

**Uniti**

NAREIT's 2018 REITWeek  
Investor Conference

June 5 – 7, 2018

# Safe Harbor

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*Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements include all statements that are not historical statements of fact, including, without limitation, those regarding our business strategies, growth prospects, industry trends, sales opportunities, operating and financial performance, and expected benefits of the TPx and CenturyLink transactions.*

*Words such as "anticipate(s)," "expect(s)," "intend(s)," "estimate(s)," "foresee(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could materially alter our expectations include, but are not limited to, the ability and willingness of our customers to meet and/or perform their obligations under any contractual arrangements entered into with us; the ability and willingness of our customers to renew their leases with us upon their expiration, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant; the adverse impact of litigation affecting us or our customers; our ability to renew, extend or obtain contracts with significant customers (including customers of the businesses we acquire); the availability of and our ability to identify suitable acquisition opportunities and our ability to acquire and lease the respective properties on favorable terms; the risk that we fail to fully realize the potential benefits of acquisitions or have difficulty integrating acquired companies; our ability to generate sufficient cash flows to service our outstanding indebtedness; our ability to access debt and equity capital markets; the impact on our business or the business of our customers as a result of credit rating downgrades and fluctuating interest rates; our ability to retain our key management personnel; our ability to qualify or maintain our status as a real estate investment trust ("REIT"); changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; covenants in our debt agreements that may limit our operational flexibility; other risks inherent in the communications industry and in the ownership of communications distribution systems, including potential liability relating to environmental matters and illiquidity of real estate investments; the risk that the TPx transaction documents may be modified or terminated prior to expiration; risks related to satisfying the conditions to the TPx transaction; and additional factors described in our reports filed with the SEC. Uniti expressly disclaims any obligation to release publicly any updates or revisions to any of the forward-looking statements set forth in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.*

*This presentation may contain certain supplemental measures of performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). Such measures should not be considered as alternatives to GAAP. Further information with respect to and reconciliations of such measures to the nearest GAAP measure can be found herein.*









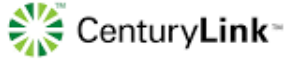




# Uniti Vision and Strategy

- **Building Unique REIT Investment Platform Across Communication Infrastructure Assets**
- **Growing Portfolio of Highly Strategic Mission Critical Assets**
  - Top 10 Owner of Fiber, Small Cells and Macro Towers
  - Top 5 Competitive Fiber Owner in 22 of the 30 Largest MSAs
- **Substantial Organic and Inorganic Growth Potential to Drive Diversification**
- **Predictable & Stable Anchor Economics with Substantial Lease-Up Potential**

## Uniti Strategy

Engaged in Acquisition and Construction of Mission Critical Infrastructure in the Communications Industry

# Growth Driven by Strategic Investments

Business Units	Acquisitions	Key Metrics			
	   	<b>Strand Miles</b> 1.5M	<b>Revenues Under Contract<sup>(1)</sup></b> > \$1.3B	<b>Avg. Remaining Contract Length<sup>(1) (2)</sup></b> 4.7 Years	<b>Capital Deployed<sup>(3)</sup></b> > \$1.5B
	  	<b>Strand Miles</b> 3.8M	<b>Revenues Under Contract<sup>(1)</sup></b> ~ \$8.4B	<b>Avg. Remaining Contract Length<sup>(1)</sup></b> ~ 12.1 Years <i>+ Potential 20 Year Extension</i>	<b>Capital Deployed<sup>(4)</sup></b> ~ \$8.1B
	  	<b>Owned Towers</b> 710	<b>Revenues Under Contract<sup>(1)</sup></b> > \$85M	<b>Avg. Remaining Contract Length<sup>(1) (2)</sup></b> 6.3 Years	<b>Capital Deployed<sup>(3)</sup></b> ~ \$70M

## Capitalizing on Investments Required for Shared Communications Infrastructure

Note: All information is as of March 31, 2018 and gives effect to the acquisition of TPx and the CenturyLink transaction.

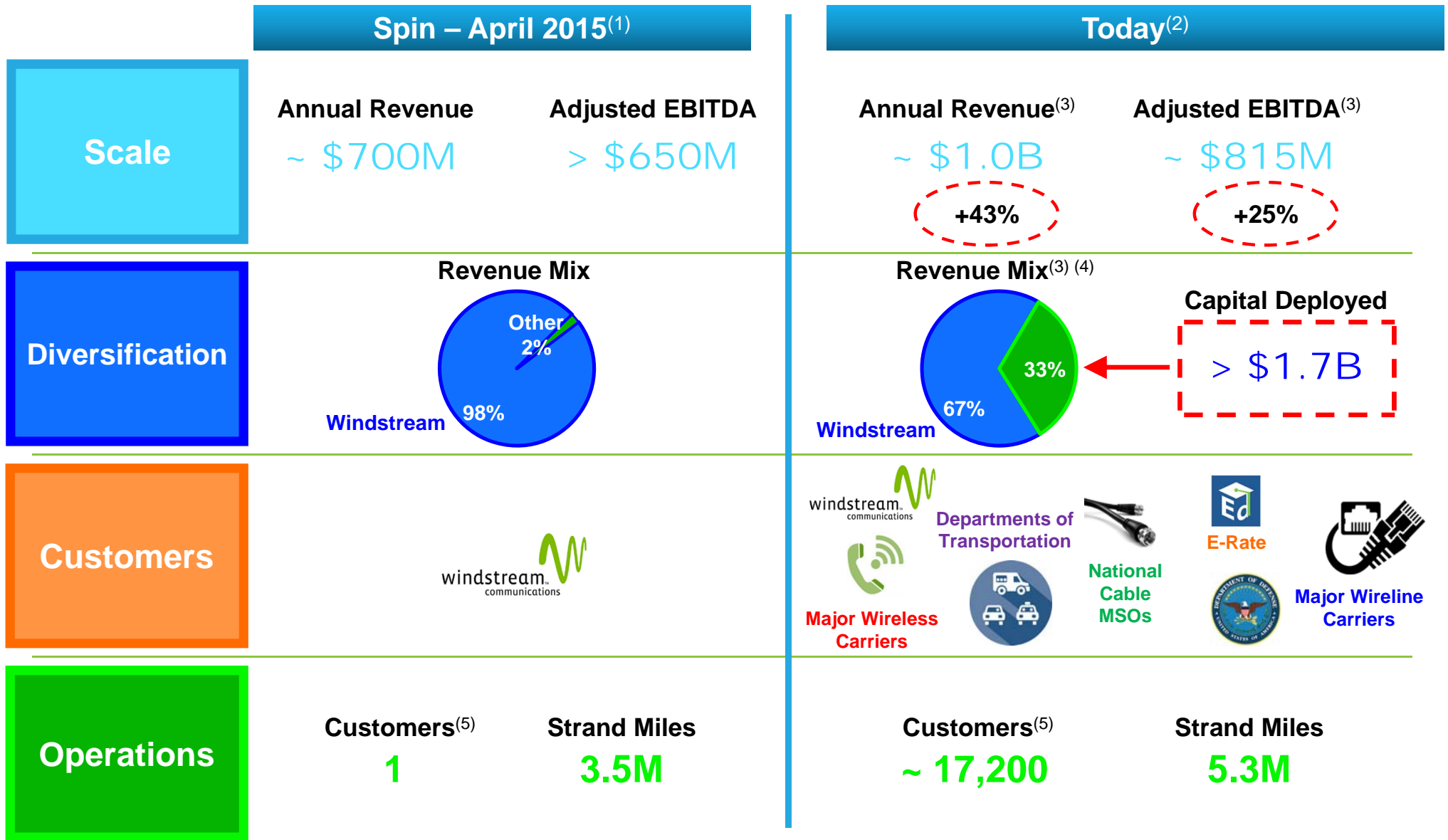
(1) Revenues Under Contract are as of March 31, 2018 and pro-forma for the acquisition of TPx, and the CenturyLink transaction, which are assumed to have occurred on January 1, 2018. Contracts are subject to termination under certain conditions and/or may not be renewed. Actual Revenues Under Contract could vary materially.

