



**YOUR
SIGNAL
STARTS
HERE.®**

SBA Communications Corporation
2020 ANNUAL REPORT





CONTENTS

01	INDUSTRY	PAGE 4
02	NETWORK BUILDOUTS	PAGE 7
03	SPECTRUM	PAGE 8
04	INTERNATIONAL	PAGE 11
05	CORPORATE RESPONSIBILITY	PAGE 12
06	SBA CARES	PAGE 15
07	MACRO TOWERS	PAGE 16
08	FINANCIAL HIGHLIGHTS	PAGE 18
09	TO OUR SHAREHOLDERS	PAGE 20
10	FORM 10-K	PAGE 25



ESSENTIAL INFRASTRUCTURE®

01

MACRO TOWERS: STRONG, STABLE, ENDURING

In a year of unexpected change and uncertainty, macro towers stood tall, strong and resilient – enduring beacons of stability that continue to play an irreplaceable role in delivering the essential connections for carriers to provide cellular connectivity. As demand for mobile voice, video and data soared during the pandemic, the macro tower industry demonstrated the value and durability of its business model, providing the critical infrastructure for reliable wireless communications for businesses, municipalities, first responders, distance learning and telehealth needs.

YOUR SIGNAL STARTS HERE®





02

NETWORK BUILDOUTS

5G wireless infrastructure advancement moved from planning to initial execution, with 2020 seeing the growth of new 5G devices, increasing coverage, increasing network densification and some of the first 5G standalone network deployments. 5G network investments are expected to accelerate over the next several years, with service providers improving the quality and reach of their networks. SBA will be there to provide the necessary infrastructure for our carrier customers including capacity on our existing assets as well as adding new, high quality, exclusive assets to our tower portfolio.

**THE NETWORK OF THE
FUTURE GAINS TRACTION**

03

SPECTRUM

Spectrum is the fuel that drives the wireless world, and spectrum auctions meet the need for more spectrum and a variety of airwaves to ensure wireless carriers have the capacity and network footprint to connect more people and offer faster speeds with lower latency.

Due to its propagation characteristics, low- and mid-band spectrum, which is best delivered through macro towers, will be a necessary component in the creation of true nationwide 5G coverage. Mid-year, the Citizens Broadband Radio Service (CBRS) spectrum auction of the 3.5 GHz band opened up new opportunities for enterprises to deploy private 4G and 5G networks. Of greater importance to macro towers and carriers is the C-band spectrum auction (3.7 – 3.98 GHz band), which offers major carriers more unencumbered mid-band spectrum for 5G networks and which should result in multi-year deployment of new equipment at many of their existing macro sites on our towers.

**SPECTRUM IS THE FUEL THAT
DRIVES THE WIRELESS WORLD**





04

INTERNATIONAL

Globally, 2020 demonstrated the critical importance of mobile connectivity in all our markets, and we remain optimistic about future growth as carriers continue to invest in their networks to meet ongoing voice and data demand. A key dynamic for continued growth in our international markets continues to be physical network coverage, capacity and performance to provide high quality, feature-rich, voice and data services. SBA continues to optimize our assets and operations in our markets to provide carrier networks with quality infrastructure in preferred locations to satisfy exponential growth in wireless demand.

+32,500
TOWERS

14
MARKETS

3
CONTINENTS

05

CORPORATE RESPONSIBILITY

SBA is helping to meet today's challenge of building sustainable telecommunications networks, creating economic value and leading positive change through our investments in shared neutral-host infrastructure.

We are committed to sustainable leadership and to the responsible development, use and decommissioning of our assets by our team members, customers and suppliers.

This year, we issued our inaugural Corporate Sustainability Report, illustrating our commitment to the continued engagement and communication of our sustainable and responsible business practices to our stakeholders.

Our sustainability strategy centers on issues that are most material to our business, shareholders and the communities in which we operate. Diversity and inclusion, corporate responsibility and climate impact are three key areas of focus.

We conduct business according to the highest ethical standards and socially responsible business practices and actively promote diversity in both our workforce and supply chain. Our long-standing philanthropic and advocacy efforts reflect our continued commitment and engagement with our local communities.

While our neutral-host infrastructure assets have a relatively small geographic footprint, we are continuously seeking ways to address climate-related risks and reduce our greenhouse gas emissions across our markets. Our environmental initiatives span all of our assets, from towers and data centers to our offices and commercial vehicle fleet.

We demonstrate our continued commitment to excellence by integrating sustainability into how we do business.

INTEGRATING SUSTAINABILITY INTO HOW WE DO BUSINESS







06

PHILANTHROPY



As SBA extends into new markets, so do our opportunities to touch the lives of the people and communities we serve through our philanthropic program SBA Cares. While we work in diverse geographic areas and cultures to enable the communications that are essential to connecting people, our team members are also working in these areas to give back and “Change Lives” for those in need.

We are proud of the impact our team members have in supporting their communities and the nonprofits that they care deeply about. More than 100 different charitable organizations each year – located across a wide geography –

benefit through our corporate philanthropic program and the dedication of our team members to this program.

We empower our team members to donate to and volunteer with organizations of their choice which meet our program guidelines. We offer both team and individual volunteer time off, as well as contributions to match employee charitable giving.

In 2020, in addition to our normal philanthropic activities, SBA donated over \$1 million to nonprofit organizations focused on COVID-19 relief including at least one organization in all 14 countries SBA currently serves.

CHANGE LIVES



07

MACRO TOWERS PROVE THEIR MIGHT

Macro sites have been indispensable in bringing the benefits of wireless to our communities. No year has demonstrated this fact more than 2020 as the wireless industry faced a sudden and serious test of the resiliency and strength of its networks. The pandemic-related “stay-at-home” orders significantly changed the way people live, work, learn and obtain healthcare. SBA, with our portfolio of strategic macro towers and dedicated “essential services” field team, was there, ensuring stability and critical cellular connectivity to carriers to provide coverage during a time of unprecedented challenge. Macro towers continue to be the backbone of the industry. Our strength is our robust and high quality tower portfolio and the mission-critical role it plays in communication networks today, helping to carry the industry through the storm of the pandemic and forming the backbone for the evolution of 5G networks to deliver expanded and enhanced connectivity to the communities we serve.

