service contracts with a specified duration, they can switch wireless service providers (churn) at any time. If the Company's competitors offer new or additional incentives to the Company's subscribers to switch wireless service providers – by promoting price discounts or giving away handsets, for example – or if the Company's competitors upgrade their networks and provide services the Company is not capable of providing, the risk of churn will increase. The Company's inability to manage subscriber churn levels may have a material adverse effect on the Company's business, financial condition and prospects. The Company's average levels of monthly prepaid churn for the years ended December 31, 2018, 2017 and 2016 were 7.3%, 5.8% and 5.7%, respectively.

If the Company is unable to retain its distributor relationships, it could adversely affect the Company's business.

Independent distributors are responsible for enlisting a significant portion of the Company's new subscribers; the Company also depends on them for topping up (replenishing) nearly all of its existing prepaid subscribers' accounts. The loss of a large number of the Company's distributors, or of even a few key distributors, due to financial pressures or to recruitment by the Company's wireless competitors could have a material adverse effect on the Company's ability to retain existing subscribers and attract new subscribers.

The Company's future growth will depend upon its ability to innovate and develop new products.

The Company expects that a large part of its growth in the coming years will come from new products and innovation. If the Company is unable to find attractive new products for its subscribers or support these products with the required capital investment in its networks, this could adversely influence the Company's future growth as well as the sustainability of the Company's existing business, as subscribers could switch to other providers if they offer better new services than the Company does.

Furthermore, some of these new products, such as banking services, are complex, involve new distribution channels, and/or are subject to new regulatory and compliance requirements. In addition, some of these new products may involve cash handling, exposing the Company to additional risk of fraud and money laundering or terrorist financing.

Many of the Company's new products can only be accessed with a 3G or 4G LTE handset. The current cost of 3G and 4G LTE handsets is high and often the Company subsidizes the cost of the handsets to its subscribers. These handset subsidies may put pressure on the Company's financial performance and may threaten the Company's business model based on affordability as a whole.

The Company's business could be negatively impacted by security threats, cyber attacks, and other material disruptions of the Company's wireless networks.

Major equipment failures and the disruption of the Company's wireless networks as a result of terrorist attacks, acts of war, cyber-attacks, or other breaches of network or information technology security, even for a limited period of time, may result in significant costs, result in a loss of subscribers, impair the Company's ability to attract new subscribers, and expose the Company to significant fines or regulatory sanctions. (See "*Risk Factors - Political and Regulatory Risks*" above). Any of these outcomes could have a material adverse effect on the Company's business and financial condition.

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting, social engineering and other means for obtaining unauthorized access to or disrupting the operation of our networks and systems and those of our suppliers, vendors and other service providers, could have an adverse effect on our business. Cyber attacks may cause equipment failures as well as disruptions to our or our customers' operations. Cyber attacks against companies, including the Company, have increased in frequency, scope and potential harm in recent years. We also purchase equipment and software from third parties that could contain software defects, Trojan horse, malware, or other means by which third parties could access our networks or the information stored or transmitted on such networks or equipment. Other businesses have been victims of ransomware attacks in which the business is unable to access its own information and is presented with a demand to pay a ransom in order to once again have access to its information. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. Cyber attacks may occur alone or in conjunction with physical attacks, especially where disruption of service is an objective of the attacker.

The inability to operate or use our networks and systems or those of our suppliers, vendors and other service providers as a result of cyber attacks, even for a limited period of time, may result in significant expenses to the Company and/or a loss of market share to other communications providers. The costs associated with a major cyber attack on the Company could include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cybersecurity measures and the use of alternate resources, lost revenues from business interruption, regulatory investigations, sanctions and litigation. The potential accosts associated with any such cyber attacks could be greater than the insurance coverage we maintain.

Additionally, our business, like that of most retailers and wireless companies, involves the receipt, storage and transmission of confidential information, including sensitive personal information and payment card information, confidential information about our employees and suppliers, and other sensitive information about the Company, such as our business plans, transactions and intellectual property. Unauthorized access to confidential information may be difficult to anticipate, detect or prevent, particularly given that the methods of unauthorized access constantly change and evolve. We may experience unauthorized access or distribution of confidential information by third parties or employees, errors or breaches by third party suppliers, or other breaches or security that compromise the integrity of confidential information, and such breaches can have a materially adverse effect on our business or damage our reputation.

Our procedures and safeguards to prevent unauthorized access to sensitive data and to defend against attacks seeking to disrupt our services must be continually evaluated and revised to address the ever-evolving threat landscape. We cannot make assurances that all preventive actions taken will adequately repel a significant attack or prevent information security breaches or the misuses of data, unauthorized access by third parties or employees, or exploits against third-party supplier environments. Any future cyber attacks or security breaches may materially adversely affect our business, financial condition, and operating results.

The Company's reputation and financial condition could be harmed if there is failure to protect the Company's subscriber information.

The Company's networks carry and store a large volume of confidential voice and data traffic. The Company must provide its subscribers with reliable service and protect the communications, location, and personal information shared or generated by the Company's subscribers. The Company relies upon its systems and networks to provide and support the Company's services and, in some cases, to protect its subscribers' and the Company's information. Any major compromise of the Company's data or network security could impact the Company's reputation, may lead to legal action against the Company and may lead to a loss of confidence in the security of the Company's products and services.

Concerns about the actual or perceived health risks relating to electromagnetic and radio frequency emissions, as well as the attendant publicity or possible resultant litigation, may have a material adverse effect on the Company's business, financial condition and prospects.

The Company does not manufacture devices or other equipment sold by it and generally relies on the Company's suppliers to provide it with safe equipment. The Company's suppliers are required by applicable law to manufacture their devices to meet governmentally imposed safety criteria. However, even if the devices the Company sells meet the regulatory safety criteria, the Company could be held liable with the equipment manufacturers and suppliers for any harm caused by products the Company sells if such products are later found to have design or manufacturing defects.

Media and other reports from time to time suggest that electromagnetic and radio frequency emissions from wireless handsets and base stations may be linked to various health concerns, including cancer, and may interfere with various electronic and medical devices, including automobile braking and steering systems, hearing aids and pacemakers. A number of lawsuits have been filed against wireless carriers and other participants in the wireless industry, asserting product liability, breach of warranty, adverse health effects and other claims relating to radio frequency transmissions to and from handsets and wireless data devices. Few claims of this nature have been asserted against the Company or any of its operating entities and none has resulted in significant liabilities. Concerns over radio frequency emissions, or press reports about these risks, may have the effect of discouraging the use of wireless handsets, and thus decrease demand for wireless products and services and the Company's revenues, growth rates, subscriber base and average usage per subscriber. If further research establishes any link between the use of handsets and health problems, such as brain cancer, the Company could be required to pay significant expenses in defending lawsuits and significant awards or settlements, any or all of which could have a material adverse effect on the Company's business, financial condition and prospects.

There are also safety risks associated with the use of wireless devices while operating vehicles or equipment. Concerns over these safety risks and the effect of any legislation, rules or regulations that have been and may be adopted in response to these risks could limit the Company's ability to sell its wireless service.

The Company is subject to litigation or regulatory proceedings, which could require it to pay significant damages or settlements.

The Company's business faces litigation, which may include, from time to time, patent infringement lawsuits, antitrust class actions, wage and hour class actions, personal injury claims, subscriber privacy violation claims, shareholder disputes, lawsuits relating to the Company's advertising, sales, billing and collection practices or other issues, and regulatory proceedings.

In addition, the Company's business may also face personal injury and consumer class action lawsuits relating to alleged health effects of wireless phones or radio frequency transmitters, and class action lawsuits that challenge marketing practices and disclosures relating to alleged adverse health effects of handheld wireless phones. The Company may incur significant expenses in defending these lawsuits. The Company also spends substantial resources to seek to comply with various government standards which may entail related investigations. In addition, the Company may be required to pay significant awards or settlements that could materially adversely affect the Company's operations or financial results. See "*Legal Proceedings and Regulatory Actions*" in this AIF.

The Company's financial performance will be impaired if it experiences high fraud rates related to device financing, credit cards, dealers, or subscriptions.

The Company's operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription or dealer fraud. If the Company's fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as national retailers, dealers and others, the resulting loss of revenue or increased expenses could have a materially adverse impact on the Company's financial condition and results of operations.

Management Team and Minority Shareholder Risks

If the Company loses any key member of its management team, the Company's business could suffer. The Company may have difficulty in obtaining qualified local managerial personnel to successfully operate the Company's businesses.

The Company's future operating results depend, in significant part, upon the continued contributions of the Company's experienced senior management and technical personnel. The Company's management team is small. Departure of any senior manager could be highly disruptive to its operations and may have a material adverse effect on the Company's business, financial condition and prospects.

In addition, competition for personnel in the Company's markets is intense due to the small number of qualified individuals in the countries in which the Company operates. Given the Company's focus on growth, it is important that the Company attract and retain qualified local personnel. Such personnel will be critical for the supervision of network build-outs and other capital implementation programs, the development of financial and information technology systems, the hiring and training of personnel, the implementation of internal controls and the coordination of activities among newly established or rapidly expanding departments. The Company's failure to manage its growth and personnel needs successfully could have a material adverse effect on the Company's business, financial condition and prospects.

Although the Company exercises management control over its subsidiaries, disagreements between the Company and investors who hold minority equity stakes in the Company's subsidiaries could adversely affect the Company's business, financial condition and prospects or affect the ability of NuevaTel or 2degrees to pay dividends to the Company

The Company's Bolivia subsidiary, NuevaTel, is 28.5% owned by Comteco, the third largest cooperative fixed line telephone company in Bolivia. Comteco could limit the Company's ability to implement its strategies and plans for its Bolivian operations. Any disagreements with Comteco may have a material adverse effect on the Company's business, financial condition and prospects. While Comteco does not have significant approval or veto rights under the NuevaTel Shareholders' Agreement, Comteco's status as a minority investor may limit the Company's flexibility and ability to implement strategies and financing and other plans that the Company believes are in its best interests. The Company's operations may be affected if disagreements develop with Comteco. See "*Description of the Business of the Company – Bolivia (NuevaTel) – NuevaTel Shareholders Agreement*".

The Company's New Zealand subsidiary, 2degrees Investments, is 26.7% owned by Tesbrit, a Dutch investment company. Certain matters relating to the governance of the Company's New Zealand subsidiaries, the 2degrees Group, as well as the transfer and sale of the Company's 2degrees Investments Shares, are subject to the 2degrees Shareholders Agreement. Tesbrit holds two positions on the 2degrees Investments board of directors; certain extraordinary decisions require the approval of at least one of the directors appointed by Tesbrit. These decisions include (among other things) changes to the constitution, changes to the nature of 2degrees' business, transactions outside of the ordinary course of business, and affiliated party transactions. A proposal to sell more than half of 2degrees' assets will require Tesbrit's approval.

In January 2017, Tesbrit notified management that it believed the Company's disclosure of information relating to 2degrees in securities filings in Canada and the United States violated Trilogy LLC's confidentiality obligations under the 2degrees Shareholders Agreement. Tesbrit has also asserted that its pre-emptive rights under the 2degrees Shareholders Agreement and the 2degrees constitution were abridged when 2degrees issued new shares to Trilogy LLC in connection with Trilogy LLC's conversion of a loan to equity and when the Company and Trilogy LLC acquired shares from former 2degrees minority shareholders. To date, Tesbrit has taken no formal legal action with respect to its objections.

Any unresolved disagreements with Tesbrit may have a material adverse effect on the Company's business, financial condition and prospects, including the ability of the Company to implement its strategies and plans for its New Zealand operations. See "*Description of the Business of the Company – New Zealand (2degrees) – 2degrees Shareholders Agreement*".

Macroeconomic, Geographic and Currency Risks

An economic downturn or deterioration in any of the Company's markets could have a material adverse effect on the Company's business, financial condition and prospects.

The Company will be affected by general economic conditions, consumer confidence spending, and the demand for and prices of its products and services. Adverse general economic conditions, such as economic downturns or recessions leading to a declining level of retail and commercial activity in New Zealand or Bolivia could have a negative impact on the demand for the Company's products and services. More specifically, adverse general economic conditions could result in customers delaying or reducing purchases of the Company's products and services or discontinuing using them, and could cause a decline in the creditworthiness of its customers, which could increase the Company's bad debt expense.

Much of the population in Bolivia earns a living on a day-to-day basis and spends its income primarily on basic items such as food, housing and clothing; any new downturn in their economies would leave this segment of the population with even less money to spend on the Company's services, reducing its revenues.

The Bolivian economy is still in a development and structural reform stage, and is subject to rapid fluctuations in terms of consumer prices, employment levels, gross domestic product and interest and foreign exchange rates. These fluctuations affect the ability of subscribers to pay for the Company's services. Devaluation of local currency has at times in the past also significantly impacted purchasing power. More generally, periods of significant inflation in any of the Company's markets could have a material adverse effect on the Company's business, financial condition and prospects.

The Company operates in countries that are exposed to natural disasters, to which the countries' governments and economies may not be well-equipped to respond and from which the Company may experience losses for which the Company is not adequately insured.

The Company's markets are located in countries that are vulnerable to a variety of natural disasters, including earthquakes. In New Zealand, the 2011 earthquake in Christchurch caused widespread damage and disruption. An earthquake struck New Zealand's South Island again in November 2016; although it caused only minor interruptions to 2degrees' service, it indicated that earthquakes can occur in New Zealand at any time. Bolivia is also susceptible to earthquakes, as well as flooding in the northeastern portion of the country. Unlike New Zealand, Bolivia does not have resilient infrastructures and its government and economy are not well equipped to respond to significant natural disasters. Consequently, the adverse effects of catastrophes may be more significant, more pervasive, and longer lasting in Bolivia than they would be in countries with better emergency response resources and economies that are more robust. The losses that the Company's business may incur in Bolivia may therefore be greater than they would be in other more resilient countries.

The Company cannot ensure that its network facilities and its offices, stores and warehouses in these markets would survive a future hurricane, earthquake or natural disaster. Similarly, the Company cannot ensure that it will be able to procure insurance for such losses in meaningful amounts or at affordable rates in the future.

The Company's ventures receive revenue in the currency of the venture's country of operation and a decline in foreign exchange rates for currencies in the Company's markets may adversely affect the Company's growth and the Company's operating results.

Substantially all of the Company's revenues are earned in non-U.S. currencies, but the Company reports its results in U.S. dollars. Fluctuations in foreign currency exchange rates could have a significant impact on the Company's reported results that may not reflect the operating trends in the Company's business. Because the Company reports its results of operations in U.S. dollars, declines in the value of local currencies in the Company's markets relative to the U.S. dollar could have a material adverse effect on the Company's results of operations and financial condition, as was the case for the Company's New Zealand operations in 2015 and 2018. In Bolivia, the Boliviano is subject to a crawling peg to the U.S. dollar. In other words, the Boliviano is fixed to the U.S. dollar but is subject to small fluctuations that are not pre-announced to the public.

To the extent that the Company's foreign operations retain earnings or distribute dividends in local currencies, the amount of U.S. dollars the Company receives will be affected by fluctuations of exchange rates for such currencies against the U.S. dollar. Although the Company's assets and revenues are generally in local currency, the Company's primary liability – its Senior Notes – is in U.S. dollars, which may exacerbate the Company's exposure to foreign currency fluctuations or devaluations. Additionally, NuevaTel's tower rental obligations under its recent tower transaction are in U.S. dollars.

Foreign exchange controls may restrict the Company's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes.

The ability of the Company's operating companies to transfer funds to the Company may be limited by a variety of regulatory and commercial constraints. Foreign exchange controls may significantly restrict the ability of these foreign operating companies to pay interest and dividends and repay loans in U.S. dollars. It may be difficult to convert large amounts of local currency into U.S. dollars or U.S. dollars into local currency because of limited foreign exchange markets. In addition, there are countries that restrict the export of cash even in local currencies. In cases where distributions to the Company are permitted to be made, such distributions may be subject to foreign withholding taxes.

The Company derives substantially all of its revenues through funds generated by the Company's foreign operating companies, which receive a large portion of their revenues in the currency of the markets in which they operate. The ability of the Company's operating companies to transfer funds to the Company may be limited by a variety of regulatory and commercial constraints. Foreign exchange controls may significantly restrict the ability of these foreign operating companies to pay interest and dividends and repay loans in U.S. dollars. It may be difficult to convert large amounts of local currency into U.S. dollars or U.S. dollars into local currency because of limited foreign exchange markets. In cases where distributions by the Company's operating companies to the Company can be made, such distributions may be subject to foreign withholding taxes, currently 12.5% in Bolivia and up to 5% in New Zealand, subject to facts and circumstances.

An increase in interest rates may increase the cost of floating-rate debt and new fixed rate long-term financings or refinancing of existing credit facilities.

Borrowings under the New Zealand 2021 Senior Facilities Agreement, the Bolivian 2021 Syndicated Loan and other Bolivian loans bear interest at variable rates based upon the New Zealand Bank Bill Reference Rate and the Tasa de Referencia (the rate established by the Central Bank in Bolivia), respectively. The Company is subject to interest rate risk with variable rate borrowings under these facilities. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risk includes the risk of increasing interest rates on floating-rate debt and increasing interest rates for planned new fixed rate long-term financings or refinancing of existing credit facilities. The Company's policy is to enter into interest rate swap agreements to manage the Company's exposure to fluctuations in interest rates associated with interest payments on the Company's floating rate long-term debt.

Under the terms of interest rate swaps, the other parties expose the Company to credit risk in the event of nonperformance; however, the Company does not anticipate the nonperformance of any of the Company's counterparties. Further, the Company's interest rate swaps do not contain credit rating triggers that could affect the Company's liquidity. The Company does not hold or issue derivative instruments for trading or speculative purposes.

Risks Related to the Company's Capital Structure, Public Company and Tax Status, and Capital Financing Policies

The ability of the Company's operating subsidiaries to utilize net operating losses and certain other tax attributes may be limited.

The Company's operating subsidiary, 2degrees, has substantial carried forward tax losses which may not be available to offset any future assessable income. As of December 31, 2018, the Company had available net operating loss carryforwards of $53 million related to international operations in New Zealand. These net operating losses carry forward indefinitely provided that 2degrees shareholder continuity thresholds are maintained. Shareholder continuity is measured with reference to changes in the indirect ownership of Trilogy LLC's subsidiaries that hold interests in 2degrees. The Company will continue to assess the recoverability of the New Zealand net operating loss carryforwards based on shareholder continuity requirements. The Company will also continue to assess commercial strategies which may impact availability of net operating losses. It is uncertain whether any of 2degrees' net operating losses carried forward as of December 31, 2018 will be available to be carried forward and offset 2degrees' assessable income, if any, in future periods.

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes and is liable for both U.S. and Canadian income tax.

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. As a result, the Company is subject to U.S. federal income tax on its worldwide income and this treatment will continue indefinitely. In addition, the Company is subject to Canadian income tax on its worldwide income. Consequently, the Company is liable for both U.S. and Canadian income tax on its worldwide income, which could have a material adverse effect on its financial condition and results of operations. Foreign tax credits may be available to mitigate the adverse effects.

Potentially adverse tax consequences may result from the receipt of dividends on the Common Shares.

Dividends received by holders of Common Shares who are residents of Canada for purposes of the Income Tax Act (Canada) (the "**Tax Act**") will be subject to U.S. withholding tax. A foreign tax credit under the Tax Act in respect of such U.S. withholding taxes may not be available to such holder.

Dividends received by a holder of Common Shares who are U.S. persons or U.S. tax residents generally will not be subject to U.S. withholding tax but, if the recipient is not a resident in Canada for the purposes of the Tax Act, the dividends will be subject to Canadian withholding tax. The Company is considered to be a U.S. domestic corporation for U.S. federal income tax purposes. As a result, dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. persons and U.S. tax residents generally will not be able to claim a credit for any Canadian tax withheld on the dividends unless they have other foreign source income that is subject to a low or zero rate of foreign tax and certain other conditions are met.

Dividends received by shareholders that are not Canadian tax residents, U.S. persons or U.S. tax residents will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

United States, Canadian, and other foreign country taxes may be payable, directly or indirectly, by the Company on its direct or indirect sale of a subsidiary of the Company, the assets of a subsidiary of the Company, or other investment.

United States, Canadian, and other foreign country taxes may be payable, directly or indirectly, by the Company on its direct or indirect sale of a subsidiary of the Company, a subsidiary's assets, or other investment. The amount of such taxes, which may be material, will depend on the selling price, the jurisdictions that would impose tax on the sale, and other factors.

The Company is a holding company that has no material assets other than its indirect interest in Trilogy LLC and, accordingly, it is dependent upon distributions from Trilogy LLC to pay taxes and other expenses.

The Company is a holding company and has no material assets other than its Trilogy LLC Class B Units held indirectly through Trilogy Intermediate Holdings. Neither the Company nor Trilogy Intermediate Holdings have any means of generating revenue independent of Trilogy LLC. Trilogy LLC is treated as a partnership for U.S. federal income tax purposes and, as such, its taxable income will generally be allocated to its members for such purposes, pro rata according to the number of Trilogy LLC Class B Units and Trilogy LLC Class C Units each member owns. Accordingly, the Company and/or Trilogy Intermediate Holdings will be subject to U.S. tax on their allocable share of any taxable income of Trilogy LLC (without regard to any distributions they may receive from Trilogy LLC). The Trilogy LLC Agreement requires Trilogy LLC to make pro rata cash distributions, on a periodic basis, to its members holding Trilogy LLC Class B Units or Trilogy LLC Class C Units, based on an assumed 40% tax rate multiplied by Trilogy LLC's taxable income (if any) for the period, and to pay expenses related to the operations of the Company and Trilogy Intermediate Holdings. To the extent that the Company and/or Trilogy Intermediate Holdings requires funds to pay its tax liabilities or to fund its operations and Trilogy LLC is restricted from making distributions to the Company or Trilogy Intermediate Holdings under applicable agreements, laws or regulations or does not have sufficient cash to make the distribution of such funds, the Company may have to borrow funds or raise equity to meet those obligations, and its liquidity and financial condition could be materially adversely affected as a result. The Company may not be able to borrow funds on its own, and there can be no assurance that it will be able to issue additional equity on attractive terms or at all.

In certain circumstances, Trilogy LLC will be required to make distributions to the Company and the other owners of Trilogy LLC and such distributions may be substantial.

Trilogy LLC will be required to make pro rata cash tax distributions to its members based on an assumed 40% tax rate multiplied by Trilogy LLC's taxable income (if any) for the applicable period. Funds used by Trilogy LLC to satisfy its tax distribution obligations will not be available for reinvestment in its business. Moreover, these tax distributions may be substantial, and may exceed (as a percentage of Trilogy LLC's taxable income) the overall effective tax rate applicable to a similarly situated corporate taxpayer.

Different interests among holders of Trilogy LLC Class C Units and the Common Shares or between such securityholders and the Company, including with respect to related party transactions, could prevent the Company from achieving its business goals.

The Company expects that members of the Board will include directors who are affiliated with entities that may have commercial relationships with the Company. See "*Directors and Executive Officers – Conflicts of Interest*". Certain holders of Trilogy LLC Class C Units or Common Shares could also have business interests that conflict with those of other holders, which may make it difficult for the Company to pursue strategic initiatives that require consensus among the Company's securityholders.

A conflict of interest could arise between or among the Company and the holders of Trilogy LLC Class C Units and Common Shares in a number of areas relating to the Company's past and ongoing relationships. For example, holders of Trilogy LLC Class C Units and holders of Common Shares may have different tax positions from each other or from the Company which could influence the Company's decisions regarding whether and when to dispose of assets and whether and when to incur new indebtedness or to refinance existing indebtedness. The structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to the Company. In addition, the Articles provide that any proposed Sale Transaction would, unless approved by all of the Independent Directors of the Company (which exclude holders of Trilogy LLC Class C Units), be subject to the approval of the holders of Common Shares and of the holder of the Special Voting Share, each voting as a separate class and each by a simple majority of votes cast. These sale restrictions may impact the Company's decisions and ability to complete potential transactions.

There are no formal dispute resolution procedures in place to resolve conflicts between the Company and holders of Common Shares and Trilogy LLC Class C Units. The Company may not be able to resolve any potential conflicts between it and its security holders and, even if it does, the resolution may be less favorable to the Company than would exist if no such conflicts existed.

If the Company is unable to implement and maintain effective internal control over financial reporting, the Company might not be able to report financial results accurately and on a timely basis or prevent fraud. Additionally, debt investors and securityholders may lose confidence in the accuracy and completeness of the Company's financial reports.

The Company currently has effective internal controls over financial reporting. However, the Company can provide no assurances that the Company will be able to maintain effective internal control over financial reporting and that no material weaknesses in its internal controls over financial reporting will be identified in the future. (For the years ended December 31, 2017 and 2016, management concluded that certain control deficiencies existed at 2degrees that, in the aggregate, were determined to be a material weakness. Management was able to conclude that the material weakness had been remediated upon completing an evaluation as of December 31, 2018.) Effective internal controls are necessary for the Company to provide reliable financial reports and prevent fraud. If the Company cannot provide reliable financial reports or prevent fraud, the Company's business and results of operations could be harmed and holders of the Company's equity and debt securities could lose confidence in the Company's reported financial information. Any failure of the Company's internal controls could also adversely affect the results of the periodic management evaluations and required reports and certifications regarding the effectiveness of the Company's internal control over financial reporting that are required under Section 404(a) of SOX and NI 52-109.

The Company is an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make the Company's Common Shares less attractive to investors; at such time as the Company ceases to qualify as an "emerging growth company" under the U.S. JOBS Act, the costs and demands placed upon management will increase.

The JOBS Act permits "emerging growth companies" like the Company to rely on some reduced disclosure requirements for as long as the Company qualifies as an emerging growth company. During that period the Company is permitted to omit the auditor's attestation on internal control over financial reporting that would otherwise be required by SOX. In addition, among other things, Section 107 of the JOBS Act provides that, as an emerging growth company, the Company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the U.S. Securities Act for complying with new or revised accounting standards. The Company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company has elected to take advantage of the benefits of this extended transition period. The Company's financial statements may therefore not be comparable to those of companies that have already adopted such new or revised accounting standards. Even if the Company ceased to be a "foreign private issuer" (see next Risk Factor), for as long as the Company qualifies as an emerging growth company the Company may avail itself of reduced executive compensation disclosure and shareholder votes on compensation-related matters compared to larger companies. Until such time as the Company ceases to qualify as an emerging growth company, investors may find the Company's Common Shares less attractive because the Company may rely on these exemptions. If some investors find the Company's Common Shares less attractive as a result, there may be a less active trading market for the Company's Common Shares and the Company's stock price may be more volatile.

The Company will continue to be deemed an emerging growth company until the earliest of (i) the last day of the fiscal year during which the Company had total annual gross revenues of $1.07 billion (adjusted for inflation by the SEC), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of Common Shares under a registration statement under the U.S. Securities Act, (iii) the date on which the Company has, during the previous 3-year period, issued more than $1 billion in non-convertible debt; or (iv) the date on which the Company is deemed to be a "large accelerated filer" as defined by the SEC, which would generally occur upon the Company's attaining a public float of at least $700 million. Once the Company loses emerging growth company status, the Company expects the costs and demands placed upon management to increase, as the Company would have to comply with additional disclosure and accounting requirements.

If the Company were to lose the Company's foreign private issuer status under U.S. federal securities laws, the Company would likely incur additional expenses associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers.

As a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, the Company is exempt from certain of the provisions of the U.S. federal securities laws. For example, the U.S. proxy rules and the Section 16 reporting and "short swing" profit rules do not apply to foreign private issuers. However, if the Company were to lose the Company's status as a foreign private issuer, these regulations would immediately apply and the Company would also, among other things, be required to commence reporting on forms required of U.S. companies, such as Forms 10-K, 10-Q and 8-K, rather than the forms currently available to the Company, such as Forms 40-F and 6-K. Compliance with these disclosure requirements under U.S. securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements. Further, to the extent that the Company was to offer or sell the Company's securities outside of the United States, the Company would have to comply with the more restrictive Regulation S requirements that apply to U.S. companies, and the Company would no longer be able to utilize the multijurisdictional disclosure system forms (including Form F-10, with which the Company's Base Shelf Prospectus was filed with the SEC) for registered offerings by Canadian companies in the United States, which could limit the Company's ability to access the capital markets in the future. There can be no assurance that the Company will retain its foreign private issuer status beyond June 30, 2019.

Even if the Company remains a foreign private issuer, if its public float falls below $75 million it could become ineligible to use multijurisdictional disclosure forms in the U.S.

During the final months of 2018 and January 2019, the public float of the Company's Common Shares was below $75 million. A Canadian foreign private issuer with less than $75 million in public float is not eligible to satisfy its SEC annual report requirement by filing a Form 40-F (which is basically a wrap-around of the AIF), but would have to file its annual report on Form 20-F, and assure that it is complying with the disclosure requirements of this form, which are somewhat different than the disclosure required in an AIF (the Form 20-F could, however be used to satisfy the Canadian annual information form requirement). A Canadian foreign private issuer with less than $75 million in public float also becomes ineligible to use certain multijurisdictional disclosure system registration statement forms, most notably Form F-10 (with which the Company's Canadian Base Shelf Prospectus was filed with the SEC), which enables the Company to more easily access the U.S., as well as Canadian, public capital markets based primarily on the Canadian public offering regulatory processes. There can be no assurance that the Company will continue to meet the $75 million public float test.

The market price of the Common Shares has significantly declined and may continue to be highly volatile.

The market price of the Common Shares has significantly declined over the past years and may continue to decline or may continue to be highly volatile. Market prices for telecommunication corporations have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning the Company or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting the Company, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the U.S., Canada, New Zealand, Bolivia or other regions may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the Toronto Stock Exchange (the "**TSX**").

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to the Company's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders may institute securities class action lawsuits against the company. A lawsuit against the Company could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Sales of a substantial number of the Common Shares may cause the price of the Common Shares to decline.

Any sales of substantial numbers of the Common Shares in the public market or the exercise of significant amounts of the TIP Inc. Warrants or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. The market price of the Common Shares may have been and could continue to be adversely affected by the expiration of lock up periods applicable to certain of the Company's shareholders, including affiliates of the Company and the minority shareholders of 2degrees that exchanged their shares in 2degrees for Common Shares at the completion of the Arrangement, and applicable to the holders of Trilogy LLC Class C Units, all of whom are now eligible to, and many of whom are expected to, redeem their Class C Units, which may result in the issuance to such holders of Common Shares that will be sold following such redemption. On February 7, 2018, lock-ups expired as to 5,585,927 Common Shares and 8,697,835 Trilogy LLC Class C Units, representing 24.7% of the current issued and outstanding Common Shares (or 17.0% of the issued and outstanding Common Shares assuming full redemption of the outstanding Trilogy LLC Class C Units into Common Shares). On February 7, 2019, lock-ups expired as to 5,748,383 Common Shares and 8,677,753 Trilogy LLC Class C Units, representing 24.9% of the current issued and outstanding Common Shares (or 17.1% of the issued and outstanding Common Shares assuming full redemption of the outstanding Trilogy LLC Class C Units into Common Shares). The total number of Common Shares and Trilogy LLC Class C Units released from lock up on February 7, 2018 and February 7, 2019 represents 880 times the average daily trading volume of the Common Shares during December 2018.

The Company may not pay dividends.

Although the Company paid a dividend in the second quarter of 2018 and 2017, payment of any future dividends or distributions by the Company will depend on its cash flows. The declaration and payment of future dividends or distributions by the Company will be at the discretion of the Board subject to restrictions under applicable laws, and may be affected by numerous factors, including the Company's revenues, financial condition, acquisitions, capital investment requirements and legal, regulatory or contractual restrictions, including (because they will affect the availability of cash to the Company with which to make distributions) restrictive covenants contained in the Senior Notes Indenture, New Zealand 2021 Senior Facilities Agreement and the Bolivian Syndicated Loan Agreement. These agreements contain covenants restricting, among other things, dividends, distributions, redeeming, repurchasing or retiring subordinated debt. In addition, under the New Zealand 2021 Senior Facilities Agreement, 2degrees and its subsidiaries are required to maintain various financial covenants, including a total interest coverage ratio, a senior leverage coverage ratio and a debt service coverage ratio, and, under the Bolivian Syndicated Loan Agreement, NuevaTel is required to maintain various financial covenants, including an indebtedness ratio, a debt coverage ratio, a current ratio and a structural debt ratio. 2degrees' and NuevaTel's ability to meet the applicable financial ratios can be affected by events beyond the Company's control, and the Company cannot ensure that 2degrees and NuevaTel will be able to meet those ratios. The Company may not be in a position to pay dividends in the future. A failure to pay dividends or a reduction or cessation of the payment of dividends could materially adversely affect the trading price of the Common Shares.

Further equity financing may dilute the interests of shareholders of the Company and depress the price of the Common Shares.

If the Company raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of the Company and reduce the value of their investment. The market price of our equity securities could decline as a result of issuances of securities by us or sales by our existing shareholders of Common Shares in the market, or the perception that these sales could occur, during the currency of the Base Shelf Prospectus. Sales of Common Shares by shareholders pursuant to the Base Shelf Prospectus and any prospectus supplement or otherwise might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate. With an additional sale or issuance of equity securities, including upon any redemption of Trilogy LLC Class C Units, investors will suffer dilution of their voting power and may experience dilution in earnings per share. Sales by shareholders of the Company, pursuant to the Prospectus Supplement, might also make it more difficult for the Company itself to sell equity securities at a time and price that it deems appropriate.

The trading market for the Common Shares is influenced by securities industry analyst research reports.

The trading market for the Common Shares is influenced by the research and reports that industry or securities analysts publish about the Company If covered, a decision by an analyst to cease coverage of the Company or fail to regularly publish reports on the Company could cause the Company to lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline. Moreover, if an analyst who covers the Company downgrades its stock, or if operating results do not meet analysts' expectations, the stock price could decline.

New laws and regulations affecting public companies may expose the Company to additional liabilities and may increase its costs significantly.

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of NI 52-109 and Section 404(a) of SOX, and other applicable Canadian and U.S. securities laws and regulation and related rules and policies, may cause the Company to incur increased costs as it evaluates the implications of new rules and implements any new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits. When in the future, the Company becomes subject to the SOX 404(b) auditor attest requirement, this may impose significant additional costs on the Company

Any new laws and regulations may make it more expensive for the Company to provide indemnities to the Company's officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers. Accordingly, the Company may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for the Company to attract and retain qualified persons to serve on the Board or as executive officers. The Company may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause general and administrative costs to increase beyond what the Company currently has planned. The Company will evaluate and monitor developments with respect to these laws, rules and regulations, and the Company cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

The Company is required annually to review and report on the effectiveness of its internal control over financial reporting in accordance with NI 52-109 and Section 404(a) of SOX. The results of these reviews are required to be reported under applicable Canadian securities laws in the Company's Management's Discussion and Analysis and are required to be reported in the U.S. Annual Report on Form 40-F required to be filed annually with the SEC. The Company's Chief Executive Officer and the Company's Chief Financial Officer will be required to report, and/or certify, on the effectiveness of the Company's internal control over financial reporting, among other matters.

Management's review is designed to provide reasonable assurance, not absolute assurance, that any material weaknesses existing within the Company's internal controls are identified. Material weaknesses represent deficiencies existing in internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of the Company. In addition, management cannot provide assurance that the remedial actions being taken by the Company to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years.

If the Company fails to maintain effective internal controls over its financial reporting, there is the possibility of errors or omissions occurring or misrepresentations in the Company's disclosures which could have a material adverse effect on the Company's business, its financial statements and the value of the Common Shares.

Public company requirements may strain the Company's resources.

As a public company, the Company is subject to the reporting requirements of the *Securities Act* (British Columbia), as amended, as well as the applicable securities laws of the other Canadian provinces, and is subject to certain reporting requirements under the *U.S. Securities Exchange Act of 1934*, as amended (the "**U.S. Securities Act**") and, in each case, as applicable, the regulations and rules thereto, including applicable national and multilateral instruments adopted as rules, decisions, rulings and orders promulgated under the *Securities Act* (British Columbia), as well as the applicable securities laws of other Canadian provinces, and the U.S. Securities Act and the published policy statements issued by the British Columbia Securities Commission and the SEC, respectively. The Company is also subject to the ongoing listing requirements of the TSX. The obligations of operating as a public company require significant expenditures and place additional demands on management as the Company complies with the reporting requirements of a public company. The Company may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge.

In addition, actions that may be taken by any significant shareholders, if any, may divert the time and attention of the Board and management from its business operations. Campaigns by significant investors to effect changes at publicly traded companies have increased in recent years. If a proxy contest were to be pursued by any shareholders of the Company it could result in substantial expense to the Company and consume significant attention of management and the Board. In addition, there can be no assurance that any shareholder will not pursue actions to effect changes in the management and strategic direction of the Company, including through the solicitation of proxies from the Company's shareholders.

DIVIDENDS

2018 Dividend Payment

On May 4, 2018, the Company paid a dividend of C$0.02 per Common Share. The dividend was declared on April 2, 2018 and paid to record holders of Common Shares as of April 16, 2018. Eligible Canadian holders of Common Shares who participated in the Company's dividend reinvestment plan (the "**DRIP**") had the right to acquire additional Common Shares at 95% of the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date (the "**Discounted Share Price**"), by reinvesting their cash dividends, net of applicable taxes. As a result of shareholder participation in the dividend reinvestment plan, 34,734 Common Shares were issued to existing shareholders. A total cash dividend of $0.7 million was paid to shareholders that did not participate in the DRIP.

Concurrently with the issuance of the Company's dividend, in accordance with the Trilogy LLC Agreement, a dividend in the form of 137,256 additional Trilogy LLC Class C Units were issued on economically equivalent terms to the holders of Trilogy LLC Class C Units.

Dividend Policy and DRIP

The declaration of dividends on the Common Shares will be at the sole discretion of the Board.

The Company currently intends to pay an annual dividend of up to C$0.02 per share on its Common Shares, the first of which was paid on May 12, 2017 and the second of which was paid on May 4, 2018, as described above. As part of the DRIP, eligible Canadian holders of Common Shares have the right to acquire additional Common Shares at the Discounted Share Price, in lieu of cash dividends, net of applicable withholding taxes.

When dividends are paid on the Common Shares, distributions will also be required to be paid on the Trilogy LLC Class C Units on an equitably equivalent basis. All Trilogy LLC Class C Unit holders will receive their dividends in additional Trilogy LLC Class C Units until otherwise determined by Managing Member. Alignvest Management Corporation ("**AMC**'), Bonnie Brooks, Joe Natale, Vince Hemmer, Adam Jiwan, Nadir Mohamed, Donald Walker and Alignvest Partners Master Fund LP ("**Alignvest Partners**") have elected to receive their dividends on Common Shares in the form of additional Common Shares, to the extent permitted under the DRIP, rather than cash, until otherwise determined by the Board. The Company's dividend policy will be reviewed from time to time by the Board in the context of the Company's earnings, financial condition and other relevant factors.

The payment of dividends in the future will depend on the earnings, cash flow and financial condition of the Company as well as the need to finance the Company's business activities and any restrictions contained in applicable credit or financing agreements, including restrictive covenants contained in the Senior Notes Indenture (and any subsequent indenture entering into connection with the refinancing of the Senior Notes), the New Zealand 2021 Senior Facilities Agreement and the Bolivian Syndicated Loan Agreement. These agreements contain covenants restricting, among other things, dividends, distributions, or redeeming, repurchasing or retiring subordinated debt. The Board may also consider such other factors as it considers appropriate. See "*Risk Factors – the Company may not pay dividends*".

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Special Voting Share. The Company is authorized to issue an unlimited number of Common Shares and one Special Voting Share. As of the date of this AIF, there are 57,925,319 Common Shares, one Special Voting Share and 13,402,685 TIP Inc. Warrants outstanding. In addition, there are 1,213,528 Common Shares issuable upon the vesting of restricted share units, 112,140 Common Shares issuable upon the vesting of deferred share units and 26,409,543 Common Shares issuable upon the conversion of the Trilogy LLC Class C Units, including unvested units.

Common Shares of the Company

Subject to the provisions described below under the heading "*Rights and Restrictions in Connection with a Proposed Sale Transaction*", the following special rights and restrictions are attached to the Common Shares.

Notice of Meeting and Voting Rights

The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and are entitled to one vote per Common Share. Except as provided in the BCBCA, by law or by stock exchange rules, the Special Voting Share and the Common Shares shall vote together as if they were a single class of shares.

Except as explicitly required by the BCBCA or by law, the holders of Common Shares shall not be entitled to vote separately as a class on a proposal to amend the Articles to: (i) increase or decrease the maximum number of Common Shares that the Company is authorized to issue, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the Common Shares; or (ii) create a new class of shares equal or superior to the Common Shares.

Dividend and Liquidation Entitlements

The holders of Common Shares shall be entitled, as such, to receive dividends and the Company shall pay dividends thereon, as and when declared by the Board, in their absolute discretion, in such amount and in such form as the Board may from time to time determine, and all dividends which the Company may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding. The Company has agreed in the Trilogy LLC Agreement to not make dividends or distributions on the Common Shares unless a corresponding dividend or distribution is made on an economically equivalent basis to all holders of Trilogy LLC Class C Units. See "*Description of Capital Structure – Special Voting Share of the Company – Dividends and Redemption*".

In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled to receive the remaining property and assets of the Company after satisfaction of all liabilities and obligations to creditors of the Company and after C$1.00 is distributed to the holder of the Special Voting Share.

Special Voting Share of the Company

Subject to the provisions described below under the heading "*Rights and Restrictions in Connection with a Proposed Sale Transaction*", the following special rights and restrictions are attached to the Special Voting Share.

Notice and Voting Rights

Except as otherwise provided in the BCBCA, by law or by stock exchange rules, the Special Voting Share shall entitle the holder thereof to vote on all matters submitted to a vote of the holders of Common Shares at any shareholders meeting of the Company and to exercise the right to consent to any matter for which the written consent of the holders of Common Shares is sought.

Except as provided in the BCBCA, by law or by stock exchange rules, the Special Voting Share and the Common Shares shall vote together as if they were a single class of shares. Except as explicitly required by the BCBCA, the holder of the Special Voting Share shall not be entitled to vote separately as a class on a proposal to amend the Articles to: (i) increase or decrease the maximum number of Special Voting Shares that the Company is authorized to issue, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the Special Voting Share; (ii) effect a cancellation of the Special Voting Share where it has been redeemed and cancelled in accordance with the Articles; or (iii) create a new class of shares equal or superior to the Special Voting Share.

The holder of the Special Voting Share shall be entitled to attend all shareholder meetings of the Company which the holders of Common Shares are entitled to attend, and shall be entitled to receive copies of all notices and other materials sent by the Company to its holders of Common Shares relating to such meetings and any consents sought from the holders of Common Shares.

Number of Votes

The holder of the Special Voting Share is entitled to that number of votes equal to the number of votes which would attach to the Common Shares receivable by the holders of Trilogy LLC Class C Units upon the redemption of all Trilogy LLC Class C Units outstanding from time to time, determined as of the record date for the determination of shareholders entitled to vote on the applicable matter or, if no record date is established, the date such vote is taken. To the extent that the holder of the Special Voting Share does not receive voting instructions from a holder of Trilogy LLC Class C Units, votes shall not be cast in respect of such holder.

Dividends and Redemption

The holder of the Special Voting Share is not entitled to receive dividends. The Company has agreed in the Trilogy LLC Agreement to not make dividends or distributions on the Common Shares unless a corresponding dividend or distribution is made on an economically equivalent basis to all holders of Trilogy LLC Class C Units. In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holder of the Special Voting Share shall be entitled to receive C$1.00 after satisfaction of all liabilities and obligations to creditors of the Company but before the distribution of the remaining property and assets of the Company to the holders of the Common Shares. Upon payment of the amount so payable to it as provided above, the holder of the Special Voting Share shall not be entitled to share in any further distribution of the property or assets of the Company.

At such time as there are no Trilogy LLC Class C Units outstanding, the Special Voting Share shall automatically be redeemed and cancelled for C$1.00 to be paid to the holder thereof.

Rights and Restrictions in Connection with a Proposed Sale Transaction

Notwithstanding the special rights and restrictions attached to the Common Shares and the Special Voting Share described above and in addition to any other required approvals, if any Trilogy LLC Class C Units (as constituted on the close of business on February 7, 2017, the effective date of the Arrangement) would be issued and outstanding on the effective date of any proposed Sale Transaction, such proposed Sale Transaction would, unless approved by all of the Independent Directors of the Company (as defined in the Articles), be subject to the approval of the holders of Common Shares and the holder of the Special Voting Share, each voting as a separate class and each by a simple majority of votes cast.

A "**Sale Transaction**" means any transaction involving the sale, lease, exchange or other disposition (in one transaction or a series of related transactions, but other than a bona fide arm's length lease financing or as collateral for a bona fide arm's length debt financing or guarantee of either thereof and other than to a wholly-owned subsidiary entity) of assets (including securities) resulting in net proceeds having a value of in excess of US$100 million (as reasonably determined by the Board), other than in the ordinary course of business, by the Company or any of its direct or indirect subsidiary entities that would give rise to tax on the part of the Company or any wholly-owned subsidiary entity of the Company and result (as reasonably determined by the Board) in a greater than 5% discrepancy between the pre-tax cash that would be received (whether as a tax distribution or otherwise) by a holder of a single Trilogy LLC Class C Unit (as constituted on the close of business on February 7, 2017, the effective date of the Arrangement) and the pre-tax cash that would be received by a holder of a single Common Share (as constituted on the close of business on February 7, 2017), assuming that all of the after-tax net proceeds to be received by Trilogy LLC and the Company or any wholly owned subsidiary entity of the Company were fully distributed to the respective equity holders of Trilogy LLC and the Company

Voting Trust Agreement

In connection with the Arrangement, the Company, Trilogy LLC and the Trustee entered into the Voting Trust Agreement. This summary of the Voting Trust Agreement is qualified in its entirety by reference to that agreement, which is available on the Company's SEDAR profile at www.sedar.com.

Voting Rights with Respect to Trilogy LLC

Except as otherwise provided by the Trilogy LLC Agreement, the Voting Trust Agreement or applicable law, the holders of Trilogy LLC Class C Units shall not directly be entitled to receive notice of or to attend any meeting of the holders of Common Shares (the "**Company Meeting**") or to vote at any such meeting.

Voting Rights with Respect to the Company

Under the Voting Trust Agreement, the Company issued one Special Voting Share to the Trustee for the benefit of the holders of Trilogy LLC Class C Units. The Special Voting Share will have the number of votes, which may be cast by the Trustee at any the Company Meeting at which the holders of Common Shares are entitled to vote or in respect of any written consents sought from shareholders of the Company by the Company (other than in respect of any matter upon which only the Common Shares are entitled to vote as a separate class under applicable law), equal to the then outstanding number of Trilogy LLC Class C Units.

Each holder of a Trilogy LLC Class C Unit on the record date for any meeting or shareholder consent at which holders of Common Shares are entitled to vote will be entitled to instruct the Trustee to exercise the votes attached to the Special Voting Share for each Trilogy LLC Class C Unit held by the unitholder. The Trustee will exercise each vote attached to the Special Voting Share only as directed by the relevant holder of Trilogy LLC Class C Units and, in the absence of instructions from a holder of a Trilogy LLC Class C Units as to voting, will not exercise those votes.