(2) Includes contracts for wireless, Enterprise and E-rate and Government. Contracts are subject to termination under certain conditions and/or may not be renewed.

(3) Capital deployed represents aggregate purchase price of acquired entities.

(4) Represents purchase price of TPx, purchase price for fiber acquisition from CenturyLink and Enterprise Value at time of spin-off from Windstream. See Appendix for explanation of Enterprise Value calculation.

# Uniti's Profile Has Rapidly Evolved



(1) Information as of April 30, 2015.

(2) Capital Deployed, Customers and Strand Miles are as of March 31, 2018 and are pro forma for the acquisition of TPx, and the CenturyLink transaction, including anchor tenant and additional lease-up activity, which are assumed to have occurred on January 1, 2018.

(3) Annual Revenue, Adjusted EBITDA and Revenue Mix are based on full-year 2018 consensus analyst estimates and are pro forma for the TPx and CenturyLink transactions, which are assumed to have occurred on January 1, 2018. There can be no assurance that our actual results will not differ materially from these estimates.

(4) Excludes amortized revenues from tenant capital improvements.

(5) Customers represent Customer Connections, both fiber and microwave, and exclude Connections related to Talk America.

# Towers and Fiber – Highly Attractive Models

	Uniti Fiber - Dark Fiber	Uniti Leasing	Uniti Towers
Useful Economic Life <sup>(1)</sup>	~ 50 Year	~ 50 Year	~ 50 Year
Initial Term <sup>(2)</sup>	10 – 20 Years	15 – 20 Years	5 – 10 Years
Initial Yields <sup>(2)</sup>	5% – 7%	7% – 10%+	5% – 10%+
Lease-up Potential	48-288 Fiber Strands per Cable	Unused Fiber Strands under Shared Infrastructure Agreements	Generally limited to 3-4 Tenants Per Tower
Expected Customer Churn	Very Low	Very Low	Very Low
Average Remaining Contract Term <sup>(3)</sup>	20.3 Years	12.1 Years	6.3 Years
Revenues under Contract	\$0.5B	\$8.4B	\$0.1B

## Shared Infrastructure with Similar Attractive Economics

Note: Statistics are indicative of current market characteristics. Uniti Group's arrangements could differ materially from those stated.

(1) Based on estimated original useful economic life of towers and fiber.

(2) Illustrative of representative transactions, including U.S. and LATAM for towers.

(3) Revenues Under Contract are as of March 31, 2018. Contracts are subject to termination under certain conditions and/or may not be renewed. Actual Revenues Under Contract could vary materially.

# Uniti Strategic Asset Portfolio

Business Units	Uniti Towers	Uniti Fiber			Uniti Leasing
Assets	Macro Towers	Small Cell Nodes	Backhaul Tower Connections	Fiber Strand Miles	Fiber Strand Miles
Units Owned	710	2,500 <sup>(1)</sup>	5,800 <sup>(1)</sup>	1,500,000	3,800,000
Utilization Rate <sup>(2)</sup>	25%	15%	28%	22%	21%
Incremental Gross Margin %	~ 100%	70% - 95%	80% - 90%	85% - 100%	90% - 100%
Incremental Yield <sup>(3)</sup>	~ 100%	10% - 40%	15% - 45%	30% - 100%	~ 100%

**Significant Leasable Capacity with Attractive Incremental Yields**



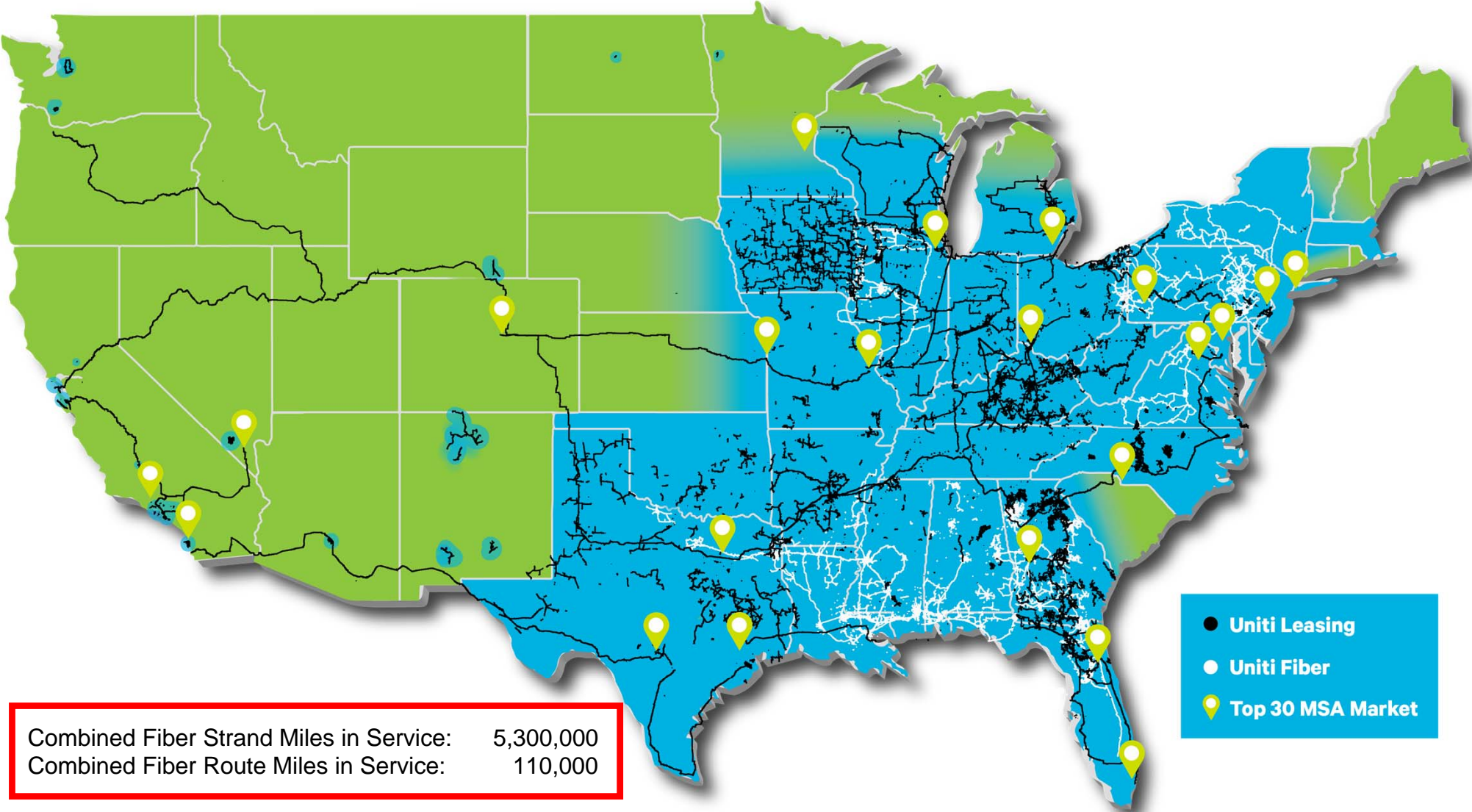
(1) Represents unique small cell nodes and unique backhaul tower connections that are in-service and part of Uniti Fiber's backlog.