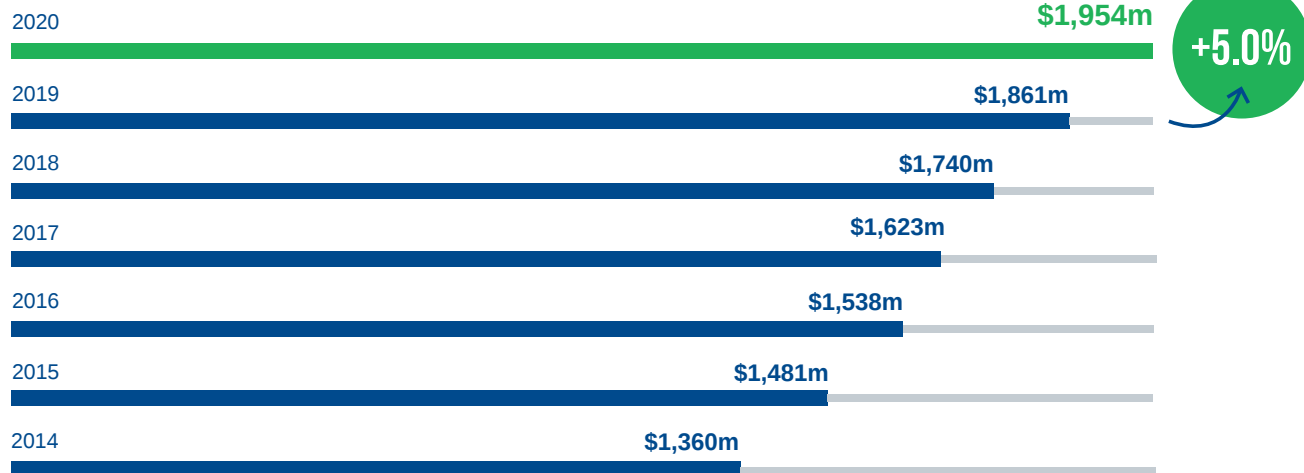
**MACRO TOWERS CONTINUE TO BE
THE BACKBONE OF THE INDUSTRY**



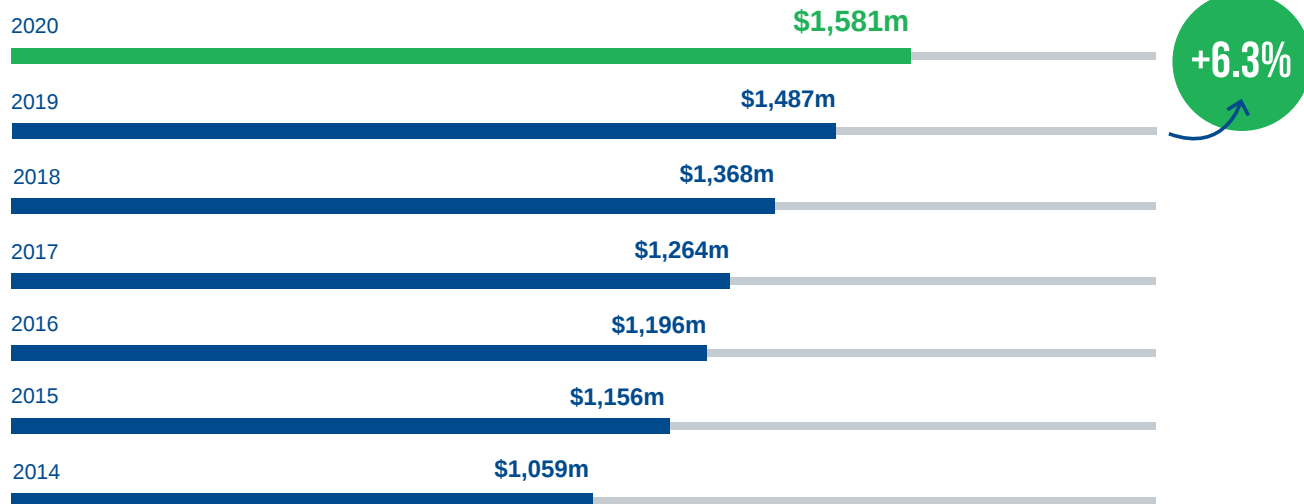
08

FINANCIAL HIGHLIGHTS

SITE LEASING REVENUES IN MILLIONS (\$)



SITE LEASING OPERATING PROFIT IN MILLIONS (\$)



+5.0%

Site leasing revenue for the year 2020 was \$1,954 million compared to \$1,861 million for the year 2019; an increase of 5.0%.

+6.3%

Site leasing segment operating profit for the year 2020 was \$1,581 million compared to \$1,487 million for the year 2019; an increase of 6.3%.

2019 vs 2020

In thousands (except per share data)
for year ended December 31,

	2019	2020	% Change
REVENUES			
Site Leasing	\$1,860,858	\$1,954,472	5.0%
Site Development	\$153,787	\$128,666	(16.3%)
Total Revenues	\$2,014,645	\$2,083,138	3.4%
COST OF REVENUES			
Site Leasing	\$373,951	\$373,778	0%
Site Development	\$119,080	\$102,750	(13.7%)
Total Cost of Revenues	\$493,031	\$476,528	(3.3%)
OPERATING PROFIT			
Site Leasing	\$1,486,907	\$1,580,694	6.3%
Site Development	\$34,707	\$25,916	(25.3%)
Total Operating Profit	\$1,521,614	\$1,606,610	5.6%
Selling, general & administrative expenses	\$192,717	\$194,267	0.8%
Net income attributable to SBA Communications Corporation	\$146,991	\$24,104	
Basic net income per share	\$1.30	\$0.22	
Diluted net income per share	\$1.28	\$0.21	
Weighted average number of shares (basic)	112,809	111,532	
Weighted average number of shares (diluted)	114,693	113,465	
As of December 31, cash, cash equivalents, short-term investments and short-term restricted cash	\$139,086	\$340,908	
Total Assets	\$9,759,941	\$9,158,018	
Total Principal Amount of Indebtedness	\$10,414,000	\$11,180,000	

09

TO OUR SHAREHOLDERS

As I reflect on 2020, many thoughts come to mind. The global pandemic has required us all to do and be more: To be flexible, to embrace change, to be brave, to think differently, and to face difficulties with dynamic solutions. As a leader and steward of this business, I tried to navigate the last year by keeping one eye on the present and the other on the future, because we always must be looking ahead no matter how great the present challenges. While many things were different in 2020, a few were thankfully the same. One constant that became even clearer through the challenges of the

pandemic is the strength, resilience and importance of the tower industry and SBA Communications Corporation. COVID-19 has highlighted the importance of communications and connectedness, and has even further accelerated the speed at which advances and improvements in communications, particularly wireless, are occurring. SBA continues to be at the center of this very exciting dynamic.