Notwithstanding the foregoing, in the event that under applicable law any matter requires the approval of the holder of record of the Special Voting Share, voting separately as a class, but for greater certainty, excluding any matter upon which only the Common Shares are entitled to vote as a separate class under applicable law, the Trustee will, in respect of such vote, exercise all voting rights: (i) in favour of the relevant matter where the result of the vote of the Common Shares and the Special Voting Share, voting together as if they were a single class on such matter, was the approval of such matter; and (ii) against the relevant matter where the result of such combined vote was against the relevant matter; provided that in the event of a vote on a proposal to amend the Articles to: (x) effect an exchange, reclassification or cancellation of the Special Voting Share, or (y) add, change or remove the rights, privileges, restrictions or conditions attached to the Special Voting Share, in either case, where the Special Voting Share is permitted or required by applicable law to vote separately as a single class, the Trustee will exercise all voting rights for or against such proposed amendment based on whether it has been instructed to cast a majority of the votes for or against such proposed amendment.

The Trustee will mail or cause to be mailed (or otherwise communicate) to the holders of Trilogy LLC Class C Units the notice of each meeting at which the holders of Common Shares are entitled to vote, together with the related materials and a statement as to the manner in which the holder may instruct the Trustee to exercise the votes attaching to the Special Voting Share, on the same day as the Company mails (or otherwise communicates) the notice and materials to the holders of Common Shares.

The Trustee will also send to the holders of Trilogy LLC Class C Units copies of proxy materials, all information statements, reports (including interim and annual financial statements) and other written communications sent by the Company to the holders of Common Shares at the same time as the materials are sent to the holders of Common Shares. The Trustee will also send to the holders of Trilogy LLC Class C Units all materials sent by third parties to the holders of Common Shares (if known to have been received by the Company) including dissident proxy and information circulars and tender and exchange offer circulars, as soon as reasonably practicable after the materials are delivered to the Trustee.

Statutory Rights

Wherever and to the extent that the BCBCA confers a prescribed statutory right on a holder of voting shares, the Company has agreed that the holders of Trilogy LLC Class C Units are entitled to the benefit of such statutory rights through the Trustee, as the holder of record of the Special Voting Share. The prescribed statutory rights set out in the voting trust agreement include the following rights provided for in the BCBCA:

(i) to examine and obtain extracts of the records of the Company;

(ii) to examine the list of shareholders;

(iii) to require the Company to furnish a basic list setting out the names of the registered holders of shares of the Company, the number of shares of each class and series owned by each registered holder and the address of each of them, all as shown on the records of the company;

(iv) to examine and obtain extracts of the latest financial statements of each subsidiary of the Company;

(v) to requisition a shareholders' meeting;

(vi) to apply to the court to bring an action in the name and on behalf of the Company or any of its subsidiaries; and

(vii) to apply to the court to make an order to rectify any act or omission of the Company that is oppressive or unfairly prejudicial to or that unfairly disregards the interests the holders of Trilogy LLC Class C Units.

Upon the written request of a holder of Trilogy LLC Class C Units delivered to the Trustee, provided that certain conditions are satisfied, the Company and the Trustee are required to cooperate to facilitate the exercise of such statutory rights on behalf of such holder so entitled to instruct the Trustee as to the exercise thereof, such exercise of the statutory right to be treated, to the maximum extent possible, on the basis that such holder was the registered owner of the Common Shares receivable upon the exchange of the Trilogy LLC Class C Units owned of record by such holder.

Ownership and Voting Restrictions

The Articles also provide for an ownership restriction on the securities of the Company in order for the Company to comply with the Overseas Investment Act 2005 of New Zealand, or other similar laws.

The ownership restriction provides that, among other things, an overseas person, either alone or together with his, her or its associates (such person, collectively with his, her or its associates, an "**Overseas Shareholder**"), shall not: (i) acquire a 25% or more ownership or control interest in the Company; or (ii) increase an Overseas Shareholder's existing 25% or more ownership or control interest in the Company; in each case without applying for and receiving consent from the New Zealand Overseas Investment Office (the foregoing prohibition is referred to as the "**New Zealand Ownership Constraint**").

An “**overseas person**” is defined in the Overseas Investment Act 2005 and generally includes, among others, an individual who is neither a New Zealand citizen nor ordinarily resident in New Zealand or a body corporate that is incorporated outside New Zealand or is a 25% or more subsidiary of a body corporate incorporated outside of New Zealand. A “**25% or more ownership or control interest**” has the meaning set forth in the Overseas Investment Act 2005, which as of the date hereof means, with respect to any person:

(i) a beneficial entitlement to, or a beneficial interest in, 25% or more of the Company’s securities;

(ii) the power to control the composition of 25% or more of the board of directors; or

(iii) the right to exercise or control the exercise of 25% or more of the voting power at meetings of the Company

In order to seek to enable compliance with the Overseas Investment Act 2005, if an Overseas Shareholder is in contravention of the ownership constraints set forth above (a “**Contravening Shareholder**”), the Company may refuse to: (i) accept any subscription for securities of the Company from the Contravening Shareholder; (ii) issue any securities of the Company to the Contravening Shareholder; (iii) register or otherwise recognize the transfer of any securities of the Company from any securityholder of the Company to the Contravening Shareholder; or (iv) purchase or otherwise acquire any securities of the Contravening Shareholder. In addition, the Company could remove voting rights attached to the securities of the Company unless a Contravening Shareholder remedies a breach of the New Zealand Ownership Constraint within a specified time after notice thereof (of not less than 30 days).

The directors of the Company may also indefinitely suspend all rights of the Contravening Shareholder to vote that would otherwise be attached to securities of the Company held by such Contravening Shareholder in excess of the New Zealand Ownership Constraint, subject to the Contravening Shareholder disposing of such securities of the Company or complying with the terms of the Overseas Investment Act 2005.

The ownership restrictions will not be binding on the Company and its shareholders upon the earlier of: (i) the repeal of the Overseas Investment Act 2005; and (ii) the date that the Company does not, directly or indirectly, hold a 25% or more ownership or control interest in 2degrees and no longer holds an overseas investment in significant business assets as defined in the Overseas Investment Act 2005. The ownership restrictions contained in the Articles are also subject to an exemption for underwriters (as defined in the *Securities Act* (British Columbia)) in the course of a distribution of securities of the Company

Should the Company’s shares at any time be subject to any ownership and/or voting restrictions imposed by law in any other jurisdiction or jurisdictions, the Company, with the approval in writing of at least 75% of all of the directors of the Company, may elect to apply any or all of the ownership and voting restrictions contained in the Articles, with necessary changes, in order to seek to ensure compliance with such other law or laws. Any such election shall be promptly communicated to shareholders by way of a news release or otherwise as the Company sees fit.

Advance Notice Requirements for Director Nominations

The Articles contain an advance notice provision pertaining to shareholders of the Company (who meet the necessary qualifications outlined in the Articles) seeking to nominate candidates for election as directors (a “**Nominating Shareholder**”) at any annual meeting of shareholders of the Company, or for any special meeting of shareholders of the Company if one of the purposes for which the special meeting was called was the election of directors (the “**Advance Notice Provisions**”). The following description is a summary only and is qualified in its entirety by the full text of the applicable provisions of the Articles which are available on the Company’s SEDAR profile at www.sedar.com.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the General Counsel of the Company To be timely, a Nominating Shareholder's notice to the General Counsel must be made: (i) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than 30 days prior to the date of the annual meeting of shareholders of the Company; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting of shareholders of the Company (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made. The Articles also prescribe the proper written form for a Nominating Shareholder's notice.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the notice procedures set forth in the Articles and, if any proposed nomination is not in compliance with such provisions, the discretion to declare that such defective nomination will be disregarded.

Notwithstanding the foregoing, the directors of the Company may, in their sole discretion, waive any requirement in the Advance Notice Provisions.

CREDIT RATINGS

Ratings are intended to provide an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

Trilogy LLC's corporate family rating with Moody's, S&P and Fitch is currently B2, B and B-, respectively, and the Senior Notes are currently rated, B3/LGD5, B and B/RR3, respectively.

Moody's credit ratings are on a long term debt rating scale that ranges from Aaa to C, representing the range from least credit risk to greatest credit risk of such securities rated. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa in its long-term debt rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of that generic rating category. According to Moody's rating system, debt securities rated within the B2 category (such as the B2 rating for Trilogy LLC) are considered speculative and are subject to a 97-99% recovery rate and debt securities rated within the B3 category (such as the B3 rating for the Senior Notes) are subject to a 95-97% recovery rate. The Moody's ratings for Trilogy LLC and the Senior Notes reflect upgrades following Trilogy LLC's improved debt leverage metrics upon issuance of the Senior Notes and related transactions. Moody's rating system does not imply any recommendation or endorsement of a specific security for investment purposes.

S&P's credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such securities rated. Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P's rating system, debt securities rated B (such as the B rating for Trilogy LLC and the B rating for the Senior Notes are more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. Pursuant to the issuance of the Senior Notes and related transactions, S&P raised the corporate credit rating on Trilogy LLC to 'B' from 'B-', and on the Senior Notes to 'B' from 'CCC'. S&P's rating system does not imply any recommendation or endorsement of a specific security for investment purposes.

According to Fitch's rating system, debt securities rated within the B- category (such as the B- rating for Trilogy LLC) are considered highly speculative and present a limited margin of safety and debt securities rated within the B/RR3 category (such as the B/RR3 rating for the Senior Notes) have good recovery rates should a default occur. Trilogy LLC's 'B-' rating reflects the completion of the Arrangement and subsequent $199.3 million cash infusion that resolved immediate liquidity concerns. The terms investment grade and speculative grade are market conventions and do not imply any recommendation or endorsement of a specific security for investment purposes.

Trilogy LLC made payments to Moody's, S&P, and Fitch in connection with the assignment of the ratings to the Senior Notes. In addition, Trilogy LLC has made payments in respect of certain other services provided to it by each of Moody's and S&P during the last two years. See "*Risk Factors*".

MARKET FOR SECURITIES

The Company's Common Shares trade under the symbol "TRL". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Common Shares on the TSX for the year ended December 31, 2018.

Period	High (C$)	Low (C$)	Volume
December 2018	1.93	1.33	388,053
November 2018	3.32	1.22	4,438,804
October 2018	3.82	2.98	587,858
September 2018	4.24	3.75	200,150
August 2018	4.09	3.75	699,640
July 2018	4.39	3.92	379,405
June 2018	4.80	4.36	309,162
May 2018	4.65	4.25	537,295
April 2018	5.27	4.30	567,470
March 2018	5.79	4.80	635,755
February 2018	5.94	5.10	1,345,261
January 2018	6.33	5.40	452,129

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Source: TMX Datalinx

TIP Inc. Warrants trade under the symbol "TRL.WT". The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the TIP Inc. Warrants on the TSX for the year ended December 31, 2018.

Period	High (C$)	Low (C$)	Volume
December 2018	0.03	0.005	241,500
November 2018	0.03	0.005	253,566
October 2018	0.03	0.025	4,649
September 2018	0.04	0.04	0
August 2018	0.08	0.04	1,247
July 2018	0.13	0.10	45,300
June 2018	0.15	0.13	32,913
May 2018	0.27	0.14	1,864,044
April 2018	0.40	0.24	9,000
March 2018	0.54	0.40	3,100
February 2018	0.58	0.42	248,450
January 2018	0.62	0.58	10,450

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Source: TMX Datalinx

PRIOR SALES

The Company issued the following Common Shares and securities convertible into Common Shares during the financial year ended December 31, 2018.

Common Shares

Date of Issuance	Number of Common Shares Issued	Price per Common Share (US$)	Reason for Issuance
February 9, 2018	51,656	4.43	Redemption of Class C Units
February 26, 2018	256,622	4.34	Redemption of Class C Units
March 26, 2018	64,964	3.87	Redemption of Class C Units
April 6, 2018	51,904	4.03	Redemption of Class C Units
April 26, 2018	1,000,000	3.46	Redemption of Class C Units
May 4, 2018	34,734	3.36	Common Share and C Unit Dividends
June 1, 2018	19,513	3.41	Redemption of Class C Units
June 12, 2018	10,938	3.41	Redemption of Class C Units
July 4, 2018	357,684	3.26	Issuance of TRL shares for vested RSUs
July 5, 2018	4,686	3.24	Redemption of Class C Units
October 12, 2018	31,254	2.70	Redemption of Class C Units
November 21, 2018	1,967,486	1.02	Redemption of Class C Units
November 28, 2018	46,764	1.18	Redemption of Class C Units

Deferred Share Units

Date of Grant	Number of Deferred Share Units Granted	Value of Deferred Share Units (US$)
March 31, 2018	12,917	50,000
June 30, 2018	15.065	50,000
September 30, 2018	16,580	50,000
December 31, 2018	43,277	50,205

Restricted Share Units

Date of Grant	Number of Restricted Share Units Granted	Value of Restricted Share Units (US$)
March 20, 2018	990,374*	4,158,172*

*Including insignificant number of RSUs granted on May 9, 2018.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following sets out the number of securities of the Company that are subject to a contractual restriction on transfer as of the date hereof. To the knowledge of the Company, no other securities of the Company are subject to a contractual restriction on transfer, or held in escrow, as of the date hereof.

Designation of Class	Number of Securities Subject to Contractual Restriction	Percentage of Class
Common Shares[(1)]	1,675,336	2.9%

Notes:

(1) Common Shares subject to the terms of a Forfeiture and Transfer Restrictions Agreement and Undertaking, dated June 24, 2015, which imposes restrictions on the transfer of such shares until the earlier of the fifth anniversary of the Qualifying Transaction or the date by which the closing price of the shares has exceeded C$13.00 for 20 days within a 30 trading day period following the Qualifying Acquisition.

DIRECTORS AND EXECUTIVE OFFICERS

The names, municipality of residence and positions with the Company of the persons that serve as directors and executive officers of the Company as of the date hereof are set out below. All of the members of the Board, except for Alan Horn, were formally appointed to the Board pursuant to the Arrangement.

Directors

Name and Province and Country of Residence	Present Principal Occupation	Director Since
Theresa E. Gillespie **Washington, U.S.**	Director of the Company	February 7, 2017
Alan D. Horn[(2)(4)] **Ontario, Canada**	President and Chief Executive Officer of Rogers Telecommunications Limited	November 8, 2018
Bradley J. Horwitz **Washington, U.S.**	Director and Chief Executive Officer of the Company	February 7, 2017
Mark Kroloff[(1)(2)(3)] **Alaska, U.S.**	Managing Partner, First Alaskan Capital Partners	February 7, 2017
Nadir Mohamed[(2)(5)] **Ontario, Canada**	Chairman of Alignvest Management Corporation	May 21, 2015
Reza R. Satchu **Ontario, Canada**	Managing Partner, Alignvest Management Corporation	May 21, 2015
John W. Stanton[(4)(6)] **Washington, U.S.**	Director of the Company	February 7, 2017

Notes:

(1) Chair of the Audit Committee of the Company (the "**Audit Committee**")
(2) Member of the Audit Committee
(3) Chair of the Compensation and Corporate Governance Committee of the Company (the "**C&CG Committee**")
(4) Member of the C&CG Committee
(5) Lead Independent Director of the Board
(6) Chairman of the Board

The directors of the Company will be elected by the shareholders of the Company at each annual meeting of shareholders, and will hold office until the next annual meeting of the Company, unless: (i) his or her office is earlier vacated in accordance with the Articles; or (ii) he or she becomes disqualified to act as a director.

Further, the directors of the Company are authorized to appoint one or more additional directors of the Company, such appointed directors shall cease to hold office immediately before the election of directors at the next annual meeting of shareholders of the Company, but are eligible for re-election, provided that the total number of directors so appointed may not exceed one third of the number of directors of the Company approved pursuant to the Arrangement or elected at the previous annual meeting of shareholders of the Company, as the case may be.

Executive Officers

Name and Residence	Present Principal Occupation
Bradley J. Horwitz **Washington, U.S.**	Chief Executive Officer of the Company
Erik Mickels **Washington, U.S.**	Senior Vice President and Chief Financial Officer of the Company
Scott Morris **Washington, U.S.**	Senior Vice President, General Counsel and Corporate Secretary of the Company
Juan Pablo Calvo **Bolivia**	Chief Executive Officer of NuevaTel
Stewart Sherriff(1) **New Zealand**	Chief Executive Officer of 2degrees

Notes:

(1) Stewart Sherriff announced his plan to retire as 2degrees' Chief Executive Officer in August, 2018. In January, 2019, 2degrees' board of directors appointed Mark Aue, 2degrees' current Chief Financial Officer, as its new Chief Executive Officer. He will assume his new role once the board appoints a new Chief Financial Officer, at which point Mr. Sherriff will retire. Mr. Sherriff will become a director of 2degrees Investments.

To the knowledge of the Company, as of the date hereof, the directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly: (i) 11,020,141 Common Shares, representing approximately 19.0% of the number of outstanding Common Shares; and (ii) 17,964,298 Trilogy LLC Class C Units, representing 68.3% of the number of outstanding Trilogy LLC Class C Units. In the aggregate, directors and officers listed above hold approximately 34.4% of the total voting power of the Company, assuming that all holders of Trilogy LLC Class C Units have properly provided voting instructions to the Trustee.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Directors

John W. Stanton. John W. Stanton was a Co-Founder and was Chairman of the Management Committee of Trilogy LLC from 2005 until the completion of the Arrangement Agreement with TIP Inc. in 2017. He was Chairman of the Board of Directors and Chief Executive Officer of Western Wireless Corporation and its predecessors from 1992 until Alltel Corporation's acquisition of Western Wireless Corporation on August 1, 2005. Western Wireless Corporation was one of the largest providers of rural wireless communications services in the United States and through its subsidiary, Western Wireless International Corporation, was licensed to provide wireless communications services in 11 countries in Europe, Eastern Europe, Africa, Latin America, and the Caribbean. Mr. Stanton was Chairman of the Board of Directors of T-Mobile USA from 1994 to 2004 and was Chief Executive Officer of T-Mobile USA from February 1998 to March 2003. Mr. Stanton served as a director of McCaw Cellular from 1986 to 1994, and as a director of LIN Broadcasting from 1990 to 1994, during which time it was a publicly traded company. From 1983 to 1991, Mr. Stanton served in various capacities with McCaw Cellular; he was Vice Chairman of the Board of McCaw Cellular from 1988 to September 1991 and Chief Operating Officer of McCaw Cellular from 1985 to 1988. Mr. Stanton served as a director of Clearwire Corporation from 2008 to 2013, and was Chairman of the Board of Directors of Clearwire Corporation from January 2011 to July 2013. Mr. Stanton serves on the boards of directors of Microsoft Corporation and Costco Wholesale Corporation, both of which are publicly traded companies. Mr. Stanton is also currently the Chairman and Managing Partner of First Avenue Entertainment LLLP, which owns the Seattle Mariners, a Major League Baseball team. Mr. Stanton has a

bachelor's degree in political science from Whitman College and an MBA from Harvard University. Mr. Stanton is married to Theresa E. Gillespie, who is also a Director of TIP Inc.

Alan D. Horn. Alan Horn is the president and Chief Executive Officer of Rogers Telecommunications Ltd. and certain private companies that control Rogers Communications Inc. He served as a chair of Rogers Communications Inc. from March 2006 to December 2017. Mr. Horn was a director of Rogers Bank from April 2013 to December 2017. He has served as a director of Fairfax Financial Holdings Ltd. since April 2008, and as a director of Fairfax India Holdings Corp. since 2015. He is a chartered professional accountant and chartered accountant. He has a B.Sc. with first class honours in Mathematics from the University of Aberdeen, Scotland.

Bradley J. Horwitz. Bradley J. Horwitz was a Co-Founder of Trilogy LLC and was its President and Chief Executive Officer from the commencement of operations in 2006 until the completion of the Arrangement with TIP Inc. in 2017. Mr. Horwitz has been involved in the wireless industry since 1983, spending 13 years at McCaw Cellular where he held various management positions: he served as Director of Sales and Marketing from 1983 to 1986, Director of Paging Operations from 1986 to 1990, Director of Business Development from 1990 to 1992, and Vice President of International Operations from 1992 to 1994. After the sale of McCaw to the AT&T Corporation in 1994, Mr. Horwitz joined the management team of Western Wireless Corporation. Mr. Horwitz was Executive Vice President of Western Wireless Corporation and President of Western Wireless International until Western Wireless Corporation was acquired by Alltel Corporation in 2005. Mr. Horwitz led Western Wireless's expansion into 11 international markets with operations in Europe, Eastern Europe, Africa, Latin America, and the Caribbean. Mr. Horwitz is the chair of the board of Hong Kong Broadband, a publicly listed provider of fiber services in Hong Kong, and serves on the boards of the Center for Global Development and the Mobile Giving Foundation.

Theresa Gillespie. Theresa E. Gillespie was a Co-Founder of Trilogy LLC and a member of its Management Committee from 2005 until the completion of the Arrangement with TIP Inc. in 2017. Ms. Gillespie served as Executive Vice President of Western Wireless from May 1999 until February 2003, Senior Vice President of Western Wireless from May 1997 until May 1999 and Chief Financial Officer of Western Wireless and one of its predecessors from 1991 to 1997. Since 1988, Ms. Gillespie has been Chief Financial Officer of several entities that she and Mr. Stanton control. From 1986 to 1987, Ms. Gillespie was Senior Vice President and Controller of McCaw Cellular. From 1976 to 1986, she was employed by a national public accounting firm. Ms. Gillespie was the tax matters partner for Trilogy LLC. She has a bachelor's degree from the University of Washington in business administration with a concentration in accounting. Ms. Gillespie is married to Mr. Stanton.

Mark Kroloff. Mark Kroloff is the managing member of First Alaskan Capital Partners, LLC, a private investment firm. He served as a member of the board of directors of General Communication, Inc. an integrated telecommunications provider, until its acquisition by Liberty Ventures in March 2018. He serves as a board observer of Nova ehf, an Icelandic telecommunications provider. Previously, Mr. Kroloff served as the General Counsel and later as the Chief Operating Officer of Cook Inlet Region, Inc., at that time one of the largest minority-owned wireless, radio, and television providers in the U.S. Mr. Kroloff is a lawyer who began his career with the firm of Munger, Tolles & Olson LLP in Los Angeles. He received his B.A. from Claremont McKenna College and his J.D. from the University of Texas School of Law.

Nadir Mohamed. Nadir Mohamed is Chairman of the Board of Directors of AMC. He is the retired President and Chief Executive Officer of Rogers Communications Inc., a TSX and NYSE listed media and telecommunications company with an enterprise value in excess of $35 billion. While at Rogers, Mr. Mohamed also held positions as the President and Chief Operating Officer of the company's Communications Group and as the President and Chief Executive Officer of Rogers Wireless. Earlier in his career, he served as a senior executive at Telus Communications and at BC Telecom. Mr. Mohamed is currently a director on the boards of TD Financial Group, Cineplex, Ryerson University, and Next Canada. He is also the Co-Founder and Chair of Scale Up Ventures and Ryerson Futures Inc. Mr. Mohamed graduated from the University of British Columbia with a Bachelor of Commerce degree and holds a CPA, CA and FCA designation.

Reza R. Satchu. Reza R. Satchu is a Managing Partner and Co-Founder of AMC. Mr. Satchu has co-founded, built and/or managed several operating businesses from inception including: AMC; SupplierMarket, a supply chain software company that was sold to Ariba Inc. for share consideration implying an enterprise value of US$924 million; StorageNow, which became one of Canada's largest self-storage companies prior to being sold to InStorage REIT for cash consideration of C$110 million; and KGS-Alpha Capital Markets L.P., a U.S. fixed-income broker dealer, that was sold to BMO Financial Group. Previously, Mr. Satchu was a General Partner at Fenway Partners, a $1.4 billion private equity firm focused on acquiring leading middle market companies and a Financial Analyst at Merrill Lynch in the High Yield Finance and Restructuring Group. Mr. Satchu has received "Canada's Top 40 Under 40™" Award and the 2011 Management Achievement Award from McGill University. Mr. Satchu is on the board of directors of Alignvest Acquisition II Corporation and previously served on the Boards of KGS-Alpha Capital Markets and the Toronto Hospital for Sick Children Foundation where he was Vice-Chairman of the Board from 2009 to 2011. He is currently a member of the Advisory Board of the Arthur Rock Center for Entrepreneurship at Harvard Business School and he is the Founding Chairman of Next Canada, an intensive entrepreneurship program for Canada's most promising young entrepreneurs. Mr. Satchu has a bachelor's degree in economics from McGill University and a MBA from Harvard University.

Executive Officers

Bradley J. Horwitz. Please see Mr. Horwitz's biography above.

Erik Mickels. Erik Mickels joined Trilogy LLC in March 2014 as the company's Chief Accounting Officer and Vice President – Corporate Controller and has since assumed responsibilities as Trilogy LLC's CFO. He began his career at Arthur Andersen LLP and spent twelve years with KPMG LLP working primarily with multi-national SEC registrants within the technology and retail industries. Erik is also a Certified Public Accountant.

Scott Morris. Scott Morris has been Trilogy LLC's Senior Vice President and General Counsel since it commenced operations in 2006. Before joining Trilogy LLC in 2006, Mr. Morris served as General Counsel of Western Wireless International in 2005. From 2000 to 2004, he was Senior Vice President and General Counsel for Terabeam Corporation, a manufacturer of broadband wireless equipment. Previously he was Senior Vice President – External Affairs for AT&T Wireless, and held senior legal and government affairs positions at McCaw Cellular and Viacom Cable. After graduating from University of California Hastings College of the Law, he joined the Federal Trade Commission in Washington, D.C., where he served as an attorney-advisor to the chairman of the Commission.

Juan Pablo Calvo. Juan Pablo Calvo has 36 years of executive level experience in telecommunications, construction and other industrial organizations. He has been the Chief Executive Officer of NuevaTel since 2010 and also held the same position from 2001 to 2006. Mr. Calvo served as the Business Development Vice President of Trilogy LLC between 2008 and 2010 and was Trilogy LLC's Vice President Operations – Latin America and the Caribbean from 2006 to 2008. Prior to joining Trilogy LLC and NuevaTel, Mr. Calvo held a number of executive level positions, including acting as Chief Executive Officer of Telecel S.A. (Millicom Bolivia), now TIGO Bolivia, from 1993 to 1998.

Stewart Sherriff. Stewart Sherriff began his career serving in a variety of technology positions in BT (formerly British telecom), Telstra and Optus (Australian telecommunications carriers), and Tretech Solutions (a contractor for AT&T Wireless in Saudi Arabia). In 1997, he was engaged by SmarTone Mobile Communications, the first GSM wireless carrier in Hong Kong, as its Head of Operations. He joined Western Wireless International as Vice President — Operations in 1997. As part of Western Wireless International, Stewart served as CEO of Irish mobile

third entrant Meteor from 2003-2005 and worked in mobile businesses owned by Western Wireless International in Europe, South America, Africa, and the US. He was on the board of Telering Austria, one of Western Wireless International's subsidiaries. After Western Wireless International's parent, Western Wireless, was purchased by Alltel in 2005, Mr. Sherriff became Senior Vice President and Chief Technical Officer of Trilogy LLC. With Trilogy LLC as 2degrees' majority shareholder, he served as Chairman of 2degrees prior to taking on the role of Chief Executive Officer of 2degrees in 2013.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company has been, at the date of this AIF or within the last 10 years: (a) a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of such an order; or (b) a director or executive of a company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of the Company has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

To the knowledge of the Company, no director or executive officer of the Company has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Conflicts of Interest

Certain of the directors and executive officers of the Company are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with the Company from time to time. The BCBCA requires, among other things, that the directors and executive officers of the Company act honestly and in good faith with a view to the best interest of the Company, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Company and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. See also "*Risk Factors*".

AUDIT COMMITTEE

Charter of the Audit Committee

The full text of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Appendix "A" to this AIF.

Composition of the Audit Committee

The Audit Committee consists of Mark Kroloff (Chair), Alan Horn and Nadir Mohamed. Each member of the Audit Committee is independent (as defined in NI 52-110 and U.S. Securities regulations) and none receive, directly or indirectly, any compensation from the Company other than for service as a member of the Board and its committees.

All three members of the Audit Committee are financially literate under NI 52-110. The Board has determined that Mark Kroloff is an "audit committee financial expert" within the meaning of SOX.

For the relevant education and experience of each of the members of the Audit Committee, please refer to the biographies of Mr. Kroloff, Mr. Horn and Mr. Mohamed in "*Directors and Executive Officers — Biographies*" in this AIF.

Pre-Approval Policies and Procedures

The Audit Committee has adopted requirements regarding pre-approval of audit or non-audit services as part of its Audit Committee Charter. The Audit Committee Charter provides that the Audit Committee shall have the ultimate authority to approve all audit engagement terms and fees, and requires that the Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service to the Company (together with all non-audit service fees) that it deems advisable in accordance with applicable requirements and the Board approved policies and procedures. The Audit Committee will consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority for non-audit services to a member of the Audit Committee; however, the decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

External Audit Service Fees

In connection with the completion of the Arrangement, Trilogy LLC's independent auditor, Grant Thornton LLP, became the auditor of the Company. The aggregate fees for professional services provided by Grant Thornton LLP to the Company and Trilogy LLC in respect of the last two fiscal years are as follows:

Amounts in thousands USD	2018	2017
Audit Fees(1)	$2,543	$3,288
Audit-Related Fees	$ -	$ -
Tax Fees	$ -	$ -
All Other Fees(2)	$16	$63

Notes:

(1) Fees for audit services include fees associated with the annual audit, including the reviews of the Company's quarterly reports, statutory audits required internationally, comfort letters, other assurance procedures, and review of documents publicly filed. The 2017 amount includes approximately $0.2 million related to the audit procedures in connection with the Arrangement.

(2) All other fees consist of fees for services, other than those that meet the criteria above and include fees related to operational audit services.

PROMOTER

AMC, the sponsor of Alignvest, was considered a promoter of Alignvest within the meaning of applicable securities legislation for the purposes of Alignvest's initial public offering. To the knowledge of the Company, as of the date hereof, AMC owns, directly or indirectly, 9,674,738 Common Shares representing approximately 16.7% of the outstanding Common Shares and 11.5% of the total voting power of the Company, assuming that all holders of Trilogy LLC Class C Units have properly provided voting instructions to the Trustee. AMC also owns 407,040 TIP Inc. Warrants (approximately 3.0% of the outstanding TIP Inc. Warrants).

Prior to the completion of the Arrangement, Alignvest paid AMC a total of $10,000 (plus applicable taxes) per month for office space, utilities and administrative supports. The administrative services agreement terminated upon completion of Arrangement.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set out below, the Company is not aware of any existing or contemplated legal proceedings to which it or any of its subsidiaries is a party, or to which any of their property is subject, that would have a material adverse effect on the Company. In the ordinary course of business, the Company and its properties, may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. See "*Risk Factors*".

In January 2017, Tesbrit notified management that it believed the Company's disclosure of information relating to 2degrees in securities filings in Canada and the United States violated Trilogy LLC's confidentiality obligations under the 2degrees Shareholders Agreement. Tesbrit has also asserted that its pre-emptive rights under the 2degrees Shareholders Agreement and the 2degrees constitution were abridged when 2degrees issued new shares to Trilogy LLC in connection with Trilogy LLC's conversion of a loan to equity and when the Company and Trilogy LLC acquired shares from former 2degrees minority shareholders. To date, Tesbrit has taken no formal legal action with respect to its objections.

Other than as set out below, the Company is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body to which the Company is subject, nor any settlement agreements before a court or with a securities regulatory authority to which the Company is a party.

The Company is subject the following material proceedings with the ATT in Bolivia. In addition to the actions listed below, the Company is subject to a number of other investigations and proceedings that have been opened or filed by the ATT and other Bolivian regulatory agencies. The aggregate liability associated with such other proceedings does not exceed 10% of the current assets of the Company.

- On April 25, 2013, the ATT notified NuevaTel that it proposed to assess a fine of $2.2 million against NuevaTel for delays in making repairs to public telephone equipment in several Bolivian cities in 2010. NuevaTel accrued the full amount of the fine but also filed an appeal with the Bolivian Supreme Tribunal of Justice in regard to the manner in which the fine was calculated. In December 2017, the court rescinded the fine on procedural grounds but permitted the ATT to reimpose the fine. NuevaTel expects that the ATT will do so; in such event, NuevaTel will have the right to discharge the fine by paying half of the stated amount of the penalty on condition that NuevaTel foregoes any right of appeal. NuevaTel is undecided as what action it may take in such event.

- On February 15, 2016, the ATT imposed a fine of $4.5 million on NuevaTel in connection with a service interruption in the town of San José de Chiquitos on the grounds that the outage was preventable by NuevaTel. NuevaTel appealed on the grounds that the interruption was attributable to a force majeure event and, on that basis, ATT rescinded the fine in June 2016 and reinstated it on different grounds. NuevaTel filed an appeal with the Ministry, but was notified by the Ministry in September 2018 that it had rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel has appealed to the Supreme Tribunal of Justice but it has also accrued for payment of the fine.

- The ATT has opened investigations against NuevaTel with respect to several service outages that occurred in 2015, 2016 and 2017. If the ATT determines that these outages were caused by NuevaTel without mitigating factors, fines in the range of $4.5 million to $7.5 million could be imposed for each outage. The ATT has taken no significant action on these investigations after opening them.

- NuevaTel has experienced other service outages since 2016 with respect to which the ATT has not opened investigations. However, it has the authority to do so within two years following the date of an outage and can assess fines as indicated above.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed elsewhere in this AIF and in the management information circular of Alignvest dated December 22, 2016, as amended January 12, 2017, regarding the special meeting of the shareholders of Alignvest held on January 24, 2017, no director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares or Trilogy LLC Class C Units, or any of the respective associates or affiliates of such persons, has any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company within the three most recent financial years preceding the date of this AIF.

Investor Rights Agreements

Effective upon completion of the Arrangement, each of SG Enterprises and AMC entered into an investor rights agreement (each, an "**Investor Rights Agreement**") with the Company

Under the terms of each of the Investor Rights Agreements, SG Enterprises and AMC (each, the "**Investor**") has the right to nominate two directors to the Board, provided that: (i) any nominee proposed by the Investor consents in writing to serve as a director; and (i) such nominee is eligible to serve as a director under the BCBCA, the rules of any stock exchange on which the Common Shares are listed and under any policies and procedures reflecting term limits properly adopted by the Board.

The Investor shall have the right to nominate two directors to the Board for the first two annual general meetings, regardless of the Relevant Percentage Ownership of Common Shares (as defined below) owned by the Investor. After such time, the Investor shall each have the right to nominate two directors to the Board for so long the Relevant Percentage Ownership of Common Shares owned by the Investor is greater than 7.5% . If the Relevant Percentage Ownership of Common Shares owned by the Investor is:

(a) less than 7.5% but greater than 5% for any continuous period of at least 30 days, the Investor will have the right to nominate only one director to the Board; and

(b) less than 5% for any continuous period of at least 30 days, the Investor will no longer have the right to nominate a member to the Trilogy LLC Parent Board.

For the purposes of the Investor Rights Agreements, the Relevant Percentage Ownership of Common Shares shall mean:

(a) for SG Enterprises, the percentage determined by dividing: (a) the sum of (i) the number of Common Shares directly or indirectly beneficially owned by SG Enterprises, plus (ii) the number of votes attached to the Special Voting Share that are directly or indirectly controlled by SG Enterprises, but excluding (iii) any other options, warrants, or other securities convertible or exchangeable into or exercisable for Common Shares; by (b) the sum of (i) the number issued and outstanding of Common Shares, plus (ii) the number of votes attached to the Special Voting Share; and

(b) for AMC, the percentage determined by dividing: (a) the sum of (i) the number of Common Shares directly or indirectly beneficially owned by AMC (including any Common Shares directly or indirectly beneficially owned by Alignvest Partners), but excluding (ii) any other options, warrants, or other securities convertible or exchangeable into or exercisable for Common Shares, by (b) the sum of (i) the number of issued and outstanding of Common Shares; plus (ii) the number of issued and outstanding Trilogy LLC Class C Units.

In addition to the foregoing, for as long as the Investor has the right to nominate at least one director to the Board, the Investor shall also have the right under the Investor Rights Agreement, acting reasonably, to approve the nomination or appointment of any proposed new Independent Directors (as defined in the Trilogy LLC Agreement) to the Board that were not approved by all of the then existing Independent Directors, subject to such proposed new Independent Directors: (i) satisfying the consent and BCBCA eligibility requirements specified above; (ii) satisfying all applicable audit committee independence requirements under applicable securities laws and stock exchange rules; and (iii) not directly or indirectly owning any Trilogy LLC Class C Units.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar of the Common Shares is TMX Investor Services Inc. at its principal offices in Toronto, Ontario and Vancouver, British Columbia. TSX Trust Company, at its principal offices in Toronto, Ontario, is the Warrant Agent for the TIP Inc. Warrants under the Warrant Agency Agreement.

MATERIAL CONTRACTS

The following are the material contracts of the Company, other than contracts entered into in the ordinary course of business:

(a) the Arrangement Agreement;

(b) the Warrant Agency Agreement;

(c) the Trilogy LLC Agreement;

(d) the Voting Trust Agreement;

(e) Forfeiture and Transfer Restrictions Agreement and Undertaking;

(f) the Senior Notes Indenture;

(g) the New Zealand 2021 Senior Facilities Agreement;

(h) the Bolivian Syndicated Loan Agreement;

(i) the Tower Sale Agreement; and

(j) the Tower Lease Agreement.

Copies of the above material contracts are available on the Company's SEDAR profile at www.sedar.com. Set out below are the particulars of certain material contracts not described elsewhere in this AIF.

Senior Notes Indenture

On April 26, 2016, Trilogy LLC entered into a purchase agreement with Deutsche Bank Securities Inc. (the "**Initial Purchaser**") pursuant to which Trilogy LLC agreed to issue and sell to the Initial Purchaser 13.375% senior secured notes in the aggregate principal amount of $450 million due May 2019 (the "**Previous Notes**"). The sale of the Previous Notes was funded on May 6, 2016, with proceeds of $445.5 million, net of discount of $4.5 million. The proceeds from this offering were used to fund Trilogy LLC's April 22, 2016 tender offer to purchase any and all of its then outstanding 10.250% senior secured notes in the aggregate principal amount of $450 million aggregate principal due August 15, 2016 and to discharge any such notes that remained outstanding following such offer to purchase.

In February 2017, Trilogy LLC repurchased $18.2 million of the Previous Notes and paid accrued interest of $0.7 million in connection with the repurchase.

On May 2, 2017, Trilogy LLC closed a private offering of $350 million aggregate principal amount of its senior secured notes due May 1, 2022 (the "**Senior Notes**"). The Senior Notes bear interest at a rate of 8.875% per annum and were issued at 99.506% of their face value. Trilogy LLC applied the proceeds of the Senior Notes offering together with cash on hand to redeem and discharge all of the outstanding Previous Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption, and to pay fees and expenses of $9.1 million related to the offering.

The Senior Notes are secured by (a) a first-priority lien on the equity interests of Trilogy International Finance Inc., a wholly-owned subsidiary of Trilogy LLC and certain direct, wholly-owned U.S. domestic subsidiary guarantors of the Senior Notes and (b) a pledge of any intercompany indebtedness owed to Trilogy LLC or any guarantor by 2degrees or any of 2degrees' subsidiaries and certain third party indebtedness owed to Trilogy LLC by any minority shareholder in 2degrees. The Senior Notes are guaranteed by certain of Trilogy LLC's direct wholly-owned U.S. domestic subsidiaries, and are the Issuers' and the guarantors' senior secured obligations.

The Senior Notes mature on May 1, 2022, and interest is payable semi-annually on May 1 and November 1 of each year. The Senior Notes are redeemable, in whole or in part, by Trilogy LLC, at 100% plus a "make whole" premium (at any time on or prior to April 30, 2019), at 104.438% (at any time between May 1, 2019 and April 30, 2020), at 102.219% (at any time between May 1, 2020 and April 30, 2021) or at 100% (at any time on or after May 1, 2021), plus accrued and unpaid interest, if any, to (but excluding) the date of redemption. Trilogy LLC may also redeem up to 35% of the Senior Notes at any time on or prior to May 1, 2019 using funds in an amount equal to all or a portion of the net cash proceeds of certain public equity offerings at a price equal to 108.875% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but excluding) the date of redemption, provided that at least 65% if the original principal amount of the Senior Notes remains outstanding immediately after the redemption

The indenture governing the Senior Notes (the "**Senior Notes Indenture**") contains certain other covenants, including limitations and restrictions on Trilogy LLC's and its restricted subsidiaries' ability to:

(i) incur additional indebtedness;

(ii) pay dividends, make certain distributions and other restricted payments;

(iii) make certain investments;

(iv) create liens on their assets to secure debt;

(v) enter into transactions with affiliates;

(vi) merge, consolidate or amalgamate with another company;

(vii) agree to any restrictions on the ability of restricted subsidiaries to make payments to Trilogy LLC; and

(viii) transfer or sell assets.

If Trilogy LLC or its subsidiaries sell certain assets, Trilogy LLC may be required to reinvest the net proceeds thereof or to repay obligations under its senior indebtedness or make an offer to purchase the notes from holders with the net proceeds thereof at a purchase price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the purchase date.

2degrees Credit Facilities

New Zealand 2021 Senior Facilities Agreement

In July 2018, 2degrees entered into the New Zealand 2021 Senior Facilities Agreement which has a total available commitment of $250 million NZD ($167.8 million based on the exchange rate at December 31, 2018).

Separate facilities are provided under this agreement to (i) repay the then outstanding balance of the prior $200 million (NZD) New Zealand 2019 Senior Facilities Agreement and pay fees and expenses associated with the refinancing ($195 million NZD), (ii) provide funds for further investments in 2degrees' business ($35 million NZD), and (iii) fund 2degrees' working capital requirements ($20 million NZD). As of December 31, 2018, the $195 million NZD facility ($130.9 million based on the exchange rate at December 31, 2018) was fully drawn and $10 million NZD ($6.7 million based on the exchange rate at December 31, 2018) was drawn on the facility for further investments. As of December 31, 2018, no amount was drawn on the working capital facility. The borrowings and repayments under these facilities, including the recurring activity relating to working capital, are included separately as Proceeds from debt and Payments of debt within Net cash provided by financing activities in the Consolidated Statements of Cash Flows.

The New Zealand 2021 Senior Facilities Agreement also provides for an uncommitted $35 million NZD accordion facility which, after commitments are obtained, can be utilized in the future to fund capital expenditures. The New Zealand 2021 Senior Facilities Agreement matures on July 31, 2021.

The outstanding debt drawn under the New Zealand 2021 Senior Facilities Agreement accrues interest quarterly at the New Zealand Bank Bill Reference Rate ("**BKBM**") plus a margin ranging from 2.40% to 3.80% (the "**Margin**") depending upon 2degrees' net leverage ratio at that time. The weighted average interest rate on the outstanding balance of all drawn facilities was 5.23% as of December 31, 2018.

Additionally, a commitment fee at the rate of 40% of the applicable Margin is payable quarterly on all undrawn and available commitments. As of December 31, 2018, the commitment fee rate was 1.32% .

Distributions from 2degrees are subject to free cash flow tests under the New Zealand 2021 Senior Facilities Agreement, calculated at half year and full year intervals. There is no requirement to make prepayments of principal from 2degrees' free cash flow. The outstanding debt may be prepaid without penalty at any time. Once a year, beginning in 2019, at least six months apart, 2degrees must reduce the outstanding balance of the working capital facility to zero for a period of not less than five consecutive business days.

The New Zealand 2021 Senior Facilities Agreement contains certain financial covenants requiring 2degrees to:

(i) maintain a total interest coverage ratio (as defined in the New Zealand 2021 Senior Facilities Agreement) of not less than 3.0;

(ii) maintain a net leverage ratio (as defined in the New Zealand 2021 Senior Facilities Agreement) of not greater than 3.0 from closing to June 30, 2019, not greater than 2.75 from July 1, 2019 to June 30, 2020; and 2.50 thereafter; and

(iii) not exceed 110% of the agreed to annual capital expenditures (as defined in the New Zealand 2021 Senior Facilities Agreement) in any financial year.

The New Zealand 2021 Senior Facilities Agreement also contains other customary representations, warranties, covenants and events of default and is secured (in favor of an independent security trustee) by substantially all of the assets of 2degrees.

New Zealand 2019 Senior Facilities Agreement

In August 2015, 2degrees entered into the New Zealand 2019 Senior Facilities Agreement with the Bank of New Zealand ("**BNZ**") and certain additional financial institutions (together with BNZ, the "**Banks**") that had a total available commitment of $200 million NZD ($134.2 million based on the exchange rate at December 31, 2018). The debt under the New Zealand 2019 Senior Facilities Agreement bore interest payable quarterly at a rate ranging from 1.15% to 2.05% (depending upon 2degrees' senior leverage ratio at that time) plus the BKBM. Additionally, a line fee of between 0.75% and 1.35% (depending upon 2degrees' senior leverage ratio at that time) calculated on the total committed financing under the New Zealand 2019 Senior Facilities Agreement (both drawn and undrawn) was also payable quarterly. The New Zealand 2019 Senior Facilities Agreement original maturity date was June 30, 2018. In July 2017, 2degrees entered into an agreement with the Banks to extend the term of the facility from June 30, 2018 to January 5, 2019. The extension of the maturity date of the New Zealand 2019 Senior Facilities Agreement was accounted for as a modification in accordance with the applicable accounting guidance. The total fees paid in connection with the modification were not significant and were expensed during the third quarter of 2017.

As mentioned above, in July 2018, 2degrees entered into the New Zealand 2021 Senior Facilities Agreement and used the proceeds of that facility to repay the outstanding balance of the New Zealand 2019 Senior Facilities Agreement.

NuevaTel Credit Facilities

Bolivian 2021 Syndicated Loan

In April 2016, NuevaTel entered into the $25 million Bolivian 2021 Syndicated Loan with a consortium of Bolivian banks. The net proceeds were used to fully repay the then outstanding balance of a previously outstanding loan agreement and the remaining proceeds were used for capital expenditures. The Bolivian 2021 Syndicated Loan is required to be repaid in quarterly installments which commenced in 2016 and will end in 2021, with 10% of the principal amount to be repaid during each of the first two years of the Bolivian 2021 Syndicated Loan and 26.67% of the principal amount to be repaid during each of the final three years. Interest on the Bolivian 2021 Syndicated Loan currently accrues at a variable rate of 5.5% plus the rate established by the Central Bank in Bolivia ("**Tasa de Referencia**") and is payable on a quarterly basis. At December 31, 2018, the interest rate was 7.92% . The outstanding balance of the current and long-term portion of the Bolivian 2021 Syndicated Loan was $5.0 million and $10.0 million, respectively, as of December 31, 2018.