(2) Utilization rate provided by tenants without verification and investors should not place undue reliance on the utilization rate.

(3) Incremental yield is calculated as annual gross margin divided by incremental net capex.



# Combined Network Footprint

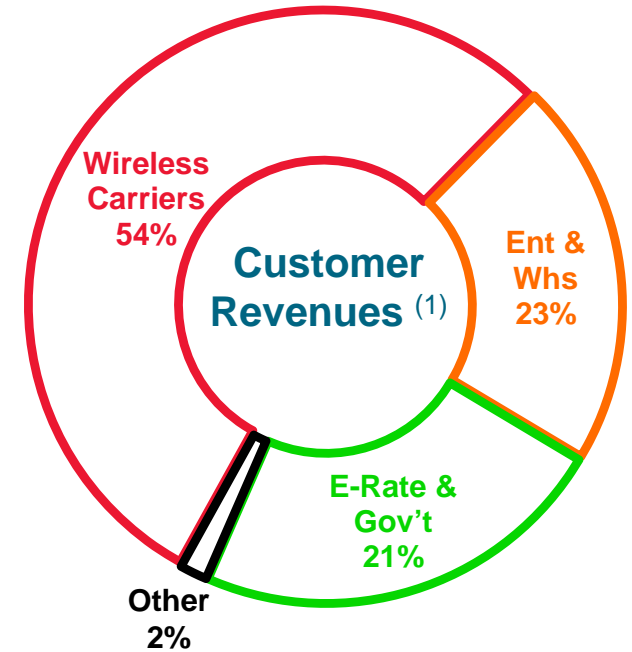
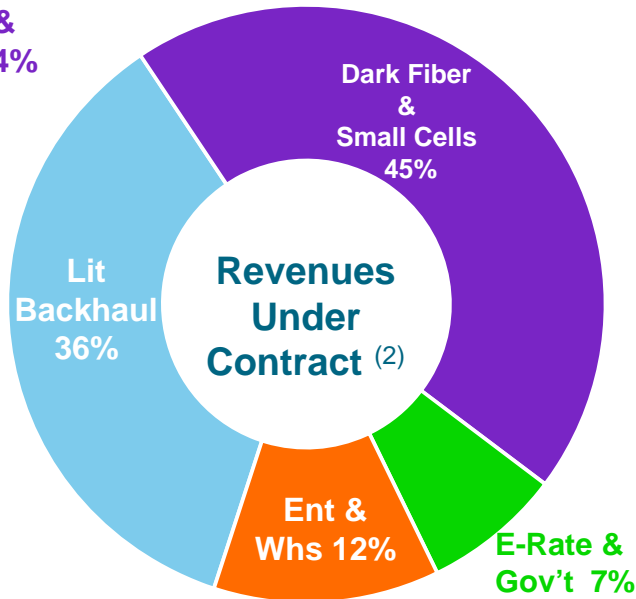
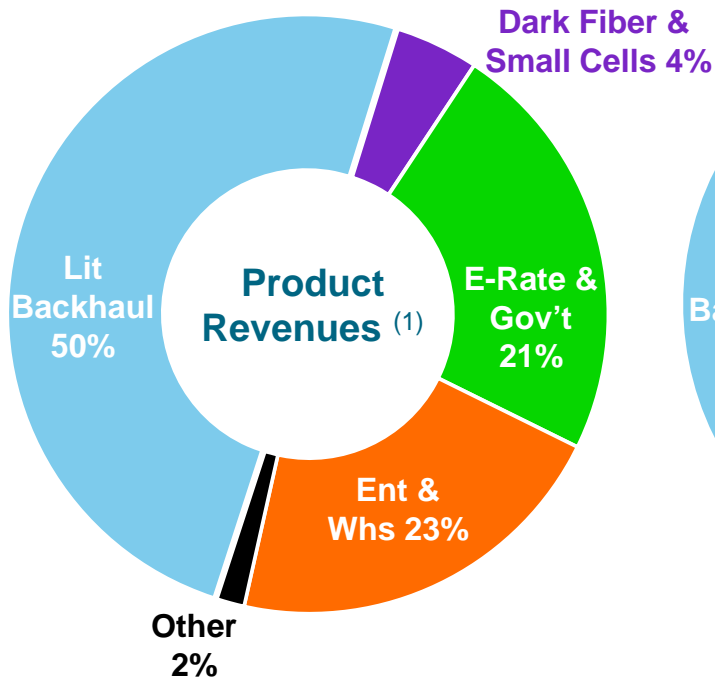


**Top 5 Competitive Fiber Owner in 22 of the Top 30 Markets<sup>(1)</sup>**

<sup>(1)</sup> Based on data from Cowen Equity Research.



# Uniti Fiber at a Glance



## Financial Data<sup>(1)</sup>

\$ in Millions	1Q18 LQA
LQA Revenue	\$268
LQA Adjusted EBITDA	\$117
LQA Adjusted EBITDA Margin	44%

## Operating Metrics

Customer Connections <sup>(2) (3)</sup>	~ 17,200
Revenues Under Contract <sup>(2)</sup>	> \$1.3 billion
Employees <sup>(2)</sup>	~ 530
Maintenance Capex to Revenues <sup>(4)</sup>	~ 3%

**Diversified Customers and Products Maximize Lease-Up Potential**

(1) Based on first quarter 2018 results.

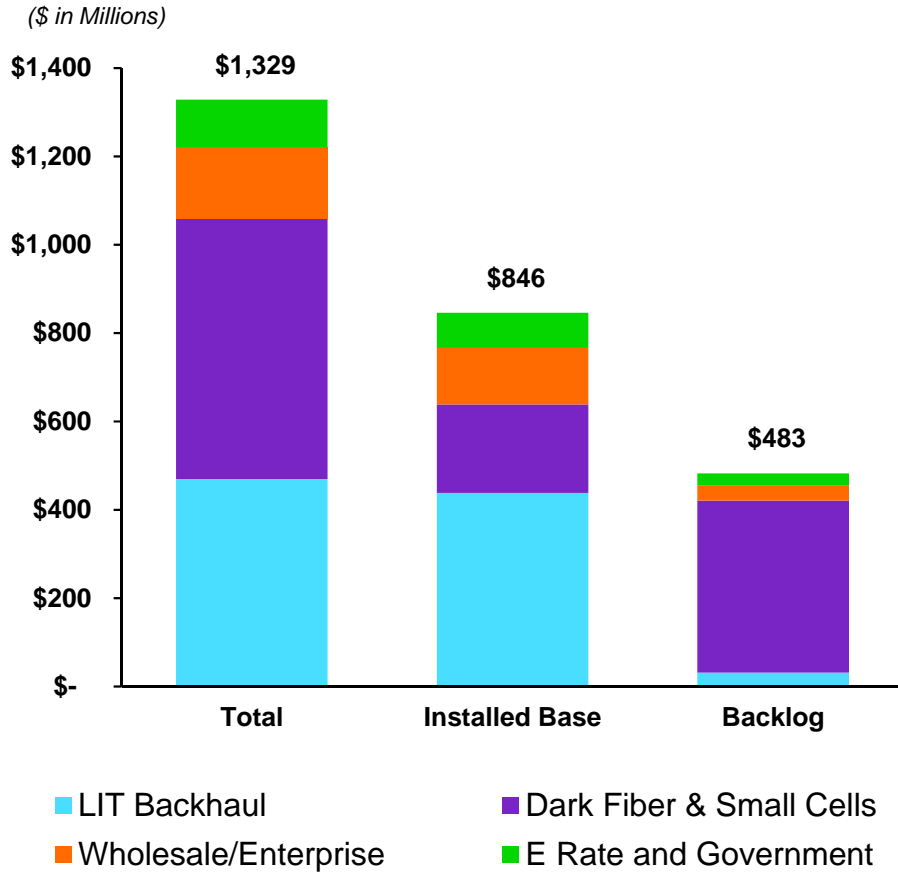
(2) As of March 31, 2018. Revenues under contract are subject to termination under certain conditions and/or may not be renewed. Actual revenue under contract could vary materially.