Last year we rearranged our priorities. From the outset of the COVID-19 crisis, our primary focus in 2020 was the safety and well-being of our employees. In

early March, we made the decision to implement a universal “work-from-home” policy. We asked most all office-based employees to set up shop in their kitchens and living rooms, transforming dining room tables into home offices, conference rooms to Zoom meetings, and computer screens into virtual whiteboards. To transition to an entirely remote workforce in short order was the first of many COVID-related feats accomplished in 2020. Our IT, Human Resources and other departments responded splendidly. Within a few short weeks, our team members were set up to work from home

**ONE CONSTANT THAT BECAME EVEN CLEARER THROUGH
THE CHALLENGES OF THE PANDEMIC IS THE STRENGTH,
RESILIENCE AND IMPORTANCE OF THE TOWER INDUSTRY**





across 14 geographic markets. While it is our intention to get back to full capacity sometime in 2021, because we are not a remote-work company, we will do so with our employees' best interest in mind. I cannot say with certainty when that will be, but I do look forward to seeing all the many faces of SBA in person. For our field employees and essential office personnel, on the other hand, it was and continues to be business as usual. They continued to perform their jobs and serve our customers just as they did pre-COVID, without missing a beat. Our HR and safety teams worked extremely hard to develop processes and protocols to keep our field personnel and essential office personnel safe, and they did so successfully. The resiliency of our wonderful employees, customers, vendors, and communities continues to inspire me and without them I would not be able to discuss our strong 2020 results, to which I will now turn.

Financially, it was hard to tell we were in the midst of a pandemic as SBA performed extremely well. We outperformed our original 2020 guidance on all key metrics, excluding the negative impact of FX headwinds. We grew our site leasing revenue, tower cash flow and Adjusted EBITDA by 8.9%, 9.7% and 9.0% on a constant currency basis, respectively. We booked \$129 million of revenue for our services business and \$26 million in gross profit. While relatively small compared to our leasing business, our services business serves a fundamental role, keeping our skills and relationships sharp, and allowing us to anticipate future carrier needs, which we believe provides a valuable strategic advantage. The operating leverage of our company continues to be impressive as illustrated

by our industry-leading margins. We posted domestic and international tower cash flow margins of 84.2% and 71.1%, respectively. Adjusted EBITDA margin continued to move higher, setting another high watermark for SBA at 71.8%. Our optimized balance sheet improved our cost of debt and helped fuel solid AFFO growth, with our Company finishing the year with over \$1 billion of AFFO, the first time in our history. From strong AFFO, we produced \$9.43 of AFFO per share, an 11.2% year-over-year increase from 2019. We finished the year at 7.1x net debt-to-annualized adjusted EBITDA, at the low end of our 7.0x to 7.5x target range.

In the United States, customer activity picked up materially in the second half of the year following the completion of the T-Mobile / Sprint merger. T-Mobile was busy upgrading their sites with 2.5GHz and 600MHz spectrum, deploying massive MIMO equipment across their network. Verizon and AT&T were also working hard on network expansion for both 4G LTE and 5G, lighting up 700MHz, 1700MHz and 1900MHz spectrum. And perhaps most exciting was the beginnings of a new, nationwide wireless broadband carrier in Dish. Arising from the conditions of the approval of the T-Mobile / Sprint merger, Dish is poised to compete in the future with the Big 3 on price and network quality. As part of the regulatory approval process, Dish committed to cover 70% of the country with 5G technology by June 2023, with towers at the core of this ambitious rollout. We expect Dish to be very busy getting their greenfield network off the ground and look forward to helping them achieve their network coverage goals. In addition to a new

nationwide wireless service provider, one of the largest, most important allocations of wireless spectrum in history was made available. In December 2020, the FCC officially began the C-band auction, releasing 280MHz worth of highly desirable mid-band spectrum. After 97 rounds of bidding, the auction concluded in early 2021 with \$81 billion of bids. Given its propagation characteristics, the C-band spectrum is expected to play a crucial role in 5G deployments. Additionally, the timeline to clear the first batch of 100MHz is more aggressive relative to past auctions and could be ready as early as December 2021, with the remaining 180MHz scheduled to be cleared by the end of 2023. With the conclusion of the C-band spectrum auction, our customers are one step closer to providing ubiquitous 5G nationwide coverage with towers as the backbone.

Internationally, our customers were very busy, transitioning their wireless networks from 3G to 4G LTE technologies. While most of our international markets were hit hard by the pandemic in 2020, we believe 2021 will bring improvement. Many of our international markets have planned near-term spectrum auctions that we expect will lead to sustained growth for our Company for years to come. In Brazil, our largest market outside of the United States, the Brazilian regulator is expected to auction frequencies in the 700MHz, 2.3GHz and 3.5GHz bands, laying the groundwork for future 5G deployments. In South Africa, similar multi-frequency spectrum are expected to be auctioned in early 2021. Throughout all of our international markets, the mobile operators are working hard towards providing high quality, mobile data services in a cost-effective

**THE OPERATING LEVERAGE OF OUR COMPANY
CONTINUES TO BE IMPRESSIVE AS ILLUSTRATED
BY OUR INDUSTRY-LEADING MARGINS**

manner for their customers, a pillar for long-term economic growth. In most of our international markets, wireless is the primary means for accessing the internet.

We kept our balance sheet fully-utilized in 2020. We allocated almost \$1.5 billion towards acquiring and building wireless communications assets, share repurchases, dividends and other portfolio-enhancing expenditures. In 2020, we spent \$182 million acquiring 233 towers across six different markets. We focused on what we do best, acquiring exclusive assets at the right price. While the total dollar amount and portfolio growth was below prior years, we are steadfast on remaining disciplined and beholden to our proven model and investment goals. Because we did not find enough portfolio growth opportunities that met our criteria, we allocated a much greater amount of capital to stock repurchases. Looking ahead, we continue to target five to ten percent portfolio growth as we believe acquiring new assets that meet our investment criteria is important to long-term shareholder value creation. Given what is to come, and our willingness to leave no opportunity unexplored, we believe this target is highly achievable and core to our corporate strategy. In addition to macro and other wireless infrastructure sites, we acquired JaxNAP, a data center located in the Jacksonville, Florida area, joining our New Continuum data center as part of our edge strategy. JaxNAP gets SBA one step closer to significant edge computing capabilities, which will include both data centers and infrastructure at the base of its towers with the potential to provide low latency connectivity to wireless networks. We believe these centralized data centers



Steven E. Bernstein
Founder and Chairman of the Board



Jeffrey A. Stoops
Director, President and
Chief Executive Officer



Kevin L. Beebe
Director



Brian C. Carr
Director



Mary S. Chan
Director



Duncan H. Cocroft
Director



George R. Krouse Jr.
Director



Jack Langer
Lead Independent Director



Fidelma Russo
Director

will act as edge hubs for intermediate aggregation points for compute and storage, an essential component for a nationwide 5G ecosystem.

We repurchased \$856 million of stock in 2020, retiring 3.1 million shares, at an average price of \$280.17 per share. 2020 was the largest absolute dollar amount we have ever spent in a single year, the majority of our capital allocation. Since restarting our program back in 2015, share repurchases have resulted in a reduction of our total number of shares outstanding by almost 24 million shares, a testament to our desire to be a net share reducer. It has also allowed us to stay fully invested while managing our leverage levels within our stated goal of 7.0x to 7.5x net debt to annualized Adjusted EBITDA. Our preference is and will continue to be portfolio growth; however, if those opportunities do not meet our return thresholds, we will take advantage of market volatility and deploy capital towards repurchasing our stock as we have done in the past.