The Bolivian Syndicated Loan Agreement contains certain financial covenants requiring NuevaTel to maintain:

- an indebtedness ratio (as defined in the Bolivian Syndicated Loan Agreement) of not greater than 2.15;
- a debt coverage ratio (as defined in the Bolivian Syndicated Loan Agreement) of not less than 1.25;
- a current ratio (as defined in the Bolivian Syndicated Loan Agreement) of not less than 0.65; and
- a structural debt ratio (as defined in the Bolivian Syndicated Loan Agreement) of not higher than 3.0.

Three switches are specifically pledged as collateral to secure the Bolivian 2021 Syndicated Loan with a general pledge against the remainder of NuevaTel's assets in an event of default.

Bolivian 2022 Bank Loan

In December 2017, NuevaTel entered into the Bolivian 2022 Bank Loan to fund capital expenditures. The Bolivian 2022 Bank Loan is required to be repaid in quarterly installments commencing in 2019 through 2022, with 25% of the principal amount to be repaid each year. Interest on the Bolivian 2022 Bank Loan accrues at a fixed rate of 6.0% and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2022 Bank Loan was $1.7 million and $5.3 million, respectively, as of December 31, 2018.

The Bolivian 2022 Bank Loan agreement contains no financial covenants and is unsecured.

Bolivian 2023 Bank Loan

In December 2018, NuevaTel entered into the Bolivian 2023 Bank Loan to fund capital expenditures. NuevaTel drew down the $8.0 million debt facility in two $4.0 million advances that occurred in December 2018 and January 2019. The Bolivian 2023 Bank Loan is required to be repaid in quarterly installments commencing in September 2019 through 2023, with 11% of the principal amount to be repaid during the first year and 22.25% of the principal amount to be repaid during each of the final four years. Interest on the Bolivian 2023 Bank Loan accrues at a fixed rate of 7.0% for the first 24 months and thereafter at a variable rate of 5.0% plus Tasa de Referencia and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2023 Bank Loan was $0.4 million and $3.6 million, respectively, as of December 31, 2018.

The Bolivian 2023 Bank Loan agreement contains no financial covenants and is unsecured.

INTERESTS OF EXPERTS

In connection with the completion of the Arrangement, Grant Thornton LLP, the auditor of Trilogy LLC prior to the Arrangement, was appointed the auditor of the Company. Grant Thornton LLP has an address at 520 Pike St, Suite 2800, Seattle, WA 98101, United States. Such firm prepared the auditor's report on the Company's consolidated financial statements for the financial year ended December 31, 2018 and is independent of the Company within the meaning of the CPA Code of Professional Conduct and within the meaning of PCAOB Rule 3520, Auditor Independence.

ADDITIONAL INFORMATION

Additional information relating to the Company:

(a) may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov;

(b) including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, see the Company's management information circular dated March 27, 2019 in connection with the May 10, 2019 annual meeting of shareholders, available at www.sedar.com or www.sec.gov. Such information will also be contained in the Company's management information circular that will be filed in connection with its next annual meeting of shareholders. Once filed, the circular will be available at www.sedar.com or www.sec.gov; and

(c) is provided in the Company's audited financial statements and related management discussion and analysis for the years ended December 31, 2018 and 2017.

APPENDIX A – CHARTER OF THE AUDIT COMMITTEE OF THE COMPANY

CHARTER OF THE AUDIT COMMITTEE OF TRILOGY INTERNATIONAL PARTNERS INC.

Section 1 PURPOSE

The audit committee (the "**Audit Committee**") is a committee of the board of directors (the "**Board**") of Trilogy International Partners Inc. (the "**Corporation**"). The primary function of the Audit Committee is to assist the directors of the Corporation in fulfilling their applicable roles by:

(a) recommending to the Board the appointment and compensation of the Corporation's external auditor;

(b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;

(c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation by the Corporation's external auditor;

(d) satisfying themselves that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in (g) below, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;

(e) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Corporation; and

(g) reviewing and approving the annual and interim financial statements, related Management Discussion and Analysis ("**MD&A**") and other financial information provided by the Corporation to any governmental body or the public.

The Audit Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct internal or external audits, to determine that the financial statements are complete and accurate and are in accordance with United States generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management, and in certain cases, the external auditor.

Section 2 LIMITATIONS ON AUDIT COMMITTEE'S DUTIES

In contributing to the Audit Committee's discharge of its duties under this Charter, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended to be, or may be construed as, imposing on any members of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject.

Members of the Audit Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

Section 3 COMPOSITION AND MEETINGS

The Audit Committee should be comprised of not less than three directors as determined by the Board, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. All members of the Audit Committee should have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. At least one member of the Audit Committee should have accounting or related financial management expertise and be considered a financial expert. Each member must be "financially literate" within the meaning of 52-110 or must become financially literate within a reasonable period of time following his or her appointment. The Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair of the Audit Committee (the "**Chair**") is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

In addition, the Audit Committee members should meet all of the requirements for members of audit committees as defined from time to time under applicable legislation and the rules of any stock exchange on which the Corporation's securities are listed or traded.

The Audit Committee should meet at least four times annually, or more frequently as circumstances require. The Audit Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate.

For greater certainty, management is indirectly accountable to the Audit Committee and is responsible for the timeliness and integrity of the financial reporting and information presented to the Board.

In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Audit Committee. Each of the Chair of the Board, the external auditor, the Chief Executive Officer, the Chief Financial Officer or the Secretary shall be entitled to request that any member of the Audit Committee call a meeting.

This Charter is subject in all respects to the Corporation's articles from time to time.

Section 4 ROLE

As part of its function in assisting the Board in fulfilling its oversight role (and without limiting the generality of the Audit Committee's role), the Audit Committee should:

(1) Determine any desired agenda items;

(2) Review and recommend to the Board changes to this Charter, as considered appropriate from time to time;

(3) Review the public disclosure regarding the Audit Committee required by 52-110;

(4) Review and seek to ensure that disclosure controls and procedures and internal control over financial reporting frameworks are operational and functional;

(5) Summarize in the Corporation's annual information form the Audit Committee's composition and activities, as required; and

(6) Submit the minutes of all meetings of the Audit Committee to the Board upon request.

Documents / Reports Review

(7) Review and recommend to the Board for approval the Corporation's annual and interim financial statements, including any certification, report, opinion, undertaking or review rendered by the external auditor and the related MD&A, as well as such other financial information of the Corporation provided to the public or any governmental body as the Audit Committee or the Board require.

(8) Review other financial information provided to any governmental body or the public as they see fit.

(9) Review, recommend and approve any of the Corporation's press releases that contain financial information.

(10) Seek to satisfy itself and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and related MD&A and periodically assess the adequacy of those procedures.

External Auditor

(11) Recommend to the Board the selection of the external auditor, considering independence and effectiveness, and review and recommend the fees and other compensation to be paid to the external auditor. The Audit Committee shall have the ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(12) Review and seek to ensure that all financial information provided to the public or any governmental body, as required, provides for the fair presentation of the Corporation's financial condition, financial performance and cash flow.

(13) Instruct the external auditor that its ultimate client is not management and that it is required to report directly to the Audit Committee, and not management.

(14) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.

(15) Review and discuss, on an annual basis, with the external auditor all significant relationships it has with the Corporation to determine the external auditor's independence.

(16) Pre-approve all non-audit services (or delegate such pre-approval, as the Audit Committee may determine and as permitted by applicable Canadian securities laws) to be provided by the external auditor.

(17) Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.

(18) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(19) Communicate directly with the external auditor and arrange for the external auditor to be available to the Audit Committee and the full Board as needed.

(20) Review and approve any proposed hiring by the Corporation of current or former partners or employees of the current (and any former) external auditor of the Corporation.

Audit Process

(21) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Audit Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(22) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(23) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.

(24) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Audit Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

Financial Reporting Processes

(25) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.

(26) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

(27) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.

(28) Review with management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto.

(29) Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

(30) If considered appropriate, establish separate systems of reporting to the Audit Committee by each of management and the external auditor.

(31) Periodically consider the need for an internal audit function, if not present.

Risk Management

(32) Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

General

(33) The Audit Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(34) Respond to requests by the Board with respect to the functions and activities that the Board requests the Audit Committee to perform.

(35) Periodically review this Charter and, if the Audit Committee deems appropriate, recommend to the Board changes to this Charter.

(36) Review the public disclosure regarding the Audit Committee required from time to time by applicable Canadian securities laws, including:

(i) the Charter of the Audit Committee;

(ii) the composition of the Audit Committee;

(iii) the relevant education and experience of each member of the Audit Committee;

(iv) the external auditor services and fees; and

(v) such other matters as the Corporation is required to disclose concerning the Audit Committee.

(37) Review in advance, and approve, the hiring and appointment of the Corporation's senior financial executives by the Corporation, if any.

(38) Perform any other activities as the Audit Committee deems necessary or appropriate including ensuring all regulatory documents are compiled to meet Committee reporting obligations under 52-110.

Section 5 AUDIT COMMITTEE COMPLAINT PROCEDURES

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

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Section 3: EX-99.2 (EXHIBIT 99.2)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF TRILOGY INTERNATIONAL PARTNERS INC.

This Management's Discussion and Analysis ("MD&A") contains important information about the business of Trilogy International Partners Inc. ("TIP Inc.", together with its consolidated subsidiaries, the "Company"), and their performance for the years ended December 31, 2018, 2017 and 2016. This MD&A should be read in conjunction with TIP Inc.'s audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto (the "Consolidated Financial Statements"), prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") as issued by the Financial Accounting Standards Board ("FASB").

On February 7, 2017, Trilogy International Partners LLC, a Washington limited liability company ("Trilogy LLC"), and Alignvest Acquisition Corporation ("Alignvest", now TIP Inc.), completed a court approved plan of arrangement (the "Arrangement") pursuant to an arrangement agreement dated November 1, 2016 (as amended December 20, 2016, the "Arrangement Agreement"). Alignvest, a special purpose acquisition corporation ("SPAC") whose Class A restricted voting shares and warrants were listed on the Toronto Stock Exchange, was incorporated under the Business Corporations Act of Ontario ("OBCA") on May 11, 2015 for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar transaction involving Alignvest, referred to as its "qualifying acquisition". The consummation of the Arrangement with Trilogy LLC represented Alignvest's qualifying acquisition. At the effective time of the Arrangement, Alignvest's name was changed to "Trilogy International Partners Inc." Immediately following the completion of the Arrangement, TIP Inc. was continued out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of British Columbia under the Business Corporation Act (British Colombia). For accounting purposes, the Arrangement was treated as a "reverse acquisition" and recapitalization; therefore, Trilogy LLC was considered the accounting acquirer of TIP Inc. Accordingly, Trilogy LLC's historical financial statements as of the period ended and for the periods ended prior to the acquisition became the historical financial statements of TIP Inc. prior to the date of the acquisition. TIP Inc.'s only business is to act, through a wholly owned subsidiary, as the sole managing member of Trilogy LLC. As of December 31, 2018, TIP Inc. holds a 68.7% economic ownership interest in Trilogy LLC.

All dollar amounts are in U.S. dollars ("USD"), unless otherwise stated. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding. This MD&A is current as of March 27, 2019 and was approved by the Company's board of directors.

Cautionary Note Regarding Forward-Looking Statements

Certain statements and information in this MD&A are not based on historical facts and constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws ("forward-looking statements"). Forward-looking statements are provided to help you understand the Company's views of its short and longer term plans, expectations and prospects. The Company cautions you that forward-looking statements may not be appropriate for other purposes.

Forward-looking statements include those about the Company's business outlook for the short and longer term and statements regarding the Company's strategy, plans and future operating performance. Furthermore, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" occur, be taken, or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not promises or guarantees of future performance. Such statements reflect the Company's current views with respect to future events and may change significantly. Forward-looking statements are subject to, and are necessarily based upon, a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies, many of which, with respect to future events, are subject to change. The material assumptions used by the Company to develop such forward-looking statements

include, but are not limited to:

- the absence of unforeseen changes in the legislative and operating frameworks for the Company;
- the Company meeting its future objectives and priorities;
- the Company having access to adequate capital to fund its future projects and plans;
- the Company's future projects and plans proceeding as anticipated;

- taxes payable;
- subscriber growth, pricing, usage and churn rates;
- technology deployment;
- data based on good faith estimates that are derived from management's knowledge of the industry and other independent sources;
- general economic and industry growth rates; and
- commodity prices, currency exchange and interest rates and competitive intensity.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors, including, without limitation, those described under the heading "*Risk Factors*" included in the Annual Information Form for the year ended December 31, 2018 (the "2018 AIF") filed on SEDAR and (with TIP Inc.'s Annual Report on Form 40-F) on EDGAR by TIP Inc., and those referred to in TIP Inc.'s other regulatory filings with the U.S. Securities and Exchange Commission in the United States and the provincial securities commissions in Canada. Such risks, as well as uncertainties and other factors that could cause actual events or results to differ significantly from those expressed or implied in the Company's forward-looking statements include, without limitation:

- Trilogy LLC's and the Company's history of incurring losses and the possibility that the Company will incur losses in the future;
- the Company having insufficient financial resources to achieve its objectives;
- risks associated with any potential acquisition, investment or merger;
- the Company's significant level of consolidated indebtedness and the refinancing, default and other risks resulting therefrom;
- the Company's and Trilogy LLC's status as holding companies;
- the Company's and its subsidiaries' ability to sell or purchase assets;
- the restrictive covenants in the documentation evidencing the Company's outstanding indebtedness;
- the Company's and Trilogy LLC's ability to incur additional debt despite its indebtedness level;
- the Company's ability to pay interest due on its indebtedness;
- the Company's ability to refinance its indebtedness;
- the risk that the Company's credit ratings could be downgraded;
- the significant political, social, economic and legal risks of operating in Bolivia;
- the regulated nature of the industry in which the Company participates;
- some of the Company's operations being in markets with substantial tax risks and inadequate protection of shareholder rights;
- the need for spectrum access;
- the use of "conflict minerals" in handsets and the availability of certain products, including handsets;
- anti-corruption compliance;
- intense competition in all aspects of the Company's business;
- lack of control over network termination costs, roaming revenues and international long distance revenues;
- rapid technological change and associated costs;
- reliance on equipment suppliers;
- subscriber churn risks, including those associated with prepaid accounts;
- the need to maintain distributor relationships;
- the Company's future growth being dependent on innovation and development of new products;
- security threats and other material disruptions to the Company's wireless network;
- the ability of the Company to protect subscriber information, and cybersecurity risks generally;
- actual or perceived health risks associated with handsets;
- litigation, including class actions and regulatory matters;
- fraud, including device financing, customer credit card, subscription and dealer fraud;
- reliance on limited management resources;
- risks related to the minority shareholders of the Company's subsidiaries;
- general economic risks;

- natural disasters, including earthquakes;
- foreign exchange rate changes;
- currency controls and withholding taxes;
- interest rate risk;
- Trilogy LLC's ability to utilize carried forward tax losses;
- tax related risks;
- the Company's dependence on Trilogy LLC to make contributions to pay the Company's taxes and other expenses;
- Trilogy LLC's obligations to make distributions to the Company and the other owners of Trilogy LLC;
- differing interests among TIP Inc.'s and Trilogy LLC's other equity owners in certain circumstances;
- the Company's internal controls over financial reporting;
- an increase in costs and demands on management resources when the Company ceases to qualify as an "emerging growth company" under the U.S. Jumpstart Our Business Startups Act of 2012;
- additional expenses if the Company loses its foreign private issuer status under U.S. federal securities laws;
- risks that the market price of the common shares of TIP Inc. (the "Common Shares") may be volatile and may continue to be significantly depressed;
- risks that substantial sales of Common Shares may cause the price of the shares to decline;
- risks that the Company may not pay dividends;
- restrictions on the ability of Trilogy LLC's subsidiaries to pay dividends;
- dilution of the Common Shares and other risks associated with equity financings;
- risks related to the influence of securities industry analyst research reports on the trading market for the Common Shares;
- new laws and regulations; and
- risks as a publicly traded company, including, but not limited to, compliance and costs associated with the U.S. Sarbanes-Oxley Act of 2002 (to the extent applicable).

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Market and Other Industry Data

This MD&A includes industry and trade association data and projections as well as information that the Company has prepared based, in part, upon data, projections and information obtained from independent trade associations, industry publications and surveys. Some data is also based on the Company's good faith estimates, which are derived from management's knowledge of the industry and independent sources. Industry publications, surveys and projections generally state that the information contained therein has been obtained from sources believed to be reliable. The Company has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements as to the Company's market position are based on market data currently available to the Company. Its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in TIP Inc.'s 2018 AIF under the heading "*Risk Factors*" and discussed herein under the heading "*Cautionary Note Regarding Forward-Looking Statements*". Projections and other forward-looking information obtained from independent sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this MD&A.

Trademarks and Other Intellectual Property Rights

The Company has proprietary rights to trademarks used in this MD&A, which are important to its business, including, without limitation, 2degrees, NuevaTel and Viva. The Company has omitted the "®," "™" and similar trademark designations for such trademarks but nevertheless reserves all rights to such trademarks. Each trademark, trade name or service mark of any other company appearing in this MD&A is owned by its respective holder.

About the Company

TIP Inc., together with its consolidated subsidiaries in New Zealand and Bolivia, is a provider of wireless voice and data communications including local, international long distance and roaming services, for both subscribers and international visitors roaming on its networks. The Company also provides fixed broadband communications to residential and enterprise customers in New Zealand. The Company's services cover an aggregate population of 15.9 million persons. The Company's founding executives launched operations of the Company's Bolivian subsidiary, Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia), S.A. ("NuevaTel"), in 2000, when it was owned by Western Wireless Corporation ("Western Wireless"). Trilogy LLC acquired control of NuevaTel from Western Wireless in 2006, shortly after Trilogy LLC was founded. Trilogy LLC launched its greenfield operations in New Zealand, Two Degrees Mobile Limited ("2degrees"), in 2009. As of December 31, 2018, the Company had approximately 1,821 employees.

The Company's Strategy

The Company's strategy is to build, acquire and manage wireless and wireline operations in markets that are located outside the United States of America and demonstrate the potential for continuing growth. The Company believes that the wireless communications business will continue to expand in these markets because of the increasing functionality and affordability of wireless communications technologies as well as the acceleration of wireless data consumption as experienced in more developed countries. Data revenue growth continues to present a significant opportunity with each of the Company's markets in different stages of smartphone and other data-enabled device penetration.

The Company's services are provided using a variety of wireless service communication technologies: Global System for Mobile Communications ("GSM" or "2G"), Universal Mobile Telecommunication Service, a GSM-based third generation mobile service for mobile communications networks ("3G"), and Long Term Evolution ("LTE"), a widely deployed fourth generation service ("4G"). Deployment of 4G in New Zealand and Bolivia enables the Company to offer its wireless subscribers in those markets a wide range of advanced services while achieving greater network capacity through improved spectral efficiency. The Company believes that 3G and 4G services will continue to be a catalyst for revenue growth from additional data services, such as mobile broadband, internet browsing capabilities, richer mobile content, video streaming and application downloads. Furthermore, in light of the fact that LTE standards are now ratified, the Company expects that in the foreseeable future 4G LTE networks will be enhanced with 4.5G and 4.9G services, which are recognized in the industry as LTE Advanced ("LTE-A") and LTE Advanced Pro ("LTE-A pro"), respectively. This evolution is expected to be accomplished mainly through commercial software releases by our network equipment manufacturers.

In April 2015, the Company entered the New Zealand broadband market through the acquisition of a broadband business which allows it to provide both mobile and broadband services to subscribers via bundled products. The sale of bundled services in New Zealand facilitates better customer retention and the ability to capture a larger share of household communications revenues and small and medium enterprise customers.

Foreign Currency

In New Zealand, the Company generates revenue and incurs costs in New Zealand dollars ("NZD"). Fluctuations in the value of the New Zealand dollar relative to the U.S. dollar can increase or decrease the Company's overall revenue and profitability as stated in USD, which is the Company's reporting currency. The following table sets forth for each period indicated the exchange rates in effect at the end of the period and the average exchange rates for such periods, for the NZD, expressed in USD.

	December 31, 2018	December 31, 2017	December 31, 2016
End of period NZD to USD exchange rate	0.67	0.71	0.69
% Change	(5%)	3%	

	Year Ended December 31,		
	2018	2017	2016
Average NZD to USD exchange rate	0.69	0.71	0.70
% Change	(3%)	2%	

The following table sets forth for each period indicated the exchange rates in effect at the end of the period and the average exchange rates for such periods, for the Canadian dollar ("CAD" or "C$"), expressed in USD, as quoted by the Bank of Canada.

	December 31, 2018	December 31, 2017	December 31, 2016
End of period CAD to USD exchange rate	0.73	0.80	0.74
% Change	(8%)	7%	

	Year Ended December 31,		
	2018	2017	2016
Average CAD to USD exchange rate	0.77	0.77	0.75
% Change	0%	2%	

Overall Performance

The table below summarizes the Company's key financial metrics for the years ended December 31, 2018, 2017 and 2016:

	For the Year Ended December 31,			% Variance	
(in thousands)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Postpaid wireless subscribers	767	737	717	4%	3%
Prepaid wireless subscribers	2,600	2,824	2,876	(8%)	(2%)
Other wireless subscribers[1]	58	61	64	(6%)	(4%)
Wireline subscribers	82	69	56	19%	23%
Total ending subscribers	3,506	3,690	3,712	(5%)	(1%)
(in millions, unless otherwise noted)					
Service revenues	$ 576.6	$ 600.1	$ 586.3	(4%)	2%
Total revenues	$ 798.2	$ 778.9	$ 765.0	2%	2%
Loss from continuing operations	$ (31.7)	$ (30.1)	$ (40.6)	(6%)	26%
Consolidated Adjusted EBITDA[2]	$ 144.7	$ 150.4	$ 154.7	(4%)	(3%)
Consolidated Adjusted EBITDA Margin % [2]	25%	25%	26%	n/m	n/m
Capital expenditures[3]	$ 82.9	$ 92.4	$ 107.6	(10%)	(14%)

n/m - not meaningful

[1]Includes public telephony and other wireless subscribers.

[2]These are non-U.S. GAAP measures and do not have standardized meanings under U.S. GAAP. Therefore, they are unlikely to be comparable to similar measures presented by other companies. For definitions and reconciliation to most directly comparable GAAP financial measures, see "Definitions and Reconciliations of Non-GAAP Measures" in this MD&A.

[3]Represents purchases of property and equipment from continuing operations excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements. Purchase of property and equipment from discontinued operations was $0.2 million for the year ended December 31, 2016. There was no activity from the discontinued operations recorded after the sale of Trilogy Dominicana was completed on March 23, 2016 (see "Discontinued Operations – Trilogy Dominicana" below).

Reclassification of Imputed Discount on Equipment Installment Plan Receivables

Beginning with the second quarter of 2018, the amortization of imputed discount on Equipment Installment Plan ("EIP") receivables was reclassified from Other, net and is now included as a component of Non-subscriber international long distance and other revenues on our Consolidated Statements of Operations and Comprehensive Loss. This presentation provides a clearer representation of amounts earned from the Company's ongoing operations and aligns with industry practice thereby enhancing comparability. We applied this reclassification to all periods presented in this MD&A.

Amortization of imputed discount included within Non-subscriber international long distance and other revenues was $2.4 million, $2.1 million and $1.6 million for the year ended December 31, 2018, 2017 and 2016, respectively. This change had no impact on net loss for any period presented.

2018 Full Year Highlights

- Strong growth in New Zealand wireless postpaid subscribers which increased by 34 thousand or 9% from December 31, 2017. Consolidated ending postpaid subscribers grew 4% from December 31, 2017.

- New Zealand wireline subscribers increased by 13 thousand or 19% from December 31, 2017.

- Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, New Zealand blended wireless ARPU increased 1% in 2018 compared to 2017 (a decline of 2% including the impact of foreign currency). This increase was primarily due to the higher proportion of postpaid wireless subscribers over the total wireless subscriber base.

- Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, New Zealand wireline and postpaid service revenues grew 11% and 5% (an increase of 8% and 2% including the impact of foreign currency), respectively, during the year ended December 31, 2018 which contributed to a 1% increase in New Zealand service revenues compared to the same period in 2017 (a decline of 2% including the impact of foreign currency).

- Loss from continuing operations increased by 6%, or $1.7 million, over the year ended December 31, 2017.

- Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, New Zealand Adjusted EBITDA increased 9% over the prior year (an increase of 6% including the impact of foreign currency). Consolidated Adjusted EBITDA declined $5.7 million, or 4% over the prior year, and Consolidated Adjusted EBITDA margin was 25% in both 2018 and 2017.

- Significant investment in network infrastructure with capital expenditures of $82.9 million in 2018. 4G LTE sites on air increased by 22% from December 31, 2017 as 99% of New Zealand and 90% of Bolivian network sites are now 4G LTE-enabled.

- In Bolivia, 4G LTE adoption among subscribers increased from 20% in 2017 to 38% in 2018.

- Net cash provided by operating activities increased by 15%, or $9.6 million, over the year ended December 31, 2017.

Performance Against Full Year Guidance

The following table presents the Company's full-year 2018 guidance and actual results.

Missed X Achieved √

	2018 Revised Guidance[1]	**2018 Actual**	**Achievement**
New Zealand			
Service revenues	Increase of approximately 2%[2]	**Increase of 1%**[2][3]	√
Adjusted EBITDA	Increase of 5% to 7%[2]	**Increase of 9%**[2]	√
Bolivia			
Service revenues	Decrease of 9% to 11%	**Decrease of 7%**	√
Adjusted EBITDA	Decrease of 17% to 20%	**Decrease of 14%**	√

[1]Based on guidance updated November 7, 2018.
[2]Growth in the above table excludes the impact of foreign exchange rates and accounting changes.
[3]Excluding the impact of the decline in roamer revenues, service revenues in New Zealand increased 2%. Roamer revenues were $4 million in 2018 and $9 million in 2017.

Based on guidance updated November 7, 2018, Capital expenditures in New Zealand were expected to remain consistent with 2017 and in Bolivia were expected to decrease between 25% to 30%. In 2018 as compared to 2017, Capital expenditures in New Zealand increased 1%, excluding the impact of foreign exchange rates, and in Bolivia decreased 20%.

Full Year Guidance

The following table presents the Company's actual results for the year 2018 and guidance ranges presented as percentages reflecting changes over 2018 actual results. For our New Zealand segment, our guidance and actual results exclude the impact of foreign exchange rates in 2019. Additionally, the Company adopted the new revenue accounting standard on January 1, 2019 (see Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Company's Consolidated Financial Statements). Thus, 2019 guidance is also presented including the impact of that accounting standard. For 2019, the assessment of our performance against guidance will be calculated including the impact of the new revenue standard.

(in millions)	**2018 Actual**	**2019 Guidance**	**2019 Guidance with impact of New Revenue Standard[(1)]**
New Zealand[(2)]			
Service revenues	**$339.4**	Increase of 2% to 4%	Increase of 1% to 3%
Adjusted EBITDA	**$90.4**	Increase of 6% to 8%	Increase of 15% to 17%
Bolivia[(3)]			
Service revenues	**$236.3**	Decrease of 7% to 11%	Decrease of 9% to 13%
Adjusted EBITDA	**$65.5**	Decrease of 35% to 40%	Decrease of 29% to 34%

[(1)]The impact on guidance under the new revenue standard as it relates to service revenues primarily reflects the reallocation of revenue from service revenues to equipment sales. The impact on guidance under the new revenue standard as it relates to Adjusted EBITDA primarily reflects the deferral and amortization of commissions paid to acquire postpaid and prepaid service contracts.

[(2)]Excludes the impact of foreign exchange rate for New Zealand.

[(3)]Bolivia 2019 guidance ranges are expected to be impacted by the $100 million tower sale transaction announced in the first quarter of 2019, whereby operating expenses will increase by approximately $8 million on an annualized basis. Additionally, it is expected that the competitive conditions of the fourth quarter of 2018 will persist through 2019.

Consolidated capital expenditures for the full year 2019 are expected to be substantially consistent with 2018, on an absolute dollar basis. In addition to our guidance of baseline consolidated capital expenditures, the Company may also evaluate incremental uses of capital. Such incremental projects may include strategic initiatives such as additional national roaming network build in New Zealand and fixed LTE investment in Bolivia which are expected to be partially funded with available borrowing capacity in both markets. In addition to the aforementioned capital expenditures, Bolivia expects to make a payment of approximately $25 million for spectrum renewal in 2019.

The above table outlines guidance ranges for selected full year 2019 consolidated financial metrics. These ranges take into consideration our current outlook and our actual results for 2018. The purpose of the financial outlook is to assist investors, shareholders and others in understanding certain financial metrics relating to expected 2019 financial results for evaluating the performance of our business. This information may not be appropriate for other purposes. Information about our guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with "Cautionary Note Regarding Forward-Looking Statements" in this MD&A and in the AIF, and the related disclosure and information about various economic, competitive, and regulatory assumptions, factors, and risks that may cause our actual future financial and operating results to differ from what we currently expect.

We provide annual guidance ranges on a full year basis, which are consistent with annual full year TIP Inc. board of director approved plans. Any updates to our full year financial guidance over the course of the year would only be made to the guidance ranges that appear above.

Key Performance Indicators

The Company measures success using a number of key performance indicators, which are outlined below. The Company believes these key performance indicators allow the Company to evaluate its performance appropriately against the Company's operating strategy as well as against the results of its peers and competitors. The following key performance indicators are not measurements in accordance with U.S. GAAP and should not be considered as an alternative to net income or any other measure of performance under U.S. GAAP (see definitions of these indicators in "Definitions and Reconciliations of Non-GAAP Measures – Key Industry Performance Measures – Definitions" at the end of this MD&A).

Subscriber Count

(in thousands)	As of December 31, 2018	2017	2016	% Variance 2018 vs 2017	2017 vs 2016
New Zealand					
Postpaid wireless subscribers	430	396	372	9%	6%
Prepaid wireless subscribers [1]	965	1,025	1,067	(6%)	(4%)
Wireline subscribers	82	69	56	19%	23%
New Zealand Total	1,477	1,490	1,495	(1%)	(0%)
Bolivia					
Postpaid wireless subscribers	337	341	345	(1%)	(1%)
Prepaid wireless subscribers	1,634	1,799	1,809	(9%)	(1%)
Other wireless subscribers[2]	58	61	64	(6%)	(4%)
Bolivia Total	2,028	2,201	2,217	(8%)	(1%)
Consolidated					
Postpaid wireless subscribers	767	737	717	4%	3%
Prepaid wireless subscribers [1]	2,600	2,824	2,876	(8%)	(2%)
Other wireless subscribers[2]	58	61	64	(6%)	(4%)
Wireline subscribers	82	69	56	19%	23%
Consolidated Total	3,506	3,690	3,712	(5%)	(1%)

[1]Includes approximately 37 thousand deactivations of prepaid wireless subscribers relating to the 2degrees's planned shutdown of its 2G services in March 2018.

[2]Includes public telephony and other wireless subscribers.

The Company determines the number of subscribers to its services based on a snapshot of active subscribers at the end of a specified period. When subscribers are deactivated, either voluntarily or involuntarily for non-payment, they are considered deactivations in the period the services are discontinued. Wireless subscribers include both postpaid and prepaid services for voice-only, data-only or a combination thereof in both the Company's New Zealand and Bolivia segments, as well as public telephony and other wireless subscribers in Bolivia. Wireline subscribers comprise the subscribers associated with the Company's fixed broadband product in New Zealand.

The Company ended December 31, 2018 with 3.4 million consolidated wireless subscribers, a loss of 198 thousand wireless subscribers compared to December 31, 2017; it ended the period with 82 thousand wireline subscribers, an increase of 13 thousand wireline subscribers over December 31, 2017.

- New Zealand's wireless subscriber base decreased 2% compared to December 31, 2017, mainly driven by a decline in prepaid subscribers, which declined 6% in the period. This decline was primarily due to 2degrees' shutdown of its 2G services in the first quarter of 2018, which deactivated 37 thousand low-value 2G subscribers. The decline in prepaid subscribers was partially offset by growth in postpaid subscribers of 9%. Wireline subscribers increased 19% compared to December 31, 2017, reflecting growth in residential customers.

- Bolivia's wireless subscriber base decreased 8% compared to December 31, 2017, reflecting a decline of prepaid subscribers of 9%. This decline primarily resulted from the conclusion of a promotion that began in 2017 and ended in the second quarter of 2018. The introduction of mobile number portability on October 1, 2018 also contributed to the loss of subscribers.

See the New Zealand and Bolivia Business Segment Analysis sections of this MD&A for additional information regarding the changes in subscribers.

Key Performance Metrics[1]

(not rounded, unless otherwise noted)	For the Year Ended December 31, 2018	2017	2016	% Variance 2018 vs 2017	2017 vs 2016
Monthly blended wireless ARPU	$ 11.83	$ 12.05	$ 11.84	(2%)	2%
Monthly postpaid wireless ARPU	$ 29.16	$ 30.19	$ 29.85	(3%)	1%
Monthly prepaid wireless ARPU	$ 6.74	$ 7.01	$ 7.23	(4%)	(3%)
Cost of acquisition	$ 48.02	$ 58.44	$ 60.03	(18%)	(3%)
Equipment subsidy per gross addition	$ 5.18	$ 9.02	$ 9.27	(43%)	(3%)
Blended wireless churn	6.03%	4.87%	4.82%	n/m	n/m
Postpaid wireless churn	1.66%	1.68%	1.37%	n/m	n/m
Capital expenditures (in millions)[2]	$ 82.9	$ 92.4	$ 107.6	(10%)	(14%)
Capital intensity	14%	15%	18%	n/m	n/m

n/m - not meaningful

[1]For definitions, see "Definitions and Reconciliations of Non-GAAP Measures - Key Industry Performance Measures - Definitions" in this MD&A.

[2]Represents purchases of property and equipment from continuing operations excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements. Purchase of property and equipment from discontinued operations was $0.2 million for the year ended December 31, 2016. There was no activity from the discontinued operations recorded after the sale of Trilogy Dominicana was completed on March 23, 2016 (see "Discontinued Operations—Trilogy Dominicana" below).

Monthly Blended Wireless ARPU – average monthly revenue per wireless user

Monthly blended wireless ARPU decreased by 2% for the year ended December 31, 2018, compared to the same period in 2017, mainly driven by the decline in prepaid wireless ARPU in Bolivia as prepaid data revenues were impacted during 2018 by promotional offers increasing value for price, which more than offset the increase in data usage per customer. However, consolidated wireless data ARPU increased by 2% for the year ended December 31, 2018, compared to the same period in 2017. Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, consolidated wireless data ARPU increased 4%, compared to the same period in 2017, due to an increase in New Zealand which was partially offset by the decline in Bolivia.

The impact of foreign currency also contributed to the decline in the consolidated monthly blended wireless ARPU of 2%. Excluding the impact of foreign currency in New Zealand, consolidated monthly blended wireless ARPU remained flat, compared to the same period in 2017. New Zealand blended wireless ARPU increased 1% for the year ended December 31, 2018 compared to the same period in 2017, excluding the impact of foreign currency. This increase was primarily due to the higher proportion of postpaid wireless subscribers over the total wireless subscriber base, partially offset by a decline in roaming revenue per average subscriber.

Monthly blended wireless ARPU increased by 2% for the year ended December 31, 2017, compared to the same period in 2016; monthly postpaid wireless ARPU increased by 1% for the year ended December 31, 2017, compared to the same period in 2016; and wireless data ARPU increased by 12% for the year ended December 31, 2017, compared to the same period in 2016, while wireless voice and other ARPU declined by 9% for the same periods.

The 2% monthly blended wireless ARPU increase in 2017, over 2016, was primarily driven by New Zealand. In New Zealand, the overall increase in blended wireless ARPU for the year ended December 31, 2017, compared to the same period in 2016, was due to a higher proportion of total wireless subscribers being postpaid wireless subscribers and an increase in data usage per subscriber.

Cost of Acquisition

The Company's cost of acquisition for its segments is largely driven by increases or decreases in equipment subsidies, as well as fluctuations in its sales and marketing expenses, which are components of supporting the subscriber base; the Company measures its efficiencies based on a per gross add or acquisition basis.

Cost of acquisition decreased 18% for the year ended December 31, 2018 compared to 2017. This decrease was primarily attributable to the mix of gross additions in New Zealand and Bolivia. There was an increase in the cost of acquisition in New Zealand which was primarily a result of a decrease in wireless gross additions when compared to the same period in 2017. In Bolivia, cost of acquisition decreased, which was primarily related to a decrease in sales and marketing expense per gross addition as a result of a decrease in the accrual for its customer loyalty program discontinued in the third quarter of 2018.

Cost of acquisition decreased 3% for the year ended December 31, 2017 compared to 2016, mainly attributable to decreases in Bolivia in sales and marketing per gross addition due to a decline in event and sponsorship expenses and commission expenses. Equipment subsidy per gross addition also declined as discussed below. These declines were partially offset by an increase in sales and marketing per gross addition for New Zealand.

Equipment Subsidy per Gross Addition

Equipment subsidies, a component of the Company's cost of acquisition, have centered on an increasing demand for, and promotion of, smartphone devices. In Bolivia, a comparatively new entrant into smartphone-centric adoption, equipment subsidies are used to encourage smartphone-device usage. The grey market category, a source of unsubsidized devices, continues to represent the principal smartphone market in Bolivia. In New Zealand, growth in the wireline subscriber base has resulted in an increase in wireline equipment costs. The Company also periodically offers equipment subsidies on certain plans and higher-end wireless devices; however, there has been less of a focus on handset subsidies since the launch of the EIP in the third quarter of 2014.

The equipment subsidy per gross addition declined by 43% for the year ended December 31, 2018 compared to the year ended December 31, 2017. This decrease was mainly attributable to a decline in handset subsidies in New Zealand as the Company offered fewer handset subsidies during 2018 than in 2017.

The equipment subsidy per gross addition decreased by 3% for the year ended December 31, 2017 compared to the year ended December 31, 2016. This decrease was mainly attributable to a decline in Bolivia, partially offset by the increase in wireline equipment subsidy costs in New Zealand mentioned above. This decline in Bolivia is due to higher handset subsidies and promotions in connection with 4G initiatives that occurred in 2016.

Blended Wireless Churn

Generally, prepaid churn rates are higher than postpaid churn rates. Prepaid churn rates have increased in New Zealand and Bolivia during times of intensive promotional activity as well as periods associated with high-volume consumer shopping, such as major events and holidays. There is generally less seasonality with postpaid churn rates, as postpaid churn is mostly a result of service contract expirations, equipment purchased on an installment payment basis being fully paid off, and new device or service launches.

Both New Zealand and Bolivia evaluate their subscriber bases periodically to assess activity in accordance with their subscriber service agreements, and customers who are unable to pay within established standards are terminated; their terminations are recorded as involuntary churn.

Blended wireless churn increased by 116 basis points for the year ended December 31, 2018, compared to the year ended December 31, 2017, due to increased churn in Bolivia as a result of the conclusion of prepaid promotional activity during 2018 and the introduction of mobile number portability on October 1, 2018. The increase in churn in Bolivia was partially offset by decreased churn in New Zealand.

Blended wireless churn increased by 5 basis points for the year ended December 31, 2017, compared to the year ended December 31, 2016, primarily due to increased churn in New Zealand partially offset by decreased churn in Bolivia as offers during the second half of the year improved customer retention.

Capital Expenditures

Capital expenditures include costs associated with the acquisition and placement into service of property and equipment. The Company's industry requires significant and on-going investments, including investment in new technologies and the expansion of capacity and geographical reach. Capital expenditures have a material impact on the Company's cash flows; therefore, planning, funding and managing them is a key focus.

Capital expenditures represent purchases of property and equipment from continuing operations, excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements. Expenditures related to the acquisition of spectrum licenses, if any, are not included in capital expenditures amounts. The Company believes this measure best reflects its cost of capital expenditures in a given period and is a simpler measure for comparing between periods.

For the year ended December 31, 2018 compared to the prior year, the capital intensity percentage decreased primarily due to a decrease in capital expenditures in Bolivia due to timing of spending for the LTE overlay in 2018. In 2018, capital expenditures in Bolivia were incurred mainly for the overlay of 4G LTE technology on existing cell sites as the Company focused on expanding 4G LTE coverage.

For the year ended December 31, 2017 compared to the prior year, the capital intensity percentage decreased representing a decrease in 2017 capital expenditures as a result of the completion in 2016 of the national roaming build and IT projects in New Zealand.

Results of Operations

Consolidated Revenues

	For the Year Ended December 31,			% Variance	
(in millions)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Revenues:					
Wireless service revenues	$ 500.3	$ 526.2	$ 524.7	(5%)	0%
Wireline service revenues	61.8	57.1	43.4	8%	32%
Equipment sales	221.6	178.8	178.8	24%	0%
Non-subscriber ILD and other revenues	14.4	16.7	18.1	(14%)	(8%)
Total revenues	$ 798.2	$ 778.9	$ 765.0	2%	2%

Consolidated Wireless Service Revenues

Wireless service revenues decreased $25.9 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, wireless service revenues decreased $18.5 million compared to the same period in 2017 primarily due to a decrease in prepaid revenues in Bolivia attributable to declines in both data revenues and voice revenues. The data revenues decline was mainly driven by competitive pricing changes in the market, whereas the voice revenues decline was due to a decrease in the volume of voice traffic on the network. Consolidated data revenues declined $3.6 million; however, excluding the impact of foreign currency, consolidated data revenues increased $1.1 million compared to 2017, as increases in New Zealand offset declines in Bolivia.

Wireless service revenues increased $1.5 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was primarily due to stronger data revenues in both New Zealand and Bolivia and an increase in the postpaid wireless subscriber base in New Zealand being partially offset by a decline in prepaid revenues in Bolivia. Consolidated data revenue increased by 11% for the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was driven primarily by an increase in postpaid subscribers in New Zealand and growth in 4G LTE device adoption and data usage in both New Zealand and Bolivia.

Consolidated Wireline Service Revenues

Wireline service revenues increased $4.7 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily due to the 19% growth in the wireline subscriber base.

Wireline service revenues increased $13.7 million for the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to growth in the wireline residential subscriber base partially offset by a decline in wireline residential ARPU of 6%. The wireline residential subscriber base increased 23% over the same period in 2016, ending 2017 with approximately 69 thousand wireline residential subscribers.

Consolidated Equipment Sales

Equipment sales increased $42.8 million for the year ended December 31, 2018 compared to the year ended December 31, 2017, due to a shift in product mix toward higher priced devices coupled with an increase in the volume of sales over the prior year in New Zealand.

Equipment sales were flat for the year ended December 31, 2017 compared to the year ended December 31, 2016. Excluding the impact of foreign currency, consolidated equipment sales decreased $3.5 million in 2017 compared to the year ended December 31, 2016. This decrease was due to declines in Bolivia and New Zealand attributable to a decline in the number of handsets sold as a result of more promotional activity in 2016 in Bolivia to stimulate the demand for 4G LTE handsets and data usage and fewer gross additions in New Zealand in 2017 due to the IT system implementation.

Consolidated Non-subscriber International Long Distance (“ILD”) and Other Revenues

Non-subscriber ILD and other revenues decreased $2.3 million for the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily due to a decrease in traffic terminating on the Company’s network in New Zealand.

Non-subscriber ILD and other revenues decreased $1.4 million for the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to a decrease in traffic terminating on the Company’s network in Bolivia.

Consolidated Operating Expenses

Operating expenses represent expenditures incurred by the Company’s operations and its corporate headquarters.

	For the Year Ended December 31,			% Variance	
(in millions)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Operating expenses:					
Cost of service, exclusive of depreciation, amortization and accretion shown separately	$ 202.3	$ 214.7	$ 212.7	(6%)	1%
Cost of equipment sales	233.8	197.7	197.9	18%	(0%)
Sales and marketing	100.6	103.3	104.5	(3%)	(1%)
General and administrative	126.6	121.4	102.3	4%	19%
Depreciation, amortization and accretion	111.9	106.9	105.5	5%	1%
Loss on disposal and abandonment of assets	1.3	0.7	0.6	97%	12%
Total operating expenses	$ 776.6	$ 744.7	$ 723.3	4%	3%

Consolidated Cost of Service

Cost of service expense decreased $12.3 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, due to declines in both New Zealand and Bolivia. In New Zealand, the decline was mainly attributable to a decline in non-subscriber interconnection costs associated with a decline in the volume of traffic terminating on other carriers’ networks. In Bolivia, the decline was driven by a decrease in interconnection costs due to a lower volume of voice traffic terminating outside of NuevaTel’s network. There was also a decline associated with the strengthening of the U.S. dollar as compared to the New Zealand dollar and a decline in national roaming costs in New Zealand primarily attributable to 2degrees’ investment in increasing the coverage of its network.

Cost of service expense increased $2.0 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. Excluding the impact of foreign currency, cost of service was flat in 2017 compared to 2016. Cost of service expense in New Zealand increased due to higher broadband transmission expenses and the strengthening of the New Zealand dollar as compared to the U.S. dollar. These increases were partially offset by a decline in national roaming costs in New Zealand and reduced voice and Short Messaging Service ("SMS") interconnection costs in Bolivia.

Consolidated Cost of Equipment Sales

Cost of equipment sales increased $36.1 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily due to a product mix shift toward higher priced handset devices coupled with an increase in the volume of sales over the same period in the prior year in New Zealand. 2degrees offered new plan options and promotions during 2018 which resulted in customer adoption of higher priced handset devices. This increase was partially offset by a decline associated with the strengthening of the U.S. dollar as compared to the New Zealand dollar.

Cost of equipment sales was flat for the year ended December 31, 2017 compared to the year ended December 31, 2016. Excluding the impact of foreign currency, cost of equipment sales decreased $3.8 million, or 2%, in 2017 compared to 2016, due to a decline in Bolivia as a result of a higher level of handset subsidies and promotional activity in 2016 to stimulate the demand for 4G LTE handsets and data usage and fewer gross additions in New Zealand in 2017 due to the IT system implementation.

Consolidated Sales and Marketing

Sales and marketing decreased $2.7 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, due to a decline in Bolivia that more than offset the increase in New Zealand. In Bolivia, the decline was related to the accrual for its customer loyalty program which ended in the third quarter of 2018. The net impact of the change of this accrual, which reversed expenses that were previously recognized but not incurred through completion of the program, was $2.2 million for the year ended December 31, 2018. In New Zealand, there was an increase due to higher advertising and promotion costs compared to the same period in 2017.

Sales and marketing decreased $1.1 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. Excluding the impact of foreign currency, sales and marketing decreased $2.4 million, or 2%, due to a decline in events and sponsorships as we spend more digitally and a decrease in commissions in Bolivia as a result of the decline in the prepaid subscriber base.

Consolidated General and Administrative

General and administrative costs increased $5.2 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, driven by increases in both New Zealand and Bolivia. In New Zealand, the increase was primarily driven by the loss on sales of EIP receivables driven by a higher volume of sales of EIP receivables made in 2018 as compared to 2017 along with an increase in equity-based compensation expense. These increases in New Zealand were partially offset by a decline in bad debt expense which was higher in 2017 primarily associated with our IT transition. In Bolivia, the increase was driven by increased salaries and wages and business taxes. General and administrative costs also increased due to an increase in consolidated costs incurred related to the implementation of the new revenue recognition standard of approximately $1.8 million compared to 2017.