(3) Customer Connections are the sum of billing units for LIT circuits, dark fiber segments and small cell sites.

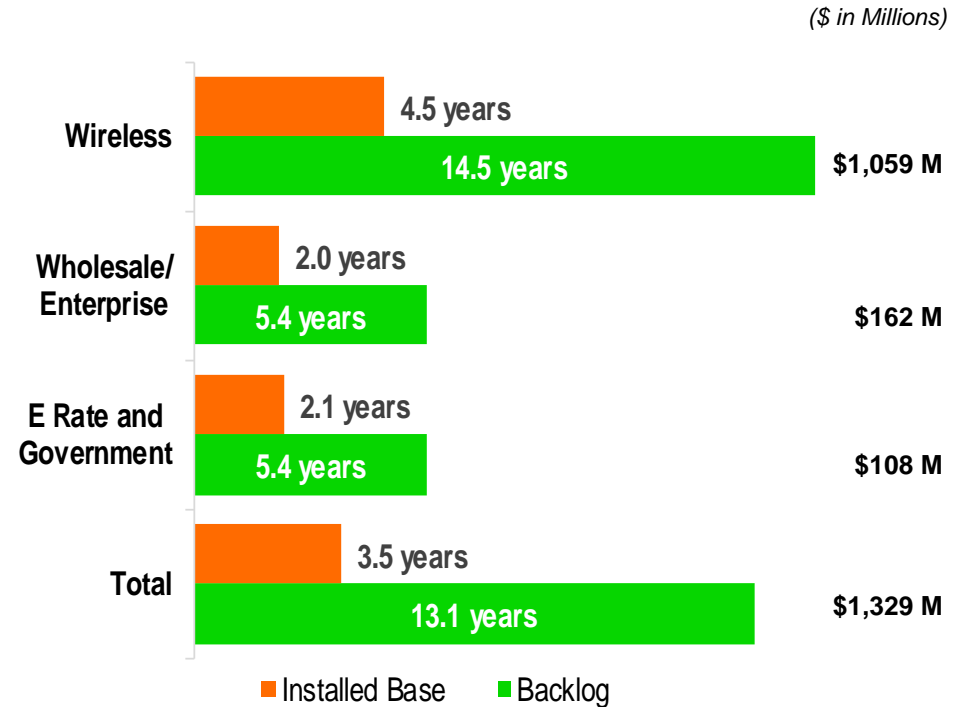
(4) Based on management's estimate.

# Uniti Fiber Revenues Under Contract

## 1Q18 Revenue Under Contract



## Remaining Contract Life



**Significant Backlog will Drive Revenue Growth**

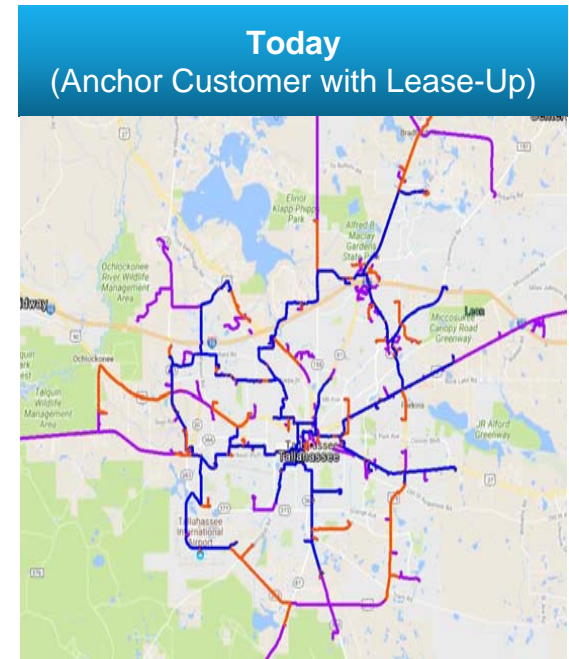
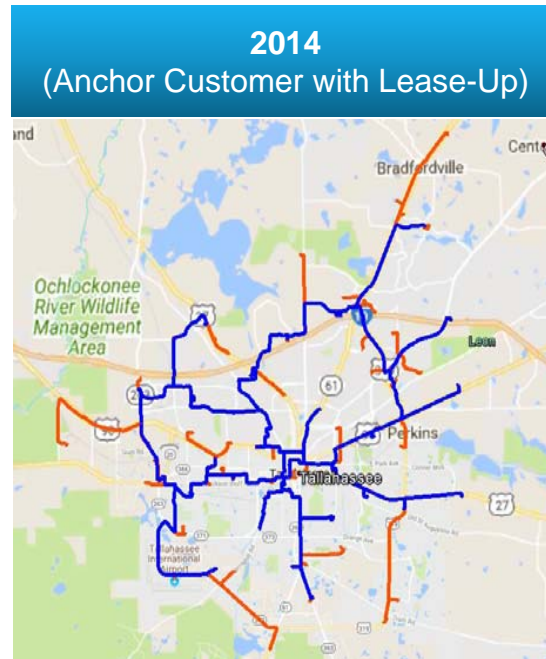
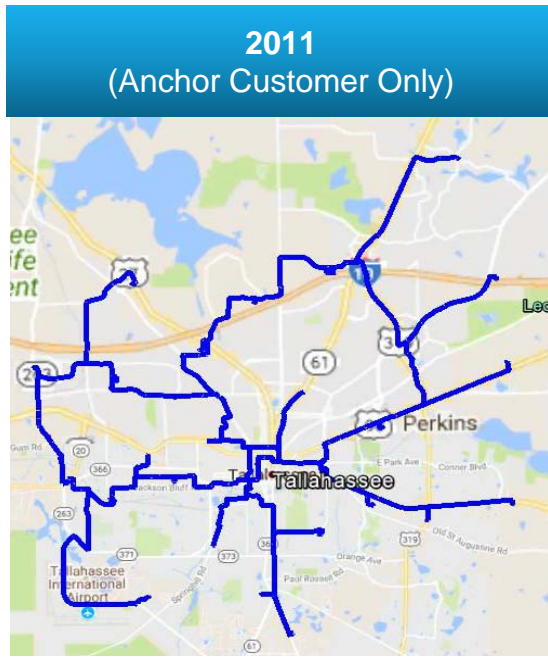
# Dark Fiber to Towers (“DFTT”) Strategy