Beyond portfolio growth and share repurchases, the strength of our balance sheet allowed us to comfortably raise our dividend by 26% in 2020, a level I am certain is among the very top of not just our industry, but any industry. Even with a 26% year-over-year increase, our dividend remained a relatively low percentage of 2020 AFFO, just 19%. This low percentage allows us to continue investing in exclusive assets that produce returns well above our cost of capital and repurchase a healthy amount of our shares. The predictable nature of our business, strong margins, and low AFFO payout ratio, all give me great confidence in our ability to continue to grow the

dividend at industry-leading levels. We consider the dividend to be sacred and growing it at a healthy clip remains a top priority.

Shifting towards our balance sheet, 2020 was a banner year. In February, we issued \$1 billion of new seven-year unsecured senior notes at an interest rate of 3.875%. In May, we issued an additional \$500 million of senior unsecured notes as an add-on to our February issuance, also at a fixed interest rate coupon of 3.875%. In July, we issued \$1.35 billion in the asset-backed securities market, including \$750 million of 5.5-year paper at a fixed rate of 1.88%, the lowest fixed price debt in our history. We took full advantage of the low interest rate environment, lowering our average cost of debt, while extending out our weighted average maturity. Investors' demand for quality paper, paired with SBA's status as a preferred issuer, has allowed us to achieve rates once thought to be impossible.

Last year we issued our first Corporate Sustainability Report, which illustrates our commitment to sustainable and responsible business practices. I am very proud of all the many good things set forth in the report, and I would encourage you to read it. We will be updating and publishing this report annually, and I look forward to communicating with you about our growth and continuing improvement in these areas.

Industry tailwinds continue to be very strong. According to a report published by Ericsson in November 2020, 5G will account for 80% of North American mobile subscriptions and 54% of mobile data traffic by 2026. During that same time period, mobile data traffic per

smartphone is expected to grow per year 27% and 30% in North America and Latin America, respectively. There is plenty to do between now and then. As I look towards the future, I am just as excited as I was when the tower industry first began. We have a front-row seat with our best-in-class assets for the upcoming 5G era, an era that will undoubtedly stand primarily on the shoulders of macro towers.

In closing, I'd like to personally thank all the frontline healthcare workers and emergency response personnel for their service in 2020, facing what appeared to be insurmountable challenges yet succeeding for all of us. I would also like to thank our own frontline workers, the many tower climbers who scale our sites every day, the rest of our team members, our customers and vendors, who all pulled together during unprecedented times to not only maintain but expand essential communications services. As a result, the future of the tower industry and for SBA in particular remains very bright. I also want to thank you, our shareholders, for your continued confidence in and support of SBA. I look forward to communicating with you again soon.

Sincerely,



Jeffrey A. Stoops
President and Chief Executive Officer

**OUR COMPANY FINISHED THE YEAR WITH OVER
\$1 BILLION OF AFFO, THE FIRST TIME IN OUR HISTORY**

10

FORM 10-K

2020 FINANCIAL
INFORMATION





**YOUR
SIGNAL
STARTS
HERE.®**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number: 001-16853

SBA COMMUNICATIONS CORPORATION

(Exact name of Registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

8051 Congress Avenue
Boca Raton, Florida
(Address of principal executive offices)

65-0716501
(I.R.S. Employer
Identification No.)

33487
(Zip Code)

Registrant's telephone number, including area code (561) 995-7670

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, \$0.01 par value per share	SBAC	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ☒ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller Reporting Company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by checkmark 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately \$33.0 billion as of June 30, 2020.

The number of shares outstanding of the Registrant's common stock (as of February 18, 2021): Class A common stock — 109,324,399.

Documents Incorporated By Reference

Portions of the Registrant's definitive proxy statement for its 2021 annual meeting of shareholders, which proxy statement will be filed no later than 120 days after the close of the Registrant's fiscal year ended December 31, 2020, are hereby incorporated by reference in Part III of this Annual Report on Form 10-K.

Table of Contents

	Page
PART I	
ITEM 1. <u>BUSINESS</u>	1
ITEM 1A. <u>RISK FACTORS</u>	8
ITEM 1B. <u>UNRESOLVED STAFF COMMENTS</u>	22
ITEM 2. <u>PROPERTIES</u>	22
ITEM 3. <u>LEGAL PROCEEDINGS</u>	22
ITEM 4. <u>MINE SAFETY DISCLOSURE</u>	22
PART II	
ITEM 5. <u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	23
ITEM 6. <u>RESERVED</u>	23
ITEM 7. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	23
ITEM 7A. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	39
ITEM 8. <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	43
ITEM 9. <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	43
ITEM 9A. <u>CONTROLS AND PROCEDURES</u>	43
PART III	
ITEM 10. <u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	45
ITEM 11. <u>EXECUTIVE COMPENSATION</u>	45
ITEM 12. <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	45
ITEM 13. <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	45
ITEM 14. <u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	46
PART IV	
ITEM 15. <u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	46
ITEM 16. <u>FORM 10-K SUMMARY</u>	51
<u>SIGNATURES</u>	52

ITEM 1. BUSINESS

General

We are a leading independent owner and operator of wireless communications infrastructure, including tower structures, rooftops, and other structures that support antennas used for wireless communications, which we collectively refer to as “towers” or “sites.” Our principal operations are in the United States and its territories. In addition, we own and operate towers in South America, Central America, Canada, and South Africa. Our primary business line is our site leasing business, which contributed 98.4% of our total segment operating profit for the year ended December 31, 2020. In our site leasing business, we (1) lease antenna space to wireless service providers on towers that we own or operate and (2) manage rooftop and tower sites for property owners under various contractual arrangements. As of December 31, 2020, we owned 32,923 towers, a substantial portion of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

Business Strategy

Our primary strategy is to continue to focus on expanding our site leasing business through organic growth and expansion of our tower portfolio to create shareholder value. We believe that the long-term and repetitive nature of our site leasing business will permit us to maintain a stable, recurring cash flow stream and reduce our exposure to cyclical changes in customer spending which arises in our site development business. Key elements of our strategy include:

Organic Growth.

