Communications Sales & Leasing to Acquire PEG Bandwidth, LLC

January 7, 2016 2:25 PM EST

LITTLE ROCK, Ark., Jan. 07, 2016 (GLOBE NEWSWIRE) -- Communications Sales & Leasing, Inc. ("CS&L" or the "Company") (Nasdaq:CSAL) announced today that it has executed an agreement to acquire PEG Bandwidth, LLC ("PEG"). PEG is currently owned by affiliates of Associated Partners, L.P. ("Associated Partners"). PEG is a leading provider of infrastructure solutions including cell site backhaul and dark fiber for telecom carriers and enterprises. PEG has an extensive fiber network consisting of over 300,000 strand miles in the Northeast / Mid Atlantic, Illinois and South Central regions of the U.S.

"PEG Bandwidth is a compelling and strategic acquisition for CS&L with a rich fiber-to-the-tower network, respected management team, and strong customer relationships with over 80% of revenues from the largest wireless carriers", commented Kenny Gunderman, President and Chief Executive Officer of CS&L. Kenny further noted, "PEG will provide us a high growth operating platform as we continue to build a fiber rich REIT focused on acquiring and constructing mission critical communication infrastructure assets."

"CS&L is a great partner as PEG continues to grow and diversify its business, and we are thrilled to have a continuing equity interest in CS&L given our assessment of their future prospects," commented Scott Bruce, managing director at Associated Partners. Associated Partners is an investment and operating partnership managed by David and Bill Berkman. Following the closing of this transaction, Scott is expected to join the Company's Board of Directors.

The purchase price for all outstanding equity interests of PEG is valued at $409 million, subject to adjustment, and will include $315 million of cash, issuance of one million shares of the Company's common stock, and the issuance of 87,500 shares of the Company's 3% Series A Convertible Preferred Stock. The Company intends to fund the cash portion of the transaction through cash on hand and borrowings under its revolving credit facility.

The transaction is subject to regulatory approvals and other customary terms and conditions. Closing is expected in April 2016.

ADVISOR

Citigroup and Stephens Inc. served as financial advisors and Davis Polk & Wardell LLP served as transaction counsel to CS&L.

CONFERENCE WEBCAST

CS&L will discuss this transaction today in a presentation at the Citi 26th Annual Global IMT Conference at 12:30 PM Eastern Time / 9:30 AM Pacific Time. The presentation will be webcast live and can be accessed on the Company's website at www.cslreit.com. A replay of the webcast will be available for a limited time on the Company's website following the presentation.

ABOUT CS&L

CS&L (Nasdaq:CSAL) is an internally managed real estate investment trust engaged in the acquisition and construction of mission critical infrastructure in the communications industry. CS&L currently owns 3.5 million fiber strand miles, 235,000 route miles of copper, and other property across 29 states. Additional information about CS&L can be found on its website at www.cslreit.com.

ABOUT Associated Partners

Associated Partners is a telecom industry investment vehicle managed by David and Bill Berkman, whose strategy is to invest in and operate wireless communications infrastructure companies that generate secure and growing cash flows. Associated Partners is comprised of a long-standing core team of professionals with significant experience in the communications and infrastructure industries.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended from time to time. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations including without limitation, statements regarding CS&L's expectations with respect to the proposed transaction with PEG.

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 with regard to the proposed transaction with PEG include, among other things, the possibility that the terms of the transaction as described in this press release are modified; the risk that the transaction agreements may be terminated prior to expiration; risks related to satisfying the conditions to the transactions, including timing (including possible delays) and receipt of regulatory approvals from various governmental entities (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval.

CS&L expressly disclaims any obligation to release publicly any updates or revisions to any of the forward looking statements set forth in this release to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.

INVESTOR CONTACT:
Mark A. Wallace, 501-850-0866

SVP, Chief Financial Officer & Treasurer
mark.wallace@cslreit.com



Communications Sales & Leasing Inc.