- **Leverage DFTT Backhaul Awards to Grow Metro Fiber Footprint with Deep, Dense and High Strand Count Fiber that can be Monetized for New Customers and Applications**
- **Won 7 DFTT Orders in 2016 – 2017 with National Wireless Carriers as Anchor Tenant**
- **Growing Fiber Network by 2,800 Fiber Route Miles or 9% in 13 Metro Tier 2 Markets**
- **Expect to Complete Construction in 1<sup>st</sup> Half 2018 to 2<sup>nd</sup> Half 2020**
- **Anchor Tenant Leases 7% - 15% of Fiber Strand Miles Leaving ~ 460,000 Fiber Strand Miles as “Inventory” for Future Sales and Leasing**
- **Anchor Yields Typically Range from 5% - 7% Over 20 Year Terms**
- **Sold \$2.5 million of Pre-construction Lease-up Revenue to Additional Customers Increasing the Yields by 250 Basis Points**
- **Expect Lease-up Sales to Accelerate as Construction is Completed in Each Market**

**DFTT Provides the Foundation for Future Growth Potential to Achieve Lease-up Yields > 15%**

# Example of Lease-Up of Anchor Fiber Build

Tallahassee, Florida



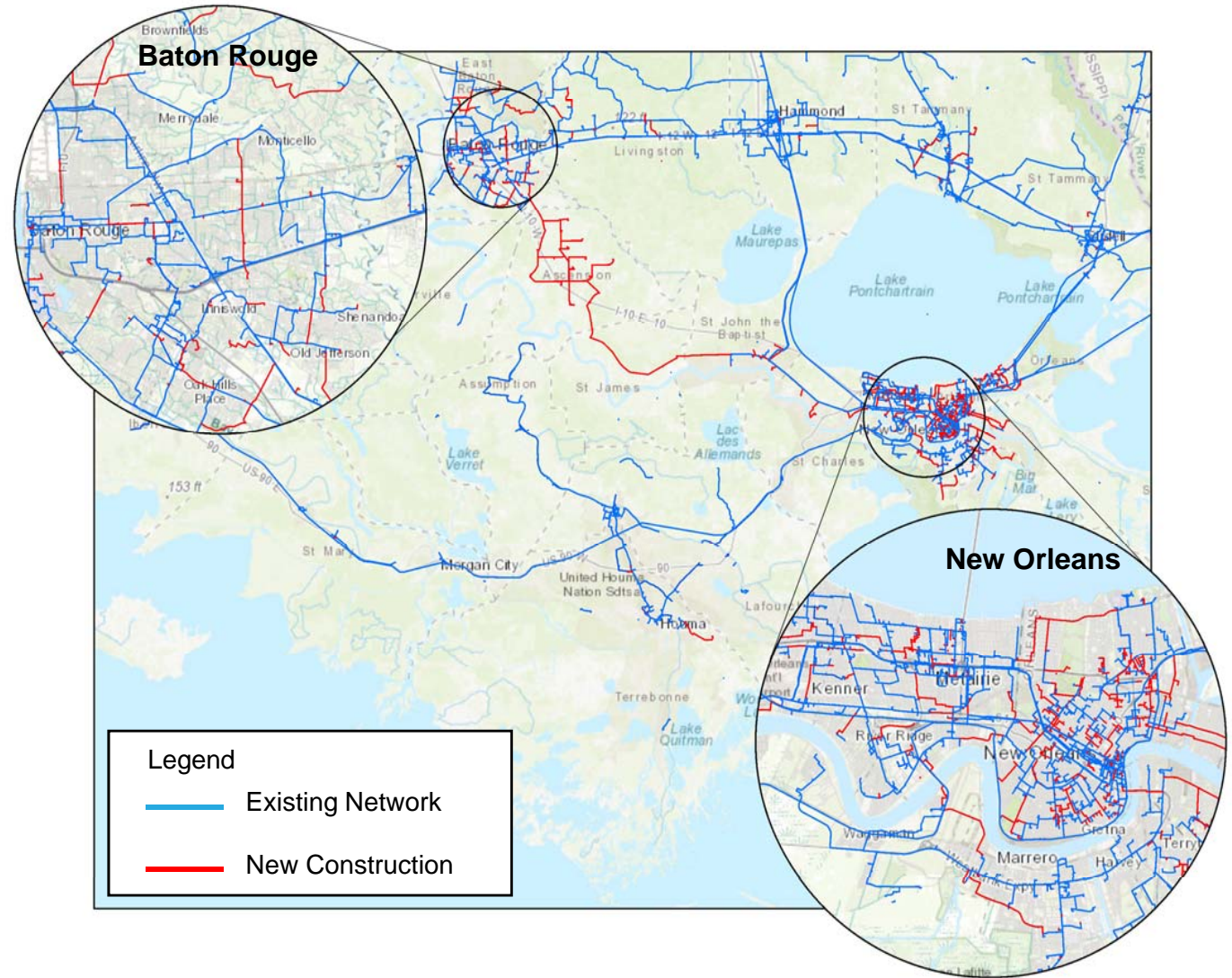
Route Miles	74	108	197
Circuits Billing	32	97	360
MRR	~ \$37,000	~ \$127,000	~ \$287,000
Yield <sup>(1)</sup>	~ 14%	~ 22%	~ 33%

**Significant Lease-Up Potential with Recurring Revenue Increasing ~ 8x over 7 Years**



# Example of Lease-Up of DFTT Build with Small Cells

- 20 year Anchor Lease with National Wireless Carrier
- Connects 462 Macro Towers including 84 New Towers
- Doubles the Size of the Area Network when Complete in 2<sup>nd</sup> Half 2019
- Closes and Creates Redundant Network Ring between New Orleans and Baton Rouge
- Sold 475 near-net Small Cells to a 2<sup>nd</sup> Wireless Carrier Leveraging DFTT Dense Fiber Network
- Enterprise, Government, Wholesale Lease-Up Potential as Well



2<sup>nd</sup> Tenant Increases Anchor Yield ~ 2x

# Uniti Towers Strategy

- **Build and Acquire Wireless Tower Real Estate in U.S. and LATAM**
- **Focus on U.S. Build-to-Suit Opportunities and LATAM Build and Buy Opportunities**
- **Provide Bundled Services with Uniti Fiber's Customers and Products**
- **Negotiate Master Lease Agreements (“MLA”) with Additional Wireless Carriers**
- **Capitalize on Emerging Secular Tailwinds**
  - Carrier Desire for Tower Vendor Diversity
  - U.S. – FirstNet, Network Expansion Plans, 5G
  - Mexico - Red Compartida Network Growth, under-penetrated 3G & 4G markets
- **Alternative Tower Provider Offering Carriers “Next Gen” Real Estate Type Leases**

**Niche Strategy to Complement Fiber Business**

# Uniti Leasing Strategy

- **Proprietary Strategy to Acquire and Lease Shared Infrastructure Fiber Assets**
- **Target National and Regional Carriers' Fiber Assets in U.S.**
  - Monetization of Whole or Partial Network Assets
  - Attractive Economics: High Margin, No Working Capital or Capex Requirements, Escalators, and Lease-Up Potential
- **Creative Multi-Element Transaction Structures to Maximize Value Potential**
  - Sale-Leasebacks
  - Bulk Purchases of Fibers Re-Leased to Third Parties via Dark Fiber IRUs
  - Fiber Marketing Agreements
- **Target Leasing Fiber to Carriers and Private Equity Sponsored OpCos**
  - Low Cost Alternative to Enter New Markets or Increase Capacity of Existing Markets
  - Exclusive or Non-Exclusive Use Lease Arrangements
  - OpCo-PropCo Structures to Facilitate Sponsor M&A