General and administrative costs increased $19.2 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was primarily driven by increases in New Zealand for bad debt expense and an increase in computer hardware and software maintenance costs attributable to the conversion to the new business support system. New Zealand also had an increase in consulting expenses and salaries and wages for customer care and IT. These increases were partially offset by a decline in losses associated with the sale of EIP receivables as fewer sales of EIP receivables were made during 2017. In addition, there was a decrease in equity-based compensation expense in New Zealand as existing plans became fully vested. There were also increased headquarter costs of $6.7 million in 2017 compared to 2016, primarily related to nonrecurring compliance costs associated with becoming a public company, along with non-cash equity-based compensation expenses of $2.1 million mainly related to restricted share units granted in June 2017.

Consolidated Depreciation, Amortization and Accretion

Depreciation, amortization and accretion increased $5.0 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily due to current and prior expenditures for LTE network overlay and software development enhancements.

Depreciation, amortization and accretion increased $1.5 million for the year ended December 31, 2017, compared to the year ended December 31, 2016, primarily due to the new business support system placed into service in New Zealand during the first quarter of 2017 and the strengthening of the New Zealand dollar as compared to the U.S. dollar, partially offset by an annual revision in estimated cash flows of asset retirement obligations during the third quarter of 2017.

Consolidated Other Expenses (Income)

	For the Year Ended December 31,			% Variance	
(in millions)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Interest expense	$ 45.9	$ 59.8	$ 69.1	(23%)	(13%)
Change in fair value of warrant liability	(6.4)	(9.1)	-	30%	n/m
Debt modification and extinguishment costs	4.2	6.7	3.8	(37%)	76%
Other, net	4.7	(1.3)	1.8	452%	(175%)

Consolidated Interest Expense

Interest expense decreased by $13.8 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. Interest expense decreased by $9.3 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. These decreases were primarily due to the refinancing and repayment in 2017 of the 13.375% Trilogy LLC senior secured notes due 2019 (the "Trilogy 2019 Notes") in the aggregate principal amount of $450 million. In May 2017, Trilogy LLC issued 8.875% senior secured notes due 2022 (the "Trilogy 2022 Notes") in the aggregate principal amount of $350 million and used the proceeds thereof, together with cash on hand, to repay the Trilogy 2019 Notes. This refinancing and repayment had the effect of reducing annualized interest costs at Trilogy LLC from approximately $60 million to approximately $31 million.

Consolidated Change in Fair Value of Warrant Liability

As of February 7, 2017 in connection with the completion of the Arrangement, TIP Inc.'s issued and outstanding warrants were classified as a liability, as the warrants are written options that are not indexed to Common Shares. The warrant liability is marked-to-market each reporting period with the changes in fair value recorded as a gain or loss in the Consolidated Statement of Operations. The non-cash gain from the change in fair value of the warrant liability declined by $2.7 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, mainly due to changes in the trading price of the warrants.

The change in fair value of the warrant liability due to changes in the trading price of the warrants was a non-cash gain of $9.1 million for the period from February 7, 2017 through December 31, 2017.

Consolidated Debt Modification and Extinguishment Costs

Debt modification costs decreased by $2.5 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, due to the costs in 2017 associated with the refinancing of the Trilogy 2019 Notes partially offset by the costs in 2018 associated with the refinancing of the 2degrees senior debt facility. In July 2018, 2degrees entered into a new debt agreement ("New Zealand 2021 Senior Facilities Agreement") and approximately $3.7 million of fees paid to lenders and third parties in connection with the refinancing were expensed. Additionally, approximately $0.5 million of unamortized deferred financing costs were expensed during the third quarter of 2018 as a result of the refinancing.

Debt modification costs increased $2.9 million for the year ended December 31, 2017, compared to the year ended December 31, 2016, due to third-party costs associated with the refinancing of the Trilogy 2019 Notes in 2017 exceeding the fees paid to third parties in connection with the Trilogy 2016 Notes refinancing in 2016. Additionally, unamortized deferred financing costs and unamortized discount previously outstanding were expensed in 2017 as a result of the refinancing in that year.

Consolidated Other, Net

Other, net income decreased by $6.0 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. This decline was primarily driven by a $4.5 million fine in Bolivia accrued in September 2018 related to a network outage that occurred in 2015. For additional information, see Note 16 – Commitments and Contingencies to the Company's Consolidated Financial Statements.

Other, net expense decreased $3.1 million for the year ended December 31, 2017, compared to the year ended December 31, 2016, primarily due to an accrual for a fine in Bolivia during 2016 for delays in making repairs to public telephone equipment.

Consolidated Income Taxes

	For the Year Ended December 31,			% Variance	
(in millions)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Income tax expense	$ 4.9	$ 8.2	$ 7.6	(40%)	7%

Income Tax Expense

Income tax expense decreased $3.3 million for the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily due to lower pre-tax earnings in Bolivia.

Income tax expense increased $0.5 million for the year ended December 31, 2017, compared to the year ended December 31, 2016, due to changes in taxable income, certain withholding taxes, and other related impacts for both NuevaTel and 2degrees, none of which were significant individually or in the aggregate.

Discontinued Operations

Trilogy Dominicana

In March 2015, Trilogy LLC committed to a plan to sell its wholly-owned subsidiary in the Dominican Republic, Trilogy Dominicana S.A. ("Trilogy Dominicana"). As a result of the plan to sell Trilogy Dominicana and the discontinuance of further significant business activities in the Dominican Republic, the assets and liabilities of Trilogy Dominicana were classified as held for sale and the results of operations were classified as discontinued operations for all periods presented in accordance with FASB Accounting Standards Codification 205-20, "Discontinued Operations". Depreciation of the related property and equipment ceased at the time of reclassification of such assets.

On May 22, 2015, Trilogy LLC, through its subsidiary, Trilogy International Dominican Republic LLC, entered into an agreement (as amended on August 21, 2015) to sell Trilogy Dominicana to Servicios Ampliados de Teléfonos S.A., a Dominican Republic entity, for a sale price of $62 million. In connection with the sale agreement, the buyer additionally agreed to fund the operations during the transition period. In fiscal 2015, Trilogy LLC received cash of $27 million from the buyer. On March 23, 2016, the sale of Trilogy Dominicana was completed and Trilogy LLC received the remaining proceeds of $35.0 million and recognized a gain on the sale of $52.8 million. The gain reflected the $62.0 million stated purchase price along with $6.0 million provided in fiscal 2015 by the buyer to fund operations through completion of the sale, net of $5.4 million capital gains taxes paid on April 8, 2016 to the Dominican Republic tax authority, the net assets of Trilogy Dominicana at the closing date and the transaction costs of $0.9 million incurred in fiscal 2015 to complete the transaction. Additionally, upon completion of the sale on March 23, 2016, net operating loss carryforwards of $66.5 million at Trilogy Dominicana as of December 31, 2015, which were subject to a full valuation allowance, were no longer available to the Company.

There were no assets and liabilities related to discontinued operations as of December 31, 2018 or December 31, 2017.

No activity from discontinued operations was recorded after the sale of Trilogy Dominicana was completed on March 23, 2016.

The Company had revenues of $7.5 million, a net loss of $2.5 million, a gain on sale of discontinued operations of $52.8 million, and a gain from discontinued operations, net of tax, of $50.3 million related to Trilogy Dominicana, for the year ended December 31, 2016. In addition, for the year ended December 31, 2016, there was Net cash provided by operating activities of $0.2 million and Net cash used in investing activities of $0.5 million related to Trilogy Dominicana.

Business Segment Analysis

The Company's two reporting segments (New Zealand (2degrees) and Bolivia (NuevaTel)) provide a variety of wireless voice and data communications services, including local, international long distance and roaming services for both subscribers and international visitors roaming on the Company's networks. Services are provided to subscribers on both a postpaid and prepaid basis. In Bolivia, fixed public telephony services are also offered via wireless backhaul connections, as well as in-home use based on WiMAX technology. In New Zealand, fixed broadband communications services, or wireline services, have been offered since May 2015.

The Company's networks support several digital technologies: GSM, 3G, 4G LTE and WiMAX. In Bolivia, the Company launched 4G LTE services in May 2015 and the Company had 1,115 4G LTE sites on-air as of December 31, 2018, an increase of 309 4G LTE sites during 2018. In New Zealand, the Company launched 4G LTE services in 2014 and the Company had 1,086 4G LTE sites on-air as of December 31, 2018, an increase of 87 4G LTE sites during 2018.

	2degrees	NuevaTel
Trilogy LLC Ownership Percentage as of December 31, 2018	73.3%	71.5%
Launch Date	August 2009	November 2000
Population (in millions)[(1)]	4.5	11.3
Wireless Penetration[(2)]	141%	84%
Company Wireless Subscribers (in thousands) as of December 31, 2018	1,396	2,028
Company Market Share of Wireless Subscribers[(2)]	22%	21%

Notes:

[(1)]Source: The U.S. Central Intelligence Agency's World Factbook as of July 2018.

[(2)]Source: Management estimate based on most currently available information.

Following its launch in 2009 as New Zealand's third wireless entrant, 2degrees quickly gained market share. Management estimates that 2degrees has a 22% market share of wireless subscribers in New Zealand based on the most currently available information. The Company believes there is continued opportunity for significant growth in the estimated $5 billion NZD New Zealand telecommunications market where we estimate 2degrees has approximately a 13% share of the revenue.

The Bolivian market also consists of three mobile operators. The Company's Bolivian operation has matured into a stable generator of revenue and cash flow since its launch in 2000, with a 21% estimated market share of wireless subscribers based on the most currently available information. The cash flow generated from its operations has been used to fund its ongoing 4G LTE network expansion as well as to pay dividends to shareholders. Bolivia has low smartphone and broadband penetration compared to other Latin American markets, thus creating opportunity for continued growth in data usage. Furthermore, the Company believes that the availability of smartphones at prices affordable to Bolivian customers and the introduction of other mobile data-capable devices along with additional content will accelerate the data adoption and smartphone penetration rate and data usage in Bolivia.

New Zealand (2degrees)

2degrees launched commercial service in 2009. As of December 31, 2018, Company-controlled entities owned 73.3% of 2degrees with the remaining interests (26.7%) owned by Tesbrit B.V., a Dutch investment company.

Overview

2degrees successfully entered the New Zealand market in 2009. Prior to 2degrees' entry, the New Zealand wireless communications market was a duopoly, and the incumbent operators, Vodafone and Telecom New Zealand (now Spark New Zealand ("Spark")), were able to set relatively high prices, which resulted in low wireless usage by consumers. Additionally, mobile revenue in New Zealand in 2009 was only 31% of total New Zealand telecommunications industry revenue, compared to 42% for the rest of Organization for Economic Co-operation and Development countries. These two factors led the Company to believe that New Zealand presented a significant opportunity for a third competitor to enter the market successfully.

Consequently, 2degrees launched in the New Zealand wireless market in 2009 through innovative pricing, a customer-centric focus, and differentiated brand positioning. 2degrees introduced a novel, low-cost, prepaid mobile product that cut the incumbents' prices of prepaid voice calls and text messages in half and rapidly gained market share. Since then, 2degrees has reinforced its reputation as the challenger brand by combining low-cost alternatives with excellent customer service. Management estimates 2degrees' market share of wireless subscribers to be approximately 22% based on most currently available information.

Additionally, 2degrees provides fixed broadband communications services to residential and enterprise customers.

Services

Today, 2degrees continues to offer compelling plans for data, voice and text on both mobile and fixed lines.

2degrees' prepaid offerings include high value "Carryover Combo" service bundles which provide generous monthly allowances of data, voice and SMS from $9 to $49 NZD per month. The Carryover Combos permit subscribers to call and text Australia at no extra cost and provide Carryover Minutes and Carryover Data that last for up to one year. For casual usage, 2degrees offers low standard calling and texting rates which can be boosted with "Add Ons" for additional minutes or data.

As 2degrees has increased scale, it has intensified its efforts to recruit postpaid subscribers. 2degrees' postpaid plans attract higher value subscribers through innovative offers such as the "Carryover" plans, in addition to the EIP, described below. 2degrees also offers Pool plans where customers can save per subscriber by adding additional connections to their account. All postpaid monthly plans are "Freedom" plans (no-term contracts), and include the ability to call and text both New Zealand and Australia at no extra cost.

In 2018, 2degrees launched Data Clock, an innovative app which enables prepaid and postpaid subscribers to purchase time-bound unlimited mobile data sessions in affordable bursts. Subscribers can currently purchase from time bundles of between 15 minutes to 24 hours of unlimited mobile data sessions. 2degrees also gives all prepaid and postpaid plan subscribers a free hour of unlimited data every day in their plan through the Data Clock app, something no other New Zealand telecom company offers.

2degrees continues to offer the Equipment Installment Plan, or EIP, which is a handset financing plan that enables customers to purchase the handsets they prefer, largely without regard to the service rate plans they select, and pay for their phones over time. The introduction of the EIP significantly reduces handset subsidies that 2degrees pays, thereby reducing subscriber acquisition costs, while allowing subscribers to purchase high-end handsets with the flexibility to choose the appropriate monthly plans without long-term contracts. This handset-financing model enables subscribers to purchase data-centric handsets leading to increased data usage and revenues, as well as generating overall customer satisfaction. 2degrees also offers a trade-up option on eligible high value handsets whereby a subscriber can trade up to the latest smartphone every year as part of their EIP.

2degrees entered the fixed-line internet service provider ("ISP") business and began offering home broadband plans with the Snap Limited ("Snap") acquisition in 2015. Consistent with the 2degrees values of simplicity and transparency, 2degrees offers three plans to new residential customers: a capped plan with a traffic cap of 80 gigabytes per month, an unlimited data plan with speeds up to 100Mbps and an unlimited plan offering the fastest available residential speeds in New Zealand of 900Mbps down and 400Mbps up.

For the capped and unlimited plans, 2degrees offers customers equivalent pricing for both traditional copper broadband and standard ultra-fast fiber broadband (100Mbps). This equivalent pricing enables 2degrees to stand by its commitment to offer the best type of connection available at each address and to upgrade customers as new technology becomes available.

With the acquisition of Snap in 2015, 2degrees acquired a fixed broadband business that was focused on South Island business customers. Since then, 2degrees has expanded to serve business customers across all major cities in New Zealand with sales and support functions in Dunedin, Christchurch, Wellington and Auckland. 2degrees offers enterprise and government solutions which include voice products, a fully-supported end-to-end managed network service, local and global cloud services, mobile plans, machine-to-machine, and Telecommunications as a Service. In 2018, 2degrees added cloud security to its offerings. The enterprise solution also provides professional services to assist in the design and execution of a network or voice solution.

Distribution

As of December 31, 2018, 2degrees' distribution network included approximately 20 Company-owned retail stores, 40 independent dedicated dealers and over 2,500 points of sale through national retail chains and grocery stores. 2degrees also offers services through its online self-service store.

Network

2degrees operates 3G and 4G LTE networks. The 2G services on its mobile network were discontinued in March 2018. As of December 31, 2018, the 2degrees network consisted of 1,092 cell sites, of which approximately 1,086 provide 4G LTE service (an increase of 87 4G LTE sites from December 31, 2017). We estimate that 97% of New Zealand's population is covered through the 2degrees network and approximately 2% of the population is covered through a national roaming agreement with Vodafone. 4G LTE sites covered 97% of the population, enhancing 2degrees' nationwide coverage. In 2018, 2degrees built additional cell sites and expanded the 4G LTE rollout to improve data throughput and in-building coverage. Additionally, during 2016 and 2017, 2degrees deployed cell sites in areas of the country where its subscribers generate high levels of national roaming traffic in order to minimize consumer roaming costs. 2degrees now receives full benefits from this construction program as it completed this project during the first quarter of 2017.

2degrees Spectrum Holdings

Management believes 2degrees currently has sufficient spectrum to compete effectively against other New Zealand wireless operators and expects to renew all or substantially all of its spectrum position once the applicable license expiration dates are reached.

Frequency Band	Spectrum	Spectrum License Expiration	Technology
700 MHz	10 MHz x 2	2031(1)	4G LTE
900 MHz	9.8 MHz x 2	2031(2)	3G and 4G LTE
1800 MHz	25 MHz x 2	2021	4G LTE
2100 MHz	15 MHz x 2	2021	3G

Notes:

(1)The 2031 expiration for the 700 MHz spectrum is conditioned on payment of the spectrum license cost in installments by December 2019. If the aforementioned criteria are not satisfied, the 700 MHz spectrum license expires in 2020.

(2)The 2031 expiration for the 900 MHz spectrum is conditioned on payment by May 2022 of the price of the spectrum license and satisfying certain New Zealand Commerce Act requirements per the sale offer. If these criteria are not satisfied, the right to use the 900 MHz spectrum expire in 2022 except for 4 MHz that expires in 2031.

Governmental Regulation

New Zealand has a Minister of Broadcasting, Communications and Digital Media, supported by the Ministry of Business Innovation and Employment ("MBIE"), which advises on policy for telecommunications and spectrum issues. Following a general election in October 2017, the New Zealand Labour, New Zealand First and Green parties formed a new coalition government. The current Minister of Broadcasting, Communications and Digital Media is a New Zealand Labour MP, appointed to this position in September 2018. The New Zealand Labour party has signaled particular interest in digital content, digital inclusion, regional and broadcasting issues. The government has established a Digital Economy and Digital Inclusion Ministerial Advisory Group to advise the government on how it can best meet its objectives to grow the digital economy, reduce digital divides and benefit from new digital technologies.

On behalf of the government, the MBIE also administers the allocation of radio frequency management rights. 2degrees offers service pursuant to rights in the 700 MHz band, the 900 MHz band, the 1800 MHz band and the 2100 MHz band. 2degrees' 900 MHz and 700 MHz spectrum rights expire in, or can be extended to, 2031; the 2degrees 1800 MHz and 2100 MHz spectrum rights expire in 2021. The Minister of Communications has announced that the government intends to renew 2degrees' 1800 MHz and 2100 MHz rights but will hold back, for future use, 5 MHz in each of the transmit and receive frequencies from 2degrees' 1800 MHz license renewal. (The MBIE will withdraw 5MHz in the transmit and receive frequencies from Vodafone's and Spark's 1800 MHz renewals in 2021 as well). As a result, 2degrees will hold 20 MHz x 2 of 1800 MHz spectrum and 15 MHz x 2 of 2100 MHz spectrum following the renewals in 2021. The New Zealand government has indicated that the cost to 2degrees for these renewals will be approximately $50 million NZD and installment terms will be offered, which is consistent with 2degrees' expectations. The MBIE is also preparing for the introduction of fifth generation wireless services ("5G") in New Zealand, including consideration of 5G spectrum allocations and timing. In line with international developments, the government has announced its intention to auction 5G rights in the 3.5 GHz band in 2020, although it has yet to provide the exact timing or allocation details. The MBIE is currently considering technical issues related to such an allocation. The MBIE is considering other potential 5G bands, including 600 MHz and mmWave spectrum (above 20 GHz)for allocations in the future.

The politically independent Commerce Commission of New Zealand (the "Commerce Commission") is responsible for implementation of New Zealand's Telecommunications Act 2001. The Commerce Commission includes a Telecommunications Commissioner, who oversees a team that monitors the telecommunications marketplace and identifies telecommunications services that warrant regulation. The Commerce Commission's recommendations are made to the Minister. For services that are regulated, the Commerce Commission is authorized to set price and/or non-price terms for services and to establish enforcement arrangements applicable to regulated services. The Commerce Commission's responsibilities include wholesale regulation of the fixed line access services that 2degrees offers, including unbundled bitstream access. The Commerce Commission is currently conducting a study of the mobile market under its monitoring powers. The purpose of this review is to develop a common understanding of the competitive landscape and any future competition issues. It considers both evolving consumer preferences and technological shifts, including implications of fixed-mobile convergence and 5G for infrastructure sharing and wholesale access regulation. The Commerce Commission is consulting with industry stakeholders and has indicated it expects to release preliminary findings of its study in April 2019 and a final report in September 2019. The Commerce Commission is also carrying out a study on domestic backhaul services.

The New Zealand government completed a review of the Telecommunications Act 2001 and issued policy recommendations in June 2017. As a result, legislation was passed late in 2018 that sets out a new regulatory framework for fiber services, which 2degrees employs for the provision of both fixed broadband and mobile communications services to its customers. The legislation takes a regulated 'utility style' building blocks approach, representing a shift from the current Total Service Long Run Increment Cost pricing approach applied to copper services. Copper services will be deregulated in areas where fiber services are available. Access to fiber unbundling will be required, but is not price-regulated. The Commerce Commission is now responsible for implementing this new utility style framework for fiber. It will be conducting extensive industry consultations regarding this so that it can put in place the new regime by January 2022, as required.

In addition, under the new legislation, telecommunications monitoring will be expanded to provide a greater emphasis on service quality rather than the current focus on price and coverage. We expect the Commerce Commission to consult with industry stakeholders on the collection of retail service quality data in early 2019.

There are no major changes to the regulation of mobile-specific services, but the new legislation streamlines various Telecommunications Act 2001 processes, shortening the time for implementation of future regulations, which could include rules governing the mobile sector.

The New Zealand government has taken an active role in funding fiber (the Ultra-Fast Broadband Initiative) and wireless infrastructure (the Rural Broadband Initiative) ("RBI") to enhance citizens' access to higher speed broadband services. The Ultra-Fast Broadband Initiative has been extended over time and fiber is now expected to reach 87% of the population by December 2022. In addition, the government announced an extension of the RBI to RBI2 ("RBI2") and a Mobile Black Spots Fund ("MBSF"). This fund was initially allocated $150 million NZD by the New Zealand government. In April 2017 the three national mobile providers, 2degrees, Vodafone and Spark, formed a joint venture to deliver a shared wireless broadband/mobile solution in the rural areas identified by the government. In August 2017, the New Zealand government signed an agreement with the joint venture to fund a portion of the country's rural broadband infrastructure project (the "RBI2 Agreement"). Under the RBI2 Agreement, each joint venture partner, including 2degrees, committed to invest $20 million NZD over several years in accordance with payment milestones agreed upon between the parties to the agreement. 2degrees will also contribute to the operating costs of the RBI2 network. In December 2018, a further extension of the RBI2/MBSF was announced. This is expected to extend coverage to 99.8% of the population and is funded with $40 million NZD from the government's Provincial Growth Fund and a further $105 million NZD from funding already allocated to the RBI2/MBSF expansion.

In the past, New Zealand's government has supported competition in the telecommunications market. In February 2017, the Commerce Commission rejected a proposed merger between Vodafone, one of 2degrees' competitors, and Sky Network Television, a satellite pay television provider, on grounds that the transaction would lessen competition. The government also has previously imposed limits on the quantity of spectrum that any one party and its associates can hold in specific frequency bands, and has permitted purchasers of spectrum rights to satisfy their purchase payment obligations over time (both of which assisted 2degrees' ability to acquire spectrum rights); however, the government does not have a clear policy to continue these practices.

New Zealand - Operating Results

(in millions, unless otherwise noted)	For the Year Ended December 31, 2018	2017	2016	% Variance 2018 vs 2017	2017 vs 2016
Service revenues	$ 339.4	$ 344.9	$ 315.8	(2%)	9%
Total revenues	$ 556.4	$ 520.0	$ 489.0	7%	6%
Data as a % of wireless service revenues [1]	67%	64%	63%	n/m	n/m
New Zealand Adjusted EBITDA	$ 90.4	$ 85.3	$ 80.9	6%	5%
New Zealand Adjusted EBITDA Margin % [2]	27%	25%	26%	n/m	n/m
Postpaid Subscribers (in thousands)					
Net additions	34	24	60	44%	(60%)
Total postpaid subscribers	430	396	372	9%	6%
Prepaid Subscribers (in thousands)					
Net additions (losses)	(60)[3]	(42)	16	(44%)	(363%)
Total prepaid subscribers	965	1,025	1,067	(6%)	(4%)
Total wireless subscribers (in thousands)	1,396	1,421	1,439	(2%)	(1%)
Wireline Subscribers (in thousands)					
Net additions	13	13	28	3%	(54%)
Total wireline subscribers	82	69	56	19%	23%
Total ending subscribers (in thousands)	1,477	1,490	1,495	(1%)	(0%)
Blended wireless churn	2.91%[3]	3.18%	2.92%	n/m	n/m
Postpaid churn	1.52%	1.70%	1.16%	n/m	n/m
Monthly blended wireless ARPU (not rounded)	$ 15.74	$ 15.98	$ 15.42	(2%)	4%
Monthly postpaid wireless ARPU (not rounded)	$ 34.48	$ 36.36	$ 36.95	(5%)	(2%)
Monthly prepaid wireless ARPU (not rounded)	$ 7.60[3]	$ 7.79	$ 7.85	(2%)	(1%)
Residential wireline ARPU (not rounded)	$ 49.36	$ 54.32	$ 57.66	(9%)	(6%)
Capital expenditures [4]	$ 53.1	$ 53.9	$ 50.9	(2%)	6%
Capital intensity	16%	16%	16%	n/m	n/m

n/m - not meaningful

Notes:

(1) Definition of wireless data revenues has been updated to exclude revenues related to SMS usage. See "Definitions and Reconciliations of Non-GAAP Measures- Key Industry Performance Measures-Definitions" in this MD&A.

(2) New Zealand Adjusted EBITDA Margin is calculated as New Zealand Adjusted EBITDA divided by New Zealand service revenues.

(3) Includes approximately 37 thousand deactivations of prepaid wireless subscribers for the year ended December 31, 2018 relating to the 2G network shutdown that occurred during the three months ended March 31, 2018. Exclusive of these deactivations resulting from the 2G network shutdown, prepaid net subscriber losses would have been 23 thousand, blended wireless churn would have been 2.66% and monthly prepaid wireless ARPU would have been $7.46 for the year ended December 31, 2018.

(4) Represents purchases of property and equipment excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Service revenues declined $5.6 million or 2% compared to 2017. Excluding the adverse impact of the New Zealand dollar as compared to the U.S. dollar, service revenues increased $3.8 million compared to the same period in 2017. This increase was due to higher postpaid wireless and wireline service revenues driven by the larger postpaid and wireline subscriber bases. Excluding the impact of foreign currency, postpaid wireless service revenues increased $7.8 million, and wireline service revenues increased $6.2 million, compared to the same period in 2017. These increases were partially offset by declines in prepaid revenues, primarily due to a lower prepaid subscriber base. Additionally, there was a decline in roamer revenues due to a decline in the volume of other operators' subscribers' traffic on our network along with the shutdown of our 2G network in the first quarter of 2018.

Total revenues increased $36.4 million or 7% compared to 2017, primarily due to an increase in equipment sales. Equipment sales increased $41.9 million compared to the same period in 2017. This increase was primarily due to increased sales of higher-end devices coupled with an increase in the volume of sales over the same period in the prior year. Additionally, 2degrees offers the option to pay for handsets in installments over a period of up to 36 months.

For the year ended December 31, 2018 compared to the prior year, operating expenses increased $38.8 million ($52.3 million excluding the impact of foreign currency), primarily due to the following:

- Cost of service declined $8.4 million in 2018, primarily due to a decline in non-subscriber interconnection costs associated with the decline in roamer traffic and non-subscriber ILD traffic and a decline in national roaming costs mainly attributable to 2degrees' investment in increasing the coverage of its network. The decrease in cost of service was also due to a decrease attributable to the strengthening of the U.S. dollar as compared to the New Zealand dollar of $3.3 million. These declines were partially offset by transmission expense increases associated with the growth of the wireline subscriber base;

- Cost of equipment sales increased $36.8 million compared to the same period in 2017, primarily due to the aforementioned shift in product mix toward high-end devices and increased sales volume;

- Sales and marketing increased $0.9 million compared to the same period in 2017, primarily due to an increase in advertising and promotions costs of $1.5 million related to 2degrees' new brand campaign and sponsorship of several rugby teams in 2018;

- General and administrative increased $3.4 million compared to 2017. This increase was mainly driven by an increase in loss on sale of EIP receivables, increase in salaries and wages, and equity-based compensation. Loss on sale of EIP receivables (excluding reversal of unamortized imputed discount and allowance for doubtful accounts) increased $2.9 million driven by an increase in the volume of the sales of EIP receivables during 2018. Equity-based compensation expense increased $1.4 million primarily driven by expense recognition resulting from the extension of the expiration date of certain service-based share options and the new share options issued in 2018. General and administrative costs also increased $1.6 million related to consulting costs for the implementation of the new revenue recognition standard. These increases were offset by a decline in bad debt expense of $2.9 million (inclusive of $1.0 million for the reversal of allowance for doubtful accounts for the sale of EIP receivables) primarily associated with our billing system transition in 2017; and

- Depreciation, amortization, and accretion increased $5.4 million compared to the same period in 2017 due to current and prior investment in the LTE network overlay and software development enhancements.

New Zealand Adjusted EBITDA increased by $5.1 million compared to 2017. Excluding the impact of foreign currency, the increase was $7.4 million compared to 2017. This increase in Adjusted EBITDA was primarily the result of increases in postpaid and wireline service revenues more than offsetting declines in prepaid revenues. A decline in equipment subsidies partially offset by the increase in general and administrative expenses described above also contributed to the increase in Adjusted EBITDA.

Capital expenditures declined $0.8 million compared to 2017. Excluding the impact of foreign currency, there was an increase of $0.6 million in capital expenditures, primarily due to the timing of those expenditures towards network expansion projects to reduce roaming costs, continued LTE network overlay and software development enhancements. As of December 31, 2018, 99% of our network was overlaid with LTE, as compared to 93% as of the end of 2017.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Service revenues increased $29.1 million or 9% compared to 2016. The increase in service revenues was primarily due to stronger postpaid revenues driven by the larger postpaid subscriber base which has continued to increase as a result of improved consumer and business plans and promotional offers. An increase in wireline revenue of $13.7 million compared to 2016, as a result of the growth in the broadband subscriber base, also contributed to the increase of service revenues. Of the increase in service revenues, $6.4 million resulted from the strengthening of the New Zealand dollar as compared to the U.S. dollar.

Total revenues increased $31.1 million or 6% compared to 2016, mainly due to the aforementioned drivers of the increase in service revenues.

For the year ended December 31, 2017 compared to the prior year, operating expenses increased $26.9 million, primarily due to the following:

- Cost of service increased $8.1 million in 2017 mainly due to higher broadband transmission expenses associated with the growth of the broadband business. In addition, $2.3 million of the increase in cost of service is a result of the strengthening of the New Zealand dollar as compared to the U.S. dollar. These increases were partially offset by a decline in national roaming costs attributable to 2degrees' investment in increasing its national coverage and a reduction in third-party network maintenance fees;

- Cost of equipment sales increased $3.5 million compared to the same period in 2016 due to the strengthening of the New Zealand dollar as compared to the U.S. dollar;

- Sales and marketing increased $1.8 million compared to the same period in 2016 due in part to an increase in salaries and wages attributable to an increase in headcount. In addition, $1.3 million of the increase in sales and marketing is a result of the strengthening of the New Zealand dollar as compared to the U.S. dollar. Subscriber activations commissions also increased due to higher commission rates on the new plans launched during the year; however, this increase was more than offset by a decline in recurring commissions due to the removal of commissions on EIP renewals. Inclusive of the above, the Company incurred approximately $1.0 million for year ended December 31, 2017 related to dealer compensation in connection with the conversion to the new business support system; and

- General and administrative increased $11.8 million compared to 2016. This increase was mainly due to bad debt expense and a corresponding increase in the allowance for doubtful accounts as a result of recent trends in write-offs and the aging of accounts receivables impacted by the timing of billing and payments and increased churn resulting from the new business support system. There was also an increase in computer hardware and software maintenance costs attributable to this new system and an increase in salaries and wages, primarily due to an increase in customer care and IT headcount associated with its launch. In total, approximately $6 million of general and administrative costs were incurred in the period ended December 31, 2017 in connection with the implementation of the new business support system. Additionally, there was a $3.0 million increase in consulting expenses to support company-wide improvements in cost management and process efficiencies. These increases were partially offset by a decrease in the loss on sale of EIP receivables as fewer sales of EIP receivables were made during 2017. In addition, there was a decrease in equity-based compensation expense as existing plans became fully vested in 2017.

New Zealand Adjusted EBITDA increased by $4.4 million compared to the same period in 2016. This increase was primarily a result of increased service revenues described above partially offset by increases in cost of service, sales and marketing and general and administrative expenses described above.

Capital expenditures increased $3.0 million compared to 2016, primarily due to timing of capital expenditures towards 4G LTE network expansion.

Subscriber Count

2degrees' wireless subscriber base declined slightly, compared to 2017, driven by a decrease in prepaid subscribers. This decline was primarily due to 2degrees' shutdown of its 2G services in the first quarter of 2018, which deactivated 37 thousand low-value 2G subscribers. The decline in prepaid subscribers was partially offset by the continued growth in postpaid wireless subscribers. As of December 31, 2018, postpaid wireless subscribers comprised 31% of the total wireless subscriber base, an increase of approximately three percentage points from 2017. Postpaid wireless subscriber growth was primarily driven by promotional offers coupled with an improvement in churn compared to 2017. As of December 31, 2018, 2degrees' wireline subscriber base increased 19% compared to 2017. Wireline subscriber growth was mainly due to more competitive promotional offers coupled with increased fixed and mobile bundling. Bundled wireline and wireless customers increased over 50% compared to 2017.

The 2degrees wireless subscriber base declined slightly in 2017 when compared to 2016, reflecting a decrease in prepaid subscribers offset by the continued expansion in postpaid wireless subscribers. As of December 31, 2017, postpaid wireless subscribers comprised 28% of the total wireless subscriber base, an increase of approximately two percentage points from 2016. Postpaid wireless subscriber growth was primarily driven by the launch of new consumer and business mobile plans during 2017 and promotional offers which contributed to the increased market share over the prior year. As of December 31, 2017, 2degrees' wireline subscriber base increased 23% compared to 2016. Wireline subscriber growth in 2017 was mainly due to competitive offers and promotional offers that were well received in the marketplace.

Blended Wireless ARPU

2degrees' blended wireless ARPU is generally driven by the mix of postpaid and prepaid subscribers, foreign currency exchange rate fluctuations, the amount of data consumed by the subscriber, and the mix of service plans and bundles. Blended wireless ARPU decreased by 2% in 2018 compared to 2017. Excluding the impact of foreign currency, blended wireless ARPU increased 1% in 2018 compared to 2017. This increase was primarily due to the higher proportion of postpaid wireless subscribers over the total wireless subscriber base, partially offset by a decline in roaming revenue per average subscriber. Additionally, blended wireless ARPU related to data revenues increased 4% compared to 2017, or 7% excluding the impact of foreign currency.

Blended wireless ARPU increased by 4% in 2017 compared to 2016. Excluding foreign currency impact, blended wireless ARPU increased 2% in 2017 compared to 2016. The increase was due to the higher proportion of postpaid wireless subscribers over the total wireless subscriber base and an increase in data usage per subscriber. Growth in data usage is partially due to 2degrees' investment in network expansion and 4G LTE overlay projects. Blended wireless ARPU related to data revenues increased 5% in 2017 compared to 2016. During the third quarter of 2016, the Company recorded a $1.7 million increase in postpaid revenues as a result of changes in rate plans and offerings and the related impact on estimates used to account for rollover balances (primarily for data services). Excluding this impact, postpaid ARPU would have been $36.53 in 2016, flat compared to 2017, or a decline of 2% in 2017 excluding the impact of foreign currency. This decline in postpaid ARPU is attributable to an increase in promotional discount activity to stimulate postpaid gross additions coupled with lower ancillary ARPU as a result of plan changes which included more market competitive international roaming plans.

Business Outlook, Competitive Landscape and Industry Trend

New Zealand is a developed, prosperous country with a population of 4.5 million and a wireless penetration rate of 141%.

Economy Overview

Over the past 30 years, New Zealand has transformed from an agrarian economy, dependent on concessionary British market access, to a more industrialized, developed, services-dependent nation, with a large and growing tourism industry and free market economy that competes globally. The country had steady GDP growth of over 2.5% per year with low, stable inflation rates. The country's GDP per capita is on par with Western Europe.

The country has a well-developed legal framework and regulatory system. New Zealand was most recently rated AA+ by Standard & Poor's ("S&P") and Aaa by Moody's based on the country's high economic strength, very high institutional and government financial strength, and low susceptibility to event risk. The country has no history of debt default.

New Zealand operates under a floating currency regime where the Official Cash Rate ("OCR") is used as a monetary policy lever. The OCR is the interest rate set by the Reserve Bank of New Zealand to meet the inflation target specified in its Policy Targets Agreement; the rate is reviewed eight times a year and may be adjusted following significant changes in global macroeconomics.

Telecom Overview

The size of the New Zealand telecommunications market reached $5 billion NZD for the 2018 reporting period and total industry investment for the same period was approximately $1.66 billion NZD. This investment was underpinned by: government-backed spending in the Ultra-Fast Broadband initiative, which brings fiber connectivity to homes, schools, businesses, and medical facilities; the New Zealand government's Rural Broadband initiative, which brings broadband connectivity to rural areas using wireless and wired infrastructure; and the private sector's 4G LTE mobile spectrum investment, which upgrades the infrastructure capability.

With a high wireless penetration rate of 141% and the availability of the latest in-demand devices, data consumption in New Zealand continues to grow. The average amount of mobile data consumed per subscriber in New Zealand is now two gigabytes per month, up from 390 megabytes in 2015. The Company expects growth in data consumption to continue, driven by increased adoption of 4G LTE enabled smartphones and the expanding ecosystem of mobile applications.

Competition

2degrees competes with two wireless providers in New Zealand: Vodafone, with approximately 40% of the wireless subscriber market, and Spark, with approximately 38% of the market, in each case based on the most currently available information. Vodafone operates a 2G, 3G and 4G LTE network. Spark operates a 3G and 4G LTE network. Spark and Vodafone offer services across both the fixed and mobile markets.

In the broadband market, 2degrees, with 5% of the broadband subscriber market, competes with a handful of broadband providers in New Zealand: Spark with 41% of the broadband subscriber market, Vodafone with 26% of the market, Vocus with 13% of the market, Trust Power with 5% of the market, and remaining players accounting for 10% based on the most currently available information.

Bolivia (NuevaTel)

The Trilogy LLC founders launched NuevaTel in 2000 while they served in senior management roles with Western Wireless. Trilogy LLC subsequently acquired a majority interest in the business in 2006 and currently owns 71.5% of NuevaTel, with the remaining 28.5% owned by Comteco, a large cooperatively owned fixed line telephone provider in Bolivia.

Overview

NuevaTel, which operates under the brand name "Viva" in Bolivia, provides wireless, long distance, public telephony and wireless broadband communication services. It provides competitively priced and technologically advanced service offerings and high quality subscriber care. NuevaTel focuses its customer targeting efforts on millennials and differentiates itself through simplicity, transparency, and a strong national brand. As of December 31, 2018, NuevaTel had approximately 2.0 million wireless subscribers representing an estimated 21% subscriber market share.

Services

NuevaTel offers wireless voice and high-speed data communications services through both prepaid and postpaid payment plans, with prepaid subscribers representing approximately 81% of the subscriber base as of December 31, 2018. Postpaid plans are sold using a customer-friendly, simplified approach with eight distinct offerings based on tariff and usage. Prepaid customers have the option of purchasing prepaid cards ranging from 10 Bolivianos up to 80 Bolivianos in addition to electronic recharges. Prepaid and postpaid customers with a minimum of four months seniority are also eligible to receive a double recharge offer once a month, which improves customer loyalty and reduces churn. NuevaTel offers a full range of smartphone devices, including Samsung Galaxy and Huawei Pro devices; however, the majority of its handset sales are more affordable Samsung and Huawei smartphones. The availability of 4G LTE-enabled smartphones, including through the grey market, at prices affordable to Bolivian customers is a key factor facilitating the growth of 4G LTE adoption. With the increasing penetration of 4G LTE smartphones in the customer base and the expanding 4G LTE network coverage, there is a significant opportunity for continued growth in 4G LTE data adoption and a corresponding growth in data consumption.

Additionally, NuevaTel has a number of ancillary, noncore businesses including public telephony (pay phone) services with approximately 51 thousand units installed nationally and WiMAX, a fixed broadband product offering. Both of these businesses will continue to decline in the coming years as NuevaTel focuses on its core business of postpaid and prepaid wireless services. NuevaTel is also currently trialing a Fixed LTE wireless broadband service to assess the new technology solution and longer term market opportunity. If the trial is successful, the Fixed LTE technology is expected to replace the WiMAX fixed broadband service. Public telephony and WiMAX products combined contributed less than 5% of service revenues for the year ended December 31, 2018.

Distribution

NuevaTel utilizes a vast network of outsourced dealers and stores to promote its products and to drive activations, recharges and other customer related services to manage the subscriber base. NuevaTel also owns stores, known as "Viva Experience" stores that are designed to encourage customers to interact with devices and technology. As of December 31, 2018, NuevaTel's distribution network included approximately 15 Company-owned stores, over 240 dealers and over 8,990 other dealer points of presence.

Network

NuevaTel has a robust spectrum position and network infrastructure. NuevaTel currently provides 2G and 3G mobile communications in the 1900 MHz band, 4G LTE services in the 1700/2100 MHz bands and WiMAX services in several cities in the 3500 MHz band. Its mobile network consisted of approximately 1,234 cell sites with 1,115 of those site enabled with 4G LTE at the end of December 31, 2018.

NuevaTel has invested significantly in a major network expansion over the past four years with a total investment of approximately $170 million between 2015 and 2018. This expansion project improved coverage and capacity of its voice and data networks and has dramatically improved the 4G LTE coverage. Total cell sites and 4G LTE sites increased by 35% and 182%, respectively, since the beginning of 2015.

NuevaTel maintains international roaming agreements with 210 operators in over 90 countries worldwide as of December 31, 2018.

NuevaTel Spectrum Holdings

Frequency Band	**Spectrum**	**Spectrum License Expiration**	**Technology**
1900 MHz	25 MHz x 2	2019 - 2028[(1)]	2G and 3G
3500 MHz	25 MHz x 2	2024 - 2027	WiMax
1700/2100 MHz	15 MHz x 2	2029	4G LTE

Notes:
[(1)]30 MHz (15 MHz x 2) expires in November 2019 and 20 MHz (10 MHz x 2) expires in April 2028.

The Company estimates that NuevaTel had a 69% population coverage as of December 31, 2018.

Governmental Regulation

NuevaTel operates two spectrum licenses in the 1900 MHz band; the first license expires in November 2019, and the second license expires in 2028. Additionally, NuevaTel provides 4G LTE services in the 1700 / 2100 MHz bands with a license term expiring in 2029. NuevaTel also provides fixed broadband services using WiMAX and fixed LTE technologies through spectrum licenses in the 3500 MHz band with minimum terms ranging from 2024 to 2027. The long distance and public telephony licenses held by NuevaTel are valid until June 2042 and February 2043, respectively. The long distance license and the public telephony license are free and are granted upon request.

The Bolivian telecommunications law ("Bolivian Telecommunications Law"), enacted on August 8, 2011, requires telecommunications operators to pay recurring fees for the use of certain spectrum (such as microwave links), and a regulatory fee of 1% and a universal service tax of up to 2% of gross revenues. The law also authorizes the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia (the "ATT"), Bolivia's telecommunications regulator, to promulgate rules governing how service is offered to consumers and networks are deployed. The ATT has required wireless carriers to publish data throughput speeds to their subscribers and to pay penalties if they do not comply with transmission speed commitments. It required carriers to implement number portability by October 1, 2018, which NuevaTel has implemented. The ATT has also conditioned the 4G LTE licenses it awarded to Tigo and NuevaTel on meeting service deployment standards, requiring that the availability of 4G LTE service expand over a 96-month period from urban to rural areas. NuevaTel has met its 4G LTE launch commitments due by 2018.

The ATT has aggressively investigated and imposed sanctions on all wireless carriers in connection with the terms on which they offer service to consumers, the manner in which they bill and collect for such services, the manner in which they maintain their networks and the manner in which they report to the ATT regarding network performance (including service interruptions). In the case of NuevaTel, the ATT has assessed fines totaling approximately $6.7 million in connection with proceedings concerning past service quality deficiencies in 2010 and a service outage in 2015. The fine relating to 2010 service quality deficiencies, in the amount of $2.2 million, was annulled by the Bolivian Supreme Tribunal of Justice on procedural grounds, but the ATT was given the right to impose a new fine. The ATT has until December 2019 to do so. Should it decide to impose a new fine, NuevaTel can discharge the fine by paying half of the penalty on condition that it waives its right to appeal. The Company has accrued the full amount of $2.2 million. The fine relating to the 2015 service outage, $4.5 million, was also initially annulled by the Bolivian Public Works Ministry, which supervises the ATT; however, the ATT was allowed to re-impose the fine, which it did, although it noted in its findings that the outage was a force majeure event. NuevaTel filed an appeal to the Ministry against the re-imposition of the fine. In September 2018, the Ministry notified NuevaTel that it rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel accrued $4.5 million for the fine in its financial statements in the third quarter of 2018. NuevaTel has appealed the Ministry's decision to the Supreme Tribunal of Justice.

NuevaTel's licensing contracts typically require that NuevaTel post a performance bond valued at 7% of projected revenue for the first year of the respective terms and 5% of gross revenue of the authorized service in subsequent years. Such performance bonds are enforceable by the ATT in order to guarantee that NuevaTel complies with its obligations under the licensing contract and to ensure that NuevaTel pays any fines, sanctions or penalties it incurs from the ATT. NuevaTel and other carriers are permitted by ATT regulations to meet their performance bond requirements by using insurance policies, which must be renewed annually. If NuevaTel is unable to renew its insurance policies, it would be required to seek to obtain a performance bond issued by a Bolivian bank. This performance bond would likely be available under less attractive terms than NuevaTel's current insurance policies. The failure to obtain such a bond could have a material adverse effect on the Company's business, financial condition and prospects.

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. Both the law and the Bolivian constitution specify that carriers' vested rights under their existing concessions will be preserved; however, the Company cannot guarantee that these protections will be respected by the Bolivian government. The ATT migrated the original concessions of Entel and Tigo, wireless competitors to NuevaTel, to new licenses in 2015 in conjunction with renewing their original concessions that were due to expire. In January 2019, NuevaTel received resolutions authorizing a migration to a new comprehensive license with terms similar to those in the Entel and Tigo licenses. NuevaTel signed the new license agreement in February 2019. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed on November 25, 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the service concessions. The ATT has not yet specified a price for the renewal of the 1900 MHz spectrum grant. However, based on the fee paid by Tigo in connection with its 2015 spectrum grant renewal, NuevaTel estimates that it will be required to pay approximately $25 million for its 1900 MHz spectrum renewal in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases and from the proceeds of the sale and leaseback of certain NuevaTel network towers.

Entel, the government-owned wireless carrier, maintains certain advantages under the Bolivian Telecommunications Law. Entel normally receives 75% of the universal service tax receipts paid to the government by wireless carriers; Entel uses these funds to expand its network in rural areas that are otherwise unprofitable to serve. Also, the Bolivian Telecommunications Law guarantees Entel access to new spectrum licenses, although it does require Entel to pay the same amount for new and renewed spectrum licenses as are paid by those who acquire spectrum in auctions or by arrangement with the government (including payments for license renewals).