- *Maximizing our Tower Capacity.* We generally have constructed or acquired towers that accommodate multiple tenants and a majority of our towers are high capacity tower structures. Most of our towers have significant capacity available for additional antennas, and we believe that increased use of our towers’ structural capacity can generate additional lease revenue and be achieved at a low incremental cost. We measure the available capacity of our existing sites to support additional tenants by assessing several factors, including tower height, tower type, wind loading, environmental conditions, existing equipment on the tower and zoning and permitting regulations in effect in the jurisdiction where the tower is located. We actively market space on our towers through our internal sales force. As of December 31, 2020, we had an average of 1.8 tenants per tower structure.
- *Capitalizing on our Scale and Management Experience.* We are a large owner, operator and developer of towers, with substantial capital, human, and operating resources. We have been developing towers for wireless service providers in the U.S. since 1989 and owned and operated towers for ourselves since 1997. We believe our size, experience, capabilities, and resources make us a preferred partner for wireless service providers both in the U.S. and internationally. Our management team has extensive experience in site leasing and site development, with some of the longest tenures in the tower and site development industries. We believe that our industry expertise and strong relationships with wireless service providers will permit us to continue to organically grow our site leasing and site development services.
- *Systematic Tower Portfolio Growth.* We believe that our tower operations are highly scalable. Consequently, we believe that we are able to materially increase our domestic and international tower portfolio without proportionately increasing selling, general, and administrative expenses. We intend to continue to grow our tower portfolio, domestically and internationally, through tower acquisitions and the construction of new tower structures. We believe that one of the best uses of our liquidity, including cash from operating activities and borrowings, is to acquire and/or build new towers at prices that we believe will be accretive to our shareholders both in the short and long term and which allow us to maintain our long-term target leverage ratios.
- *Disciplined Tower Acquisitions* – In our tower acquisition program, we pursue towers from third parties that meet or exceed our internal guidelines regarding current and future potential returns. For each acquisition, we prepare various analyses that include projections of several different investment return metrics, review of available capacity, future lease up projections, and a summary of current and future tenant/technology mix.
- *International Tower Growth* – The majority of our international markets typically have less mature wireless networks with limited wireline infrastructure and lower wireless data penetration rates than those in the United States. Accordingly, our tower growth in these markets is primarily driven by (1) wireless service providers seeking to increase the quality and coverage of their networks, (2) increased consumer mobile data traffic, such as media streaming, mobile apps and games, web browsing, and email, and (3) incremental spectrum auctions as well as incremental voice and data network deployments.

- *International Market Expansion* – We believe that we can create substantial value by expanding our site leasing services into select international markets which we believe have a high-growth wireless industry and relatively stable political and regulatory environments. We consider various factors when identifying a market for our international expansion, including:
 - *Country analysis* – We consider the country’s economic and political stability, and whether the country’s general business, legal and regulatory environment is conducive to the sustainability and growth of our business.
 - *Market potential* – We analyze the expected demand for wireless services, and whether a country has multiple wireless service providers who are actively seeking to invest in deploying voice and data networks, as well as spectrum auctions that have occurred or that are anticipated to occur.
 - *Risk adjusted return criteria* – We consider whether buying or building towers in a country, and providing our management and leasing services, will meet our return criteria. As part of this analysis, we consider the risk of entering into an international market (for example, the impact of foreign currency exchange rates and inflation, real estate, permitting, and taxation risks), and how our expansion meets our long-term strategic objectives for the region and our business generally.

New Build Program – We build new towers domestically and internationally. In our new build program, we construct tower structures (1) under build-to-suit arrangements or (2) in locations that are strategically chosen by us. Under build-to-suit arrangements, we build tower structures for wireless service providers at locations that they have identified. Under these arrangements, we retain ownership of the tower structure and the exclusive right to co-locate additional tenants. When we construct tower structures in locations chosen by us, we utilize our knowledge of our customers’ network requirements to identify locations where we believe multiple wireless service providers need, or will need to locate antennas to meet capacity or service demands. We seek to identify attractive locations for new tower structures and complete pre-construction procedures necessary to secure the site concurrently with our leasing efforts. We generally will have at least one signed tenant lease for each new build tower structure on the day that it is completed and expect that some will have multiple tenants.

Using our Local Presence to Build Strong Relationships with Major Wireless Service Providers. Given the nature of towers as location-specific communications facilities, we believe that substantially all of what we do is done best locally. Consequently, we have a broad field organization that allows us to develop and capitalize on our experience, expertise and relationships in each of our local markets which in turn enhances our customer relationships. We seek to replicate this operating model internationally. Due to our presence in local markets, we believe we are well positioned to organically grow our site leasing business and to capture new tower build opportunities in our markets and identify and participate in site development projects across our markets.

Controlling our Underlying Land Positions. We believe that a primary component of a strong site leasing business is the ability to control the underlying land positions. Consequently, we have purchased and/or entered into perpetual easements, long-term leases, or other property interests for the land that underlies our tower structures and intend to continue to do so, to the extent available at commercially reasonable prices. We believe that these purchases, perpetual easements, and/or long-term leases will increase our margins, improve our cash flow from operations, and minimize our exposure to increases in rents for property interests in the future. As of December 31, 2020, approximately 71% of our tower structures were located on land that we own or control for more than 20 years and the average remaining life under our ground leases and other property interests, including renewal options under our control, was 35 years. As of December 31, 2020, approximately 10.6% of our tower structures had ground leases or other property interests maturing in the next 10 years.

Exploring Opportunities in Evolving Technologies and Ancillary Services. In addition to our traditional tower-related services, we are currently exploring ancillary services and evolving technologies that we believe will allow us to create additional value by leveraging our current assets and relationships with wireless service providers and expand SBA's business within the growing communications ecosystem. This includes supporting efforts for Edge Computing and Private Networks utilizing Citizens Broadband Radio Service (“CBRS”) technology. For example, we are exploring ways to participate in mobile edge computing infrastructure to support existing and future customers’ increasing need to spread computing capabilities to more locations, such as regional data centers and smaller local data centers at our towers. SBA has invested in two regional data centers and one tower-based data center in support of this initiative. With regard to private networks, SBA has recently partnered with the City of Indianapolis to launch an eLearning network pilot for Marion County schools to help close the digital divide through the deployment of a private CBRS network. The network deployment is designed to leverage Marion Country School assets and SBA tower assets to extend the network to the students in their homes.

Industry Developments

We believe that growing wireless data traffic will require wireless service providers to continue to increase the capacity of their networks, and we believe that the continued capacity increases will require our customers to install equipment at new sites and

add new equipment at existing sites. We expect that the wireless communications industry will continue to experience growth as a result of the following trends:

- Consumers are increasing their demand for wireless connectivity due to the adoption of bandwidth-intensive wireless data applications, such as video, social networking and enhanced web browsing, and the growth in machine-to-machine applications (such as connected cars). According to a report published by Ericsson in November 2020, global total mobile data traffic is estimated to reach around 51 exabytes per month by the end of 2020 and is projected to grow by a factor of around 4.5 to reach 226EB per month in 2026.
- The velocity of spectrum development is expected to remain dynamic as carriers continue to deploy new bands and optimize bands that are currently in service, both of which activities we expect will require carriers to install equipment at new sites and add new equipment at existing sites. For example, recent and future spectrum auctions, such as the CBRS and C-Band auctions, and a new network for first responders that was developed by AT&T for the First Responder Network Authority, an independent authority within the U.S. Department of Commerce, are expected to contribute to growth in the upcoming years. In addition, the continued deployment of 5G wireless technologies is expected to increase equipment installation at existing sites.
- Consumers list network quality as a key contributor when terminating or changing service. To remain competitive and to decrease subscriber churn rates, wireless carriers have made substantial capital investments into their wireless networks to improve service quality and expand coverage. We expect wireless carriers to continue to expend capital to differentiate their product offerings.