**Proprietary Strategy with Predictable High Margin Lease Revenue**



# U.S. TelePacific Holding Corp. (“TPx”) and Lease Overview

- TPx is a privately-held Managed Services Provider of Unified Communications, Managed IT, Network and Business Continuity services to Mid-Sized, Multi-Location Enterprises
- 15 Year Triple Net Master Lease Transaction for continued use of Fiber Network
- Five 5-Year Lease Renewal Options at TPx’s Discretion
- \$8.8 Million in Initial Annual Rent with 1.5% Annual Escalators; Initial Investment Yield of 9.3%
- Uniti will have Right of First Refusal to Finance Future Major Tenant Capital Improvements
- Minimum Rent Coverage Ratio of 8.0x and Maximum Leverage Ratio of 5.5x
- Uniti will Own and have Exclusive Right to Lease 7,000 Dark Fiber Strands in TX
- Company will have Non-Exclusive Rights to Market, on behalf of TPx, 22,000 Dark Fiber Strands in CA and MA

## TPx Key Metrics<sup>(1)</sup>

2017 Revenue	\$679 million
Fiber Route Miles	648
Fiber Strand Miles	45,100
# of Customers	~32,000
# of Data Centers	5
Credit Ratings <sup>(2)</sup>	B / B3

## Stable Anchor Tenant and Strong Lease Protections

(1) Key Metrics as of December 31, 2017.

(2) Credit Ratings are based on reports by Standard & Poor’s and Moody’s, dated 4/3/17.

# TPx Transaction Summary

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## Consideration

- **\$95 million in Cash at Closing**
- 

## Financing

- **Funded with Available Unrestricted Cash and Borrowings under Uniti's \$750 million Revolving Credit Facility**
- 

## TPx Use of Proceeds

- **Primarily to Paydown Debt**
- 

## Closing Conditions and Timing

- **Regulatory and Other Approvals Required**
  - **Customary Closing Conditions**
  - **Closings**
    - Non-CA Assets (\$25 million for ~ 25% of fiber assets) closed May 2018
    - CA Assets (\$70 million for ~ 75% of fiber assets) expected to close in 3Q18
-

# CenturyLink Transaction Overview

- **Acquired Fiber Portfolio of 30 Long-Haul Intercity Dark Fiber Routes Totaling 11,000 Route Miles and 270,000 Strand Miles<sup>(1)</sup>**
  - Attractive and High Demand Assets Across 25 States
  - 7 Long-Haul Routes or 12% of Fiber Strand Miles Overlap Uniti Fiber Existing Footprint
  - Strategic Routes Not Historically Available for Lease or Purchase
- **Highlights Uniti Leasing's Proprietary Business Strategy**
  - Solves DOJ Mandated Divestiture for CenturyLink
  - First Sizeable Anchor Order with Large Content Provider for 11% of Fiber Strand Miles
  - Substantial Future Lease-Up Potential
  - Highly Replicable Business of Acquiring Fiber in Bulk and Leasing up in Tranches
- **Attractive Economics**
  - Payback in Less Than 1 Year on Invested Capital
  - Adjusted EBITDA Margins of ~75% with No Capex on Tenants
  - Incremental Lease-up Margins Approach 100% on Future Tenants
  - Potential Off-Net to On-Net Synergies for Uniti Fiber

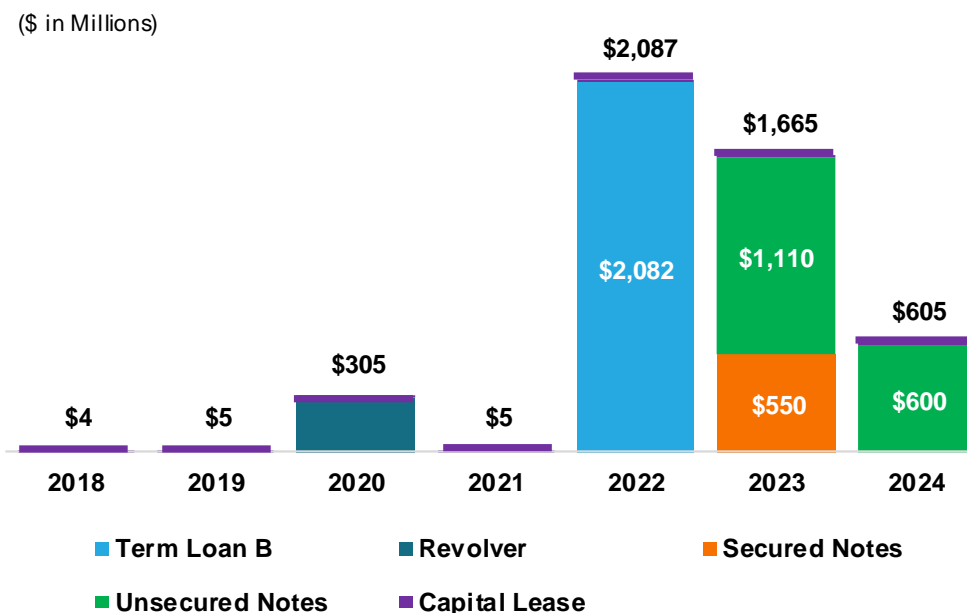
**Fortune 100 Anchor Tenant and Strong Lease-Up Potential**

# Current Capitalization

## Capitalization

(\$ in Millions)	3/31/2018
Term Loan B	2,082
Revolver	300
Secured Notes	550
Unsecured Notes	1,710
Capital Lease <sup>(1)</sup>	55
<b>Total Debt</b>	<b>\$ 4,697</b>
Less: Cash	(57)
<b>Net Debt</b>	<b>\$ 4,640</b>
Preferred Equity	84
Common Equity Market Capitalization	3,454
<b>Enterprise Value<sup>(3)</sup></b>	<b>\$ 8,179</b>
<b>LQA Adj. EBITDA<sup>(2)</sup></b>	<b>787</b>
<b>Net Debt / Enterprise Value</b>	<b>57%</b>
<b>Net Debt / LQA Adj. EBITDA</b>	<b>5.9x</b>
<b>Net Secured Debt / LQA Adj. EBITDA</b>	<b>3.7x</b>

## Debt Maturities



- Undrawn Revolver of \$450M as of 3/31/18
- Liquidity of ~\$507M as of 3/31/18
- All Debt except Revolver is Fixed Rate or Swapped to Fixed Rate

**Strong Capital Markets Access to Fund Acquisitions and Organic Growth**

Note: Presented in accordance with Debt Agreements and not GAAP accounting standards. Amounts may not foot due to rounding. Amounts not adjusted for unamortized discount and debt or equity issuance costs.

(1) Capital leases are related to IRUs.

(2) See Appendix for a reconciliation of Adjusted EBITDA to Net Income, the most closely comparable GAAP metric.

(3) See Appendix for explanation of Enterprise Value calculation. Market data as of May 9, 2018.