Bolivia - Operating Results

(in millions, unless otherwise noted)	For the Year Ended December 31, 2018	2017	2016	% Variance 2018 vs 2017	2017 vs 2016
Service revenues	$ 236.3	$ 254.7	$ 269.9	(7%)	(6%)
Total revenues	$ 240.9	$ 258.4	$ 275.5	(7%)	(6%)
Data as a % of wireless service revenues [(1)]	46%	47%	38%	n/m	n/m
Bolivia Adjusted EBITDA	$ 65.5	$ 76.5	$ 81.6	(14%)	(6%)
Bolivia Adjusted EBITDA Margin % [(2)]	28%	30%	30%	n/m	n/m
Postpaid Subscribers (in thousands)					
Net (losses) additions	(4.1)	(3.8)	22	(10%)	(117%)
Total postpaid subscribers	337	341	345	(1%)	(1%)
Prepaid Subscribers (in thousands)					
Net losses	(165)	(10)	(166)	n/m	94%
Total prepaid subscribers	1,634	1,799	1,809	(9%)	(1%)
Other wireless subscribers (in thousands)[(3)]	58	61	64	(6%)	(4%)
Total wireless subscribers (in thousands)	2,028	2,201	2,217	(8%)	(1%)
Blended wireless churn	8.11%	5.97%	5.98%	n/m	n/m
Postpaid churn	1.82%	1.66%	1.59%	n/m	n/m
Monthly blended wireless ARPU (not rounded)	$ 9.24	$ 9.51	$ 9.65	(3%)	(1%)
Monthly postpaid wireless ARPU (not rounded)	$ 22.68	$ 23.28	$ 22.57	(3%)	3%
Monthly prepaid wireless ARPU (not rounded)	$ 6.24	$ 6.56	$ 6.89	(5%)	(5%)
Capital expenditures[(4)]	$ 29.7	$ 37.2	$ 56.3	(20%)	(34%)
Capital intensity	13%	15%	21%	n/m	n/m

n/m - not meaningful

Notes:

[(1)]Definition of data revenues has been updated to exclude revenues related to SMS usage. See "Definitions and Reconciliations of Non-GAAP Measures- Key Industry Performance Measures-Definitions" in this MD&A.

[(2)]Bolivia Adjusted EBITDA Margin is calculated as Bolivia Adjusted EBITDA divided by Bolivia service revenues.

[(3)]Includes public telephony and other wireless subscribers.

[(4)]Represents purchases of property and equipment excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Service revenues declined by $18.4 million in 2018 compared to 2017 primarily due to lower prepaid revenues attributable to lower voice and data revenues. Voice revenues declined due to a decrease in the volume of voice traffic on the network. The data revenues decline was mainly driven by competitive pricing changes throughout 2018. During the first three quarters of 2018, data pricing decreased when compared to 2017 in anticipation of the introduction of mobile number portability on October 1, 2018. Prices further decreased in the fourth quarter of 2018 due to promotional activity following mobile number portability. The decline in pricing was partially offset by an increase in data usage in 2018 compared to 2017.

Data revenues represented 46% of wireless service revenues, a decrease from 47% in 2017. LTE adoption increased to 38% as of December 31, 2018 from 20% as of December 31, 2017. Growth of LTE users continues which has driven an overall increase in data consumption, which was more than offset by pricing pressure in the market.

Total revenues declined by $17.5 million in 2018, primarily due to the decrease in service revenues discussed above.

For the year ended December 31, 2018 compared to the same period in 2017, operating expenses declined $7.1 million, primarily due to the following:

- Cost of service declined $4.0 million in 2018, primarily due to a decrease in interconnection costs as a result of a reduction in voice and SMS traffic terminating outside of our network;

- Sales and marketing declined $3.6 million in 2018, primarily due to a change in the accrual for the customer loyalty program which ended in the third quarter of 2018. The net impact of the change of the accrual to reverse expenses that were previously recognized but not incurred through completion of the program was $2.2 million for the year ended December 31, 2018; and

- General and administrative increased $2.1 million in 2018, primarily due to increased salaries and wages related to a higher government mandated bonus in 2018 than in 2017 and higher business taxes associated with promotional activities.

Bolivia Adjusted EBITDA declined $11.0 million in 2018 compared to 2017, primarily as a result of a decrease in service revenues which was partially offset by the decrease in operating expenses described above.

Capital expenditures declined by $7.6 million in 2018 compared to 2017, mainly due to timing of spending for the LTE overlay. In 2018, capital expenditures were incurred mainly for the overlay of 4G LTE technology on existing cell sites as the Company focused on expanding the 4G LTE coverage; 4G LTE sites as a percentage of total sites increased from 70% in 2017 to 90% in 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Bolivia's wireless customer base decreased by 1% to 2.2 million customers in 2017 with a modest reduction in both prepaid and postpaid customers of 1%.

Service revenues declined by $15.2 million in 2017 compared to 2016, primarily due to lower prepaid revenues attributable to lower volume of voice traffic on the network. The decline in voice revenues was partially offset by an increase in data revenues from both prepaid and postpaid subscribers as more subscribers are adopting 4G LTE and using more data.

Data revenues represented 47% of wireless service revenues, an increase from 38% in 2016. These increases offset the voice revenue declines as consumers have reduced their reliance on voice services as the primary means of daily communication.

Total revenues decreased by $17.1 million in 2017, primarily due to the decrease in service revenues discussed above.

For the year ended December 31, 2017 compared to the prior year, operating expenses decreased $12.3 million largely due to the following:

- Cost of service decreased $6.2 million in 2017, primarily due to a decrease in interconnection costs as a result of a reduction of voice and SMS traffic terminating outside of Trilogy's network coupled with reduced transmission costs but partially offset by higher license and spectrum fees;

- Cost of equipment sold decreased $3.7 million in 2017, mainly due to a higher number of handsets sold in 2016 in connection with promotional activity related to the 4G LTE network rollout; and

- Sales and marketing decreased $2.9 million in 2017, primarily due to a decrease in costs relating to events and sponsorships and a decrease in commissions, primarily resulting from the decline in the prepaid subscriber base during the first nine months of 2017.

Bolivia Adjusted EBITDA declined $5.1 million in 2017 compared to 2016, primarily as a result of a decrease in service revenues which was partially offset by the decrease in operating expenses described above.

Capital expenditures decreased by $19.1 million in 2017 compared to 2016, mainly due to the extensive investment in 3G and 4G LTE coverage and network expansion projects that occurred in 2016. In 2017, capital expenditures were incurred mainly for the overlay of 4G LTE technology on existing cell sites as the Company focused on expanding the 4G LTE coverage; consequently, 4G LTE sites as a percentage of total sites increased from 54% in 2016 to 70% in 2017.

Subscriber Count

Bolivia's wireless subscriber base has historically been predominantly prepaid, although the postpaid portion of the base has grown in recent years. In addition to prepaid and postpaid, Bolivia's wireless subscriber base includes public telephony subscribers, as well as fixed wireless subscribers; these subscribers comprised 3% of the overall subscriber base as of December 31, 2018.

Bolivia's wireless subscriber base as of December 31, 2018 decreased 8% compared to December 31, 2017, primarily due to a reduction in prepaid subscribers of 9%. Postpaid subscribers base experienced a modest decline of 1% as of December 31, 2018 as compared to December 31, 2017. As of December 31, 2018, postpaid subscribers comprised approximately 17% of the wireless subscriber base, an increase of one percentage point from December 31, 2017, primarily due to a decline of the prepaid subscriber base. Bolivia's decline in prepaid subscribers was largely due to a higher number of deactivations of prepaid customers in the third quarter of 2018 as compared to the average deactivations per quarter in 2017, resulting from the conclusion of a promotion in the second quarter of 2018 which focused on new subscriber acquisitions over customer retention. The introduction of mobile number portability on October 1, 2018 also contributed to the loss of subscribers.

Bolivia's wireless subscriber base as of December 31, 2017 decreased 1% compared to December 31, 2016, primarily due to a reduction in prepaid subscribers of 1%. Postpaid subscribers comprised 15% of the wireless subscriber base as of December 31, 2017, a slight decrease of one percentage point from December 31, 2016.

Bolivia's decline in prepaid subscribers in 2017 was largely due to increased competitive activity during the first three quarters of 2017. However, improvements in NuevaTel's service offerings and related promotional activity partially reversed the prepaid subscriber decline during the fourth quarter of 2017 as the planned 4G LTE overlay for 2017 was completed.

Blended Wireless ARPU

Bolivia's blended wireless ARPU is generally driven by LTE adoption, the mix and number of postpaid and prepaid subscribers, service rate plans, and any discounts or promotional activities used to drive either subscriber volume or data usage increases. Subscriber usage of web navigation, voice services, SMS, and value-added services also have an impact on Bolivia's blended wireless ARPU.

Blended wireless ARPU decreased by 3% in 2018 compared to 2017, as a result of a decrease in prepaid and postpaid ARPU. Postpaid ARPU decreased 3% in 2018 compared to 2017, driven primarily by decreased voice usage per customer partially offset by an increase in data usage per customer. Prepaid ARPU decreased 5% in 2018 compared to 2017, driven primarily by decreased data revenues per customer. Prepaid data revenues were impacted during 2018 by promotional offers increasing value for price, which more than offset the increase in data usage per customer.

Blended wireless ARPU decreased by 1% in 2017 compared to 2016, as a result of a decrease in prepaid ARPU partially offset by an increase in postpaid ARPU. Postpaid ARPU increased 3% in 2017 compared to 2016, driven primarily by the growth in data usage per customer attributable to increasing 4G LTE adoption. Prepaid ARPU decreased 5% in 2017 compared to 2016, driven primarily by a decrease in voice usage per customer partially offset by an increase in data usage per customer attributable to increasing 4G LTE adoption.

Business Outlook, Competitive Landscape and Industry Trend

Bolivia, officially known as the Plurinational State of Bolivia, is a presidential republic located in western-central South America, bordered to the north and east by Brazil, to the southeast by Paraguay, to the south by Argentina, to the southwest by Chile, and to the northwest by Peru. Bolivia has a population of approximately 11 million. There are eight main cities, of which the following have the largest population: Santa Cruz, El Alto, La Paz and Cochabamba. Bolivia boasts a wealth of natural resources for export, largely in the hydrocarbons and minerals sectors. Bolivia's land and climate are a mixture of mountainous regions with a cool, dry climate at around 3,500 meters. This landscape has made it difficult to establish land-based telecommunications infrastructure, and thus has resulted in a high concentration of mobile subscribers as the primary telecommunications technology. Bolivia has approximately 9.5 million wireless subscribers.

Economy Overview

The currency used in Bolivia, the Boliviano, is tied to the value of the U.S. dollar. Since the introduction of the pegged regime, the Bolivian exchange rate has remained stable. The central bank of Bolivia is expected to maintain its peg to the U.S. dollar until the conclusion of the elections in late 2019. After elections are complete, there is speculation that the central bank will gradually depreciate the Boliviano against the U.S dollar. The Company does not expect the impact, if any, to be material in the short or medium term. In March 2017, Bolivia issued US$1 billion of sovereign bonds to mature in 2028 – rated by S&P as 'BB' and reflecting the country's strong external balance sheet, low debt burden, and favorable debt profile.

Bolivia is one of the best performing economies in Latin America, driven by strong public investment and private consumption; GDP increased annually from $11.5 billion in 2006 to $37.8 billion in 2016 and remained flat from 2016 to 2017 based on the latest estimate available.

Telecom Overview

Bolivia has a population of approximately 11 million and an estimated wireless penetration rate of 84%. The country presents an attractive market for wireless service providers given the substantial demand for communications services due primarily to the lack of a national fixed-line communications provider. The local wireline network is fragmented into 14 independent regional telephone cooperatives, with each having distinct products and services.

Mobile use in Bolivia has expanded rapidly due to the absence of extensive fixed-line infrastructure. Prepaid subscribers constitute the majority of the wireless market in Bolivia with an increasing postpaid base in recent years. The Bolivian market is exhibiting several trends, notably: (i) increased demand for smartphones, (ii) the increased prevalence and affordability of 3G and 4G LTE capable devices, (iii) the ability for new technology to reach rural, previously under-served areas, and (iv) increased availability of video and music content, social media, mobile money, and other such data-based services. The market is experiencing growing consumer demand for the latest technologies, particularly in data services, and the carriers are seeking to construct robust networks with the capacity to satisfy those demands.

Competition

NuevaTel competes with two main wireless providers in Bolivia: Entel, with approximately 44% of the market, and Tigo, with approximately 35% of the market, in each case as of December 31, 2018, based on management estimates. Entel is a government-run entity, which operates a 2G and 3G network in the 850 and 1900 MHz bands. It launched a 4G LTE network in the 700 and 1700/2100 MHz bands, and has also pursued a satellite-based strategy with the development of the Tupac-Katari satellite in 2015. While NuevaTel concentrates on urban customers, Entel operates with a mandate to provide coverage throughout Bolivia and a significant proportion of its subscriber base is in areas where NuevaTel does not compete. Additionally, Entel provides complementary cable television and broadband internet services that can be bundled with its wireless offerings. Tigo, a subsidiary of Millicom S.A., uses 2G and 3G technologies and operates in the 850 and 1900 MHz bands. Tigo also launched a 4G LTE network in 2014 and uses the 700 and 1700/2100 MHz bands. Additionally, Tigo provides complementary cable television and broadband internet services that can be bundled with its wireless offerings. The wireless communications systems of NuevaTel also face competition from fixed-line networks and from wireless internet service providers, using both licensed and unlicensed spectrum and technologies such as WiFi and WiMAX to provide broadband data service, internet access and voice over internet protocol. NuevaTel's long distance service also competes with Entel, Tigo and other alternative providers.

Selected Financial Information

The following tables set forth our summary consolidated financial data for the periods ended and as of the dates indicated below.

The summary consolidated financial data is derived from the Company's audited consolidated financial statements for each of the periods indicated in the following tables.

Differences between amounts set forth in the following tables and corresponding amounts in the Company's audited consolidated financial statements and related notes which accompany this MD&A are a result of rounding. Amounts for subtotals, totals and percentage variances presented in the following tables may not sum or calculate using the numbers as they appear in the tables as a result of rounding.

Selected annual financial information

The following table shows selected consolidated financial data of the Company for the years ended December 31, 2018, 2017 and 2016, prepared in accordance with U.S. GAAP. The Company discusses the factors that caused results to vary over the past three years throughout this MD&A.

Consolidated Income Statement Data

	For the Year Ended December 31,		
(in millions, except per share amounts)	**2018**	**2017**	**2016**
Service revenues	$ 576.6	$ 600.1	$ 586.3
Equipment sales	221.6	178.8	178.8
Total revenues	798.2	778.9	765.0
Operating expenses	(776.6)	(744.7)	(723.3)
Operating income	21.6	34.2	41.7
Interest expense	(45.9)	(59.8)	(69.1)
Change in fair value of warrant liability	6.4	9.1	-
Debt modification and extinguishment costs	(4.2)	(6.7)	(3.8)
Other, net	(4.7)	1.3	(1.8)
Loss from continuing operations before income taxes	(26.8)	(21.9)	(32.9)
Income tax expense	(4.9)	(8.2)	(7.6)
Loss from continuing operations	(31.7)	(30.1)	(40.6)
Income on discontinued operations, net of tax	-	-	50.3
Net (loss) income	(31.7)	(30.1)	9.7
Net loss (income) attributable to noncontrolling interests and prior controlling interest	11.5	14.7	(9.7)
Net loss attributable to TIP Inc.	$ (20.2)	$ (15.3)	$ -
Net loss attributable to TIP Inc. per share:			
Basic	$ (0.38)	$ (0.34)[1]	
Diluted	$ (0.39)	$ (0.41)[1]	

[1]Earnings per share amounts have not been presented for any period prior to the consummation of the Arrangement, as the net income (loss) prior to February 7, 2017 was attributable to noncontrolling interests or prior controlling interest.

Selected balance sheet information

The following table shows selected consolidated financial information for the Company's financial position as of December 31, 2018 and 2017. The table below provides information related to the cause of the changes in financial position by financial statement line item for the period compared.

Consolidated Balance Sheet Data

(in millions, except as noted)		As of December 31, 2018		As of December 31, 2017	Change includes:
Cash and cash equivalents	$	43.9	$	47.1	Decrease is primarily due to purchase of property and equipment along with the payment of interest on the Trilogy LLC 2022 Notes. NuevaTel's prepayment of annual license and spectrum fees during the first quarter of 2018, 2degrees' payment of interest on its senior facilities agreements, NuevaTel's dividend payments to noncontrolling interests, and the Company's annual installment payment on the 700MHz license in New Zealand also contributed to the decrease in cash. These decreases were partially offset by cash generated from operations along with proceeds from the sale of EIP receivables and the maturity of short-term investments.
% Change		(7%)			
Other current assets		154.6		153.6	Increase is due to an increase in handset inventory in New Zealand attributable to release of new, higher end handset models, largely offset by the maturity of the Company's short-term investments.
% Change		1%			
Property, equipment and intangibles, net		475.8		515.9	Decrease is due to additions during the period being less than depreciation and amortization expenses. There was also a decline attributable to the cumulative foreign currency translation adjustment due to the strengthening of the U.S. dollar as compared to the New Zealand dollar.
% Change		(8%)			
Other non-current assets		53.9		44.4	Increase is due to additions of 2degrees' long-term unbilled EIP receivables and prepayment related to NuevaTel's Indefeasible Right to Use capacity agreement.
% Change		21%			
Total assets	$	728.3	$	761.0	
Current portion of debt	$	8.3	$	10.7	Decrease is primarily due to current year payments related to the Bolivian Syndicated Loan partially offset by transfers from long-term debt.
% Change		(23%)			
All other current liabilities		224.0		209.5	Increase reflects an increase in accrued handset inventory purchases in New Zealand, partially offset by a decrease in the fair value of the warrant liability. There was also a decline attributable to the cumulative foreign currency translation adjustment.
% Change		7%			
Long-term debt		498.5		496.5	Increases related to the New Zealand 2021 Senior Facilities Agreement entered into in July 2018 and to the Bolivian debt facility entered into in December 2018 were partially offset by transfers to current portion of long-term debt of installments due within one year as of December 31, 2018 and a decline attributable to the cumulative foreign currency translation adjustment.
% Change		0%			
All other non-current liabilities		31.1		38.1	Decrease is mainly due to the lower liability related to the 700 MHz license as a result of the annual installment payments made to the government of New Zealand.
% Change		(18%)			

Total shareholders' (deficit) equity % Change		(33.6) 643%		6.2	Change is primarily due to the net loss during the year ended December 31, 2018 along with NuevaTel's dividends distributed to noncontrolling interests.
Total liabilities and shareholders' (deficit) equity	$	728.3	$	761.0	

Selected quarterly financial information

The following table shows selected quarterly financial information prepared in accordance with U.S. GAAP. Amounts related to the amortization of imputed discount on EIP receivables have been reclassified for all periods from Other, net and are now included as a component of service revenues and amounts related to the change in fair value of warrant liability have been reclassified from Other, net to conform to the current period presentation. These reclassifications had no effect on previously reported net (loss) income.

	For the Year Ended December 31,							
	2018				2017			
(in millions, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Service revenues	$ 139.0	$ 141.0	$ 147.6	$ 148.9	$ 143.5	$ 153.0	$ 151.4	$ 152.2
Equipment sales	68.0	49.4	50.5	53.8	58.9	38.8	42.1	39.0
Total revenues	207.0	190.4	198.1	202.7	202.5	191.8	193.5	191.2
Operating expenses	(198.9)	(184.2)	(193.1)	(200.4)	(198.8)	(184.1)	(182.3)	(179.5)
Operating income	8.0	6.3	5.0	2.3	3.7	7.7	11.2	11.6
Interest expense	(12.2)	(11.1)	(11.5)	(11.1)	(11.1)	(11.2)	(18.5)	(19.0)
Change in fair value of warrant liability	0.3	0.9	2.8	2.3	5.6	-	3.5	-
Debt modification and extinguishment costs	-	(4.2)	-	-	-	-	(6.7)	-
Other, net	(0.3)	(4.9)	(0.5)	1.0	0.5	0.5	1.6	(1.2)
Loss before income taxes	(4.3)	(13.0)	(4.1)	(5.5)	(1.3)	(3.0)	(8.9)	(8.6)
Income tax benefit (expense)	-	(0.9)	(2.2)	(1.8)	(1.0)	(2.6)	(1.8)	(2.7)
Net loss	(4.2)	(13.9)	(6.3)	(7.3)	(2.4)	(5.6)	(10.8)	(11.3)
Net loss attributable to noncontrolling interests and prior controlling interest	0.3	5.5	2.9	2.8	2.6	1.4	5.2	5.4
Net (loss) income attributable to TIP Inc.	$ (3.9)	$ (8.4)	$ (3.4)	$ (4.5)	$ 0.3	$ (4.1)	$ (5.5)	$ (5.9)
Net (loss) income attributable to TIP Inc. per share:								
Basic	$ (0.07)	$ (0.15)	$ (0.06)	$ (0.09)	$ 0.01	$ (0.10)	$ (0.13)	$ (0.14)[1]
Diluted	$ (0.07)	$ (0.15)	$ (0.07)	$ (0.09)	$ (0.03)	$ (0.10)	$ (0.16)	$ (0.14)[1]

[1] For the period from February 7, 2017 through March 31, 2017

Q4 2018 Recap

- Fourth quarter total revenues increased $4.5 million over same quarter in 2017, primarily due to an increase in equipment sales, partially offset by the adverse impact of the New Zealand dollar as compared to the U.S. dollar.

- Net loss for the three months ended December 31, 2018 increased $1.9 million as compared to the same period in 2017, primarily due to the decrease in gain resulting from the change in fair value of warrant liability for the three months ended December 31, 2018 as compared to the same period in 2017, partially offset by a decline in equipment subsidies.

- Adjusted EBITDA for the three months ended December 31, 2018 totaled $37.0 million, an increase of $4.1 million from the same period in 2017, driven by an increase in New Zealand which was partially offset by a decrease in Bolivia. In New Zealand, revenues increased over the same period in 2017, partially offset by an increase in total operating expenses. In Bolivia, the decline was mainly driven by the decline in service revenues.

- Cash flow provided by operating activities increased by $10.9 million for the three months ended December 31, 2018 compared to the same period in 2017. This change was mainly due to changes in certain working capital accounts, including an increase in the sale of EIP receivables for the three months ended December 31, 2018 as compared to the same period in 2017.

Quarterly Trends and Seasonality

The Company's operating results may vary from quarter to quarter because of changes in general economic conditions and seasonal fluctuations, among other things, in each of the Company's operations and business segments. Different products and subscribers have unique seasonal and behavioral features. Accordingly, one quarter's results are not predictive of future performance.

Fluctuations in net income from quarter to quarter can result from events that are unique or that occur irregularly, such as losses on the refinance of debt, foreign exchange gains or losses, changes in the fair value of warrant liability and derivative instruments, impairment of assets, and changes in income taxes.

New Zealand and Bolivia

Trends in New Zealand and Bolivia's service revenues and overall operating performance are affected by:

- Lower prepaid subscribers due to shift in focus to postpaid sales;
- Higher usage of wireless data due to migration from 3G to 4G LTE;
- Increased competition leading to larger data bundles offered for price which has contributed to lower data ARPU;
- Higher handset sales as more consumers shift to smartphones and higher-end devices;
- Stable postpaid churn, which the Company believes is a reflection of the Company's heightened focus on high-value subscribers and the Company's enhanced subscriber service efforts;
- Decreasing voice revenue as rate plans increasingly incorporate more monthly minutes and calling features, such as long distance;
- Lower roaming revenue as network-coverage enhancements are made, as well as increased uptake of value-added roaming plans;
- Varying handset subsidies as more consumers shift toward smartphones with the latest technologies;
- Varying handset costs related to advancement of technologies and reduced supplier rebates or discounts on highly-sought devices;
- Seasonal promotions which are typically more significant in periods closer to year-end;
- Subscribers activating and suspending service to take advantage of promotions by the Company or its competitors;
- Higher voice and data costs related to the increasing number of subscribers, or, alternatively, a decrease in costs associated with a decline in voice usage; and
- Higher costs associated with the retention of high-value subscribers.

Trends in New Zealand's service revenues and operating performance that are unique to its fixed broadband business include:

- Higher internet subscription fees as subscribers increasingly upgrade to higher-tier speed plans, including those with unlimited usage;
- Subscribers bundling their service plans at a discount;
- Fluctuations in retail broadband pricing and operating costs influenced by government-regulated copper wire services pricing and changing consumer and competitive demands;
- Availability of fiber services in a particular area or general network coverage;
- Lower general operating expenses and synergies from the wireless business; and
- Individuals swapping technologies as fiber becomes available in their connection area.

Liquidity and Capital Resources Measures

As of December 31, 2018, the Company had approximately $43.9 million in cash and cash equivalents of which $12.1 million was held by 2degrees, $27.0 million was held by NuevaTel, and $4.8 million was held at headquarters and others. The Company also had approximately $2.0 million in short-term investments at corporate headquarters and $13.4 million of available capacity on the line of credit facility in New Zealand as of December 31, 2018. Cash and cash equivalents decreased $3.2 million since December 31, 2017, primarily driven by purchase of property and equipment in 2018, partially offset by inflows provided by the ongoing operations of the business.

In November 2019, the license for 30 MHz of NuevaTel's 1900 MHz spectrum holdings will expire. NuevaTel expects to renew the license and estimates that a payment of approximately $25 million will be due in the fourth quarter of 2019 prior to the expiration. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases and from the proceeds of the sale and leaseback of certain NuevaTel network towers (described below).

In December 2018, NuevaTel entered into an $8.0 million debt facility with Banco Nacional de Bolivia S.A. NuevaTel drew down the $8.0 million debt facility in two $4.0 million advances that occurred in December 2018 and January 2019. For additional information, see Note 8 – Debt to the Company's Consolidated Financial Statements.

In February 2019, NuevaTel entered into an agreement to sell approximately 600 of NuevaTel's towers to a Bolivian subsidiary of Phoenix Tower International ("PTI") for expected cash proceeds of approximately $100 million. The transaction will close in stages as conditions to close are satisfied for the towers. The initial closing was completed in February 2019 for 400 towers and resulted in cash consideration of approximately $65 million. We expect to complete the remainder of the closings during 2019.

The towers subject to the transaction will be leased back to NuevaTel by PTI in connection with a multi-year agreement between the parties which establishes an initial tower lease term of 10 years with certain optional 5-year renewals.

Selected cash flows information

The following table summarizes the Consolidated Statement of Cash Flows for the periods indicated:

	For the Year Ended December 31,			% Variance	
(in millions)	**2018**	**2017**	**2016**	**2018 vs 2017**	**2017 vs 2016**
Net cash provided by (used in)					
Operating activities	$ 74.6	$ 65.0	$ 49.0	15%	33%
Investing activities	(61.5)	(119.2)	(74.3)	48%	(60%)
Financing activities	(15.9)	79.9	(19.1)	(120%)	519%
Net increase (decrease) in cash and cash equivalents	**$ (2.8)**	**$ 25.7**	**$ (44.4)**	(111%)	158%

Cash flow provided by operating activities

Cash flow provided by operating activities increased by $9.6 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. This change was mainly due to a $17.9 million reduction in interest paid, net of capitalized interest, due to a partial repayment in February 2017 and the refinancing in May 2017 of the Trilogy 2019 Notes. This change was partially offset by changes in working capital including an increase in EIP receivables driven by higher volume of EIP receivables added in 2018 as compared to 2017.

Cash flow provided by operating activities increased by $16.0 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This change was mainly due to $11.5 million of lower interest paid resulting from the above-mentioned 2017 repayment and refinancing of the Trilogy 2019 Notes, net of capitalized interest. Further, a decline in cash paid for income and withholding taxes also contributed to the increase in cash flow provided by operating activities.

Cash flow used in investing activities

Cash flow used in investing activities decreased by $57.7 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. This decrease was primarily due to a reduction in purchases of short-term investments and an increase in maturities and sales of short-term investments in 2018 as compared to 2017. Further, spending for capital expenditures in Bolivia in 2018 was lower due to the timing of 4G LTE investments in 2018.

Cash flow used in investing activities increased by $44.9 million for the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to the proceeds from the sale of Trilogy Dominicana of $28.7 million in 2016. Additionally, cash used to purchase short-term investments, net of sales, increased by $24.2 million in 2017, contributing to the increase of cash used in investing activities. These changes were partially offset by reduced spending for capital expenditures in Bolivia as network expansion and 4G LTE buildout was more significant during the year ended December 31, 2016.

Cash flow used in financing activities
Cash flow used in financing activities increased by $95.8 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. This change is primarily due to the proceeds from the equity issuance that occurred on February 7, 2017, partially offset by the refinancing and repayment, and related costs of the Trilogy 2019 Notes.

Cash flow provided by financing activities increased by $99.0 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This change is primarily due to the proceeds from the Arrangement that occurred on February 7, 2017, partially offset by the refinancing of the Trilogy 2019 Notes and the related costs incurred of $9.1 million in connection therewith.

Sale of trade receivables

In June 2015, 2degrees entered into a mobile handset receivables purchase agreement (the "EIP Sale Agreement") with a third party New Zealand financial institution (the "EIP Buyer"). The EIP Sale Agreement provides an arrangement for 2degrees to accelerate realization of receivables from wireless subscribers who purchase mobile phones from 2degrees on installment plans. Under the agreement and on a monthly basis, 2degrees offers to sell specified receivables to the EIP Buyer and the EIP Buyer may propose a price at which to purchase the receivables. Neither party is obligated to conclude a purchase, except on mutually agreeable terms. The EIP Sale Agreement specifies certain criteria for mobile phone receivables to be eligible for purchase by the EIP Buyer. Trilogy evaluated the structure and terms of the arrangement and determined 2degrees has no variable interest with the EIP Buyer and thus Trilogy is not required to consolidate the entity in its financial statements.

Trilogy determined that the sales of receivables through the arrangement should be treated as sales of financial assets. As such, upon sale, 2degrees derecognizes the net carrying value of the receivables and recognizes any related gain or loss. Net cash proceeds are recognized in Net cash provided by operating activities.

2degrees has continuing involvement with the EIP receivables sold to the EIP Buyer through a servicing agreement. However, the servicing rights do not provide 2degrees with any direct economic benefit, or means of effective control. Further, the EIP Buyer assumes all risks associated with the purchased receivables and has no recourse against 2degrees except in the case of fraud or misrepresentation.

Contractual obligations

The Company has various contractual obligations to make future payments, including debt agreements and lease obligations. The following table summarizes the Company's future obligations due by period as of December 31, 2018 and based on the exchange rate as of that date:

	Total	**Through December 31, 2019**	**January 1, 2020 to December 31, 2021**	**January 1, 2022 to December 31, 2023**	**From and after January 1, 2024**
(in millions)					
Long-term debt, including current portion[1]	$ 516.5	$ 8.3	$ 154.2	$ 353.7	$ 0.3
Interest on long-term debt and obligations[2]	132.3	40.6	75.9	15.8	-
Operating leases	151.4	19.6	37.2	29.5	65.1
Purchase obligations[3]	128.3	57.5	40.4	15.1	15.3
Long-term obligations[4]	8.3	6.8	1.0	0.5	-
Total[5]	$ 936.8	$ 132.9	$ 308.6	$ 414.6	$ 80.7

[1] Excludes the impact of a $2.8 million discount on long-term debt which is amortized through interest expense over the life of the underlying debt facility.

[2] Includes contractual interest payments using the interest rates in effect as of December 31, 2018.

[3] Purchase obligations are the contractual obligations under service, product and handset contracts.

[4] Includes the fair value of derivative financial instruments as of December 31, 2018. Amount will vary based on market rates at each quarter end. Excludes asset retirement obligations and other miscellaneous items that are not significant.

[5] Excludes the impact of NuevaTel's tower sale and lease back transaction as discussed in Note 20 – Subsequent Events to our Consolidated Financial Statements. NuevaTel's total tower rent obligations in connection with the transaction are expected to be approximately $72 million over the initial 10 year lease term for the sites, the majority of which will be operating leases.

In August 2017, the New Zealand government signed the RBI2 Agreement with the New Zealand telecommunications carriers' joint venture to fund a portion of the country's rural broadband infrastructure project. As of December 31, 2018, we have included the estimated outstanding obligation for 2degrees' investments under this agreement of approximately $12.3 million, based on the exchange rate at that date, through 2022. This obligation is included in "Purchase obligations" in the table above. We have not included potential operating expenses or capital expenditure upgrades associated with this agreement in the commitment.

Effect of inflation

The Company's management believes inflation has not had a material effect on its financial condition or results of operations in recent years. However, there can be no assurance that the business will not be affected by inflation in the future.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that would have a material effect on the financial statements as of December 31, 2018.

Transactions with Related Parties

Trilogy Equity Partners LLC, a private investment company in which John W. Stanton and Theresa E. Gillespie ("**Stanton/Gillespie**") own a significant equity stake in addition to other investments, holds 403,728 Trilogy LLC Class C Units as of December 31, 2018.

Trilogy LLC has made a non-interest bearing loan to New Island Cellular, LLC ("New Island"), an entity with which one of Trilogy LLC's members and former managers, Bruce Ratner, is affiliated, in an aggregate principal amount of approximately $6.2 million (the "New Island Loan"), the proceeds of which were used to cover additional taxes owed by New Island as a result of Trilogy LLC's 2006 election to treat its former subsidiary, ComCEL, as a U.S. partnership for tax purposes. The New Island Loan is secured by New Island's Trilogy LLC Units but is otherwise non-recourse to New Island. The New Island Loan will be repaid when and if (i) distributions (other than tax distributions) are made to the members of Trilogy LLC, with the amounts of any such distributions to New Island being allocated first to the payment of the outstanding amounts of the New Island Loan, or (ii) New Island transfers its Units to any person or entity (other than an affiliate that assumes the New Island Loan). The outstanding receivable balance is offset against additional paid in capital on our Consolidated Balance Sheet.

2degrees had two separate loans from wholly owned subsidiaries of Trilogy LLC, which are eliminated upon consolidation, totaling approximately $23.0 million (including accrued interest) as of December 31, 2018. In March 2019, 2degrees paid $10.0 million to one of the wholly owned subsidiaries of Trilogy LLC, reducing the aggregate amount of these loans. If all conversion rights under such loans were exercised at December 31, 2018 and adjusted for the March 2019 payment, the impact would be an increase in Trilogy LLC's current 73.3% ownership interest in 2degrees by approximately 0.5%, subject to certain pre-emptive rights.

The Company and its officers have used, and may continue to use, jet airplanes for Company purposes owned by certain of the Trilogy LLC founders. The Company reimburses the Trilogy LLC founders at fair market value and on terms no less favorable to the Company than the Company believes it could obtain in comparable transactions with a third party for the use of these airplanes. For the years ended December 31, 2018, 2017 and 2016, the Company reimbursed the Trilogy LLC founders approximately $23 thousand, $197 thousand and $120 thousand, respectively, for the use of their airplanes.

For additional information on related party transactions, see Note 19 – Related Party Transactions to our Consolidated Financial Statements.

Proposed Transactions

The Company continuously evaluates opportunities to expand or complement its current portfolio of businesses. All opportunities are analyzed on the basis of strategic rationale and long term shareholder value creation and a disciplined approach will be taken when deploying capital on such investments or acquisitions.

Critical Accounting Estimates

Critical Accounting Judgments and Estimates

Our significant accounting policies are described in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements. The preparation of the Company's Consolidated Financial Statements requires it to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent liabilities. The Company bases its judgments on its historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Recent Accounting Pronouncements

The effects of recently issued accounting standards are discussed in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements.

Changes in Accounting Policies Including Initial Adoption

Other than the adoption of new accounting standards, as discussed in the notes to the Consolidated Financial Statements, there have been no other changes in the Company's accounting policies.

Financial Instruments and Other Instruments

The Company considers the management of financial risks to be an important part of its overall corporate risk management policy. The Company uses derivative financial instruments to manage existing exposures, irrespective of whether such relationships are formally documented as hedges in accordance with hedge accounting requirements. This is further described in the Consolidated Financial Statements (see Note 9 – Derivatives Financial Instruments).

Disclosure of Outstanding Share Data

As of the date of this filing, there were 57,925,319 Common Shares outstanding of which 1,675,336 are forfeitable Common Shares. There were also the following outstanding convertible securities:

Trilogy LLC Class C Units (including unvested units) – redeemable for Common Shares	26,409,543
Warrants	13,402,685
Restricted share units (unvested)	1,213,528
Deferred share units	112,140

Upon redemption or exercise of all of the forgoing convertible securities, TIP Inc. would be required to issue an aggregate of 41,137,896 Common Shares.

Dividend Paid

In 2018 and 2017, TIP Inc. paid dividends of C$0.02 per Common Share. The dividend paid in 2018 was declared on April 2, 2018 and paid to holders of record of Common Shares as of April 16, 2018. The dividend paid in 2017 was declared on March 21, 2017 and paid to holders of record of Common Shares as of April 28, 2017. Eligible Canadian holders of Common Shares who participated in the Company's dividend reinvestment plan had the right to acquire additional Common Shares at 95% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the dividend payment date, by reinvesting their cash dividends, net of applicable taxes. As a result of shareholder participation in the dividend reinvestment plan, 34,734 Common Shares were issued to existing shareholders in 2018 and 17,416 Common Shares were issued to existing shareholders in 2017. A total cash dividend of $0.7 million was paid to shareholders that did not participate in the dividend reinvestment plan in 2018 and the cash payment was recorded as financing activities in the Consolidated Statement of Cash Flows for the year ended December 31, 2018.

Concurrent with the payment of the TIP Inc. dividends, in accordance with the Trilogy LLC amended and restated Limited Liability Company agreement, dividends in the form of 137,256 and 85,663 additional Trilogy LLC Class C Units were issued on economically equivalent terms to the holders of Trilogy LLC Class C Units in 2018 and 2017, respectively.

Risk and Uncertainty Affecting the Company's Business

The principal risks and uncertainties that could affect our future business results and associated risk mitigation activities are summarized above under the heading "Cautionary Note Regarding Forward-Looking Statements" and are more fully described in under the heading "Risk Factors" in the 2018 AIF filed by TIP Inc. on SEDAR and on EDGAR (with TIP Inc.'s Annual Report on Form 40-F) on March 27, 2019 and available on TIP Inc.'s SEDAR profile at www.sedar.com and TIP Inc.'s EDGAR profile at www.sec.gov.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information relating to the Company is identified and communicated to management on a timely basis. Management of the Company, under the supervision of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and CFO to ensure appropriate and timely decisions are made regarding public disclosure.

Based on management's evaluation, the CEO and the CFO concluded that, as of December 31, 2018, the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management of the Company, under the supervision of the CEO and CFO, is responsible for establishing and maintaining effective "internal control over financial reporting" as such term is defined by the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. The Company's internal control over financial reporting include:

- maintaining records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets and consolidated entities;

- providing reasonable assurance that transactions are recorded as necessary to permit the preparation of the Consolidated Financial Statements in accordance with U.S. GAAP and that receipts and expenditures by the Company and its subsidiaries are being made only in accordance with the authorization of the Company's management and directors; and

- providing reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Consolidated Financial Statements.

Management of the Company, under the supervision and with the participation of the CEO and CFO, assessed the Company's internal control over financial reporting using the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2018. This evaluation included a review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

Management believes the Consolidated Financial Statements fairly present in all material respects the Company's financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

2degrees has experienced significant growth in operations and resulting revenues and expenses. As reported in TIP Inc.'s MD&A, for the years ended December 31, 2017 and December 31, 2016, management concluded that certain control deficiencies existed that, in the aggregate, were determined to be a material weakness. The material weakness related to a lack of accounting, compliance, and IT control processes and documentation at 2degrees. In addition, management concluded that 2degrees had insufficient staffing to support these processes and oversee the increased scale and complexity in the business during the expansion that 2degrees had experienced since its launch. As a result, the documentation, rigor, and level of precision of the review process related to periodic reconciliations for certain key accounts as well as IT processes were found to be deficient. Based on an evaluation as of December 31, 2018, management concluded that the material weakness had been remediated. In connection with its remediation efforts, the Company did not become aware of any material financial errors related to previously reported periods.

Changes in Internal Control over Financial Reporting

During 2018, the Company completed the following remediation activities to address the material weakness identified during the testing of the operating effectiveness of internal controls over financial reporting for the years ended December 31, 2017 and December 31, 2016:

- Hired additional staffing in compliance and IT areas at 2degrees and further developed IT oversight processes and controls;
- Engaged external specialists to assist in the documentation and review of its internal controls;
- Enhanced controls to provide reasonable assurance that accounts were complete, accurate and agreed to detailed support, and that account reconciliations were properly performed, reviewed appropriately and approved; and
- Redesigned general IT controls over user access privileges, unauthorized access, change management and segregation of duties.

These improvements have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting resulting from such material weakness.

Except as disclosed above, there have been no other significant changes made to the Company's internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's disclosure controls and procedures or internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives. However, due to their inherent limitations, disclosure controls and procedures or internal control over financial reporting may not prevent or detect all misstatements and fraud.

A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. TIP Inc. will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make such modifications from time to time as it considers necessary.

Definitions and Reconciliations of Non-GAAP Measures

The Company reports certain non-U.S. GAAP measures that are used to evaluate the performance of the Company and the performance of its segments, as well as to determine compliance with debt covenants and to manage the capital structure. Non-U.S. GAAP measures do not have any standardized meaning under U.S. GAAP and therefore may not be comparable to similar measures presented by other issuers. Securities regulations require such measures to be clearly defined and reconciled with their most directly comparable U.S. GAAP measure.

Consolidated Adjusted EBITDA and Adjusted EBITDA Margin

Consolidated Adjusted EBITDA ("Adjusted EBITDA") represents Loss from continuing operations (the most directly comparable U.S. GAAP measure) excluding amounts for: income tax expense; interest expense; depreciation, amortization and accretion; equity-based compensation (recorded as a component of General and administrative expense); (gain) loss on disposal and abandonment of assets; and all other non-operating income and expenses. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by service revenues. Adjusted EBITDA and Adjusted EBITDA Margin are common measures of operating performance in the telecommunications industry. The Company's management believes Adjusted EBITDA and Adjusted EBITDA Margin are helpful measures because they allow management to evaluate the Company's performance by removing from its operating results items that do not relate to core operating performance. The Company's management believes that certain investors and analysts use Adjusted EBITDA to value companies in the telecommunications industry. The Company's management believes that certain investors and analysts also use Adjusted EBITDA and Adjusted EBITDA Margin to evaluate the performance of the Company's business. Adjusted EBITDA and Adjusted EBITDA Margin have no directly comparable U.S. GAAP measure. The following table provides a reconciliation of Adjusted EBITDA to the most comparable financial measure reported under U.S. GAAP, Loss from continuing operations.

Consolidated Adjusted EBITDA

	For the Year Ended December 31,		
(in millions)	**2018**	**2017**	**2016**
Loss from continuing operations	$ (31.7)	$ (30.1)	$ (40.6)
Interest expense	45.9	59.8	69.1
Depreciation, amortization and accretion	111.9	106.9	105.5
Debt modification and extinguishment costs	4.2	6.7	3.8
Change in fair value of warrant liability	(6.4)	(9.1)	-
Income tax expense	4.9	8.2	7.6
Other, net	4.7	(1.3)	1.8
Equity-based compensation	5.9	2.9	2.7
Loss on disposal and abandonment of assets	1.3	0.7	0.6
Acquisition and other nonrecurring costs[1]	4.0	5.8	4.2
Consolidated Adjusted EBITDA[2]	$ 144.7	$ 150.4	$ 154.7
Consolidated Adjusted EBITDA Margin	25%	25%	26%

[1]2017 and 2016 primarily includes costs related to the Company's initial compliance and preparation expenses incurred in connection with the Arrangement and becoming a publicly traded entity. 2018 includes costs related to the implementation of the new revenue recognition standard of approximately $2.0 million for the year ended December 31, 2018 among other nonrecurring costs.

[2]In July 2013, Trilogy LLC sold to Salamanca Holding Company, a Delaware limited liability company, 80% of its interest in its wholly owned subsidiary Salamanca Solutions International LLC ("SSI"). Although Trilogy LLC holds a 20% equity interest in SSI, due to the fact that NuevaTel is SSI's primary customer, Trilogy LLC is considered SSI's primary beneficiary, and as such, the Company consolidates 100% of SSI's net income (losses). The impact on the Company's consolidated results of the 80% that Trilogy LLC does not own was to (decrease) increase Adjusted EBITDA by $(0.2) million, $(0.4) million and $0.1 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Trilogy LLC Consolidated EBITDA

For purposes of the indenture for the Trilogy 2022 Notes, the following is a reconciliation of Trilogy LLC Consolidated EBITDA as defined in the indenture, to Consolidated Adjusted EBITDA.

Trilogy LLC Consolidated EBITDA

(in millions)	For the Year Ended December 31,		
	2018	2017	2016
Consolidated Adjusted EBITDA	$ 144.7	$ 150.4	$ 154.7
Realized gain (loss) on foreign currency	1.4	2.0	(0.5)
Interest income	0.5	0.7	-
Fines and penalties	(4.3)	(0.3)	(2.4)
Adjustment for liability classified equity-based awards	0.3	0.8	(1.0)
TIP Inc. Adjusted EBITDA	0.4	0.4	-
Trilogy LLC Consolidated EBITDA	**$ 143.0**	**$ 154.0**	**$ 150.8**

Consolidated Equipment Subsidy

Equipment subsidy ("**Equipment Subsidy**") is the cost of devices in excess of the revenue generated from equipment sales and is calculated by subtracting Cost of equipment sales from Equipment sales. Management uses Equipment Subsidy on a consolidated level to evaluate the net loss that is incurred in connection with the sale of equipment or devices in order to acquire and retain subscribers. Equipment Subsidy includes devices acquired and sold for wireline subscribers. Consolidated Equipment Subsidy is used in computing Equipment subsidy per gross addition. A reconciliation of Equipment Subsidy to Equipment sales and Cost of equipment sales, both U.S. GAAP measures, is presented below:

Equipment Subsidy

(in millions)	For the Year Ended December 31,		
	2018	2017	2016
Cost of equipment sales	$ 233.8	$ 197.7	$ 197.9
Less: Equipment sales	(221.6)	(178.8)	(178.8)
Equipment Subsidy	**$ 12.2**	**$ 18.8**	**$ 19.1**

Key Industry Performance Measures – Definitions

The following measures are industry metrics that management finds useful in assessing the operating performance of the Company, and are often used in the wireless telecommunications industry, but do not have a standardized meaning under U.S. GAAP.

- **Monthly average revenues per wireless user** ("**ARPU**") is calculated by dividing average monthly wireless service revenues during the relevant period by the average number of wireless subscribers during such period.