We believe that the worldwide wireless industry will continue to grow and is reasonably well-capitalized, highly competitive and focused on quality and advanced services. Therefore, we expect that we will see a multi-year trend of additional demand for tower space from our customers, which we believe will translate into steady leasing growth for us.

Our Businesses

Site Leasing Services

Our primary focus is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts in the United States, South America, Central America, Canada, and South Africa. We derive site leasing revenues primarily from wireless service provider tenants. Wireless service providers enter into tenant leases with us, each of which relates to the lease or use of space at an individual site. Our site leasing business generates substantially all of our total segment operating profit, representing 97.7% or more of our total segment operating profit for the past three fiscal years. Our site leasing business is classified into two reportable segments, domestic site leasing and international site leasing.

Domestic Site Leasing

As of December 31, 2020, we owned 16,546 sites in the United States and its territories. For the year ended December 31, 2020, we generated 79.7% of our total site leasing revenue from these sites. We derive domestic site leasing revenues primarily from T-Mobile, AT&T, and Verizon Wireless. In the United States, our tenant leases are generally for an initial term of five years to 10 years with multiple renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3-4% per year, including renewal option periods. Our ground leases in the United States are generally for an initial term of five years or more with multiple renewal periods, at our option, and provide for rent escalators which typically average 2-3% annually. As of December 31, 2020, no U.S. state or territory had more than 10% of our total tower portfolio by tower count or more than 10% of our total revenues for the year ended December 31, 2020.

International Site Leasing

We currently own and operate towers in 13 international markets throughout South America, Central America, Canada, and South Africa. Our largest international market is Brazil. As of December 31, 2020, we owned 16,377 sites in our international markets, of which 30% of our global sites are located in Brazil and less than 4% of our global sites are located in each of our other international markets (each country is considered a market). Our operations in our international markets are solely in the site leasing business, and we continue to focus on growing our international site leasing business through the acquisition and development of towers and organic growth.

We derive international site leasing revenues primarily from Oi S.A., Telefonica, Claro, and TIM. In Canada, our tenant leases are generally for an initial term of five years to 10 years with multiple renewal periods at the option of the tenant. These tenant

leases typically contain specific rent escalators, which average 3-4% per year, including the renewal option periods. Tenant leases in South Africa and our Central and South American markets typically have an initial term of 10 years with multiple renewal periods. In Central America, we have similar fixed rent escalators to that of leases in the United States and Canada while our leases in South America and South Africa escalate in accordance with a standard cost of living index. Site leases in South America typically provide for a fixed rental amount and a pass through charge for the underlying rent related to ground leases and other property interests. In certain international markets such as Brazil, tenant leases are typically governed by master lease agreements, which provide for the material terms and conditions that will govern the terms of the use of the site.

In our international markets, ground leases and other property interests are generally for an initial term of five to ten years with multiple renewal periods, which are at our option. In Central America and Canada, ground leases and other property interests provide for rent escalators which typically average 2-3% annually, or in South American and South African markets, adjust in accordance with a standard cost of living index.

In our Central American markets and Ecuador, significantly all of our revenue, expenses, and capital expenditures arising from our new build activities are denominated in U.S. dollars. Specifically, most of our ground leases and other property interests, tenant leases, and tower-related expenses are paid in U.S. dollars. In our Central American markets, our local currency obligations are primarily limited to (1) permitting and other local fees, (2) utilities, and (3) taxes. In Brazil, Canada, Chile, and South Africa, significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-related expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-related expenses are denominated in a mix of local currency and U.S. dollars.

Site Development Services

Our site development business, which is conducted in the United States only, is complementary to our site leasing business and provides us the ability to keep in close contact with the wireless service providers that generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities. Site development services revenues are earned primarily from providing a full range of end to end services to wireless service providers or companies providing development or project management services to wireless service providers. Our services include: (1) network pre-design; (2) site audits; (3) identification of potential locations for towers and antennas on existing infrastructure; (4) support in leasing of the location; (5) assistance in obtaining zoning approvals and permits; (6) tower and related site construction; (7) antenna installation; and (8) radio equipment installation, commissioning, and maintenance. We provide site development services at our towers and at towers owned by others on a local basis, through regional, market, and project offices. These market offices are responsible for all site development operations.

Customers

We lease tower space to and perform site development services for all of the large U.S. wireless service providers. In both our site leasing and site development businesses, we work with large national providers and smaller regional, local, or private operators. Internationally, we lease tower space to all the major service providers in South America, Central America, Canada, and South Africa.

We depend on a relatively small number of customers for our site leasing and site development revenues. The following customers represented at least 10% of our total revenues during the last three years:

<u>Percentage of Total Revenues</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	34.5%	35.1%	34.3%
AT&T Wireless	24.1%	23.8%	24.0%
Verizon Wireless	14.1%	14.0%	14.7%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint on April 1, 2020.

In addition to the Big 3 wireless carriers (T-Mobile, AT&T, and Verizon Wireless), we have also provided services or leased space to a number of customers including:

Cable & Wireless	ICE	Telkom
Cellular South	MTN	TIM
Claro	NII Holdings	Telefonica
Digicel	Oi S.A.	U.S. Cellular
Dish Network	SouthernLinc	Vodacom

Sales and Marketing

Our sales and marketing goals are to:

- use existing relationships and develop new relationships with wireless service providers to lease antenna space on and sell related services with respect to our owned towers or managed properties, enabling us to grow our site leasing business; and
- successfully bid and win those site development services contracts that will contribute to our operating margins and/or provide a financial or strategic benefit to our site leasing business.

We approach sales on a company-wide basis, involving many of our employees. We have a dedicated sales force that is supplemented by members of our executive management team. Our dedicated salespeople are based regionally as well as in our corporate office. We also rely on our vice presidents, directors, and other operations personnel to sell our services and cultivate customer relationships. Our strategy is to delegate sales efforts by geographic region or to those employees of ours who have the best relationships with our customers. Most wireless service providers have national corporate headquarters with regional and local offices. We believe that wireless service providers make most decisions for site development and site leasing services at the regional and local levels with input from their corporate headquarters. Our sales representatives work with wireless service provider representatives at the regional and local levels and at the national level when appropriate. Our sales staff's compensation is heavily weighted to incentive-based goals and measurements.