# Uniti Facts

**S&P 400  
Mid-Cap Company<sup>(1)</sup>**

~ \$8.2B

Enterprise Value

**Contractual Net Lease  
Revenues<sup>(2)</sup>**

~ \$8.4B

Revenues Under Contract

**Uniti Fiber**

> \$1.3B

Revenues Under Contract<sup>(5)</sup>

**Uniti Towers**

710

Owned Towers

**Annual Revenue<sup>(3)</sup>**

~ \$1.0B

**Net Leverage<sup>(4)</sup>**

5.9x

**Net Secured  
Leverage<sup>(4)</sup>**

3.7x

**Near Term Debt  
Maturities**

0%

**Fiber Strand Miles**

5.3M

**Leasing Segment  
EBITDA Margin**

99%

**Cumulative  
Investments<sup>(6)</sup>**

> \$1.7B

**Annual Maintenance  
Capex<sup>(7)</sup>**

~ \$8M

**First Diversified Communication Infrastructure REIT**

*Note: All information is as of March 31, 2018, unless otherwise noted.*

*(1) Market data as of May 9, 2018.*

*(2) Lease revenues under the Master Lease with Windstream to be received over the remaining initial term of 15 years, the TPx acquisition, and the fiber acquisition from CenturyLink.*

*(3) Based on full-year 2018 consensus analyst estimates, pro forma for the TPx and CenturyLink transactions, which are assumed to have occurred on January 1, 2018. There can be no assurance that our actual results will not differ materially from these estimates.*

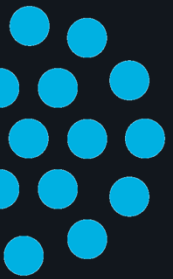
*(4) Net Debt or Net Secured Debt, as applicable, to Annualized Adjusted EBITDA (based on last quarter annualized).*

*(5) Contracts are subject to termination under certain conditions and/or may not be renewed, so actual revenue under contract could vary materially.*

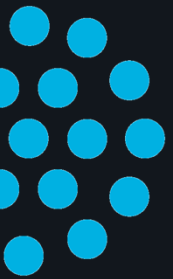
*(6) Represents aggregate purchase price of acquired entities, TPx acquisition, and fiber acquisition from CenturyLink.*

*(7) Based on management's estimate.*





## Q&A



# Appendix



# Windstream & Lease Overview

(Nasdaq: WIN)

- 15 Year Exclusive-use Triple Net Lease of ~ 80% Of Windstream's Fiber Based Network that are Essential for Windstream to Provide Communication Services
- \$654 Million in Annual Rent with 0.5% Escalators Beginning in May 2018
- Strong Rent Coverage with Favorable Impact from Windstream's Acquisitions of EarthLink and Broadview and ~ \$155 Million in Annual OpEx Synergies<sup>(4)</sup>
- Master Lease Structure with Strong Landlord Protections
- 4 Five Year Renewal Options at Windstream Discretion with Potential to Extend Full Lease Term to 35 Years
- Leased Network Is Mission Critical for Windstream to Operate its Business
- Capital Improvements Made in LEC Markets and Funded by Windstream Become Uniti Property Immediately Upon Construction Completion – \$501 Million Through March 2018

## Windstream Financials <sup>(4)</sup>

<i>\$ in Billions</i>	<b>LTM</b>
Revenue	\$5.9
Adjusted OIBDAR <sup>(1)</sup>	\$2.1
Rent Coverage Ratio <sup>(2)</sup>	3.3x
Net Leverage Ratio <sup>(3)</sup>	4.1x

## Mission Critical Network Lease Responsible for Majority of Revenue

(1) Adjusted OIBDAR is defined as Operating Income before depreciation, amortization, rent payment to Uniti Group, stock-based compensation expense and the impact, which may be recurring in nature, of acquisition and transaction related expenses.

(2) Rent coverage is defined as Adjusted OIBDAR divided by \$654 million annual rent payment to Uniti Group Inc.

(3) Net Leverage Ratio is defined as Debt less Cash divided by the sum of Adjusted OIBDAR less \$654 million annual rent payment to Uniti Group Inc.

(4) Financials and ratios are based on the Windstream 1Q18 Earnings Presentation and includes expected synergies to be realized for EarthLink and Broadview acquisitions.

# Windstream Lease Protections

- **Windstream is Substantially Dependent on Network Leased from Uniti for its Business Operations**
  - WIN is Dependent on Lease and Access to Uniti's Network to Serve Vast Majority of Customers
  - WIN Replacement Cost to Overbuild the Uniti Leased Network would Exceed Several Billion Dollars
  - Time to Replicate, if Possible, Would be Several Years
  - No other Vendor Could Lease the Identical Network to WIN to Replace Uniti
- **Master Lease Provides Landlord Protections and Must Be Accepted or Rejected in Whole in Bankruptcy**
  - Single Indivisible Master Lease and Single Rent Payment (i.e. Cannot be Sub-Divided or "Cherry Picked" by Facility or Market)
  - Acceptance Requires Full Compliance with the Lease Terms, including Payment of All Rent Due
  - Court has No Authority to Reset Rent Amount or Terms
  - WIN has Recently Re-Stated its Intent and Ability to Pay Rent in Full Compliance with the Lease
- **WIN is Obligated as "Carrier of Last Resort" to Provide Service to Customers Under Regulatory Law and requires Access to Uniti's Network to Satisfy State PUC and FCC Obligations**
- **No Provision in the Lease Permits or Contemplates Re-Negotiation of Rent**

**Master Lease is Critical for Windstream to Continue as a Going Concern**

# Reconciliation of Uniti Fiber Non-GAAP Financial Measures <sup>(1)</sup>

*\$ in Millions*

	1Q18 Uniti Fiber	1Q18 Uniti
Net income	\$3.0	\$1.2
Depreciation and amortization	25.9	114.7
Interest expense	(0.3)	77.6
Income tax benefit	(1.2)	(1.1)
<b>EBITDA</b>	<b>\$27.4</b>	<b>\$192.5</b>
Stock-based compensation	0.4	2.2
Transaction related costs	1.4	2.0
<b>Adjusted EBITDA</b>	<b>\$29.2</b>	<b>\$196.7</b>
<b>Annualized Adjusted EBITDA<sup>(2)</sup></b>	<b>\$116.8</b>	<b>\$786.8</b>



(1) Amounts may not foot due to rounding.

(2) Annualized Adjusted EBITDA is defined as Adjusted EBITDA multiplied by 4.

# Non-GAAP Financial Measures

We refer to EBITDA, Adjusted EBITDA, Funds From Operations (“FFO”) as defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and Adjusted Funds From Operations (“AFFO”) in our analysis of our results of operations, which are not required by, or presented in accordance with, accounting principles generally accepted in the United States (“GAAP”). While we believe that net income, as defined by GAAP, is the most appropriate earnings measure, we also believe that EBITDA, Adjusted EBITDA, FFO and AFFO are important non-GAAP supplemental measures of operating performance for a REIT.

We define “EBITDA” as net income, as defined by GAAP, before interest expense, provision for income taxes and depreciation and amortization. We define “Adjusted EBITDA” as EBITDA before stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, collectively “Transaction Related Costs”, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items. We believe EBITDA and Adjusted EBITDA are important supplemental measures to net income because they provide additional information to evaluate our operating performance on an unleveraged basis. In addition, Adjusted EBITDA is calculated similar to defined terms in our material debt agreements used to determine compliance with specific financial covenants. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as alternatives to net income determined in accordance with GAAP.

Because the historical cost accounting convention used for real estate assets requires the recognition of depreciation expense except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined by NAREIT as net income attributable to common shareholders computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges. We compute FFO in accordance with NAREIT’s definition.