- **Wireless data revenues** ("**data revenues**") is a component of wireless service revenues that includes the use of web navigation, multimedia messaging service ("MMS") and value-added services that are conducted by the subscriber over the wireless network through their device. Beginning with the third quarter of 2018, data revenues no longer include revenues from the use of SMS.

- **Wireless service revenues** ("**wireless service revenues**") is a component of total revenues that excludes wireline revenues, equipment sales and non-subscriber international long distance revenues; it captures wireless performance and is the basis for the blended wireless ARPU and data as a percentage of wireless service revenue calculations.

- **Wireless data average revenue per wireless user** is calculated by dividing monthly data revenues during the relevant period by the average number of wireless subscribers during the period.

- **Churn** ("**churn**") is the rate at which existing subscribers cancel their services, or are suspended from accessing the network, or have no revenue generating event within the most recent 90 days, expressed as a percentage. Churn is calculated by dividing the number of subscribers disconnected by the average subscriber base. It is a measure of monthly subscriber turnover.

- **Cost of Acquisition** ("**cost of acquisition**") represents the total cost associated with acquiring a subscriber and is calculated by dividing total Sales and Marketing expense plus Equipment Subsidy during the relevant period by the number of new wireless subscribers added during the relevant period.

- **Equipment subsidy per gross addition** is calculated by dividing Equipment Subsidy by the number of new wireless subscribers added during the relevant period.

- **Capital intensity** ("**capital intensity**") represents purchases of property and equipment divided by total service revenues. The Company's capital expenditures do not include expenditures on spectrum licenses. Capital intensity allows the Company to compare the level of the Company's additions to property and equipment to those of other companies within the same industry.

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Section 4: EX-99.3 (EXHIBIT 99.3)

TRILOGY INTERNATIONAL PARTNERS INC.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018 AND 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Trilogy International Partners Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Trilogy International Partners Inc. (incorporated in British Columbia) and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive loss, mezzanine equity and shareholders' (deficit) equity/members' deficit, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Grant Thornton LLP

We have served as the Company's auditor since 2007.

Seattle, Washington
March 27, 2019

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Balance Sheets
(US dollars in thousands, except share amounts)

	Years Ended December 31, 2018	Years Ended December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,942	$ 47,093
Short-term investments	1,986	24,240
Accounts receivable, net	71,917	75,032
Equipment Installment Plan ("EIP") receivables, net	22,165	17,190
Inventory	45,957	21,351
Prepaid expenses and other current assets	12,609	15,809
Total current assets	198,576	200,715
Property and equipment, net	394,841	415,628
License costs and other intangible assets, net	80,987	100,251
Goodwill	9,014	9,539
Long-term EIP receivables	21,216	14,799
Other assets	23,648	20,106
Total assets	$ 728,282	$ 761,038
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 36,717	$ 33,553
Construction accounts payable	26,834	26,271
Current portion of debt	8,293	10,705
Customer deposits and unearned revenue	16,995	20,769
Other current liabilities and accrued expenses	143,435	128,882
Total current liabilities	232,274	220,180
Long-term debt	498,532	496,547
Deferred income taxes	693	3,320
Other non-current liabilities	30,399	34,801
Total liabilities	761,898	754,848
Commitments and contingencies		
Shareholders' (deficit) equity:		
Common shares and additional paid in capital; no par value, unlimited authorized, 57,713,836 and 53,815,631 shares issued and outstanding	286	-
Accumulated deficit	(75,309)	(53,259)
Accumulated other comprehensive income	3,428	6,059
Total Trilogy International Partners Inc. shareholders' deficit	(71,595)	(47,200)
Noncontrolling interests	37,979	53,390
Total shareholders' (deficit) equity	(33,616)	6,190
Total liabilities and shareholders' (deficit) equity	$ 728,282	$ 761,038

On behalf of the Board:

/s/ Mark Kroloff	/s/ Alan Horn	/s/ Nadir Mohamed
Mark Kroloff Director	Alan Horn Director	Nadir Mohamed Director

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statements of Operations and Comprehensive Loss
(US dollars in thousands, except share and per share amounts)

	Years Ended December 31,		
	2018	2017	2016
Revenues			
Wireless service revenues	$ 500,327	$ 526,199	$ 524,740
Wireline service revenues	61,804	57,131	43,397
Equipment sales	221,610	178,836	178,772
Non-subscriber international long distance and other revenues	14,434	16,734	18,139
Total revenues	798,175	778,900	765,048
Operating expenses			
Cost of service, exclusive of depreciation, amortization and accretion shown separately	202,341	214,682	212,695
Cost of equipment sales	233,781	197,685	197,861
Sales and marketing	100,623	103,348	104,468
General and administrative	126,610	121,410	102,260
Depreciation, amortization and accretion	111,889	106,909	105,456
Loss on disposal and abandonment of assets	1,346	682	609
Total operating expenses	776,590	744,716	723,349
Operating income	21,585	34,184	41,699
Other (expenses) income			
Interest expense	(45,913)	(59,754)	(69,055)
Change in fair value of warrant liability	6,361	9,053	-
Debt modification and extinguishment costs	(4,192)	(6,689)	(3,802)
Other, net	(4,682)	1,329	(1,765)
Total other expenses, net	(48,426)	(56,061)	(74,622)
Loss from continuing operations before income taxes	(26,841)	(21,877)	(32,923)
Income tax expense	(4,889)	(8,181)	(7,642)
Loss from continuing operations	(31,730)	(30,058)	(40,565)
Gain from discontinued operations, net of tax	-	-	50,303
Net (loss) income	(31,730)	(30,058)	9,738
Less: Net loss (income) attributable to noncontrolling interests and prior controlling interest	11,525	14,721	(9,738)
Net loss attributable to Trilogy International Partners Inc.	$ (20,205)	$ (15,337)	$ -
Comprehensive (loss) income			
Net (loss) income	$ (31,730)	$ (30,058)	$ 9,738
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(6,335)	3,198	1,816
Net (loss) gain on derivatives and short-term investments	(3)	106	710
Other comprehensive (loss) income	(6,338)	3,304	2,526
Comprehensive (loss) income	(38,068)	(26,754)	12,264
Comprehensive loss (income) attributable to noncontrolling interests and prior controlling interest	14,957	9,928	(12,264)
Comprehensive loss attributable to Trilogy International Partners Inc.	$ (23,111)	$ (16,826)	$ -
Net loss attributable to Trilogy International Partners Inc. per share:			
Basic (see Note 13 - Earnings per Share)	$ (0.38)	$ (0.34)[1]	
Diluted (see Note 13 - Earnings per Share)	$ (0.39)	$ (0.41)[1]	
[1]For the period from February 7, 2017 through December 31, 2017			
Weighted average common shares:			
Basic	53,678,914	44,692,369	
Diluted	82,193,501	81,750,658	

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statement of Mezzanine Equity and Shareholders' (Deficit) Equity/Members' Deficit
(US dollars in thousands, except shares)

	Trilogy International Partners LLC				Trilogy International Partners Inc.						
	Members' Investment and Mezzanine Equity	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Common Shares: Shares	Common Shares: Amount	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total shareholders' (deficit) equity/ members deficit
Balance, December 31, 2015	$ 371,349	$ (600,249)	$ 4,270	$ 67,574	-	$ -	$ -	$ -	$ -	$ -	$ (157,056)
Net income	-	2,108	-	7,630	-	-	-	-	-	-	9,738
Other comprehensive income	-	-	1,836	690	-	-	-	-	-	-	2,526
Member contribution	5,000	-	-	-	-	-	-	-	-	-	5,000
Dividend to noncontrolling interest	-	-	-	(7,116)	-	-	-	-	-	-	(7,116)
Changes in noncontrolling interests	(3,791)	-	45	1,769	-	-	-	-	-	-	(1,977)
Balance, December 31, 2016	372,558	(598,141)	6,151	70,547	-	-	-	-	-	-	(148,885)
Trilogy LLC loan conversion	(4,528)	-	98	4,430	-	-	-	-	-	-	-
Net (loss) income through Arrangement date	-	(2,703)	-	1,637	-	-	-	-	-	-	(1,066)
Other comprehensive income through Arrangement date	-	-	4,126	2,269	-	-	-	-	-	-	6,395
Member contribution	1,400	-	-	-	-	-	-	-	-	-	1,400
Changes in noncontrolling interest	-	-	-	143	-	-	-	-	-	-	143
Balance prior to Arrangement with Alignvest	369,430	(600,844)	10,375	79,026	-	-	-	-	-	-	(142,013)
Share exchange with 2degrees noncontrolling interests	4,785	-	1,528	(7,713)	-	-	-	-	-	-	(1,400)
Sale of common shares	-	-	-	-	44,177,149	-	202,159	-	-	-	202,159
Purchase of Trilogy LLC units by TIP Inc., net of issuance costs	191,449	-	-	-	-	-	(199,287)	-	-	-	(7,838)
Initial allocation of noncontrolling interest of Trilogy LLC C units (redeemable units)	(565,664)	600,844	(11,903)	(71,313)	-	-	(2,872)	(15,780)	6,311	60,377	-
Share purchase warrants reclassified to liability	-	-	-	-	-	-	-	(15,298)	-	-	(15,298)
Dividend declared on March 21, 2017	-	-	-	-	17,416	-	125	(662)	-	-	(537)
Equity-based compensation	-	-	-	-	-	-	1,711	-	-	1,764	3,475
Net loss from Arrangement date to December 31, 2017	-	-	-	-	-	-	-	(15,337)	-	(13,655)	(28,992)
Other comprehensive loss from Arrangement date to December 31, 2017	-	-	-	-	-	-	-	-	(1,489)	(1,602)	(3,091)
Redemption of Trilogy LLC C units and other	-	-	-	-	9,621,066	-	(1,836)	(6,182)	1,237	6,506	(275)
Balance, December 31, 2017	-	-	-	-	53,815,631	-	-	(53,259)	6,059	53,390	6,190
Dividends declared	-	-	-	-	34,734	-	115	(851)	-	(6,837)	(7,573)
Equity-based compensation	-	-	-	-	-	-	3,350	-	-	2,635	5,985
Issuance of shares related to RSUs, net of employee tax withholding	-	-	-	-	357,684	-	(237)	-	9	78	(150)
Net loss	-	-	-	-	-	-	-	(20,205)	-	(11,525)	(31,730)
Other comprehensive loss	-	-	-	-	-	-	-	-	(2,906)	(3,432)	(6,338)
Redemption of Trilogy LLC C units and other	-	-	-	-	3,505,787	-	(2,942)	(994)	266	3,670	-
Balance, December 31, 2018	$ -	$ -	$ -	$ -	57,713,836	$ -	$ 286	$ (75,309)	$ 3,428	$ 37,979	$ (33,616)

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statements of Cash Flows
(US dollars in thousands)

	Years Ended December 31,		
	2018	**2017**	**2016**
Operating activities:			
Net (loss) income	$ (31,730)	$ (30,058)	$ 9,738
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Provision for doubtful accounts	12,790	15,911	7,928
Depreciation, amortization and accretion	111,889	106,909	105,472
Equity-based compensation	5,856	2,853	2,706
Loss on disposal and abandonment of assets	1,346	682	613
Non-cash interest expense, net	3,257	3,468	4,517
Settlement of cash flow hedges	(1,371)	(1,602)	(1,836)
Change in fair value of warrant liability	(6,361)	(9,053)	-
Debt modification and extinguishment costs	4,192	6,689	3,802
Non-cash loss from change in fair value on cash flow hedges	1,362	1,621	1,475
Unrealized loss (gain) on foreign exchange transactions	1,404	982	(1,775)
Deferred income taxes	(2,612)	529	(3,951)
Gain on disposal of discontinued operations	-	-	(52,792)
Changes in operating assets and liabilities:			
Accounts receivable	(10,292)	(18,747)	(13,489)
EIP receivables	(14,687)	1,356	(4,588)
Inventory	(25,783)	(105)	3,790
Prepaid expenses and other current assets	2,400	3,782	896
Other assets	(4,339)	(3,432)	(509)
Accounts payable	3,857	(8,987)	(5,736)
Other current liabilities and accrued expenses	26,564	(5,512)	(2,316)
Customer deposits and unearned revenue	(3,140)	(2,273)	(4,978)
Net cash provided by operating activities	74,602	65,013	48,967
Investing activities:			
Purchase of property and equipment	(82,924)	(92,352)	(107,780)
Maturities and sales of short-term investments	33,157	23,931	-
Purchase of short-term investments	(10,935)	(48,088)	-
Purchase of spectrum licenses and other additions to license costs	(714)	(3,279)	(2,636)
Proceeds from the sale of Trilogy Dominicana, net of cash sold of $875	-	-	28,723
Changes in restricted cash and other, net	(119)	582	7,421
Net cash used in investing activities	(61,535)	(119,206)	(74,272)
Financing activities:			
Proceeds from debt	343,723	514,485	581,167
Payments of debt	(338,769)	(613,487)	(582,039)
Dividends to shareholders and noncontrolling interest	(7,573)	(537)	(7,116)
Debt issuance, modification and extinguishment costs	(6,892)	(9,151)	(7,577)
Payments of financed license obligation	(6,233)	(10,393)	-
Other, net	(150)	-	-
Proceeds from equity issuance, net of issuance costs	-	199,267	(4,947)
Purchase of shares from noncontrolling interest	-	(1,675)	(3,567)
Capital contributions from equity holders	-	1,400	5,000
Net cash (used in) provided by financing activities	(15,894)	79,909	(19,079)
Net (decrease) increase in cash and cash equivalents	(2,827)	25,716	(44,384)
Cash and cash equivalents, beginning of period [1]	47,093	21,154	64,993
Effect of exchange rate changes	(324)	223	545
Cash and cash equivalents, end of period	$ 43,942	$ 47,093	$ 21,154

[1]Includes cash and cash equivalents reclassified to assets held for sale of $1,142 as of January 1, 2016.

The accompanying notes are an integral part of these Consolidated Financial Statements

NOTE 1 – DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

On February 7, 2017, Trilogy International Partners LLC ("Trilogy LLC"), a Washington limited liability company, and Alignvest Acquisition Corporation ("Alignvest"), completed a court approved plan of arrangement (the "Arrangement") pursuant to an arrangement agreement dated November 1, 2016 (as amended December 20, 2016, the "Arrangement Agreement"). Alignvest, a special purpose acquisition corporation ("SPAC"), was incorporated under the Business Corporations Act of Ontario ("OBCA") on May 11, 2015 for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar transaction involving Alignvest, referred to as its "qualifying acquisition". The consummation of the Arrangement with Trilogy LLC represented Alignvest's qualifying acquisition. At the effective time of the Arrangement, Alignvest's name was changed to Trilogy International Partners Inc. ("TIP Inc." and together with its consolidated subsidiaries, the "Company"). Immediately following the completion of the Arrangement, TIP Inc. was continued out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of British Columbia under the Business Corporation Act (British Colombia) ("BCBCA"). For accounting purposes, the Arrangement was treated as a "reverse acquisition" and recapitalization; therefore, Trilogy LLC was considered the accounting acquirer of TIP Inc. Accordingly, Trilogy LLC's historical financial statements as of the period ended and for the periods ended prior to the acquisition are presented as the historical financial statements of TIP Inc. prior to the date of the acquisition. As a result of the Arrangement, TIP Inc., through a wholly owned subsidiary, obtained a controlling interest in and thus consolidates Trilogy LLC.

To effect the Arrangement, the following organizational transactions occurred prior to or concurrent with the consummation of the Arrangement:

- On January 9, 2017, Trilogy LLC converted an outstanding intercompany loan to its New Zealand subsidiary, Two Degrees Mobile Limited ("2degrees"), into 10,920,280 shares of 2degrees in full repayment of the outstanding $13.9 million loan balance. The conversion increased Trilogy LLC's ownership in 2degrees by 1% from 62.9% to 63.9%. The carrying amounts of the noncontrolling interest attributable to 2degrees were adjusted to reflect the change in ownership interests.
- On February 7, 2017, Trilogy LLC indirectly acquired noncontrolling interests in 2degrees in exchange for common shares of TIP Inc. (the "Common Shares") and $1.4 million in cash. The transaction increased Trilogy LLC's ownership in 2degrees from 63.9% to 73.3%. The carrying amounts of the noncontrolling interests attributable to 2degrees were adjusted to reflect the change in ownership interests.
- Trilogy LLC's equity structure was recapitalized into 157,339,668 Trilogy LLC Class A Units (the "Class A Units"), 44,177,149 Trilogy LLC Class B Units (the "Class B Units") and 39,142,787 Trilogy LLC Class C Units (the "Class C Units"). The Class A Units have nominal economic value, and represent 100% of the voting rights in Trilogy LLC and do not participate in any appreciation in the value of Trilogy LLC. The Class B and Class C Units possess the economic interests in Trilogy LLC. The recapitalization was effected through amendments to the Trilogy LLC amended and restated Limited Liability Company Agreement (the "Trilogy LLC Agreement").
- Trilogy LLC issued the new Class A Units and Class B Units to wholly owned subsidiaries of TIP Inc. in exchange for $199.3 million of cash, representing the remaining proceeds from TIP Inc.'s 2015 initial public offering along with private placements that closed concurrently with the Arrangement, net of certain redemptions and expenses of TIP Inc. As a result of the exchange, TIP Inc. acquired, directly or indirectly, all the voting interests and a 53.0% equity interest in Trilogy LLC. The number of Class B Units issued and outstanding is equal to, and at all times is required to be equal to, the number of outstanding Common Shares of TIP Inc. See Note 12 – Equity.
- The Class C Units were issued to the legacy equity holders of Trilogy LLC and can be redeemed by the holders thereof for, at Trilogy LLC's option, Common Shares on a one-for-one basis or for cash equal to the fair market value of Common Shares as of the date of redemption. The redemption rights of the Class C Unit holders were subject to lock-up provisions of up to 24 months from the date of consummation of the Arrangement, February 7, 2017, all of which have expired. See Note 20 – Subsequent Events. The economic interest of the Class C Units is pro rata to those of the Class B Units which are held by a wholly owned subsidiary of TIP Inc. Upon completion of the Arrangement, the Class C Unit holders had a 47.0% equity interest in Trilogy LLC. As a result of the arrangement, TIP Inc., through a wholly owned subsidiary, obtained a controlling interest in and consolidates Trilogy LLC. A noncontrolling interest is recorded in the consolidated TIP Inc. financial statements for the Class C Unit holders' interests in Trilogy LLC.
- TIP Inc.'s authorized capital was amended to create one special voting share (the "Special Voting Share") and an unlimited number of Common Shares. The Special Voting Share was issued to the trustee under a voting trust agreement and entitles the Class C Unit holders to exercise their voting rights in TIP Inc. on an as converted basis. Holders of Common Shares and the Special Voting Share vote together as a single class of shares.

- The 13,402,685 share purchase warrants of Alignvest were deemed to be amended to be share purchase warrants to acquire Common Shares. Additionally, the warrants were reclassified from equity to a liability, as the warrants were determined to be written options not indexed to Common Shares. See Note 12 – Equity.
- As a result of the transaction, TIP Inc. is subject to income tax in both the U.S. and Canada. The losses generated by TIP Inc. from the date of the Arrangement are offset by a full valuation allowance.

As a result of these organizational transactions and the consummation of the Arrangement, TIP Inc. owns and controls a majority stake in Trilogy LLC. Trilogy LLC is a provider of wireless voice and data communications in New Zealand and Bolivia including local, international long distance (“ILD”) and roaming services, for both customers and international visitors roaming on its networks. Trilogy LLC’s services are provided under Global System for Mobile Communications (“GSM” or “2G”), Universal Mobile Telecommunication Service, a GSM-based third generation mobile service for mobile communications networks (“3G”), and Long Term Evolution (“LTE”), a widely deployed fourth generation service (“4G”), technologies. Trilogy LLC also provides fixed broadband communications to residential and enterprise customers in New Zealand.

Below is a brief summary of each of the Company’s operations:

New Zealand:
2degrees was formed under the laws of New Zealand on February 15, 2001. 2degrees holds spectrum licenses to provide nationwide wireless communication services. A portion of these licenses expire in 2021 while others expire in 2031. 2degrees launched commercial operations in 2009 as the third operator in New Zealand. 2degrees provides voice, data and long distance services to its customers over 3G and 4G networks. 2degrees also maintains inbound visitor roaming and international outbound roaming agreements with various international carriers. 2degrees offers its mobile communications services through both prepaid and postpaid payment plans. Commencing in 2015, 2degrees began offering fixed broadband communications services to residential and enterprise customers.

As of December 31, 2018, through its consolidated subsidiaries, Trilogy LLC’s ownership interest in 2degrees was 73.3% .

Bolivia:
Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia), S.A. (“NuevaTel”) was formed under the laws of Bolivia in November, 1999 to engage in Personal Communication Systems (“PCS”) operations. NuevaTel was awarded its first PCS license in 1999 and commenced commercial service in November 2000 under the brand name Viva. NuevaTel operates a GSM network along with 3G and 4G networks. These networks provide voice and data services, including high-speed Internet, messaging services and application and content downloads. NuevaTel offers its services through both prepaid and postpaid payment plans, although the majority of NuevaTel’s subscribers pay on a prepaid basis. In addition to voice and data services, NuevaTel offers public telephony services. NuevaTel’s public telephony service utilizes wireless pay telephones located in stores and call centers that are owned and managed by NuevaTel resellers.

As of December 31, 2018, through its consolidated subsidiaries, Trilogy LLC’s ownership interest in NuevaTel was 71.5% .

Basis of Presentation and Principles of Consolidation

The Company’s Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company consolidates majority-owned subsidiaries over which it exercises control, as well as variable interest entities (“VIEs”) where it is deemed to be the primary beneficiary and thus VIEs are required to be consolidated in our financial statements. All significant intercompany transactions and accounts have been eliminated in consolidation for all periods presented.

Certain amounts relating to the amortization of imputed discount on Equipment Installment Plan (“EIP”) receivables have been reclassified in prior periods. Amortization of imputed discount has been reclassified from Other, net to Non-subscriber international long distance and other revenues on our Consolidated Statements of Operations and Comprehensive Loss, to conform to the current year’s presentation. See “EIP Receivables” below.

The Company has two reportable segments, New Zealand and Bolivia. Unallocated corporate operating expenses, which pertain primarily to corporate administrative functions that support the segments, but are not specifically attributable to or managed by any segment, are presented as a reconciling item between total segment results and consolidated financial results. Additional details on our reportable segments are included in Note 18 – Segment Information.

Significant Accounting Policies

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the amounts of revenues and expenses reported for the periods presented. Certain estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for doubtful accounts, the useful lives of property and equipment, amortization periods for intangible assets, fair value of financial instruments and equity-based compensation, imputed discount on equipment installment receivables, cost estimates for asset retirement obligations, deferred income taxes, fair value measurements related to goodwill, spectrum licenses and intangibles, projections used in impairment analysis, evaluation of minimum operating lease terms, the allocation of purchase price in connection with business combinations and the period for recognizing prepaid and postpaid revenues based on breakage.

The Company records estimated revenue for rollover services (unused credit carried from month to month for up to 12 billing cycles) that is not expected to be used by its customers. These estimates are based primarily on rate plans in effect and our historical usage and billing patterns. In the third quarter of 2016, as a result of changes in rate plans and offerings and the related impacts on vendor-specific objective evidence as used for values applied to rollover balances (primarily for data services), the Company recorded a $1.7 million increase in Wireless service revenues offset by a reduction to Customer deposits and unearned revenues, as a change in estimate.

Cash and Cash Equivalents:

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less at the acquisition date or with a variable rate which can be liquidated on demand. The balance of cash and cash equivalents held by our consolidated subsidiaries was $39.3 million and $37.7 million, of which $12.1 million and $3.2 million was held by 2degrees and $27.0 million and $34.4 million was held by NuevaTel, as of December 31, 2018 and 2017, respectively.

Short-term Investments:

The Company’s short-term investments, consisting primarily of U.S. Treasury securities and commercial paper with original maturities of more than three months from the date of purchase, are considered available-for-sale (“AFS”) and reported at fair value. The net unrealized gains and losses on AFS investments are reported as a component of Other comprehensive income or loss. Realized gains and losses on AFS investments are determined using the specific identification method and included in Other, net. Gross unrealized holding gains (losses) were insignificant for the years ended December 31, 2018 and 2017. There were no short-term investments in the year ended December 31, 2016.

Restricted Cash:

The Company classifies cash as restricted when the cash is unavailable for use in general operations. These balances are reclassified to Cash and cash equivalents when the underlying obligation is satisfied, or in accordance with the governing agreement. Restricted cash expected to become unrestricted during the next twelve months is recorded in current assets. The Company had $0.5 million and $0.7 million of restricted cash included in Prepaid expenses and other current assets and Other assets within the Consolidated Balance Sheets as of December 31, 2018 and 2017, respectively. The restricted cash balances consisted primarily of cash balances held as collateral for performance obligations under certain contracts with suppliers.

Accounts Receivable, net:

Accounts receivable consist primarily of amounts billed and due from customers, other wireless service providers, and dealers (“third party retail channels”) and are generally unsecured. Local interconnection and telecom cooperative receivables due from other wireless service providers represented $28.9 million and $27.0 million of Accounts receivable, net at December 31, 2018 and 2017, respectively. Interconnection receivables and payables are reported on a gross basis on the Consolidated Balance Sheets and on the Consolidated Statements of Cash Flows as there is no legal right to offset these amounts, consistent with the presentation of related interconnection revenues and expenses on the Consolidated Statements of Operations and Comprehensive Loss.

Management makes estimates of the uncollectability of its accounts receivable. In determining the adequacy of the allowance for doubtful accounts, management analyzes historical experience and current collection trends, known troubled accounts, receivable aging and current economic trends. The Company writes off account balances against the allowance for doubtful accounts when collection efforts are unsuccessful. Provisions for uncollectible receivables are included in General and administrative expenses. The allowance for doubtful billed accounts was $6.3 million and $9.3 million as of December 31, 2018 and 2017, respectively.

EIP Receivables:

In New Zealand, the Company offers certain wireless customers the option to pay for their handset in installments over a period of up to 36 months using an EIP. In Bolivia, in 2018, the Company began offering to certain wireless subscribers the option to pay for their handsets in installments over a period of 18 months using an EIP. The amounts recorded as EIP receivables at the end of each period represent EIP receivables for which invoices were not yet generated for the customer ("unbilled"). Invoiced EIP receivables ("billed") are recorded in the Accounts receivable, net balance, consistent with other outstanding customer trade receivables. In New Zealand, the Company assesses the credit quality of each EIP applicant and applicants representing the greatest risk of default are not permitted to participate in an EIP. Customers considered to be high risk are required to participate in a risk mitigation program which includes paying a deposit and allowing for automatic payments. In Bolivia, the Company offers installment plans only to subscribers with a low delinquency risk based on the Company's credit analysis and the customer's income level. All of the Company's EIP customers are required to make a down payment for a handset. The current portion of EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of EIP receivables is included in Long-term equipment installment plan receivables on our Consolidated Balance Sheets.

At the time of sale of handsets under installment plans, we impute risk adjusted interest on the receivables associated with EIPs. Historically, we recorded this imputed discount as a reduction of equipment sales and the imputed interest was deferred and included within EIP receivables, net on our Consolidated Balance Sheets. The imputed discount was amortized to interest income over the term of the EIP contract in Other, net on our Consolidated Statements of Operations and Comprehensive Loss. Beginning with the second quarter of 2018, the amortization of imputed discount on EIP receivables has been reclassified from Other, net and is now included as a component of Non-subscriber international long distance and other revenues on our Consolidated Statements of Operations and Comprehensive Loss. This presentation provides a clearer representation of amounts earned from the Company's ongoing operations and aligns with industry practice thereby enhancing comparability. We applied this reclassification to all periods presented. Amortization of imputed discount included within Non-subscriber international long distance and other revenues was $2.4 million, $2.1 million and $1.6 million for the years ended December 31, 2018, 2017 and 2016, respectively. This change had no impact on net loss for any period presented.

The Company establishes an allowance for EIP receivables to cover probable and reasonably estimated losses. The estimate of allowance for doubtful accounts considers a number of factors, including collection experience, receivable aging, customer credit quality and other qualitative factors including macro-economic factors. The Company monitors the EIP receivable balances and writes off account balances if collection efforts are unsuccessful and future collection is unlikely. See Note 5 – EIP Receivables for additional information as it relates to the allowance for doubtful accounts specifically attributable to EIP receivables.

Inventories:

Inventory consists primarily of wireless devices and accessories. Cost is determined by the first-in, first-out ("FIFO") method and weighted average cost method which has historically approximated the FIFO method. Subsequent measurement of inventory is determined using the cost and net realizable value test. Net realizable value is determined using the estimated selling price in the ordinary course of business. The Company records inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Handset costs in excess of the revenues generated from handset sales, or handset subsidies, are expensed at the time of sale. The Company does not recognize the expected handset subsidies prior to the time of sale because the promotional discount decision is made at the point of sale and/or because the Company expects to recover the handset subsidies through service revenues.

For certain inventories held by a third-party distribution and logistics company located in New Zealand, the Company records inventories on our Consolidated Balance Sheets, with a corresponding increase to Other current liabilities and accrued expenses. The third-party distribution and logistics company purchases the inventory from various equipment manufacturers on behalf of and at the direction of 2degrees, with 2degrees specifying the purchase price, timing of purchase, and type and quantity of handsets. Therefore, the Company records the inventory once risk of loss is assumed in connection with the transfer from the manufacturers to the third-party distribution and logistics company.

Property and Equipment:

Property and equipment is recorded at cost or fair value for assets acquired as part of business combinations and depreciation is calculated on a straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally as follows: (i) buildings range from 28 to 50 years; (ii) wireless communications systems range from 2 to 20 years; and (iii) furniture, equipment, vehicles and software range from 2 to 17 years. Leasehold improvements are recorded at cost and depreciated over the lesser of the term of the lease or the estimated useful life. Costs of additions and major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance the asset's functionality or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of the Company's networks are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which may include obtaining leases, zoning approvals and building permits, and ceases at the point at which the asset is ready for its intended use and placed in service. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the balance sheet accounts and any gain or loss is recognized. Assets under construction are not depreciated until placed in service.

Interest expense incurred during the construction phase of the Company's wireless networks is capitalized as part of property and equipment until assets are placed into service. Capitalized interest costs are amortized over the estimated useful lives of the related assets. Capitalized interest for the years ended December 31, 2018, 2017 and 2016 was $1.2 million, $1.1 million and $1.7 million, respectively.

In July 2018, 2degrees updated the terms and conditions of the fixed broadband agreements with residential customers. The agreements with new subscribers, starting on July 1, 2018, state that 2degrees will assume ownership of customer premises equipment, i.e., modems, and lease such equipment to these subscribers. As such, in accordance with the applicable accounting guidance for leases, the Company has reclassified its customer premises equipment from Inventory to Equipment on its Consolidated Balance Sheets as of December 31, 2018. Depreciation for the customer premises equipment is calculated on a straight-line basis over the estimated useful life of three years. The lease revenues associated with these agreements are not significant for the year ended December 31, 2018 and the Company has included the lease revenues in Wireline service revenues on its Consolidated Statements of Operations and Comprehensive Loss.

The Company capitalizes certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once selection of a specific software project has been made and the Company approves and commits to funding the project. Capitalized costs include direct development costs associated with internal use software, including internal direct labor costs and external costs of materials and services. Capitalized software costs are included in Property and equipment, net and amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

The Company records an asset retirement obligation ("ARO") for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. These obligations primarily pertain to the Company's legal obligations related to network infrastructure, principally tower and related assets, and include obligations to remediate leased land on which the Company's network infrastructure assets are located. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, any difference between the recorded ARO liability and the actual retirement costs incurred is recognized as an operating gain or loss in the Consolidated Statement of Operations and Comprehensive Loss.

The significant assumptions used in estimating the Company's ARO include the following: a probability that the Company's leases with ARO will be remediated at the lessor's directive; expected settlement dates that coincide with lease expiration dates plus estimated lease extensions; remediation costs that are indicative of what third party vendors would charge the Company to remediate the sites; expected inflation rates that are consistent with historical inflation rates; and credit-adjusted risk-free interest rates which approximate the Company's incremental borrowing rates.

License Costs and Other Intangible Assets:

Intangible assets consist primarily of wireless spectrum licenses in foreign markets, tradenames and subscriber relationships. License costs primarily represent costs incurred to acquire wireless spectrum licenses in foreign markets, which are recorded at cost, and the value attributed to wireless spectrum licenses acquired in business combinations. Amortization begins with the commencement of service to customers using the straight-line method. The license costs are amortized over 7 to 20 years, which correspond with the expiration dates of the licenses as issued by the regulators. Licenses, subject to certain conditions, are usually renewable and are generally non-exclusive. When determining the useful life of a license, management generally does not consider renewal periods since there is no certainty that a license will be renewed without significant cost (or at no cost).

Subscriber relationships were acquired as part of the acquisition in New Zealand of our fixed broadband communications services provider, Snap Limited, in 2015 and relate to established relationships with residential and enterprise customers through contracts for fixed broadband services. Subscriber relationships are amortized over the estimated useful life of 7 years using an accelerated method, which we believe best reflects the estimated pattern in which the economic benefits of the assets will be consumed.

Impairment of Long-Lived Assets:

The Company evaluates its long-lived assets, including intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is not fully recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group's carrying value over the estimated fair value. We determine fair values by using a combination of comparable market values, estimated future discounted cash flows and appraisals, as appropriate. There were no events or changes in circumstances that indicated impairment would be recorded for long-lived assets for the fiscal years ended December 31, 2018, 2017 and 2016.

Goodwill:

Goodwill is the excess of the cost of an acquisition of businesses over the fair value of the net identifiable assets acquired as of the acquisition date. The Company reviews goodwill for impairment annually and also during interim periods if events or changes in circumstances indicate the occurrence of a triggering event. During the fourth quarter of fiscal year 2018, we changed the date of our annual impairment test from December 31 to November 30 to align more effectively with the timing of our annual reporting requirements and other administrative processes. We believe the change did not delay, accelerate, or avoid an impairment charge and does not result in adjustments to our financial statements when applied retrospectively. Effective December 31, 2017, we prospectively adopted accounting guidance that simplifies our goodwill impairment testing by eliminating the requirement to calculate the implied fair value of goodwill (formerly "step two") in the event that an impairment is identified. Instead, an impairment charge is recorded based on the excess of the reporting unit's carrying amount over its fair value. We may first elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the goodwill impairment test. If we do not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the single reporting unit is less than its carrying amount, goodwill is tested for impairment. If the Company determines the fair value of the reporting unit is less than its carrying amount, a goodwill impairment loss is recognized for the difference. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Generally fair value is determined by a multiple of earnings based on the guideline publicly traded business method or discounting projected future cash flows based on management's expectations of the current and future operating environment. There were no goodwill impairment charges required for any periods presented.

Derivative Instruments and Hedging Activities:

We employ risk management strategies, which may include the use of interest rate swaps, cross-currency swaps and forward exchange contracts. We do not hold or enter into derivative instruments for trading or speculative purposes.

Derivatives are recognized in the Consolidated Balance Sheets at fair value. Changes in the fair values of derivative instruments designated as "cash flow" hedges, to the extent the hedges are highly effective, are recorded in Other comprehensive (loss) income. Derivative instruments not qualifying for hedge accounting or ineffective portions of cash flow hedges, if any, are recognized in current period earnings. The Company assesses, both at inception of the hedge and on an ongoing basis, whether derivatives used as hedging instruments are highly effective in offsetting the changes in the fair value or cash flow of the hedged items. If it is determined that a derivative is not highly effective as a hedge or ceases to be highly effective, the Company discontinues hedge accounting prospectively. As of December 31, 2018 and 2017, no derivative instruments were designated for hedge accounting.

Fair Value Measurements:

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

Warrant Liability:

TIP Inc.'s outstanding warrants are recorded as a liability, as the warrants are written options that are not indexed to Common Shares. The warrant liability is recorded in Other current liabilities and accrued expenses on the Company's Consolidated Balance Sheets. The offsetting impact is reflected within Accumulated deficit as a result of the reduction of Additional paid in capital to zero with the allocation of opening equity due to the Arrangement. The amount of the warrant liability was $0.1 million and $6.6 million as of December 31, 2018 and 2017, respectively. Any change in fair value of these warrants due to a change in their price during the reporting period is recorded as Change in fair value of warrant liability on the Company's Consolidated Statements of Operations and Comprehensive Loss. The fair value of the warrant liability is determined each period by utilizing the number of warrants outstanding and the closing trading value of the warrants as of the reporting date. The change in fair value of the warrant liability was a non-cash gain of $6.4 million and $9.1 million for the years ended December 31, 2018 and 2017, respectively. Additionally, because the warrants are denominated in Canadian dollars, there were immaterial changes in the warrant liability during the periods due to the impact of changes in the exchange rate with United States dollar.

Mezzanine Equity:

Three pre-Arrangement Trilogy LLC unit holders had been granted rights to cause Trilogy LLC, under certain circumstances, to repurchase their equity interests in Trilogy LLC. The Company had recorded these units in the mezzanine equity section of the Consolidated Balance Sheet as of December 31, 2016. To give effect to the consummation of the Arrangement on February 7, 2017, the Trilogy LLC Agreement was amended and restated and those rights were eliminated and thus these interests were reclassified from mezzanine equity to equity in the first quarter of 2017.

Required Distributions:

Trilogy LLC is required to make quarterly distributions to its members on a pro rata basis in accordance with each member's ownership interest in amounts sufficient to permit members to pay the tax liabilities resulting from allocations of income tax items from Trilogy LLC. Trilogy LLC was in a net taxable loss position for the years ended December 31, 2018, 2017 and 2016; therefore, no tax distributions were made to its members related to these tax years.

Revenue Recognition:

Wireless service revenues are primarily derived from providing access to and usage of the Company's wireless networks. In general, access revenues from wireless postpaid customers are billed in arrears and recognized over the period that the corresponding services are rendered to customers. Wireless service revenues derived from usage of the Company's networks, including voice, data, roaming and long-distance revenues, are recognized when the services are provided. As a result of the cutoff times of our multiple billing cycles each month, we are required to estimate the amount of subscriber revenues earned but not billed from the end of each billing cycle to the end of each reporting period. The Company also records estimated wireless service revenues for rollover services (unused credit carried from month to month for up to 12 billing cycles) that are not expected to be used. These estimates are based primarily on rate plans in effect and our historical usage and billing patterns.

Prepaid wireless services sold to customers are recorded as unearned revenue prior to the commencement of services; revenue is recognized when the services are used or expire. When prepaid service credits are not subject to expiration, the Company estimates breakages (cash consideration received for prepaid services but never expected to be redeemed by customers) based upon historical usage trends. The Company's policy is to recognize revenue for estimated breakage when there is a remote likelihood that the balance of prepaid services will be redeemed.

Interconnection revenues are generated when calls from other operators terminate on the Company's networks and are recognized in the period the termination occurs.

Equipment sales consist principally of revenues from the sale of wireless handsets and accessories to subscribers and dealers. Equipment sales, including those on an EIP, are recognized when the products are delivered to the customer or dealer. The revenues and related expenses associated with the sale of wireless handsets and accessories through our indirect sales channels are recognized when the products are delivered and accepted by the dealer, including when products are provided by the third-party distributor, as this is considered to be a separate earnings process from the sale of wireless services and probability of collection is likely.

The Company has determined that the sale of wireless services through its direct sales channels with an accompanying handset constitutes a revenue arrangement with multiple deliverables. The Company accounts for these arrangements as separate units of accounting, including the wireless service and handset. For these multiple element arrangements, the Company must: (1) determine whether and when each element has been delivered; (2) determine relative selling price of each element using the selling price hierarchy of vendor-specific objective evidence of selling price, third party evidence, or the Company's best estimate of selling price, as applicable; and (3) allocate the total price among the various elements based on the relative selling price method. The revenue allocated to the multiple revenue streams is based on the relative selling price to the total consideration from the sale. Consideration allocated to the handset is recognized as equipment sales when the handset is delivered and accepted by the subscriber. Consideration allocated to the wireless service is recognized as service is rendered.

We also earn revenues from our wireline subscribers. These revenues are based upon usage of our network and facilities, contract fees and equipment sales. In general, fixed monthly fees for services are billed one month in advance and are recognized when earned. Revenues from services that are not fixed in amount and are based on usage are generally billed in arrears and recognized when service is rendered. We sell each of these services separately and each product or service has a standalone selling price. When equipment is sold separately from services, revenue is recognized upon delivery to the customer. When equipment is sold as part of a managed service, revenue is recognized over the contract period.

Customer Sales Incentives:

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers include current discount offers (e.g., percentage discounts off current purchases), inducement offers (e.g., offers for future discounts subject to a minimum current purchase), and commissions. Current discount offers, when accepted by customers, are treated as a reduction to the purchase price of the related transaction, while inducement offers, when accepted by customers, are treated as a reduction to purchase price based on estimated future redemption rates. Redemption rates are estimated using the Company's historical experience for similar inducement offers. Current discount offers and commissions are presented as a reduction to revenues unless the Company receives, or will receive, an identifiable benefit in exchange for the consideration, and the fair value of such benefit can be reasonably estimated.

Pass Through Taxes:

The Company presents taxes imposed by governmental authorities on revenue-producing transactions between us and our customers on a net basis.

Advertising Costs:

The Company expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2018, 2017 and 2016 were $20.9 million, $19.5 million and $19.0 million, respectively.

Operating Leases:

The Company's cell sites are typically situated on leased property including land, towers and rooftop locations. The Company's retail stores, distribution facilities, office spaces and certain of its customer service centers are also leased. The Company's lease contracts expire on various dates through 2043 and generally provide for renewal options of up to an additional ten years exercisable at our discretion. For scheduled rent escalation clauses during the lease terms, the Company records minimum rental payments on a straight-line basis over the fixed non-cancelable terms of the leases, including those periods for which failure to renew the lease imposes a significant economic penalty. If failure to exercise a renewal option imposes an economic penalty, the Company may determine at the inception of the lease that renewal is reasonably assured and include the renewal option period(s) in addition to the fixed non-cancelable term of the lease in the determination of the appropriate estimated lease term, up to the estimated economic life of the underlying asset.

Defined Contribution Plan:

The Company has a defined contribution plan whereby participants may contribute a portion of their eligible pay to the plan through payroll withholdings. The Company provides matching contributions based on the amount of eligible compensation contributed by the employees. Total contributions by the Company were $0.1 million for each of the years ended December 31, 2018, 2017 and 2016.

Equity-Based Compensation:

The Company measures compensation costs for all equity-based payment awards made to employees based on the estimated fair values at the either the grant date for equity classified awards or quarterly for liability classified awards. Effective January 1, 2018, we early adopted the Accounting Standards Update ("ASU") 2016-09 accounting guidance that allows for the accounting of forfeitures of share-based awards when they occur. The adoption of this guidance did not have a material impact on the Consolidated Financial Statements. The expense, net of forfeitures, is recognized over the requisite service period, which is generally the vesting period of the award. The fair value of the equity-based payment awards is estimated using the Black-Scholes option valuation model.

Net (Loss) Earnings Per Share ("EPS"):

EPS is calculated using the two-class method, which is an earnings allocation method that determines earnings per share for Common Shares and participating securities. The Company has one class of common stock; however, Class C Units held by Trilogy LLC members (a noncontrolling interest in Trilogy LLC) are treated as a participating security for purposes of calculating EPS and a two-class method security due to their pro-rata rights to dividends and earnings.

Basic (loss)/income per share ("Basic EPS") is computed by dividing net (loss)/income, less net (loss)/income available to participating securities, by the basic weighted average Common Shares outstanding.

Diluted (loss)/income per share ("Diluted EPS") is calculated by dividing attributable net (loss)/income by the weighted average number of Common Shares plus the effect of potential dilutive Common Shares outstanding during the period. Diluted EPS excludes all potentially dilutive units if the effect of their inclusion is anti-dilutive, the attributable service condition was not met, or if the underlying potentially dilutive units are out-of-the-money.

Foreign Currency Remeasurement and Translation:

The functional currency for our Bolivian operation is the U.S. dollar and for our New Zealand operation is the New Zealand dollar, since the majority of the revenues and expenses in those operations are denominated in those currencies. However, a portion of the revenues earned and expenses incurred by our subsidiaries are denominated in currencies other than their functional currency. These transactions are remeasured into the functional currency based on a combination of both current and historical exchange rates. All foreign currency asset and liability amounts are remeasured at end-of-period exchange rates, except for nonmonetary items, which are remeasured at historical rates. Foreign currency income and expense are remeasured at average exchange rates in effect during the year, except for expenses related to balance sheet amounts which are remeasured at historical rates. Gains and losses from remeasurement of foreign currency transactions into the functional currency are included in Other, net on our Consolidated Statements of Operations in the period in which they occur.

Our reporting currency is the U.S. dollar. Thus, assets and liabilities from our New Zealand operation are translated from the New Zealand dollar into the U.S. dollar at the exchange rate on the balance sheet date while revenues and expenses are translated at the average exchange rate in the month they occurred. Gains and losses from the translation of our New Zealand operation's financial statements into U.S. dollars are included in Accumulated other comprehensive income on our Consolidated Balance Sheets.

Income Taxes:

For our taxable subsidiaries, we account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we record the largest amount of tax benefit to meet such threshold.

We recognize interest and penalties related to unrecognized tax benefits on the Other, net line in the accompanying Consolidated Statements of Operations and Comprehensive Loss. Accrued interest and penalties are included on the related tax liability line in the Consolidated Balance Sheets.

Concentrations:

The Company’s revenues are attributable to our international operations. The Company’s operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Company operates. Among other risks, the Company’s operations are subject to the risks of restrictions on transfer of funds; export duties, quotas and embargoes; domestic and international customs and tariffs; changing taxation policies; foreign exchange restrictions; and political conditions and governmental regulations. For key financial information of our subsidiaries in New Zealand and Bolivia, see Note 18 – Segment Information.

Recently Adopted Accounting Standards:

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an “emerging growth company”, we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We intend to comply with the extended transition period. Accordingly, our financial statements may not be comparable to those of companies that adopt such new or revised accounting standards.

In October 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-16, “Intra-Entity Transfers of Assets Other Than Inventory”, which modifies the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The ASU eliminates the prohibition against the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party or otherwise recovered through use and will require entities to recognize the income tax consequences of an intra-entity transfer when the transfer occurs. The ASU requires a modified retrospective application with a cumulative-effect adjustment recorded in retained earnings as of the beginning of the period of adoption. This standard will take effect for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other organizations, the standard will take effect for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted for all entities as of the beginning of a fiscal year. As an “emerging growth company,” we early adopted this ASU as of the beginning of fiscal 2018.

As discussed in Note 17 - Income Taxes, during the third quarter of 2017, 2degrees entered into an intra-entity asset transfer to separate its network assets from its retail operations business. The intra-entity asset transfer resulted in an increase to the tax bases of the assets transferred at the entity that acquired the network assets. Upon adoption of the ASU in the first quarter of 2018, deferred tax assets (with full corresponding valuation allowances) were recorded for the increased tax bases for transferred assets. Given the full valuation allowance position against the Company’s New Zealand deferred tax assets, there was no cumulative adjustment to retained earnings as a result of the adoption of ASU 2016-16.