Competition

Domestic Site Leasing – In the U.S., our primary competitors for our site leasing activities are (1) large independent tower companies including American Tower Corporation and Crown Castle International, (2) a number of regional independent tower owners, (3) wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers, and (4) owners and operators of alternative facilities such as rooftops, outdoor and indoor distributed antenna system ("DAS") networks, billboards, utility poles, and electric transmission towers.

International Site Leasing – Internationally, our competition consists of wireless service providers that own and operate their own tower networks, large multinational, national and regional independent tower companies, and alternative facilities such as rooftop, outdoor and indoor DAS networks, billboards, utility poles, and electric transmission towers. We believe that tower location and capacity, quality of service, density within a geographic market and, to a lesser extent, price historically have been and will continue to be the most significant competitive factors affecting the domestic and international site leasing business.

Site Development – The site development business is competitive and price sensitive. We believe that the majority of our competitors in the U.S. site development business operate within local region and market areas, while some firms offer their services nationally. The market includes participants from a variety of market segments offering individual, or combinations of, competing services. The field of competitors includes site development companies, zoning consultants, real estate firms, wireless construction companies, tower owners, telecommunications equipment vendors, which provide end-to-end site development services through multiple subcontractors, and wireless service providers' internal staff. We believe that providers base their decisions for site development services on a number of criteria, including company experience, price, track record, local reputation, geographic reach, and time for completion of a project.

Human Capital

Our corporate offices are located in Boca Raton, Florida. We also have employees located in our international, regional, and local offices. We consider our employee relations to be good. As of December 31, 2020, we had 1,483 employees of which 421 were based outside of the U.S. and its territories. Of this total, our employees work in the following departments: 364 in site leasing operations, 387 in site development, 652 in corporate support, 57 in sales and marketing, and 23 in safety.

We seek to foster an inclusive work environment, and we respect the diversity our employees bring to the organization through their unique ideas, opinions and contributions. We believe it is essential to recognize and value these differences, which is one of the many reasons SBA holds quarterly Town Hall meetings and other informal meetings with executives, elicits employee feedback, and conducts annual performance evaluations. In line with our commitment to diversity, 23.1% of our U.S. new hires in 2020 were women and 34.4% were ethnic minorities.

The well-being of our employees is a crucial element of our culture, employee engagement, and productivity. We offer a competitive total rewards package which includes market-based pay, performance-based annual incentive awards, healthcare and retirement benefits, family leave, holiday and paid time off, and tuition assistance. We also invest in our employees' professional growth and development by providing resources and opportunities to develop their skills and expand their expertise.

We value all those who serve our country and are proud to support military veterans and their families as they transition out of the military. SBA has earned the distinction of being a Military Friendly Employer and a Veteran Employer. We are proud to have veterans on our team - their integrity, work ethic, ability to adapt and strong teamwork skills blend well with the SBA core values. In 2020, over 7% of our employees were veterans, and we have collaborated with Hiring Our Heroes, DirectEmployers, and RecruitMilitary to actively hire veterans.

At SBA, providing a safe and healthy work environment for the protection of our employees is paramount. The safety of our tower climbers has been a key focus of the company since it started in 1989. In 2013, we opened our internal facility "Tower U" which provides a rigorous multi-day safety certification program that is required for all our employed tower climbers. We are proud of the fact that our average lost-day incident rate in the U.S. (days away from work due to workplace incidents) for 2020 was below the 2019 Bureau of Labor benchmark. Our "Tower U" safety professionals offer tower rescue training to first responders because we recognize that the safety of these first responders is paramount to the communities in which we operate.

Regulatory and Environmental Matters

Federal Regulations. In the U.S., which accounted for 79.7% of our total site leasing revenue for the year ended December 31, 2020, both the Federal Communications Commission (the "FCC") and the Federal Aviation Administration (the "FAA") regulate towers. Many FAA requirements are implemented in FCC regulations. These regulations govern the construction, lighting, and painting or other marking of towers, as well as the maintenance, inspection, and record keeping related to towers, and may, depending on the characteristics of particular towers, require prior approval and registration of towers before they may be constructed, altered or used. Wireless communications equipment and radio or television stations operating on towers are separately regulated and may require independent customer licensing depending upon the particular frequency or frequency band used. In addition, any applicant for an FCC tower structure registration (through the FCC's Antenna Structure Registration System) must certify that, consistent with the Anti-Drug Abuse Act of 1988, neither the applicant nor its principals are subject to a denial of federal benefits because of a conviction for the possession or distribution of a controlled substance. New tower construction also requires approval from the state or local governing authority for the proposed site; compliance with the National Environmental Policy Act ("NEPA"); compliance with the National Historic Preservation Act ("NHPA"); compliance with the Endangered Species Act ("ESA"); and may require notification to the FAA.

Pursuant to the requirements of the Communications Act of 1934, as amended, the FCC, in conjunction with the FAA, has developed standards to consider proposals involving new or modified towers. These standards mandate that the FCC and the FAA consider the height of the proposed tower, the relationship of the tower to existing natural or man-made obstructions, and the proximity of the tower to runways and airports. Proposals to construct or to modify existing towers above certain heights must be reviewed by the FAA to ensure the structure will not present a hazard to air navigation. The FAA may condition its issuance of a no-hazard determination upon compliance with specified lighting and/or painting requirements. Towers that meet certain height and location criteria must also be registered with the FCC. A tower that requires FAA clearance will not be registered by the FCC until it is cleared by the FAA. Upon registration, the FCC may also require special lighting and/or painting. Owners of wireless communications towers may have an obligation to maintain painting and lighting or other marking in conformance with FAA and FCC regulations. Tower owners and licensees that operate on those towers also bear the responsibility of monitoring any lighting systems and notifying the FAA of any lighting outage or malfunction.

Owners and operators of towers may be subject to, and therefore must comply with, environmental laws, including NEPA, NHPA and ESA. Any licensed radio facility on a tower is subject to environmental review pursuant to the NEPA, among other statutes, which requires federal agencies to evaluate the environmental impact of their decisions under certain circumstances. The FCC has issued regulations implementing the NEPA. These regulations place responsibility on applicants to investigate potential environmental effects of their operations and to disclose any potential significant effects on the environment in an environmental assessment prior to constructing or modifying a tower and prior to commencing certain operations of wireless communications or

radio or television stations from the tower. In the event the FCC determines the proposed structure or operation would have a significant environmental impact based on the standards the FCC has developed, the FCC would be required to prepare an environmental impact statement, which will be subject to public comment. This process could significantly delay the registration of a particular tower.

We generally indemnify our customers against any failure to comply with applicable regulatory standards relating to the construction, modification, or placement of towers. Failure to comply with the applicable requirements may lead to civil penalties.