The Company defines AFFO, as FFO excluding (i) transaction and integration costs; (ii) certain non-cash revenues and expenses such as stock-based compensation expense, amortization of debt and equity discounts, amortization of deferred financing costs, depreciation and amortization of non-real estate assets, straight line revenues, non-cash income taxes, and the amortization of other non-cash revenues to the extent that cash has not been received, such as revenue associated with the amortization of tenant capital improvements; (iii) the impact, which may be recurring in nature, of the write-off of unamortized deferred financing fees, additional costs incurred as a result of early repayment of debt, changes in the fair value of contingent consideration and financial instruments and similar items less maintenance capital expenditures. We believe that the use of FFO and AFFO, and their respective per share amounts, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and analysts, and makes comparisons of operating results among such companies more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating performance. In particular, we believe AFFO, by excluding certain revenue and expense items, can help investors compare our operating performance between periods and to other REITs on a consistent basis without having to account for differences caused by unanticipated items and events, such as transaction and integration related costs. The Company uses FFO and AFFO, and their respective per share amounts, only as performance measures, and FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance.

Further, our computations of EBITDA, Adjusted EBITDA, FFO and AFFO may not be comparable to that reported by other REITs or companies that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define EBITDA, Adjusted EBITDA and AFFO differently than we do.

# Glossary

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**4G:** The fourth generation of cellular wireless standards that is widely deployed by cellular operators today with the ability to transport data at rates up to 100 MBPS Internet access for mobile users.

**5G:** The fifth generation of cellular wireless standards that is in trail stages today with expected wide scale deployment in 2018-2020 with ability to transport data at rates up to 1 GBPS for initially stationary users and eventually mobile users.

**Adjusted EBITDA:** Adjusted EBITDA is defined as EBITDA less stock-based compensation expense and the impact, which may be recurring in nature, of acquisition and transaction and integration related expenses, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items.

**Backbone:** A major fiber optic network that interconnects smaller networks including regional and metropolitan networks. It is the through-portion of a transmission network, as opposed to laterals and spurs which branch off to connect customer locations.

**Bandwidth Infrastructure:** Lit and dark bandwidth provided over fiber networks. These services are commonly used to transport telecom services, such as wireless, data, voice, Internet and video traffic between locations. These locations frequently include cellular towers, network-neutral and network specific data centers, carrier hotels, mobile switching centers, CATV head ends and satellite uplink sites, ILEC central offices, and other key buildings that house telecommunications and computer equipment. Bandwidth Infrastructure services that are lit (i.e., provided by using optronics that “light” the fiber) include Ethernet and Wavelength services. Bandwidth Infrastructure services that are not lit are sold as dark-fiber capacity.

**Cell Site:** A site where antennae and electronic communications equipment are placed on a radio mast or tower generally 200 to 400 feet above the ground to create a cell in a cellular network. A cell site is composed of a tower or other elevated structure for mounting antennae, and one or more sets of transmitter/receiver transceivers, digital signal processors, control electronics, a GPS receiver, regular and backup electrical power sources, and sheltering.

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**Churn:** Decline in Recurring Revenue, such as disconnects, bandwidth downgrades and price reductions.

**Conduit:** A pipe, usually made of metal, ceramic or plastic, that protects buried fiber optic cables.

**Core Recurring Revenue:** Represents recurring revenue principally generated from leasing and lit services of the fiber network. Excludes non-recurring revenues that are ancillary to the fiber network, including construction, equipment sales, and consulting revenue.

**Dark Fiber:** Fiber that has not yet been connected to telecommunications transmission equipment or optronics and, therefore, has not yet been activated or “lit”.

**Enterprise Value:** Net Debt plus fair value of preferred equity plus market value of outstanding common stock and OP units.

**Ethernet:** Ethernet is the standard local area network (LAN) protocol. Ethernet was originally specified to connect devices on a company or home network as well as to a cable modem or DSL modem for Internet access. Due to its ubiquity in the LAN, Ethernet has become a popular transmission protocol in metropolitan, regional and long haul networks as well.

**Fiber Optics:** Fiber, or fiber optic cables, are thin filaments of glass through which light beams are transmitted over long distances.

**Fiber Strand Miles:** Fiber strand miles are the number of route miles in a network multiplied by the number of fiber strands within each cable on the network. For example, if a ten mile network segment has a 24 count fiber installed, it would represent 10 x 24 or 240 fiber miles.

**FTT (Fiber-to-the-Tower):** FTT are laterals or spurs that connect cell sites to the wider terrestrial network via fiber optic connections.

**Integration Capex:** Capital expenditures made specifically with respect to recent acquisitions that are essential to integrating acquired companies in our business.

# Glossary

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**Lateral/Spur:** An extension from the main or core portion of a network to a customer's premises or other connection point.

**LTE Network:** Long-term evolution network can be used to provide 4G cellular networks that are capable of providing high speed (up to 100 Mbps) cellular data services.

**Maintenance Capex:** Capital expenditures related to maintaining and preserving the existing network.

**MAR (Monthly amortized revenue):** Monthly revenue recognized related to the amortization of upfront payments by customers and straight-line accounting adjustments related to contractual escalators or price discounts.

**Mbps:** A measure of telecommunications transmission speed. One megabit equals one million bits of information.

**Mobile Switching Centers:** Buildings where wireless service providers house their Internet routers and voice switching equipment.

**Monthly Churn Rate:** Monthly churn rate is calculated as monthly Churn divided by Core Recurring Revenue on the last day of the preceding period.

**MRR (Monthly recurring revenue):** Monthly recurring revenue recognized based on the price that the customer is expected to pay.

**Net Debt:** Principal amount of debt outstanding, less unrestricted cash and cash equivalents.

**Net Secured Debt:** Principal amount of secured debt outstanding, less unrestricted cash and cash equivalents.

**Net Success-Based Capex:** Success-Based Capex less associated upfront customer payments.

**NOC:** Network operations center is a location that is used to monitor networks, troubleshoot network degradations and outages, and ensure customer network outages and other network degradations are restored.



# Glossary

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**Nodes:** Points on a network that can receive, create, or transmit communication services.

**Optronics:** Various types of equipment that are commonly used to light fiber. Optronics include systems that are capable of providing Ethernet, Wavelengths, and other service over fiber optic cable.

**Recurring Revenue:** Total MRR and MAR at a given point in time.

**Revenues Under Contract:** Total revenue contract value entitled to be received pursuant to existing contracts, some of which may be past their expiration date and currently on a month to month basis. A portion of these contracts is subject to renewal each year, and there can be no assurances that the contracts will be renewed at all or, if they are renewed, that the renewal will not provide for lower rates. Accordingly, our presentation of contractual revenue is not a guarantee of future revenues and should not be viewed as a predictor of future annual revenues.

**Route miles:** Route miles are the length, measured in non-overlapping miles, of a fiber network. Route miles are distinct from fiber strand miles, which is the number of route miles in a network multiplied by the number of fiber strands within each conduit on the network.

**Small Cells:** A site where antennae, electronic communications equipment and power are placed on a utility pole, street light pole or other structure that are generally 25 feet from the ground to create a cell with a smaller radius than that of a Cell Site. By reducing the distance between the antennae, electronic communication equipment and mobile user equipment, small cells can transport data at faster speeds than from a Cell Site. Small cells are connected the cellular network by fiber to a close Cell Site.

**Success-Based Capex:** Gross capital expenditures directly related to installing contractual customer service orders.

**Switch:** A switch is an electronic device that selects the path that voice, data, and Internet traffic take or use on a network.

# Glossary

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**Tower:** A free standing tower made of steel generally 200 to 400 feet above the ground with a triangular base and three to four sides built on leased parcels of land. Most towers can accommodate Multiple Cell Sites (and multiple tenants).

**Transport:** A telecommunication service to move data, Internet, voice, video, or wireless traffic from one location to another.

**Wavelength:** A channel of light that carries telecommunications traffic through the process of wavelength division multiplexing.