Recently Issued Accounting Standards:

In August 2018, the FASB issued ASU 2018-15 related to implementation costs incurred in a cloud computing arrangement that is a service contract. The new guidance aligns the requirement for a customer to capitalize implementation costs incurred in a hosting arrangement that is a service contract with the requirement to capitalize implementation costs incurred to develop or obtain internal-use software. The standard will take effect for public entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the standard will take effect for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted for all entities. As an "emerging growth company", the effective date for the standard is consistent with when it becomes applicable to private companies. We are currently evaluating the impact this ASU will have on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 related to the measurement of credit losses on financial instruments. The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The standard will take effect for public entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. As amended in ASU 2018-19, for companies that file under private company guidelines, the standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018. As an "emerging growth company", we intend to adopt this standard on the date it becomes applicable to private companies. The adoption of this ASU will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). We are currently evaluating the impact this ASU will have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 related to recognition of leases, and has since modified the standard with several ASUs (collectively, the "standard" or "new guidance"). This standard will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance will require classifications of leases, both operating and capital, to be recognized on the balance sheet. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease will depend on its classification. The standard will require disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. This standard will take effect for public entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other organizations, the standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all organizations. As an "emerging growth company", we intend to adopt this standard on the date it becomes applicable to private companies. We are currently evaluating our transition approach, in light of the transition method amendment provided in ASU 2018-11. The adoption of this ASU will result in the recognition of significant right-of-use assets and lease liabilities in our balance sheets that have not previously been recorded, but we currently expect such adoption to have an insignificant impact on our statements of operations. Our evaluation is continuing, with a focus on our accounting for cell site, office, and retail leases as well as our review of system readiness and overall interpretations. We will continue our assessment of other potential impacts of this ASU on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09 related to revenue recognition, and has since modified the standard with several ASUs (collectively, the "standard" or "new guidance"). The new guidance will supersede nearly all existing recognition guidance under GAAP. The core principle of the standard is that an entity should recognize revenue arising from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To conform with that core principle, an entity should apply the following steps: 1) identify the contract(s) with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation.

For public entities, this pronouncement was effective for annual and interim reporting periods beginning after December 15, 2017. For all other organizations, the standard will take effect for annual reporting periods beginning after December 15, 2018, and for interim periods beginning after December 15, 2019. Early adoption is permitted for all organizations. As an "emerging growth company", we adopted the standard on January 1, 2019 and will issue under the new guidance for our first interim report of 2019.

The guidance permits two methods of adoption, the full retrospective method applying the standard to each prior reporting period presented, or the modified retrospective method with a cumulative effect of initially applying the guidance recognized at the date of initial application. The standard also allows entities to apply certain expedient approaches at their discretion. We plan to adopt the standard using the modified retrospective method with a cumulative catch up adjustment and will provide additional disclosures comparing results to previous GAAP in our 2019 consolidated financial statements. We plan to apply the new revenue standard only to contracts not completed as of the date of initial application, referred to as open contracts.

The most significant judgments and impacts upon adoption of the standard include the following items:

- Upon adoption, we will defer and capitalize incremental contract acquisition costs, including commissions, and recognize them over the period of the benefit to which the costs relate. Prior to adoption, we expensed contract acquisition costs as they were incurred. Deferred contract costs are expected to have an average amortization period ranging between 1 to 3 years, subject to periodic adjustment to reflect any significant change in assumptions. In addition, the deferred contract cost asset will be assessed for impairment on a periodic basis. As a result, incremental contract acquisition costs paid on open contracts ranging from $2 to $4 million are expected to be capitalized on January 1, 2019 as a cumulative effect adjustment to equity and subsequently amortized thereafter. These contract costs consist primarily of commissions paid to acquire postpaid and prepaid service contracts. Contract costs capitalized for new contracts will accumulate during 2019 as deferred assets. As a result, we expect a reduction to sales and marketing expense in our statement of operations during 2019 as compared to results under previous revenue guidance. As capitalized costs are amortized, the accretive impact to operating income anticipated in 2019 is expected to moderate progressively in 2020 and 2021, and become insignificant in 2022 as the timing impact of deferring these costs is offset by related amortization.
- Upon adoption, the changes in the standard will impact our revenue recognition related to the allocation of contract revenues between various services and equipment and the timing of when those revenues are recognized. For promotional discounts, which contain equipment and a service contract, revenue recognition will no longer be constrained by the contingent cap rules that limited revenue recognition to the amount received at contract inception. Rather, revenue will be allocated between delivered and undelivered products and services based on their relative standalone selling prices, resulting in higher equipment revenue recognized at the point of sale and, therefore, lower service revenues. At the time the equipment is sold, this allocation results in the recognition of a contract asset equal to the difference between the amount of revenue recognized and the amount of consideration received or receivable from the customer. Contract assets of between $4 and $6 million are expected to be capitalized upon adoption on January 1, 2019 as a cumulative effect adjustment and will be amortized as a reduction to service revenues over the service contract term in our statement of operations. Total revenue over the full contract term will be unchanged and there will be no change to customer billing or the timing or presentation of cash flows.

Based on currently available information, including the above items and other individually insignificant impacts, we expect the cumulative effect of initially applying the new standard to result in a reduction to the opening balance of accumulated deficit ranging from approximately $4 million to $8 million on a pre-tax basis.

New products or offerings, or changes to current offerings, may yield significantly different impacts than currently expected. Our conclusions will be reassessed periodically based on then current facts and circumstances.

We have devoted significant management resources, and have also engaged third-party consultants, to assist management with the implementation of the standard. We have developed internal policies and implemented changes to processes and internal controls to meet the standard’s updated reporting and disclosure requirements.

NOTE 2 – DISCONTINUED OPERATIONS

Trilogy Dominicana:

In March 2015, Trilogy LLC committed to a plan to sell its wholly-owned subsidiary in the Dominican Republic, Trilogy Dominicana S.A. ("Trilogy Dominicana"). As a result of the plan to sell Trilogy Dominicana and the discontinuance of further significant business activities in the Dominican Republic, the assets and liabilities of Trilogy Dominicana were classified as held for sale and the results of operations were classified as discontinued operations for all periods presented in accordance with FASB Accounting Standards Codification 205-20, "Discontinued Operations". Depreciation of the related property and equipment ceased at the time of reclassification of such assets.

On May 22, 2015, Trilogy LLC, through its subsidiary, Trilogy International Dominican Republic LLC, entered into an agreement (as amended on August 21, 2015) to sell Trilogy Dominicana to Servicios Ampliados de Teléfonos S.A., a Dominican Republic entity, for a sale price of $62 million. In connection with the sale agreement, the buyer additionally agreed to fund the operations during the transition period. In fiscal 2015, Trilogy LLC received cash of $27 million from the buyer. On March 23, 2016, the sale of Trilogy Dominicana was completed and Trilogy LLC received the remaining proceeds of $35.0 million and recognized a gain on the sale of $52.8 million. The gain reflected the $62.0 million stated purchase price along with $6.0 million provided in fiscal 2015 by the buyer to fund operations through completion of the sale, net of $5.4 million capital gains taxes paid on April 8, 2016 to the Dominican Republic tax authority, the net assets of Trilogy Dominicana at the closing date and the transaction costs of $0.9 million incurred in fiscal 2015 to complete the transaction. Additionally, upon completion of the sale on March 23, 2016, net operating loss carryforwards of $66.5 million at Trilogy Dominicana as of December 31, 2015, which were subject to a full valuation allowance, were no longer available to the Company.

There were no assets and liabilities related to discontinued operations as of December 31, 2018 or December 31, 2017.

No activity from discontinued operations was recorded after March 23, 2016, the date the sale of Trilogy Dominicana was completed.

The Company had revenues of $7.5 million, net losses of $2.5 million, a gain on sale of discontinued operations of $52.8 million, and a gain from discontinued operations, net of tax, of $50.3 million related to Trilogy Dominicana, for the year ended December 31, 2016. In addition, for the year ended December 31, 2016, Net cash provided by operating activities related to Trilogy Dominicana was $0.2 million and Net cash used in investing activities related to Trilogy Dominicana was $0.5 million.

NOTE 3 – PROPERTY AND EQUIPMENT

	As of December 31, 2018	As of December 31, 2017
Land, buildings and improvements	$ 9,187	$ 8,979
Wireless communication systems	785,548	754,257
Furniture, equipment, vehicles and software	176,267	164,498
Construction in progress	44,806	55,135
	1,015,808	982,869
Less: accumulated depreciation	(620,967)	(567,241)
Property and equipment, net	$ 394,841	$ 415,628

Depreciation expense was $93.1 million, $88.1 million and $85.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Advances to equipment vendors are included in Other assets and totaled $4.9 million and $5.8 million as of December 31, 2018 and 2017, respectively.

AROs are primarily recorded for the Company's legal obligations to remediate leased property on which the Company's network infrastructure and related assets are located. The AROs are recorded in Other non-current liabilities with a corresponding amount in Property and equipment, net. No obligation is expected to be settled within 12 months as of December 31, 2018. The activity in the AROs was as follows:

	Years Ended December 31,	
	2018	2017
Beginning balance	$ 19,878	$ 21,593
Revisions in estimated cash flows	296	(4,218)
Additional accruals	799	959
Foreign currency translation	(799)	526
Accretion	1,623	1,055
Disposals	(108)	(37)
Ending balance	$ 21,689	$ 19,878

The Company performs reviews of its ARO liability annually, which may result in revisions in estimated cash flows. During the year ended December 31, 2018, the revisions in estimated cash flows were not significant. During the year ended December 31, 2017, the Company's review of its ARO liability resulted in a decrease in the ARO liability and corresponding assets, net of accumulated depreciation. This review also resulted in an immaterial gain recognized in depreciation, amortization, and accretion on the Consolidated Statements of Operations and Comprehensive Loss.

The corresponding assets, net of accumulated depreciation, related to AROs were $6.9 million and $6.7 million as of December 31, 2018 and 2017, respectively.

Supplemental cash flow information:

The Company acquired $1.6 million, $1.9 million and $1.8 million of property and equipment through current and long-term debt during the years ended December 31, 2018, 2017 and 2016, respectively.

The Company also acquires property and equipment through current and long-term construction accounts payable. The net change in current and long-term construction accounts payable resulted in additions or (adjustments) to Purchase of property and equipment in the Consolidated Statements of Cash Flows of ($1.4) million, ($12.8) million and $5.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

NOTE 4 – GOODWILL, LICENSE COSTS AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the Company's goodwill balance:

	December 31, 2018	December 31, 2017
Beginning balance	$ 9,539	$ 9,294
Foreign currency adjustment	(525)	245
Balance at the end of the year	$ 9,014	$ 9,539

There are no accumulated goodwill impairments for the years ended December 31, 2018 and 2017.

The Company's license costs and other intangible assets consisted of the following:

	Estimated Useful Lives	As of December 31, 2018 Gross Carrying Amount	As of December 31, 2018 Accumulated Amortization	As of December 31, 2018 Net	As of December 31, 2017 Gross Carrying Amount	As of December 31, 2017 Accumulated Amortization	As of December 31, 2017 Net
License costs	7 - 20 years	$ 187,415	$ (109,402)	$ 78,013	$ 192,713	$ (97,848)	$ 94,865
Subscriber relationships	7 years	12,546	(9,670)	2,876	13,276	(8,152)	5,124
Other	6 -14 years	3,537	(3,439)	98	3,618	(3,356)	262
Total		$ 203,498	$ (122,511)	$ 80,987	$ 209,607	$ (109,356)	$ 100,251

Amortization expense was $17.2 million, $17.8 million and $18.0 million for the years ended December 31, 2018, 2017 and 2016, respectively. Estimated future amortization expense associated with the net carrying amount of license costs and other intangible assets, based on the exchange rate as of December 31, 2018, is as follows:

Years ending December 31,	
2019	$ 16,557
2020	10,761
2021	7,450
2022	6,412
2023	5,597
Thereafter	34,210
Total	$ 80,987

New Zealand:

On October 29, 2013, Trilogy International Radio Spectrum LLC, a Delaware limited liability company and indirect wholly owned subsidiary of TIP Inc. ("TIRS"), entered into an agreement with the government of New Zealand for the acquisition of a 10 MHz paired license of 700 MHz spectrum (the "700 MHz License") for $44.0 million New Zealand dollars ("NZD") ($29.5 million based on the exchange rate at December 31, 2018). The 700 MHz License expires in 2031. TIRS has made this spectrum available to 2degrees, and 2degrees uses such spectrum in connection with its provision of 4G services.

The acquisition of the 700 MHz License was funded through a long-term payable from TIRS to the government of New Zealand. TIRS is obligated to make annual installment payments along with accrued interest. Interest on the unpaid purchase price accrues at the rate of 5.8% per annum. During the year ended December 31, 2018, the Company paid an installment on behalf of TIRS in the total amount of $10.3 million NZD to the government of New Zealand ($7.0 million based on the average exchange rate in the months of payment of which $0.7 million was accrued interest). During the year ended December 31, 2017, the Company paid installments on behalf of TIRS in the total amount of $20.8 million NZD to the government of New Zealand ($14.5 million based on the average exchange rate in the months of payment of which $4.1 million was accrued interest).

As of December 31, 2018, the outstanding liability, excluding interest, for the 700 MHz License, recorded in Other current liabilities and accrued expenses, was $6.5 million. The final installment payment for the 700 MHz License is due in December 2019.

On October 25, 2013, Trilogy International South Pacific LLC ("TISP"), the owner of the equity interests in TIRS and a wholly-owned subsidiary of TIP Inc., and 2degrees entered into agreements pursuant to which, subject to certain conditions, 2degrees would have the right to acquire and TISP would have the right to cause 2degrees to acquire, the capital stock of TIRS in the future along with assuming the remaining license obligations to the government of New Zealand.

The agreement between TISP and 2degrees was subsequently amended to permit 2degrees to prepay, in full or in part, amounts payable to acquire the capital stock of TIRS. Payments made under the amended agreement are subject to 2degrees board approval. In 2016 and 2017, payments of $7.4 million and $11.0 million, respectively, were made by 2degrees to TISP under the amended agreement. No payments were made by 2degrees under the amended agreement in 2018. The intercompany balances and the related payment activities are eliminated upon consolidation.

Bolivia:

In November 2019, the license for 30 MHz of NuevaTel's 1900 MHz spectrum holdings will expire. NuevaTel expects to renew the license and estimates that a payment of approximately $25 million will be due in the fourth quarter of 2019 prior to the expiration. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases, or in part through a use of proceeds from a sale and leaseback of certain NuevaTel network towers.

NOTE 5 – EIP RECEIVABLES

In New Zealand, 2degrees offers certain wireless subscribers the option to pay for their handsets in installments over a period of up to 36 months using an EIP. In Bolivia, in 2018, NuevaTel began offering to certain wireless subscribers the option to pay for their handsets in installments over a period of 18 months using an EIP.

The following table summarizes the unbilled EIP receivables:

	As of December 31, 2018	As of December 31, 2017
EIP receivables, gross	$ 50,072	$ 36,311
Unamortized imputed discount	(3,784)	(2,600)
EIP receivables, net of unamortized imputed discount	$ 46,288	$ 33,711
Allowance for doubtful accounts	(2,907)	(1,722)
EIP receivables, net	$ 43,381	$ 31,989

Classified on the balance sheet as:	As of December 31, 2018	As of December 31, 2017
EIP receivables, net	$ 22,165	$ 17,190
Long-term EIP receivables	21,216	14,799
EIP receivables, net	$ 43,381	$ 31,989

Of the EIP receivables gross amount of $50.1 million as of December 31, 2018, $2.1 million related to NuevaTel and the remaining related to 2degrees.

2degrees categorizes unbilled EIP receivables as prime or subprime based on subscriber credit profiles. Upon initiation of a subscriber's installment plan, 2degrees uses a proprietary scoring system that measures the credit quality of EIP receivables using several factors, such as credit bureau information, subscriber credit risk scores, service plan and EIP characteristics. 2degrees periodically assesses the proprietary scoring system. Prime subscribers are those with lower risk of delinquency and whose receivables are eligible for sale to a third party. Subprime subscribers are those with higher delinquency risk. Based on subscribers' credit quality, subscribers may be denied an EIP option or be required to participate in a risk mitigation program which includes paying a deposit and allowing for automatic payments. NuevaTel only offers installment plans to subscribers with a low delinquency risk based on NuevaTel's credit analysis and the subscriber's income level. As of the periods presented, all of NuevaTel's unbilled EIP receivables were categorized as prime.

The balances of EIP receivables on a gross basis by credit category as of the periods presented were as follows:

	As of December 31, 2018	As of December 31, 2017
Prime	$ 33,161	$ 25,869
Subprime	16,911	10,442
Total EIP receivables, gross	$ 50,072	$ 36,311

The EIP receivables had weighted average imputed discount rates of 6.63% and 6.76% as of December 31, 2018 and December 31, 2017, respectively.

The following table shows changes in the aggregate net carrying amount of the unbilled EIP receivables:

	December 31, 2018	December 31, 2017
Beginning balance of EIP receivables, net	$ 31,989	$ 32,984
Additions	111,028	74,385
Billings and payments	(42,671)	(36,243)
Sales of EIP receivables	(52,308)	(39,079)
Foreign currency translation	(2,288)	845
Change in allowance for doubtful accounts and imputed discount	(2,369)	(903)
Total EIP receivables, net	$ 43,381	$ 31,989

Sales of EIP Receivables:

2degrees has a mobile handset receivables sales agreement (the "EIP Sale Agreement") with a third party New Zealand financial institution (the "EIP Buyer"). The EIP Sale Agreement provides an arrangement for 2degrees to accelerate realization of receivables from wireless subscribers who purchase mobile phones from 2degrees on installment plans. Under the agreement and on a monthly basis, 2degrees offers to sell specified receivables to the EIP Buyer and the EIP Buyer may propose a price at which to purchase the receivables. Neither party is obligated to conclude a purchase, except on mutually agreeable terms. The EIP Sale Agreement specifies certain criteria for mobile phone receivables to be eligible for purchase by the EIP Buyer. The Company evaluated the structure and terms of the arrangement and determined 2degrees has no variable interest with the EIP Buyer and thus we are not required to consolidate the entity in our financial statements.

The Company determined that the sales of receivables through the arrangement should be treated as sales of financial assets. As such, upon sale, the Company derecognizes the receivables, as well as any related allowance for doubtful accounts, and the loss on sale is recognized in General and administrative expenses. The Company also reverses unamortized imputed discount related to sold receivables included in EIP receivables, net, on the Consolidated Balance Sheets and recognizes the reversed unamortized imputed discount as Equipment sales. Net cash proceeds are recognized in Net cash provided by operating activities.

2degrees has continuing involvement with the EIP receivables sold to the EIP Buyer through a servicing agreement. However, the servicing rights do not provide 2degrees with any direct economic benefit, or means of effective control. Further, the EIP Buyer assumes all risks associated with the purchased receivables and has no recourse against 2degrees except in the case of fraud or misrepresentation.

The following table summarizes the impact of the sales of the EIP receivables in the years ended December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
EIP receivables derecognized	$ 52,308	$ 39,079
Cash proceeds	(44,792)	(34,544)
Reversal of unamortized imputed discount	(3,941)	(2,638)
Reversal of allowance for doubtful accounts	(2,396)	(1,385)
Pre-tax loss on sales of EIP receivables	$ 1,179	$ 512

NOTE 6 – OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

	December 31, 2018	December 31, 2017
Handset purchases	$ 37,405	$ 14,335
Payroll and employee benefits	16,587	15,711
Value-added tax and other business taxes	13,990	15,283
Dealer commissions and subsidies	13,411	18,708
Interconnection and roaming charges payable	13,017	11,224
Accrued transmission costs	7,997	6,941
Accrued legal contingencies	7,381	3,087
Current portion of license obligation	6,506	6,507
Interest payable	5,963	7,019
Income and withholding taxes	3,087	7,313
Other	18,091	22,754
Other current liabilities and accrued expenses	$ 143,435	$ 128,882

NOTE 7 – FAIR VALUE MEASUREMENTS

The accounting guidance for fair value establishes a framework for measuring fair value that uses a three-level valuation hierarchy for disclosure of fair value measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability at the measurement date. The three levels are defined as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

The following table presents assets and liabilities measured at fair value on a recurring basis as of December 31, 2018:

	Fair Value Measurement as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Short-term investments	$ 1,986	$ -	$ 1,986	$ -
Forward exchange contracts	717	-	717	-
Total assets	$ 2,703	$ -	$ 2,703	$ -
Liabilities:				
Warrant liability	$ 99	$ 99	$ -	$ -
Interest rate swaps	1,829	-	1,829	-
Total liabilities	$ 1,928	$ 99	$ 1,829	$ -

The following table presents assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

	Fair Value Measurement as of December 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Short-term investments	$ 24,240	$ -	$ 24,240	$ -
Total assets	$ 24,240	$ -	$ 24,240	$ -
Liabilities:				
Forward exchange contracts	$ 11	$ -	$ 11	$ -
Warrant liability	6,625	6,625	-	-
Interest rate swaps	1,930	-	1,930	-
Total liabilities	$ 8,566	$ 6,625	$ 1,941	$ -

The fair value of the short-term investments is based on historical trading prices, or model-driven valuations which are observable in the market or can be derived principally from or corroborated by observable market data. The fair value of forward exchange contracts is based on the differential between the contract price and the foreign currency exchange rate as of the balance sheet date. The fair value of the warrant liability is based on the public market price of the warrants as of the balance sheet date. The fair value of interest rate swaps is measured using quotes obtained from a financial institution for similar financial instruments.

There were no transfers between levels within the fair value hierarchy during the years ended December 31, 2018 and 2017.

Cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued expenses are carried at cost, which approximates fair value given their short-term nature. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized imputed discount and allowance for doubtful accounts.

The estimated fair value of the Company's debt, including current maturities, was based on Level 2 inputs, being market quotes or values for similar instruments, such as the interest rates currently available to the Company for the issuance of debt with similar terms and remaining maturities, used to discount the remaining principal payments. The carrying amounts and estimated fair values of our total debt as of December 31, 2018 and 2017 were as follows:

	As of December 31, 2018	**As of December 31, 2017**
Carrying amount, excluding unamortized discount and deferred financing costs	$ 516,490	$ 517,641
Fair value	$ 503,748	$ 519,764

For fiscal year 2018 and 2017, we did not record any material other-than-temporary impairments on financial assets required to be measured at fair value on a nonrecurring basis.

NOTE 8 – DEBT

The Company's long-term and other debt as of December 31, 2018 and 2017 consisted of the following:

	As of December 31, 2018	**As of December 31, 2017**
Trilogy LLC 2022 Notes	$ 350,000	$ 350,000
New Zealand 2021 Senior Facilities Agreement	137,554	-
New Zealand 2019 Senior Facilities Agreement	-	136,859
Bolivian 2021 Syndicated Loan	15,022	20,655
Bolivian 2022 Bank Loan	7,000	7,000
Bolivian 2023 Bank Loan	4,000	-
Other	2,914	3,127
	516,490	517,641
Less: unamortized discount	(2,817)	(3,499)
Less: deferred financing costs	(6,848)	(6,890)
Total debt	506,825	507,252
Less: current portion of debt	(8,293)	(10,705)
Total long-term debt	$ 498,532	$ 496,547

As of December 31, 2018, the future maturities of long-term and other debt, excluding unamortized debt discounts and deferred financing costs, consisted of the following:

Years ending December 31,		
2019	$	8,293
2020		10,112
2021		144,105
2022		352,738
2023		935
Thereafter		307
Total	$	516,490

Trilogy LLC 2022 Notes:

On May 2, 2017, Trilogy LLC closed a private offering of $350 million aggregate principal amount of its senior secured notes due 2022 (the "Trilogy LLC 2022 Notes"). The Trilogy LLC 2022 Notes were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Trilogy LLC applied the proceeds of this offering together with cash on hand to redeem and discharge all of its then outstanding $450 million senior secured notes due 2019 (the "Trilogy LLC 2019 Notes") and pay fees and expenses of $9.1 million related to the offering.

The refinancing of the Trilogy LLC 2019 Notes was analyzed and accounted for on a lender-by-lender basis under the syndicated debt model in accordance with the applicable accounting guidance for evaluating modifications, extinguishments and new issuances of debt. Accordingly, of the $9.1 million in fees and expenses related to the Trilogy LLC 2022 Notes offering, $4.8 million was recorded as a deferred financing cost and is included as a reduction within Long-term debt on the Consolidated Balance Sheet. The remaining $4.3 million of fees paid to third parties in connection with the refinancing was expensed in the second quarter of 2017. The unamortized balance of the deferred financing costs associated with the Trilogy LLC 2022 Notes is amortized to Interest expense using the effective interest method over the term of the Trilogy LLC 2022 Notes.

Additionally, as a result of the refinancing, $2.4 million of unamortized deferred financing costs and unamortized discount previously outstanding was expensed to Debt modification and extinguishment costs in the Consolidated Statements of Operations during the second quarter of 2017.

The Trilogy LLC 2022 Notes bear interest at a rate of 8.875% per annum and were issued at 99.506% . Interest on the Trilogy LLC 2022 Notes is payable semi-annually in arrears on May 1 and November 1. No principal payments are due until maturity on May 1, 2022.

Trilogy LLC has the option of redeeming the Trilogy LLC 2022 Notes, in whole or in part, upon not less than 30 days' and not more than 60 days' prior notice as follows:

- Prior to May 1, 2019, at 100%, plus a "make whole" premium
- On or after May 1, 2019 but prior to May 1, 2020, at 104.438%
- On or after May 1, 2020 but prior to May 1, 2021, at 102.219%
- On or after May 1, 2021, at 100%

On or prior to May 1, 2019, Trilogy LLC may redeem up to 35% of the principal amount of the Trilogy LLC 2022 Notes at 108.875% plus accrued and unpaid interest on the notes being redeemed with the net cash proceeds of a public equity offering, provided that at least 65% of the original principal amount of the Trilogy LLC 2022 Notes remains outstanding immediately after the redemption.

The Trilogy LLC 2022 Notes are guaranteed by certain of Trilogy LLC's domestic subsidiaries and are secured by a first-priority lien on the equity interests of such guarantors and a pledge of any intercompany indebtedness owed to Trilogy LLC or any such guarantor by 2degrees or any of 2degrees' subsidiaries and certain third party indebtedness owed to Trilogy LLC by any minority shareholder in 2degrees. As of the issue date of the Trilogy LLC 2022 Notes and as of December 31, 2018, there was no such indebtedness outstanding.

New Zealand 2021 Senior Facilities Agreement:
In July 2018, 2degrees completed a bank loan syndication in which ING Bank N.V. ("ING") acted as the lead arranger and underwriter. This debt facility (the "New Zealand 2021 Senior Facilities Agreement") has a total available commitment of $250 million NZD ($167.8 million based on the exchange rate at December 31, 2018).

Separate facilities are provided under this agreement to (i) repay the then outstanding balance of the prior $200 million NZD senior facilities agreement (the "New Zealand 2019 Senior Facilities Agreement") and pay fees and expenses associated with the refinancing ($195 million NZD), (ii) provide funds for further investments in 2degrees' business ($35 million NZD), and (iii) fund 2degrees' working capital requirements ($20 million NZD). As of December 31, 2018, the $195 million NZD facility ($130.9 million based on the exchange rate at December 31, 2018) was fully drawn and $10 million NZD ($6.7 million based on the exchange rate at December 31, 2018) was drawn on the facility for further investments. As of December 31, 2018, no amount was drawn on the working capital facility. The borrowings and repayments under these facilities, including the recurring activity relating to working capital, are included separately as Proceeds from debt and Payments of debt within Net cash provided by financing activities in the Consolidated Statements of Cash Flows.

The New Zealand 2021 Senior Facilities Agreement also provides for an uncommitted $35 million NZD accordion facility which, after commitments are obtained, can be utilized in the future to fund capital expenditures. The New Zealand 2021 Senior Facilities Agreement matures on July 31, 2021.

The outstanding debt drawn under the New Zealand 2021 Senior Facilities Agreement accrues interest quarterly at the New Zealand Bank Bill Reference Rate ("BKBM") plus a margin ranging from 2.40% to 3.80% (the "Margin") depending upon 2degrees' net leverage ratio at that time. The weighted average interest rate on the outstanding balance of all drawn facilities was 5.23% as of December 31, 2018.

Additionally, a commitment fee at the rate of 40% of the applicable Margin is payable quarterly on all undrawn and available commitments. As of December 31, 2018, the commitment fee rate was 1.32% .

Distributions from 2degrees are subject to free cash flow tests under the New Zealand 2021 Senior Facilities Agreement, calculated at half year and full year intervals. There is no requirement to make prepayments of principal from 2degrees' free cash flow. The outstanding debt may be prepaid without penalty at any time. Once a year, beginning in 2019, at least six months apart, 2degrees must reduce the outstanding balance of the working capital facility to zero for a period of not less than five consecutive business days.

The New Zealand 2021 Senior Facilities Agreement contains certain financial covenants requiring 2degrees to:

- maintain a total interest coverage ratio (as defined in the New Zealand 2021 Senior Facilities Agreement) of not less than 3.0;

- maintain a net leverage ratio (as defined in the New Zealand 2021 Senior Facilities Agreement) of not greater than 3.0 from closing to June 30, 2019, not greater than 2.75 from July 1, 2019 to June 30, 2020; and 2.50 thereafter; and

- not exceed 110% of the agreed to annual capital expenditures (as defined in the New Zealand 2021 Senior Facilities Agreement) in any financial year.

The New Zealand 2021 Senior Facilities Agreement also contains other customary representations, warranties, covenants and events of default and is secured (in favor of an independent security trustee) by substantially all of the assets of 2degrees.

The refinancing of the New Zealand 2019 Senior Facilities Agreement was analyzed and accounted for on a lender-by-lender basis under the syndicated debt model in accordance with the applicable accounting guidance for evaluating modifications, extinguishments and new issuances of debt. Accordingly, of the $8.4 million NZD ($5.7 million based on the average exchange rate in the month of payment) in fees and expenses related to the New Zealand 2021 Senior Facilities Agreement, $2.8 million NZD ($2.1 million based on the average exchange rate in the month of payment) was recorded as a deferred financing cost and is included as a reduction within Long-term debt on the Consolidated Balance Sheet as of December 31, 2018. The remaining $5.6 million NZD ($3.7 million based on the average exchange rate in the month of payment) of fees paid to lenders and third parties in connection with the refinancing was recorded as Debt modification and extinguishment costs in the Consolidated Statements of Operations and Comprehensive Loss during the third quarter of 2018. The unamortized balance of the deferred financing costs associated with the New Zealand 2021 Senior Facilities Agreement is amortized to Interest expense using the effective interest method over the term of the New Zealand 2021 Senior Facilities Agreement.

Additionally, as a result of the refinancing, $0.7 million NZD ($0.5 million based on the average exchange rate in the month of refinancing) of unamortized deferred financing costs previously outstanding was expensed to Debt modification and extinguishment costs in the Consolidated Statements of Operations and Comprehensive Loss during the third quarter of 2018.

New Zealand 2019 Senior Facilities Agreement:

In August 2015, 2degrees entered into the New Zealand 2019 Senior Facilities Agreement with the Bank of New Zealand ("BNZ") and certain additional financial institutions (together with BNZ, the "Banks") that had a total available commitment of $200 million NZD ($134.2 million based on the exchange rate at December 31, 2018). The debt under the New Zealand 2019 Senior Facilities Agreement bore interest payable quarterly at a rate ranging from 1.15% to 2.05% (depending upon 2degrees' senior leverage ratio at that time) plus the BKBM. Additionally, a line fee of between 0.75% and 1.35% (depending upon 2degrees' senior leverage ratio at that time) calculated on the total committed financing under the New Zealand 2019 Senior Facilities Agreement (both drawn and undrawn) was also payable quarterly. The New Zealand 2019 Senior Facilities Agreement original maturity date was June 30, 2018. In July 2017, 2degrees entered into an agreement with the Banks to extend the term of the facility from June 30, 2018 to January 5, 2019. The extension of the maturity date of the New Zealand 2019 Senior Facilities Agreement was accounted for as a modification in accordance with the applicable accounting guidance. The total fees paid in connection with the modification were not significant and were expensed during the third quarter of 2017.

As mentioned above, in July 2018, 2degrees entered into the New Zealand 2021 Senior Facilities Agreement and used the proceeds of that facility to repay the outstanding balance of the New Zealand 2019 Senior Facilities Agreement.

Bolivian 2021 Syndicated Loan:

In April 2016, NuevaTel entered into a $25 million debt facility (the "Bolivian 2021 Syndicated Loan") with a consortium of Bolivian banks. The net proceeds were used to fully repay the then outstanding balance of a previously outstanding loan agreement and the remaining proceeds were used for capital expenditures. The Bolivian 2021 Syndicated Loan is required to be repaid in quarterly installments which commenced in 2016 and will end in 2021, with 10% of the principal amount to be repaid during each of the first two years of the Bolivian 2021 Syndicated Loan and 26.67% of the principal amount to be repaid during each of the final three years. Interest on the Bolivian 2021 Syndicated Loan currently accrues at a variable rate of 5.5% plus the rate established by the Central Bank in Bolivia ("Tasa de Referencia") and is payable on a quarterly basis. At December 31, 2018, the interest rate was 7.92% . The outstanding balance of the current and long-term portion of the Bolivian 2021 Syndicated Loan was $5.0 million and $10.0 million, respectively, as of December 31, 2018.

The Bolivian 2021 Syndicated Loan agreement contains certain financial covenants requiring NuevaTel to maintain:

- an indebtedness ratio (as defined in the Bolivian 2021 Syndicated Loan agreement) of not greater than 2.15;
- a debt coverage ratio (as defined in the Bolivian 2021 Syndicated Loan agreement) of not less than 1.25;
- a current ratio (as defined in the Bolivian 2021 Syndicated Loan agreement) of not less than 0.65; and
- a structural debt ratio (as defined in the Bolivian 2021 Syndicated Loan agreement) of not higher than 3.0.

Three switches are specifically pledged as collateral to secure the Bolivian 2021 Syndicated Loan with a general pledge against the remainder of NuevaTel's assets in an event of default.

Bolivian 2022 Bank Loan:

In December 2017, NuevaTel entered into a $7.0 million debt facility (the "Bolivian 2022 Bank Loan") with Banco BISA S.A., a Bolivian bank and a lender in the Bolivian 2021 Syndicated Loan, to fund capital expenditures. The Bolivian 2022 Bank Loan is required to be repaid in quarterly installments commencing in 2019 through 2022, with 25% of the principal amount to be repaid each year. Interest on the Bolivian 2022 Bank Loan accrues at a fixed rate of 6.0% and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2022 Bank Loan was $1.7 million and $5.3 million, respectively, as of December 31, 2018.

The Bolivian 2022 Bank Loan agreement contains no financial covenants and is unsecured.

Bolivian 2023 Bank Loan:
In December 2018, NuevaTel entered into an $8.0 million debt facility (the "Bolivian 2023 Bank Loan") with Banco Nacional de Bolivia S.A., a Bolivian bank and a lender in the Bolivian 2021 Syndicated Loan, to fund capital expenditures. NuevaTel drew down the $8.0 million debt facility in two $4.0 million advances that occurred in December 2018 and January 2019. The Bolivian 2023 Bank Loan is required to be repaid in quarterly installments commencing in September 2019 through 2023, with 11% of the principal amount to be repaid during the first year and 22.25% of the principal amount to be repaid during each of the final four years. Interest on the Bolivian 2023 Bank Loan accrues at a fixed rate of 7.0% for the first 24 months and thereafter at a variable rate of 5.0% plus Tasa de Referencia and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2023 Bank Loan was $0.4 million and $3.6 million, respectively, as of December 31, 2018.

The Bolivian 2023 Bank Loan agreement contains no financial covenants and is unsecured.

Interest Cost Incurred:
Consolidated interest cost incurred and expensed, prior to capitalization of interest, was $47.1 million, $60.8 million and $70.7 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Supplemental Cash Flow Disclosure:

	Years Ended December 31,		
	2018	**2017**	**2016**
Interest paid, net of capitalized interest	$ 43,650	$ 61,598	$ 73,067

Deferred Financing Costs:
Deferred financing costs represent incremental direct costs of debt financing and are included in Long-term debt. As of December 31, 2018 and 2017, the balances were $6.8 million and $6.9 million, respectively. These costs are amortized using the effective interest method over the term of the related credit facilities. Amortization of deferred financing costs is included in interest expense and totaled $2.5 million, $2.6 million and $3.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Covenants:
As of December 31, 2018, the Company was in compliance with all of its debt covenants.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps:
2degrees enters into various interest rate swap agreements to fix its future interest payments under the New Zealand 2021 Senior Facilities Agreement. Under these agreements, 2degrees principally receives a variable amount based on the BKBM and pays a fixed amount based on fixed rates ranging from 2.290% to 4.610% . Settlement in cash occurs quarterly until termination and the variable interest rate is reset on the first day of each calendar quarter. These derivative instruments have not been designated for hedge accounting, thus changes in the fair value are recognized in earnings in the period incurred. The fair value of these contracts, included in Other non-current liabilities, was $1.8 million and $1.9 million as of December 31, 2018 and December 31, 2017, respectively. As of December 31, 2018, the total notional amount of these agreements was $167.5 million NZD ($112.4 million based on the exchange rate as of December 31, 2018). The agreements have effective dates from June 30, 2015 through June 30, 2020 and termination dates from June 28, 2019 to June 30, 2022. During the year ended December 31, 2018, interest rate swap agreements with a total notional amount of $35.0 million NZD ($23.5 million based on the exchange rate as of December 31, 2018) matured.

On April 5, 2011, the Company entered into a domestic interest rate swap originally designated as a cash flow hedge to fix future interest payments on the NZD-denominated credit under 2degrees' then outstanding credit facility (the "Huawei Loan") with Huawei Technologies (New Zealand) Company Limited ("Huawei"). In 2013, the Company discontinued hedge accounting and began to recognize all changes in the fair value of the interest rate swap in Other, net. The effective portion of the loss recorded in Accumulated other comprehensive income (loss) prior to the de-designation (see Note 14 - Accumulated Other Comprehensive Income) was amortized to Other, net over the remaining life of the interest rate swap agreement. In November 2014, the Company entered into a domestic interest rate swap agreement replacing the cross-currency swap mentioned below. In January 2017, the Company terminated its domestic interest rate swap agreements, and as such, the fair value of this contract was zero at December 31, 2017.

Summarized financial information for all of the aforementioned derivative financial instruments is shown below:

	Years Ended December 31,		
	2018	2017	2016
Non-cash (loss)/gain from change in fair value recorded in Other, net	$ (1,362)	$ (1,503)	$ (750)
(Loss)/gain reclassified from comprehensive income (loss) to Other, net	$ -	$ (118)	$ (217)
Net cash settlement	$ (1,371)	$ (1,602)	$ (1,836)

Under the terms of the interest rate swaps, we are exposed to credit risk in the event of non-performance by the other parties; however, we do not anticipate the non-performance of any of our counterparties. For instruments in a liability position, we are also required to consider our own risk of non-performance; the impact of such is not material. Further, our interest rate swaps do not contain credit rating triggers that could affect our liquidity.

Cross-Currency Swap:

On April 5, 2011, we entered into a cross-currency swap designated as a cash flow hedge to exchange USD-denominated debt under the Huawei Loan into NZD in order to fix our future principal payments in NZD, as well as mitigate the impact of foreign currency transaction gains or losses. In November 2014, we terminated the cross-currency swap and replaced the instrument with an interest rate swap (see "Interest Rate Swaps" above for details), the primary terms of which were unchanged. In 2013, the Company discontinued hedge accounting and began to recognize all changes in the fair value of the cross-currency swap in Other, net. The effective portion of the loss recorded in Accumulated other comprehensive income (loss) prior to de-designation was amortized to Other, net over the remaining life of the interest rate swap agreement. The amount reclassified from Accumulated other comprehensive income (loss) to Other, net was a loss of $0.5 million for the year ended December 31, 2016.

Forward Exchange Contracts:

At December 31, 2018, 2degrees had short-term forward exchange contracts to sell an aggregate of $33.1 million NZD and buy an aggregate of $23.0 million USD to manage exposure to fluctuations in foreign currency exchange rates. During the year ended December 31, 2018, short-term forward exchange contracts to sell an aggregate of $57.0 million NZD and $4.0 million USD and buy an aggregate of $5.8 million NZD and $40.5 million USD matured. These derivative instruments are not designated for hedge accounting, thus changes in the fair value are recognized in earnings in the period incurred. A foreign exchange gain (or loss) of $0.8 million, ($1.1) million and $1.6 million was recognized in Other, net during the years ended December 31, 2018, 2017 and 2016, respectively. The Company had assets, included in Prepaid expenses and other current assets, for estimated settlements under these forward exchange contracts of $0.7 million as of December 31, 2018. The estimated settlements under these forward exchange contracts were not material as of December 31, 2017.

NOTE 10 – EQUITY-BASED COMPENSATION

TIP Inc. Restricted Share Units:

The Company awards restricted share units ("RSUs" or "Awards") to officers and employees under plans pursuant to which vesting is subject to meeting certain performance or time-based criteria. RSUs entitle the grantee to receive Common Shares at the end of a specified vesting period, typically over four years, subject to continued service through the applicable vesting date, and certain Company performance obligations for performance-based awards. The maximum number of Common Shares that may be issued under TIP Inc.'s Restricted Share Unit Plan as of December 31, 2018 was 6,304,331 shares, which is equal to 7.5% of the combined issued and outstanding Common Shares and Class C Units.

A portion of the RSU grants made in 2017 consisted of time-based awards that were made to retain certain senior officers of the Company. They vest over a three year period, with half of the RSUs vested in 2018 and one-quarter of the RSUs vesting in each the following two years. Officers were granted additional RSUs in 2018 and 2017 that combine time-based elements with performance-based elements, which entitle the holder to receive a number of Common Shares that varies based on the Company's performance against the revenues or EBITDA performance goals for calendar years 2018 and 2017. The estimated equity-based compensation expense attributable to performance-based RSUs is updated quarterly. The total number of RSUs granted includes these performance-based awards and assumes that the performance goals will be achieved. The number of RSUs is updated upon completion of each applicable fiscal year when a final determination is made as to whether the performance goals have been achieved. These performance-based RSUs vest on a straight-line basis over a four year employment period.

The remaining RSUs were granted in both 2018 and 2017 to officers and employees as time-based awards, which vest on a straight-line basis over a four year service period.

The following table provides the outstanding RSUs as of December 31, 2018 and the changes in the period:

	RSUs
Outstanding at December 31, 2017	1,129,048
Granted	990,374
Vested	(403,118)
Cancelled	(331,049)
Outstanding at December 31, 2018	1,385,255

The Awards had a grant date fair value of $4.2 million and $9.8 million based on a price per Common Share of $4.20 and $6.94 on the date of the grant in 2018 and 2017, respectively.

On June 30, 2018, 403,118 RSUs vested on the one year anniversary of grants made in 2017. In July 2018, 357,684 shares, net of the monetary equivalent of shares necessary for the payment of related taxes, were issued in settlement of such vested RSUs. On January 1, 2019, 171,727 RSUs vested on the one year anniversary of grants made in 2018 and the shares were issued in 2019, net of the monetary equivalent of shares necessary for the payment of related taxes.

As of December 31, 2018, 1,385,255 RSUs were unvested, and unrecognized compensation expense relating to RSUs was approximately $6.0 million, including $2.2 million relating to grants made in 2018. These amounts reflect time-based vesting. The Company expects to recognize the cost for unvested RSUs over a weighted-average period of 2.5 years. Equity-based compensation expense is generally recognized on a straight-line basis over the requisite service period; however, exceptions include awards with an accelerated vesting schedule and updated estimates of achievement against performance goals for performance-based awards.

During 2018 and 2017, the Company recorded $3.4 million and $1.6 million in compensation expense related to RSUs in General and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

Restricted Class C Units:
At December 31, 2016, the Company granted the equivalent of 192,130 Class C Units to an employee of the Company (the "Restricted Class C Units"), of which 144,098 were outstanding and unvested as of December 31, 2018. The value of the Restricted Class C Units was estimated to be $1.5 million based on the fair value on the grant date. The Restricted Class C Units vest over 4 years, with one-fourth of the award vesting on the day following each anniversary date of the award based on the employee's continued service. There are no voting rights or rights to receive distributions prior to vesting for unvested Restricted Class C Units.

During 2018 and 2017, the Company recorded $0.4 million and $0.4 million, respectively, in compensation expense related to the Restricted Class C Units recognized in General and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. As of December 31, 2018, the Company had total unrecognized compensation costs related to this award of $0.7 million. The Company expects to recognize this cost over a remaining weighted-average period of 2 years.

2degrees Option Plans:

2degrees awards service-based share options (the "Options") to employees under various Option plans whose vesting is subject to meeting a required service period of up to three years. Approximately 26.5 million Options were outstanding as of December 31, 2018. The Options enable the holders to acquire non-voting ordinary shares of 2degrees common stock once exercised. These Options are classified as equity awards and valued based on the fair value of the underlying 2degrees shares at the date of grant.

During the first quarter of 2018, 2degrees granted a total of 3.5 million Options to employees under a plan whose vesting is subject to meeting a required service period of up to two years. Equity-based compensation expense is recognized on a straight-line basis over the service period for these grants.

The following table summarizes the range of assumptions used in the Black-Scholes model for Options granted in the years ended December 31, 2018 and 2016. There were no Options granted in the year ended December 31, 2017.

	2018	2016
Expected volatility	25%	25%
Expected term (in years)	2.75 - 3.94	2.82 - 4.32
Risk free interest rate	1.99% - 2.09%	3.01%
Expected dividend yield	0%	0%

The expected term of the Options was determined based upon the historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future Option holder behavior. The risk-free interest rates used were based on the implied yield currently available in New Zealand Government bonds, adjusted for semi-annual coupons and converted to continuously compounded rates, with a term equivalent to the remaining life of the Options as of the date of the valuation. Expected volatility was based on average volatilities of publicly traded peer companies over the expected term. 2degrees has not paid dividends in the past and does not currently have plans to pay dividends.

During the second quarter of 2018, 2degrees modified approximately 9.8 million of its outstanding Options and extended the expiration date of those Options to May 31, 2021. The Options previously had expiration dates ranging from 2018 to 2020. No other terms of the Options were modified. As a result of this modification, 2degrees recognized approximately $0.7 million of additional equity-based compensation expense, included within General and administrative expenses in accordance with the guidance for modifications of equity awards within Accounting Standards Codification 718 "Stock Compensation".

The following table provides the outstanding Options as of December 31, 2018 and the changes in the period:

	Options	Weighted-Average Exercise Price per Unit	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	24,420,000	$ 1.38		
Granted	3,525,000	1.90		
Forfeited	(1,040,000)	1.55		
Redeemed	(430,000)	0.97		
Outstanding at December 31, 2018	26,475,000	$ 1.45	3.1	$ 4,072
Exercisable at December 31, 2018	23,806,666	$ 1.39	2.9	$ 4,883

The weighted-average grant date fair value of Options granted during the years 2018 and 2016 were $0.24 and $0.39, respectively. There were no Options granted during the year ended December 31, 2017. The total intrinsic value of Options redeemed or exercised during the years ended December 31, 2018, 2017 and 2016 was $0.2 million, $3.2 million and $1.2 million, respectively.

