

# Uniti Announces \$95mm Sale-leaseback Transaction with TPx Communications

*Transaction reinforces Uniti Leasing's capability of using sale-leaseback as a strategic source of permanent capital*

*unlock value in network assets • peacefully co-exist with credit facilities • maintain full operational control*



has purchased \$95 million of fiber assets from



in a sale-leaseback transaction

## Uniti Overview

- Uniti is the first real estate investment trust (REIT) focused on the acquisition and construction of mission-critical communications infrastructure including but not limited to fiber, towers and ground leases
- Uniti Leasing works with customers in a wide variety of situations, including monetizing existing assets through a sale-leaseback transaction, financing of greenfield infrastructure development, and M&A support for complementary companies

## TPx 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
- By selling its fiber assets to Uniti through a sale-leaseback with Uniti, TPx retains full operational control via a long-term exclusive master lease agreement and will focus on delivering unified communications, managed IT and managed connectivity services

## Transaction Details

- Uniti will acquire TPx's owned fiber in California, Massachusetts, Nevada & Texas for \$95 million in cash. Uniti and TPx will also jointly market unused fiber in California and Massachusetts
- Concurrently with the sale of the assets, TPx will enter into a triple-net lease with Uniti at an undisclosed lease rate and annual escalator with a **15-year initial term**
- Uniti will retain the exclusive use of unused fiber located in Texas metro markets

## Strategic Rationale for TPx

### Supports strategic shift

- Enhanced cash flow enables TPx to accelerate its transition to a managed services provider and deliver enhanced services to customers

### Optimizes capital structure

- TPx will use part of the sale proceeds to pay down its Term Loan B and invest in new managed services
- Sale-leaseback peacefully co-exists with current credit facility and gives TPx long-term, creative capital under existing debt covenants

### Unlocks shareholder value

- Allows TPx to unlock value of fiber network assets at attractive cash flow multiple while retaining full operational control
- Utilizes Uniti's national sales force to jointly market the unused TPx fiber networks

# Uniti Leasing Overview

*Uniti's REIT structure enables us to provide creative, tax-efficient, value-enhancing solutions to our customers*

## Uniti Leasing Overview

- Uniti Leasing is engaged in acquiring mission critical communications assets and leasing them back on either an exclusive basis (triple net – NNN) or shared tenant basis (dark fiber IRU)
- Uniti Leasing is prepared to:
  - Acquire existing assets from anchor customers
  - Finance construction of new assets
  - Partner with anchor customers to acquire existing companies through mergers & acquisitions

## Sale-leaseback (SLB) provides an attractive alternative for owners/operators of fiber assets vs. traditional debt and/or equity financing

- Long term, passive capital partner
- Minimal covenant requirements for customers
- Numerous potential tax advantages for customers
  - No interest deductibility limits under recent Tax Reform Act
  - Consideration may include UpREIT partnership units which provide tax deferral
  - Proceeds can be used to acquire like-kind assets tax free or pay down existing debt
- Provides liquidity: Seller regains use of the capital that otherwise would be tied up in property ownership and, at the same time, retains possession and continued use of the property for the lease term
- Transactions can be structured to satisfy customers' accounting needs
- Operational partnering opportunities with Uniti Fiber and Uniti Towers
- Low cost alternative to enter new markets or increase capacity of existing markets
- Advantaged cost of capital for customers especially when acquiring companies in an M&A situation