Total equity-based compensation under the 2degrees Option plans, net of forfeitures, of $2.1 million, $0.8 million and $2.7 million was recognized in General and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, the Company had total unrecognized compensation costs related to the 2degrees Option plans of $0.3 million. The Company expects to recognize this cost over a weighted-average period of 0.6 years.

NOTE 11 – MEZZANINE EQUITY

Prior to the Arrangement, three holders of Trilogy LLC's then Class A Units ("Former Class A Unit Holders") with a combined unit holding of 73,590 units were granted additional rights with respect to their former Class A units ("Former Class A Units") as follows:

- The Former Class A Unit Holders had the right, prior to the occurrence of an initial public offering ("IPO"), to request that Trilogy LLC elect, at Trilogy LLC's sole discretion, to use commercially reasonable best efforts to effect one of the following transactions within 12 months of the Former Class A Unit Holder's request: (i) repurchase the Former Class A Unit Holder's outstanding units at fair market value; (ii) cause an IPO to occur; or (iii) enter into a binding agreement to sell Trilogy LLC.

The Former Class A Unit redemption rights were set forth in the Fifth Amended and Restated LLC Agreement among Trilogy LLC and its members. As of December 31, 2016, the Company recorded these Former Class A Units in the mezzanine section of the balance sheets and not members' equity (deficit) because the redemption of these units were not exclusively in Trilogy LLC's control. The Former Class A Unit rights became redeemable based on the following schedule:

Date when redemption right became exercisable	Former Class A Units
July 30, 2014	48,590
December 24, 2015	25,000
Total redeemable units	73,590

The Former Class A Units included within mezzanine equity were recorded at fair value on the date of issuance and were adjusted to the greater of their carrying amount or redemption value as of December 31, 2016. To give effect to the consummation of the Arrangement on February 7, 2017, the Trilogy LLC Agreement was amended and restated and those rights were eliminated and thus their interest was reclassified from mezzanine equity to equity in the first quarter of 2017.

NOTE 12 – EQUITY

TIP Inc. Capital Structure

TIP Inc.'s authorized share structure consists of two classes of shares, namely Common Shares and one special voting share (the "Special Voting Share") as follows:

TIP Inc. Common Shares:

TIP Inc. is authorized to issue an unlimited number of Common Shares with no par value. As of December 31, 2018, TIP Inc. had 57,713,836 Common Shares outstanding, reflecting an increase of 3,898,205 Common Shares issued during the year ended December 31, 2018 as a result of Class C Units being redeemed for Common Shares, the issuance of Common Shares in July 2018 for vested RSUs and issuances pursuant to TIP Inc.'s dividend reinvestment plan in May 2018. Holders of Common Shares are entitled to one vote for each share held on matters submitted to a vote of shareholders. Holders of Common Shares and the Special Voting Share, described below, vote together as a single class, except as provided in the Business Corporation Act (British Columbia), by law or by stock exchange rules.

Holders of Common Shares are entitled to receive dividends as and when declared by the board of directors of TIP Inc. (the "TIP Inc. Board"). In the event of the dissolution, liquidation or winding-up of TIP Inc., whether voluntary or involuntary, or any other distribution of assets of TIP Inc. among its shareholders for the purpose of winding up its affairs, the holders of Common Shares shall be entitled to receive the remaining property and assets of TIP Inc. after satisfaction of all liabilities and obligations to creditors of TIP Inc. and after $1.00 Canadian dollar ("C$") is distributed to the holder of the Special Voting Share.

In connection with the Arrangement Agreement, certain holders of Common Shares entered into lock-up agreements with TIP Inc. (the "Lock-Up Agreements"). Pursuant to the Lock-Up Agreements, each locked-up shareholder agreed that it would not during specified periods, without the prior written consent of TIP Inc., sell, assign, pledge, dispose of, or transfer any equity securities of TIP Inc. or Trilogy LLC, or enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of Common Shares. As of December 31, 2018, 5,748,383 Common Shares were locked-up, pursuant to Lock-Up Agreements, all of which expired on February 7, 2019.

During the year ended December 31, 2018, the lock-up period expired with respect to 5,585,927 Common Shares. During the period from February 7, 2017 through December 31, 2017, the lock-up period expired with respect to 7,605,315 Common Shares. See "Trilogy LLC Capital Structure; Class C Units" below for lock-up periods applicable to Common Shares which may be issued upon redemption of such units.

As of December 31, 2018, TIP Inc. holds a 68.7% economic ownership interest in Trilogy LLC through its wholly owned subsidiary, Trilogy International Partners Intermediate Holdings Inc. ("Trilogy Intermediate Holdings"). The 4.2% increase in TIP Inc.'s economic ownership interest in Trilogy LLC during the year ended December 31, 2018 is primarily attributable to the issuance of Common Shares upon redemption of Class C Units. See Note 20 – Subsequent Events for information regarding Class C Unit redemptions subsequent to December 31, 2018.

Special Voting Share of TIP Inc.:
TIP Inc. has one issued and outstanding Special Voting Share held by a trustee. Holders of Class C Units, as described below, are entitled to exercise voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held. At such time as there are no Class C Units outstanding, the Special Voting Share shall be redeemed and cancelled for C$1.00 to be paid to the holder thereof.

The holder of the Special Voting Share is not entitled to receive dividends. In the event of the dissolution, liquidation or winding-up of TIP Inc., whether voluntary or involuntary, the holder of the Special Voting Share is entitled to receive C$1.00 after satisfaction of all liabilities and obligations to creditors of TIP Inc. but before the distribution of the remaining property and assets of TIP Inc. to the holders of Common Shares.

Warrants:
At December 31, 2018, TIP Inc. had 13,402,685 warrants outstanding. Each warrant entitles the holder to purchase one Common Share at an exercise price of C$11.50, subject to normal anti-dilution adjustments. The warrants expire on February 7, 2022.

As of February 7, 2017, the date of consummation of the Arrangement, TIP Inc.'s issued and outstanding warrants were reclassified from equity to liability, as the warrants are written options that are not indexed to Common Shares. The fair value of the warrants was based on the number of warrants and the closing quoted public market prices of the warrants. The offsetting impact is reflected within Accumulated deficit as a result of the reduction of Additional paid in capital to zero with the allocation of opening equity due to the Arrangement. The warrant liability is recorded in Other current liabilities and accrued expenses on the Consolidated Balance Sheets. The amount of the warrant liability was $0.1 million and $6.6 million as of December 31, 2018 and 2017, respectively. The warrant liability is marked-to-market each reporting period with the changes in fair value recorded as a gain or loss in the Consolidated Statements of Operations and Comprehensive Loss. The Company will continue to classify the fair value of the warrants as a liability until the warrants are exercised or expire.

Forfeitable Founders Shares:
At December 31, 2018, the Company had 1,675,336 Common Shares ("Forfeitable Founders Shares") issued and outstanding that are subject to forfeiture on February 7, 2022, unless the closing price of Common Shares exceeds C$13.00 (as adjusted for stock splits or combinations, stock dividends, reorganizations, or recapitalizations) for any 20 trading days within a 30 day-trading-day period.

Dividend Paid:
In 2018 and 2017, TIP Inc. paid dividends of C$0.02 per Common Share. The dividend paid in 2018 was declared on April 2, 2018 and paid to common shareholders of record as of April 16, 2018. The dividend paid in 2017 was declared on March 21, 2017 and paid to common shareholders of record as of April 28, 2017. Eligible Canadian holders of Common Shares who participated in the Company's dividend reinvestment plan had the right to acquire additional Common Shares at 95% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the dividend payment date, by reinvesting their cash dividends, net of applicable taxes. As a result of shareholder participation in the dividend reinvestment plan, 34,734 and 17,416 Common Shares were issued in 2018 and 2017, respectively. A total cash dividend of $0.7 million and $0.5 million was paid to shareholders that did not participate in the dividend reinvestment plan in 2018 and 2017, respectively, and the cash payment was recorded as financing activities in the Consolidated Statements of Cash Flows for the year ended December 31, 2018 and 2017, respectively.

Concurrently with the issuance of the TIP Inc. dividend, in accordance with the Trilogy LLC Agreement, a dividend in the form of 137,256 and 85,663 additional Class C Units were issued on economically equivalent terms to the holders of Class C Units in 2018 and 2017, respectively.

Trilogy LLC Capital Structure
The equity interests in Trilogy LLC consist of three classes of units (the "Trilogy LLC Units") as follows:

Class A Units:
The Class A Units possess all the voting rights under the Trilogy LLC Agreement, have nominal economic value and therefore have no rights to participate in the appreciation of the economic value of Trilogy LLC. All of the Class A Units are indirectly held by TIP Inc., through a wholly owned subsidiary, Trilogy International Partners Holdings (US) Inc. ("Trilogy Holdings"). Trilogy Holdings, the managing member of Trilogy LLC, acting through its TIP Inc. appointed directors, has full and complete authority, power and discretion to manage and control the business, affairs, and properties of Trilogy LLC, subject to applicable law and restrictions per the Trilogy LLC Agreement. As of December 31, 2018, there were 157,682,319 Class A Units outstanding.

Class B Units:
TIP Inc. indirectly holds the Class B Units through Trilogy Intermediate Holdings. The Class B Units represent TIP Inc.'s indirect economic interest in Trilogy LLC under the Trilogy LLC Agreement and are required at all times to be equal to the number of outstanding Common Shares. As of December 31, 2018, there were 57,713,836 Class B Units outstanding, reflecting an increase of 3,898,205 and 9,638,482 Class B Units issued during the year ended December 31, 2018 and the period from February 7, 2017 through December 31, 2017, respectively, as a result of Class C Unit redemptions for Common Shares, the issuance of Common Shares in July 2018 for vested RSUs and issuances pursuant to TIP Inc.'s dividend reinvestment plan in May 2018. The economic interests of the Class B Units are pro rata with the Class C Units.

Class C Units:
The Class C Units are held by persons who were members of Trilogy LLC immediately prior to consummation of the Arrangement. The economic interests of the Class C Units are pro rata with the Class B Units. Holders of Class C Units have the right to require Trilogy LLC to redeem any or all Class C Units held by such holder for either Common Shares or a cash amount equal to the fair market value of such Common Shares, the form of consideration to be determined by Trilogy LLC. As of December 31, 2018, all redemptions have been settled in the form of Common Shares. Class C Units have voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held. As of December 31, 2018, there were 26,343,909 Class C Units outstanding, reflecting decreases of 3,320,504 and 9,478,374 Class C Units outstanding in 2018 and 2017, respectively, primarily due to redemptions of Class C Units during these periods. Additionally, there were 144,098 remaining unvested restricted Class C Units as of December 31, 2018, which were granted to an employee on December 31, 2016. These restricted Class C Units vest over a four year period, with one-fourth of the award vesting on the day following each anniversary date of the award based on the employee's continued service. There are no voting rights or right to receive distributions prior to vesting for these unvested Class C Units.

As of December 31, 2018, 8,677,753 Class C Units were locked-up, pursuant to Lock-Up Agreements, which expired on February 7, 2019. During the year ended December 31, 2018, the lock-up period expired with respect to 8,697,835 Class C Units. During this period, locked-up Class C Units expiring on February 7, 2019 increased by 40,480 units, due to the issuance of Class C Units in May 2018 pursuant to TIP Inc.'s dividend reinvestment plan to holders whose Class C Units were subject to Lock-Up Agreements. During the period from February 7, 2017 through December 31, 2017, the lock-up period expired with respect to 22,004,964 Trilogy LLC Class C Units. During the period from February 7, 2017 through December 31, 2017, locked-up C Units increased by 111,622, due to the private acquisition of Trilogy LLC Class C Units by a holder whose Class C Units were subject to a Lock-Up Agreement.

NOTE 13 – EARNINGS PER SHARE

Basic and diluted earnings per share are computed using the two-class method, which is an earnings allocation method that determines earnings per share for Common Shares and participating securities. The undistributed earnings are allocated between Common Shares and participating securities as if all earnings had been distributed during the period. Participating securities and Common Shares have equal rights to undistributed earnings. Basic earnings per share is calculated by dividing net earnings, less earnings available to participating securities, by the basic weighted average Common Shares outstanding. Diluted earnings per share is calculated by dividing attributable net earnings by the weighted average number of Common Shares plus the effect of potential dilutive Common Shares outstanding during the period. In calculating diluted net loss per share, the numerator and denominator are adjusted, if dilutive, for the change in fair value of the warrant liability and the number of potentially dilutive Common Shares assumed to be outstanding during the period using the treasury stock method. No adjustments are made when the warrants are out of the money.

For the year ended December 31, 2018 and for the period from February 7, 2017 to December 31, 2017, the warrants were out of the money and no adjustment was made to exclude the gain recognized by TIP Inc. for the change in fair value of the warrant liability. A gain of $6.4 million and $9.1 million resulted from the change in fair value of the warrant liability for the year ended December 31, 2018 and period from February 7, 2017 through December 31, 2017, respectively. These gains reduced the net loss attributable to TIP Inc. along with the resulting basic loss per share and, therefore, resulted in the Class C Units being dilutive when included as if redeemed.

The components of basic and diluted earnings per share were as follows:

(in thousands, except per share amounts)	Year Ended December 31, 2018	Period February 7, 2017 through December 31, 2017
Basic EPS:		
Numerator:		
Net loss attributable to TIP Inc.	$ (20,205)	$ (15,337)
Denominator:		
Basic weighted average Common Shares outstanding	53,678,914	44,692,369
Net loss per share:		
Basic	$ (0.38)	$ (0.34)
Diluted EPS:		
Numerator:		
Net loss attributable to TIP Inc.	$ (20,205)	$ (15,337)
Add back: Net loss attributable to Class C Units – Redeemable for Common Shares	(11,996)	(18,444)
Net loss attributable to TIP Inc. and Class C Units	$ (32,201)	$ (33,781)
Denominator:		
Basic weighted average Common Shares outstanding	53,678,914	44,692,369
Effect of dilutive securities:		
Weighted average Class C Units – Redeemable for Common Shares	28,514,587	37,058,289

Diluted weighted average Common Shares outstanding	82,193,501	81,750,658
Net loss per share:		
Diluted	$ (0.39)	$ (0.41)

The following table indicates the weighted average dilutive effect of Common Shares that may be issued in the future. These Common Shares were not included in the computation of diluted earnings per share for the year ended December 31, 2018 and the period from February 7, 2017 through December 31, 2017 because the effect was either anti-dilutive or the conditions for vesting were not met:

	Year Ended December 31, 2018	Period February 7, 2017 through December 31, 2017
Warrants	13,402,685	13,402,685
Forfeitable shares	1,675,336	1,675,336
Unvested restricted share units	1,674,684	704,360
Unvested Class C Units	144,098	192,130
Common Shares excluded from calculation of diluted net loss per share	16,896,803	15,974,511

NOTE 14 – ACCUMULATED OTHER COMPREHENSIVE INCOME

A summary of the components of Accumulated other comprehensive income ("AOCI") is presented below:

	Total	Cumulative Foreign Currency Translation Adjustment	Unrealized Gains and Losses on Derivatives and Short-term Investments
December 31, 2016	**$ 6,151**	**$ 6,269**	**$ (118)**
Other comprehensive loss	(211)	(211)	-
Amounts reclassified from AOCI	119	-	119
Net current period other comprehensive (loss) income	(92)	(211)	119
December 31, 2017	**$ 6,059**	**$ 6,058**	**$ 1**
Other comprehensive loss before reclassifications	(2,629)	(2,629)	-
Unrealized net loss related to short-term investments	(2)	-	(2)
Net current period other comprehensive loss	(2,631)	(2,629)	(2)
December 31, 2018	**$ 3,428**	**$ 3,429**	**$ (1)**

NOTE 15 – NONCONTROLLING INTERESTS IN CONSOLIDATED SUBSIDIARIES

Noncontrolling interests represent the equity ownership interests in consolidated subsidiaries not owned by the Company. Noncontrolling interests are adjusted for contributions, distributions, and income and loss attributable to the noncontrolling interest partners of the consolidated entities. Income and losses are allocated to the noncontrolling interests based on the respective governing documents.

There are noncontrolling interests in certain of the Company's consolidated subsidiaries. The noncontrolling interests are summarized as follows:

	As of December 31, 2018	As of December 31, 2017
2degrees	$ 20,426	$ 22,321
NuevaTel	51,165	55,028
Trilogy International Partners LLC	(32,874)	(23,340)
Salamanca Solutions International LLC	(738)	(619)
Noncontrolling interests	$ 37,979	$ 53,390

As a result of the consummation of the Arrangement, there are noncontrolling interests in Trilogy LLC presented in the table above for the period beginning February 7, 2017. See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies.

In July 2016, 2degrees and the Company completed a purchase of the equity interests held individually or through related parties by a minority shareholder in 2degrees. The minority shareholder held ordinary shares, convertible notes and vested employee partly paid options, all of which were purchased for cash, in part by 2degrees and in part by the Company. 2degrees funded its redemption of equity interests from the minority shareholder by issuing new shares, which were purchased by the Company. The Company paid a total of $4.5 million for the equity interests it purchased directly from the minority shareholder, the newly issued shares it acquired from 2degrees and the convertible notes it purchased from the minority shareholder. The amount of cash paid to acquire such equity interest in 2degrees in excess of the fair value of the related equity interest was $1.0 million, which amount was recorded and expensed in the period incurred. As a result of these transactions, the Company's ownership percentage in 2degrees increased from 62.5% to 62.9% .

Supplemental Cash Flow Disclosure:

During the year ended December 31, 2018, NuevaTel declared and paid dividends to a noncontrolling interest of $6.8 million. The dividends were recorded as a financing activity in the Consolidated Statements of Cash Flows for the year ended December 31, 2018.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Leases:

Estimated future minimum lease payments, utilizing current exchange rates at December 31, 2018, over the estimated lease terms are summarized below:

Years Ending December 31,	
2019	$ 19,615
2020	18,928
2021	18,222
2022	15,674
2023	13,865
Thereafter	65,111
Total	$ 151,415

The estimated future minimum lease payments summarized above exclude any future minimum lease payments in connection with the NuevaTel Tower Sale and Lease Back Transaction which was entered into during February 2019. See Note 20 – Subsequent Events for additional information.

Aggregate rental expense for all operating leases was $22.1 million, $21.1 million and $19.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Commitments:
New Zealand:

Huawei
As of December 31, 2018, 2degrees has outstanding commitments with Huawei through 2022 for technical support and spare parts maintenance, software upgrades, products, professional services, other equipment and services in the aggregate amount of $47.0 million, based on the exchange rate at December 31, 2018. A portion of this total commitment is based upon cell sites on air as of December 31, 2018 and will be updated quarterly to reflect new site additions. This portion of the commitment also assumes that in 2020, upon termination of the related agreement, 2degrees will purchase the existing software license from Huawei.

The aggregate amounts of the aforementioned obligations to Huawei outstanding as of December 31, 2018, based on the exchange rate at that date, are as follows:

Years ending December 31,		
2019	$	20,268
2020		16,716
2021		9,152
2022		814
Total	$	46,950

2degrees also has submitted purchase orders to Huawei in the amount of $4.8 million, based on the exchange rate at December 31, 2018, for other equipment and services, which 2degrees expects to be fulfilled during 2019.

Handsets
In October 2016, 2degrees signed a purchase agreement, effective as of August 1, 2016, with a handset manufacturer that requires 2degrees to purchase a minimum number of handsets per quarter for three years (beginning with the third quarter of 2016). 2degrees fulfilled this obligation during the fourth quarter of 2018. As part of the purchase agreement, 2degrees has committed to allocate $1.3 million NZD ($0.9 million based on the exchange rate at December 31, 2018) of its advertising budget per contract year to related marketing.

2degrees also has submitted purchase orders to a handset manufacturer in the amount of $0.7 million, based on the exchange rate at December 31, 2017, for handsets, which 2degrees expects to be fulfilled during 2019.

Rural Broadband Infrastructure
In August 2017, the New Zealand government signed an agreement with the New Zealand telecommunications carriers' joint venture group to fund a portion of the country's rural broadband infrastructure project (the "RBI2 Agreement"). As of December 31, 2018, 2degrees' estimated outstanding obligation for investments under this agreement was approximately $12.3 million, based on the exchange rate at that date. This amount does not include potential operating expenses or capital expenditure upgrades associated with this agreement.

The aggregate annual amounts of the aforementioned estimated obligations outstanding for investments under the RBI2 Agreement as of December 31, 2018, based on the exchange rate at that date, are as follows:

Years ending December 31,		
2019	$	2,572
2020		5,816
2021		2,796
2022		1,119
Total	$	12,303

Spectrum Licenses
On November 28, 2011, 2degrees accepted an offer from the New Zealand Ministry of Economic Development to renew its 800/900 MHz spectrum licenses effective November 25, 2022 through November 28, 2031. The price will be calculated at the time payment is due in 2022 based on changes to the Consumer Price Index and other variables, but will not exceed $9.0 million, based on the exchange rate at December 31, 2018.

Other
As of December 31, 2018, 2degrees had purchase commitments through 2021 of $9.5 million with various vendors to acquire hardware and software related to ongoing network and Information Technology ("IT") projects, as well as for IT support services, IT development, retail store fit-outs, broadband capacity payments and advertising and marketing costs. None of these commitments is significant individually.

Bolivia:

In December 2016, NuevaTel signed an agreement with Telefónica Celular de Bolivia S.A. ("Telecel") pursuant to which Telecel provides NuevaTel an Indefeasible Right to Use of its existing and future capacity to transport national telecommunications data. This purchase commitment expires in 2031. As of December 31, 2018, the minimum purchase commitment with Telecel was $20.5 million, as follows:

Years ending December 31,		
2019	$	1,577
2020		1,577
2021		1,577
2022		1,577
2023		1,577
Thereafter		12,616
Total	$	20,501

NuevaTel also has purchase commitments through 2027 of $24.1 million with various vendors to acquire telecommunications equipment, support services, inventory and advertising which are not significant individually.

The Bolivian regulatory authority, the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia ("ATT") has conditioned the 4G license awarded to NuevaTel on meeting service deployment standards, requiring that the availability of 4G service expand over a 96-month period from urban to rural areas. NuevaTel has met its 4G launch commitments thus far and is required to build LTE sites in all of the 339 municipalities of Bolivia by May 2022. NuevaTel expects to meet this requirement and anticipates that deployment costs will increase as it penetrates less densely populated regions.

Contingencies:
General:

The financial statements reflect certain assumptions based on telecommunications laws, regulations and customary practices currently in effect in the countries in which the Company's subsidiaries operate. These laws and regulations can have a significant influence on the Company's results of operations and are subject to change by the responsible governmental agencies. The Company assesses the impact of significant changes in laws, regulations and political stability on a regular basis and updates the assumptions and estimates used to prepare its financial statements when deemed necessary. However, the Company cannot predict what future laws and regulations might be passed or what other events might occur that could have a material effect on its investments or results of operations. In particular, Bolivia has experienced, or may experience, political and social instability.

In addition to issues specifically discussed elsewhere in this Note to our Consolidated Financial Statements, the Company is a party to various lawsuits, regulatory proceedings and other matters arising in the ordinary course of business. Management believes that although the outcomes of these proceedings are uncertain, any liability ultimately arising from these actions should not have a material adverse impact on the Company's financial condition, results of operations, or cash flows. The Company has accrued for any material contingencies where the Company's management believes the loss is probable and estimable.

Bolivian Regulatory Matters:

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. Both the law and the Bolivian constitution specify that carriers' vested rights under their existing concessions will be preserved; however, the Company cannot guarantee that these protections will be respected by the Bolivian government. The ATT migrated the original concessions of Entel and Tigo, wireless competitors to NuevaTel, to new licenses in 2015 in conjunction with renewing their original concessions that were due to expire. In January 2019, NuevaTel received resolutions authorizing a migration to a new comprehensive license with terms similar to those in the Entel and Tigo licenses. NuevaTel signed the new license agreement in February 2019. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed on November 25, 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the service concessions. The ATT has not yet specified a price for the renewal of the 1900 MHz spectrum grant. However, based on the fee paid by Tigo in connection with its 2015 spectrum grant renewal, NuevaTel estimates that it will be required to pay approximately $25 million for its 1900 MHz spectrum renewal in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases and from the proceeds of the sale and leaseback of certain NuevaTel network towers.

NuevaTel's network has experienced several network outages affecting voice and 3G and 4G data services both locally and nationally over the past several years, and outages continue to occur from time to time due to a variety of causes; some of these outages relate to equipment failures or malfunctions within NuevaTel's network and some outages are the result of failures or service interruptions on communications facilities (e.g. fiber optics lines) leased by NuevaTel from other carriers. NuevaTel has voluntarily compensated the customers affected by several of these outages. As to most of these outages, the ATT is investigating if the outages were unforeseen or were events that could have been avoided by NuevaTel, and, if avoidable, whether penalties should be imposed. The ATT investigated an August 2015 outage (in the town of San José de Chiquitos) and imposed a fine of $4.5 million against NuevaTel in 2016. NuevaTel appealed the ATT's decision on the basis that the interruption was attributable to a force majeure event. The fine was rescinded by the ATT and then reimposed on different grounds. In June 2017, the Ministry of Public Works, Services and Housing (the "Ministry") vacated the fine, but allowed the ATT to reinstate the penalty provided it could establish that NuevaTel was responsible for the service interruption. The ATT has reinstated the penalty, although it has noted in its findings that the outage was a force majeure event, and NuevaTel filed another appeal to the Ministry. In September 2018, the Ministry notified NuevaTel that it rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel accrued $4.5 million in the third quarter of 2018 within Other non-current liabilities as presented in the Consolidated Balance Sheet as of December 31, 2018 and recorded the expense in Other, Net in the Consolidated Statements of Operations and Comprehensive Loss for the year then ended. NuevaTel continues to contest the matter vigorously and has appealed the Ministry's decision to the Supreme Tribunal of Justice.

In April 2013, the ATT notified NuevaTel that it proposed to assess a fine of $2.2 million against NuevaTel for delays in making repairs to public telephone equipment in several Bolivian cities in 2010. NuevaTel accrued the full amount of the fine plus interest of approximately $0.1 million but also filed an appeal with the Supreme Tribunal of Justice in regard to the manner in which the fine was calculated. In December 2017, the court rescinded the fine on procedural grounds but permitted the ATT to impose a new fine. If the ATT does so, NuevaTel will have the right to discharge the fine by paying half of the stated amount of the penalty on condition that NuevaTel foregoes any right of appeal. NuevaTel has not decided what action it may take in such event.

In 2012, NuevaTel launched a customer loyalty program known as "Fidepuntos" that granted points for service consumption and tenure. Beginning in January 2018, the Fidepuntos program came under the jurisdiction and regulation of the Bolivian gaming authority, the Autoridad de Fiscalizacion del Juego ("AJ"). NuevaTel elected to discontinue its Fidepuntos program in February 2018 and subsequently launched a short-term loyalty program that retired all outstanding redemption obligations associated with the discontinued Fidepuntos program at a cost that did not exceed $1.0 million. The AJ approved the short-term program and did not object to the discontinuation of the Fidepuntos program. As of December 31, 2018, there was no remaining liability related to the Fidepuntos program as the program ended with all obligations satisfied during the third quarter of 2018. The Fidepuntos program liability was reduced by $4.8 million during the year ended December 31, 2018, in connection with satisfying remaining obligations and reversing expenses that were previously recognized but not incurred due to the completion of the program and satisfaction of outstanding obligations.

NOTE 17 – INCOME TAXES

For financial reporting purposes, (loss) income from continuing operations before income taxes includes the following components:

	Years Ended December 31,		
	2018	2017	2016
Canada	$ 5,934	$ 8,602	$ -
United States	(42,461)	(65,071)	(66,384)
Foreign	9,686	34,592	33,461
Loss from continuing operations before income taxes	$ (26,841)	$ (21,877)	$ (32,923)

Income tax expense includes income and withholding taxes incurred in the following jurisdictions:

	Years Ended December 31,		
	2018	2017	2016
Current:			
Canada	$ -	$ -	$ -
United States	350	-	430
Foreign	7,148	7,652	11,162
	7,498	7,652	11,592
Deferred:			
Canada	$ -	$ -	$ -
United States	-	-	-
Foreign	(2,609)	529	(3,950)
	(2,609)	529	(3,950)
Total income tax expense	$ 4,889	$ 8,181	$ 7,642

TIP Inc.'s portion of taxable income or loss is subject to corporate taxation in both the U.S. and Canada as a result of the structure of the Arrangement. The federal statutory rates applicable for the U.S. and Canada for the year ended December 31, 2018 are 21% and 25%, respectively. The Company has historically incurred taxable losses which have resulted in Net Operating Loss ("NOL") carryforwards that may be used by the Company to offset future income taxable in the U.S. and Canada. The portion of the Company's taxable income or loss attributable to the noncontrolling interests of Trilogy LLC is taxed directly to such members. Consequently, no provision for income taxes, other than minimal withholding taxes, has been included in the financial statements related to this portion of taxable income. The Company's subsidiaries file income tax returns in their respective countries. The statutory tax rates for 2degrees and NuevaTel for the year ended December 31, 2018 are 28% and 25%, respectively.

Tax Legislation

On December 22, 2017, H.R. 1, commonly known as the Tax Cuts and Jobs Act (the "Tax Act"), was enacted in the U.S. The Tax Act contains significant changes to corporate taxation, including the implementation of a one-time tax on unremitted foreign earnings and the reduction of the U.S. corporate tax rate from 35% to 21%.

Given the significance of the legislation, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 (SAB 118), which allows registrants to initially record provisional amounts and adjust these amounts during the measurement period not to exceed one year from the enactment date. During the measurement period, impacts of the law are expected to be recorded at the time a reasonable estimate for all or a portion of the effects can be made, and provisional amounts can be recognized and adjusted as information becomes available, prepared or analyzed.

SAB 118 provides guidance for accounting for and disclosing: (1) the effects of the change in tax law for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the effects of the tax law where accounting is not complete, but that a reasonable estimate has been determined; and (3) items for which a reasonable estimate cannot yet be made and therefore taxes are reflected in accordance with law prior to the enactment of the Tax Act.

Due to the interplay between the Arrangement and the implications of the one-time tax on unremitted earnings, the Company evaluated the impact on its income tax liability associated with this provision of the new law as it relates to the use of certain foreign tax credits. Specifically, the foreign tax credits were evaluated to determine if they were limited for use as an offset to the one-time tax on unremitted earnings related to NuevaTel. The foreign tax credits have historically been subject to a full valuation allowance as there had been no assurance of their realization and use prior to the passing of the Tax Act. The Company completed its analysis and calculations during the third quarter of 2018. No material adjustments were required to the Company's net current and deferred tax accounts as a result of this analysis, and there was no material liability associated with the one-time tax on unremitted earnings due to the ability to use the foreign tax credit carryovers. All other impacts of the Tax Act were immaterial for the year ended December 31, 2018 due to the full valuation allowance on U.S. deferred tax assets and the nature and amount of foreign earnings for the period. The reconciliation between income tax expense from continuing operations and the income tax expense that results from applying the Canadian federal statutory rate of 25% to consolidated pre-tax earnings is as follows:

	Years Ended December 31,		
	2018	**2017**	**2016**
Income tax expense (benefit) at Canadian federal rate	$ (6,710)	$ (5,469)	$ (8,231)
Earnings attributable to non-tax paying entities	3,815	8,597	17,261
Foreign rate differential	714	(1,996)	160
Change in valuation allowance	19,398	(21,586)	(4,845)
Effect of intercompany asset transfer	(23,484)	25,987	-
Impact of tax law changes	7,237	5,068	-
Foreign withholding tax incurred	2,259	692	2,681
Withholding taxes on unrepatriated foreign earnings	(1,212)	2,215	(38)
Inflation adjustment	(2,235)	(1,333)	(1,655)
Permanent adjustments	503	(3,001)	2,707
Foreign exchange translation	2,668	(1,464)	(627)
Other - net	1,936	471	229
Total	$ 4,889	$ 8,181	$ 7,642

The components of deferred tax assets and liabilities are as follows:

	December 31, 2018	**December 31, 2017**
Intangible assets	$ 10,100	$ 11,833
Fixed assets	20,445	2,614
Bad debt allowance	4,471	4,250
NOL and foreign tax credit carryforwards	24,759	32,501
Accrued liabilities	8,317	6,141
Inventory valuation	763	1,247
Excess business interest expense	4,625	-
Equity based compensation	2,885	-
Transaction costs	1,364	1,994
Other	4,211	2,851
Subtotal	$ 81,940	$ 63,431
Less: valuation allowance	(70,279)	(50,881)

Total net deferred tax assets	$ 11,661	$ 12,550
Fixed assets	(915)	(2,853)
Withholding taxes on unrepatriated foreign earnings	(11,439)	(13,017)
Total deferred tax liabilities	$ (12,354)	$ (15,870)
Net deferred tax liability	$ (693)	$ (3,320)

As of December 31, 2018, the Company had NOL carryforwards related to our operations in New Zealand of approximately $53 million. Such tax losses carry forward indefinitely provided that 2degrees shareholder continuity requirements are met. The Arrangement completed on February 7, 2017 resulted in a recapitalization of the Trilogy LLC's members' units.

Additionally, as discussed in Note 12 – Equity and Note 20 – Subsequent Events, certain Trilogy LLC Class C Units were redeemed for Common Shares through December 31, 2018 and additional redemptions occurred subsequent to the year end and through the date of issuance of these financial statements. The impact of the redemptions through December 31, 2018 did not materially impact continuity and did not result in loss of NOL carryforwards. The redemptions subsequent to year end are not expected to materially impact continuity for the remaining NOL carryforwards. Common Shares held by historical equity holders in Trilogy LLC and 2degrees will continue to be assessed in connection with shareholder continuity requirements.

Additionally, as of December 31, 2018, TIP Inc. (and its wholly owned U.S. subsidiary) had NOL carryforwards of $38 million and $7 million in the U.S. and Canada, respectively. The U.S. NOL carryforwards generated prior to December 31, 2017 carry forward for a period of 20 years while the U.S. NOL carryforwards generated after December 31, 2018 carry forward indefinitely. The Canadian NOL carries forward for a period of 20 years. The future utilization of all loss carryforwards are contingent upon certain shareholder continuity and other requirements being met. As of December 31, 2018, these NOL carryforwards continue to be retained.

Management assesses the need for a valuation allowance in each tax paying component or jurisdiction based upon the available positive and negative evidence to estimate whether sufficient taxable income will exist to permit realization of the deferred tax assets.

On the basis of this evaluation, as of December 31, 2018 valuation allowances of approximately $53 million and $18 million have been recorded for New Zealand and TIP Inc. (and its U.S. corporate subsidiaries), respectively, to recognize only the portion of the deferred tax assets that are more likely than not to be realized. The amount of the Company's deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforwards periods are reduced or increased.

On August 1, 2017, 2degrees transferred its network assets to a wholly owned subsidiary and entered into a transaction to separate the 2degrees network assets from the 2degrees retail operations business to allow for flexibility in future operations and strategic business activities. Assets transferred in this network company transaction included network equipment, cell sites, network licenses and spectrum licenses. This intercompany transaction also resulted in a taxable gain that utilized a portion of the existing 2degrees NOL as of the transaction date and resulted in asset values at the new network company that have an increased tax basis. As discussed in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies, the Company adopted an accounting standard that modified the accounting for income tax consequences of intra-entity transfers of assets other than inventory in the first quarter of the year ended December 31, 2018. As a result of this accounting standard adoption and the increase to the tax bases of the assets transferred in the network company transaction, deferred tax assets of approximately $24 million were recorded along with a corresponding full valuation allowance. There was no cumulative adjustment to retained earnings or net impact on the Consolidated Financial Statements due to the full valuation allowance on the recorded deferred tax assets.

We are subject to taxation in Bolivia, New Zealand, the United States and Canada. As of December 31, 2018, the following are the open tax years by jurisdiction:

New Zealand	2013 – 2018
Bolivia	2013 – 2018
United States	2015 – 2018
Canada	2015 – 2018

Supplemental Cash Flow Disclosure:

	Years Ended December 31,		
	2018	2017	2016
Income and withholding tax paid	$ 15,217	$ 11,628	$ 19,608

NOTE 18 – SEGMENT INFORMATION

We determine our reportable segments based on the manner in which our Chief Executive Officer, considered to be the chief operating decision maker ("CODM"), regularly reviews our operations and performance. Segment information is prepared on the same basis that our CODM manages the segments, evaluates financial results, allocates resources, and makes key operating decisions.

We operate two reportable segments identified by their geographic regions:

- New Zealand – 2degrees offers wireless voice and data communication services through both prepaid and postpaid payment plans. 2degrees also provides fixed broadband communications services to business and residential customers in New Zealand.

- Bolivia – NuevaTel offers voice and data services, including an array of services delivered via a short message service-based platform, to its mobile customers in Bolivia.

Our CODM evaluates and measures segment performance primarily based on revenues and Adjusted EBITDA. Adjusted EBITDA represents income (loss) from continuing operations before income taxes excluding amounts for (1) interest expense; (2) depreciation, amortization and accretion; (3) equity-based compensation (recorded as a component of General and administrative expenses); (4) loss (gain) on disposal and abandonment of assets; and (5) all other non-operating income and expenses. Adjusted EBITDA is a common measure of operating performance in the capital-intensive telecommunications industry. We believe Adjusted EBITDA is a key measure for internal reporting; it is used by management to evaluate profitability and operating performance of our segments and to allocate resources because it allows us to evaluate performance absent non-operational factors that affect net income (loss). The presentation of Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for consolidated net income (loss) attributable to the Company, the most closely analogous GAAP measure. Adjusted EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same.

Revenue is attributed to regions based on where services are provided. Segment results do not include any intercompany revenues. The identifiable assets by segment disclosed in this note are those assets specifically identifiable within each segment and include cash and cash equivalents, net property, plant and equipment, goodwill, and other intangible assets. Assets and capital expenditures not identified by reportable segment below are associated with discontinued operations and corporate assets. Corporate assets consist primarily of cash and cash equivalents available for general corporate purposes, investments and assets of the corporate headquarters. Expense and income items excluded from segment earnings are managed at the corporate level. The accounting policies of the reportable segments are the same as those described in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies.

The Company's largest customer is a New Zealand retail reseller of our wireless devices and accessories and represented approximately 12% of the Company's consolidated total revenues in 2018 and 11% of the Company's consolidated total revenues in each of 2017 and 2016. The revenue from this customer is primarily from equipment sales of handsets. No other customer accounted for more than 10% of the Company's consolidated total revenues for any of the years ended December 31, 2018, 2017 and 2016.

The table below presents financial information for our reportable segments and reconciles total segment Adjusted EBITDA to Loss from continuing operations before income taxes:

	Year ended December 31,		
	2018	2017	2016
Revenues			
New Zealand	$ 556,410	$ 520,042	$ 488,969
Bolivia	240,941	258,438	275,514
Unallocated Corporate & Eliminations	824	420	565
Total revenues	$ 798,175	$ 778,900	$ 765,048
Adjusted EBITDA			
New Zealand	$ 90,396	$ 85,307	$ 80,923
Bolivia	65,531	76,522	81,577
Equity-based compensation	(5,856)	(2,853)	(2,706)
Acquisition and other nonrecurring costs	(4,002)	(5,765)	(4,225)
Depreciation, amortization and accretion	(111,889)	(106,909)	(105,456)
Loss on disposal and abandonment of assets	(1,346)	(682)	(609)
Interest expense	(45,913)	(59,754)	(69,055)
Change in fair value of warrant liability	6,361	9,053	-
Debt modification and extinguishment costs	(4,192)	(6,689)	(3,802)
Other, net	(4,682)	1,329	(1,765)
Unallocated Corporate & Eliminations	(11,249)	(11,436)	(7,805)
Loss from continuing operations before income taxes	$ (26,841)	$ (21,877)	$ (32,923)
Depreciation, amortization and accretion			
New Zealand	$ 66,160	$ 60,805	$ 59,436
Bolivia	45,107	45,925	45,981
Unallocated Corporate & Eliminations	622	179	39
Total depreciation, amortization and accretion	$ 111,889	$ 106,909	$ 105,456
Capital expenditures			
New Zealand	$ 53,085	$ 53,904	$ 50,874
Bolivia	29,659	37,215	56,342
Unallocated Corporate & Eliminations	180	1,233	564
Total capital expenditures	$ 82,924	$ 92,352	$ 107,780
Total assets			
New Zealand	$ 440,385	$ 432,932	
Bolivia	278,656	292,189	
Unallocated Corporate & Eliminations	9,241	35,917	
Total assets	$ 728,282	$ 761,038	

The table below presents total revenues by product or service type for the years ended December 31, 2018, 2017 and 2016:

	New Zealand	Bolivia	Unallocated Corporate & Eliminations	Total
Year ended December 31, 2018				
Wireless service revenues	$ 265,947	$ 234,380	$ -	$ 500,327
Wireline service revenues	61,804	-	-	61,804
Equipment sales	217,015	4,595	-	221,610
Non-subscriber ILD and other revenues	11,644	1,966	824	14,434
Total revenues	**$ 556,410**	**$ 240,941**	**$ 824**	**$ 798,175**
Year ended December 31, 2017				
Wireless service revenues	$ 274,168	$ 252,031	$ -	$ 526,199
Wireline service revenues	57,131	-	-	57,131
Equipment sales	175,096	3,740	-	178,836
Non-subscriber ILD and other revenues	13,647	2,667	420	16,734
Total revenues	**$ 520,042**	**$ 258,438**	**$ 420**	**$ 778,900**
Year ended December 31, 2016				
Wireless service revenues	$ 259,206	$ 265,534	$ -	$ 524,740
Wireline service revenues	43,397	-	-	43,397
Equipment sales	173,150	5,622	-	178,772
Non-subscriber ILD and other revenues	13,216	4,358	565	18,139
Total revenues	**$ 488,969**	**$ 275,514**	**$ 565**	**$ 765,048**

NOTE 19 – RELATED PARTY TRANSACTIONS

On July 31, 2013, Trilogy LLC entered into an agreement (the "Agreement") with Salamanca Holding Company ("SHC"), a Delaware limited liability company, and three former Trilogy LLC's executives. Pursuant to the Agreement, Trilogy LLC transferred to SHC 80% of Trilogy LLC's interest in its wholly owned subsidiary, Salamanca Solutions International LLC ("SSI"), in exchange for 2,140 Class C Units held by the three individuals. Pursuant to a subsequent agreement among the owners of SHC, Stewart Sherriff, then 2degrees' interim Chief Executive Officer and now 2degrees' Chief Executive Officer, transferred his ownership interest to the other two owners of SHC.

Since 2008, SSI has licensed billing and customer relations management intellectual property that it owned, known as Omega (the "Omega IP"), and associated software support and development services, to the Company's subsidiary in Bolivia, NuevaTel. NuevaTel paid maintenance fees to SSI that covered most of the operating costs of SSI. The Company believes that SHC, as the majority owner of SSI, intends to concentrate on locating new sources of revenue from third party customers for the software services that SSI can provide. Trilogy LLC, through a wholly owned subsidiary, holds an option to acquire the Omega IP at nominal cost if SSI ceases business operations in the future. Trilogy LLC has the right to appoint one of four members of the SSI board of directors and has certain veto rights over significant SSI business decisions. The impact on our consolidated results related to SSI was an increase to net loss by $150 thousand and $382 thousand, and an increase to net income by $42 thousand for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company and its officers have used, and may continue to use, jet airplanes owned by certain of the Trilogy LLC founders. The Company reimburses the Trilogy LLC founders at fair market value and on terms no less favorable to the Company than the Company believes it could obtain in comparable transactions with a third party for the use of these airplanes. For the years ended December 31, 2018, 2017 and 2016, the Company reimbursed the Trilogy LLC founders approximately $23 thousand, $197 thousand and $120 thousand, respectively, for the use of their airplanes.

NOTE 20 – SUBSEQUENT EVENTS

Equity Lock-up Period Expiration

On February 7, 2019, the lock-up period expired for 8,677,753 Trilogy LLC Class C Units, giving each holder of these Units the right to require Trilogy LLC to redeem any or all of such Units for either a number of Common Shares equal to the number of Class C Units to be redeemed, or a cash amount equal to the twenty day trailing weighted average trading price of such Common Shares at such time, with the form of consideration at Trilogy LLC's discretion. During the period from January 1, 2019 to March 27, 2019 (the date of this filing), there were 78,462 Class C Units redeemed for Common Shares.

The lock-up period also expired for 5,748,383 Common Shares on February 7, 2019.

NuevaTel Tower Sale and Lease Back Transaction:

In February 2019, NuevaTel entered into an agreement to sell approximately 600 of NuevaTel's towers to a Bolivian subsidiary of Phoenix Tower International ("PTI") for expected cash proceeds of approximately $100 million. The transaction will close in stages as conditions to close are satisfied for the towers. The initial closing was completed in February 2019 for 400 towers and resulted in cash consideration of approximately $65 million.

The towers subject to the transaction will be leased back to NuevaTel by PTI in connection with a multi-year agreement between the parties which establishes an initial tower lease term of 10 years with certain optional 5-year renewals. The Company will evaluate the transaction in accordance with applicable accounting guidance for evaluating sale and lease back transactions during the first quarter of 2019.

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Section 5: EX-99.4 (EXHIBIT 99.4)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 27, 2019, with respect to the consolidated financial statements included in the Annual Report of Trilogy International Partners Inc. on Form 40-F for the year ended December 31, 2018. We consent to the inclusion of said report in the Annual Report of Trilogy International Partners Inc. on Form 40-F and to the incorporation by reference of said report in the Registration Statements of Trilogy International Partners Inc. on Form F-10 (File No. 333-219429) and on Form S-8 (File No. 333-218631).

/s/ Grant Thornton LLP

Seattle, Washington
March 27, 2019

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Section 6: EX-99.5 (EXHIBIT 99.5)

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bradley J. Horwitz, certify that:

1. I have reviewed this annual report on Form 40-F of Trilogy International Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 27, 2019

Signature: /s/ Bradley J. Horwitz
Bradley J. Horwitz
President and Chief Executive Officer

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Section 7: EX-99.6 (EXHIBIT 99.6)

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Erik Mickels, certify that:

1. I have reviewed this annual report on Form 40-F of Trilogy International Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 27, 2019

Signature: /s/ Erik Mickels
Erik Mickels
Senior Vice President and Chief Financial Officer

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Section 8: EX-99.7 (EXHIBIT 99.7)

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Bradley J. Horwitz, the President and Chief Executive Officer of Trilogy International Partners, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 40-F for the year ended December 31, 2018 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2019

Signature: /s/ Bradley J. Horwitz
Bradley J. Horwitz
President and Chief Executive Officer

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Section 9: EX-99.8 (EXHIBIT 99.8)

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Erik Mickels, the Senior Vice President and Chief Financial Officer of Trilogy International Partners, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 40-F for the year ended December 31, 2018 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2019

Signature: /s/ Erik Mickels
Erik Mickels
Senior Vice President and Chief Financial Officer

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