The Telecommunications Act of 1996 amended the Communications Act of 1934 by preserving state and local zoning authorities' jurisdiction over the construction, modification, and placement of towers. The law, however, limits local zoning authority by prohibiting any action that would discriminate among different providers of personal wireless services or ban altogether the construction, modification or placement of radio communication towers. Finally, the Telecommunications Act of 1996 requires the federal government to help licensees for wireless communications services gain access to preferred sites for their facilities. This may require that federal agencies and departments work directly with licensees to make federal property available for tower facilities.

As an owner and operator of real property, we are subject to certain environmental laws that impose strict, joint and several liability for the cleanup of on-site or off-site contamination and related personal injury or property damage. We are also subject to certain environmental laws that govern tower placement and may require pre-construction environmental studies. Operators of towers must also take into consideration certain radio frequency ("RF") emissions regulations that impose a variety of procedural and operating requirements. Certain proposals to operate wireless communications and radio or television stations from tower structures are also reviewed by the FCC to ensure compliance with requirements relating to human exposure to RF emissions. Exposure to high levels of RF energy can produce negative health effects. The potential connection between low-level RF energy and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. We believe that we are in substantial compliance with and we have no material liability under any applicable environmental laws. These costs of compliance with existing or future environmental laws and liability related thereto may have a material adverse effect on our prospects, financial condition or results of operations.

State and Local Regulations. Most states regulate certain aspects of real estate acquisition, leasing activities, and construction activities. Where required, we conduct the site acquisition portions of our site development services business through licensed real estate brokers' agents, who may be our employees or hired as independent contractors, and conduct the construction portions of our site development services through licensed contractors, who may be our employees or independent contractors. Local regulations include city and other local ordinances, zoning restrictions and restrictive covenants imposed by community developers. These regulations vary greatly from jurisdiction to jurisdiction, but typically require tower owners to obtain approval from local officials or community standards organizations, or certain other entities prior to tower construction and establish regulations regarding maintenance and removal of towers. FCC rules establish presumptively reasonable time periods for state and local authorities to act on applications to collocate a facility or deploy a facility, such as a tower. In addition, many local zoning authorities require tower owners to post bonds or cash collateral to secure their removal obligations. Local zoning authorities generally have been unreceptive to construction of new towers in their communities because of the height and visibility of the towers, and have, in some instances, instituted moratoria. However, in August 2018, the FCC issued a declaratory ruling stating that express and *de facto* moratoria on deployment of telecommunications facilities violate the Communications Act. This FCC ruling has been affirmed by a federal appellate court.

International Regulations. Regulatory regimes outside of the U.S. and its territories vary by country and locality; however, these regulations typically require tower owners and/or licensees to obtain approval from local officials or government agencies prior to tower construction or modification or the addition of a new antenna to an existing tower. Additionally, some regulations include ongoing obligations regarding painting, lighting, and maintenance. Our international operations may also be subject to limitations on foreign ownership of land in certain areas. Based on our experience to date, these regimes have been similar to, but not more rigorous, burdensome or comprehensive than, those in the U.S. Non-compliance with such regulations may lead to monetary penalties or deconstruction orders. Our international operations are also subject to various regulations and guidelines regarding employee relations and other occupational health and safety matters. As we expand our operations into additional international geographic areas, we will be subject to regulations in these jurisdictions.

Availability of Reports and Other Information

SBA Communications Corporation was incorporated in the State of Florida in March 1997 and is a real estate investment trust ("REIT") for federal income tax purposes. Our corporate website is www.sbasite.com. We make available, free of charge, access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of

1934, as amended (the “Exchange Act”), on our website under “Investor Relations – Reports and Results – SEC Filings,” as soon as reasonably practicable after we file electronically such material with, or furnish it to, the United States Securities and Exchange Commission (the “Commission”).

ITEM 1A. RISK FACTORS

Risks Related to Our Business

If our wireless service provider customers combine their operations to a significant degree, our future operating results, ability to service our indebtedness, and stock price could be adversely affected.

Our wireless service providers have and may continue to be subject to consolidation pressures. Significant consolidation among our wireless service provider customers have resulted and are expected to continue to result in our customers failing to renew existing leases for tower space as a result of overlapping coverage or reducing future capital expenditures in the aggregate because their existing networks and expansion plans may overlap or be very similar. T-Mobile, Sprint, AT&T, and Verizon have grown through acquisitions of other wireless service providers. As a result, the combined companies have rationalized duplicative parts of their networks, and, in the case of Sprint, the Nextel iDEN network was discontinued. During 2020, the consolidation of T-Mobile and Sprint was completed, reducing the number of national wireless service providers in the U.S. to three. During the second half of 2020 we began to experience non-renewal of certain leases as a result of the T-Mobile/Sprint merger and we expect to continue to experience churn arising from this merger in the upcoming years. For the year ended December 31, 2020, leases with T-Mobile and Sprint, as they existed prior to the merger, represented approximately 17.6% and 14.7% of our total site leasing revenue, respectively. The revenue generated from legacy Sprint leases where both legacy T-Mobile and legacy Sprint overlap on sites where both companies leased space represented 5.9% of our total site leasing revenue for the year ended December 31, 2020, excluding, and incremental to, the impact from previously disclosed expected consolidation churn from T-Mobile’s MetroPCS and Sprint’s Clearwire networks. In addition, these overlapping sites have an average remaining current term of approximately 3.7 years and 5.0 years with Sprint and T-Mobile, respectively, as they existed pre-merger.

Consolidation of wireless service providers has also occurred in some of our international markets and could continue to occur. For example, in January 2019, Claro acquired Telefonica’s assets in Guatemala and in July 2020 Liberty Latin American acquired Telefonica’s assets in Costa Rica, three markets in which we own and operate towers. Furthermore, Telefonica has announced its intent to sell its operations in its other Latin American markets, other than Brazil. In Brazil, as a result of Oi S.A.’s recent restructuring, the Court has approved the sale of all of Oi’s wireless tower assets to the three other telecommunications providers in Brazil, Telefonica, Claro, and TIM. The sale is subject to regulatory and anti-trust authorizations and the designation of which assets will be assigned to which carrier has not yet been publicized; however, we expect that a portion of our 7,492 tower leases that we had with Oi as of December 31, 2020 will be subject to overlap and may be subject to non-renewal upon expiration of the leases. As of December 31, 2020, our leases with Oi have an average remaining current term of approximately 13.4 years.

If our wireless service provider customers continue to consolidate as a result of, among other factors, limited wireless spectrum, these consolidations could significantly impact the number of tower leases that are not renewed or the number of new leases that our wireless service provider customers require to expand their networks, which could materially and adversely affect our future operating results and our ability to service our indebtedness. These risks could be exacerbated due to changes in governmental policy that may favor industry consolidation.

We depend on a relatively small number of customers for most of our revenue, and the loss, consolidation or financial instability of any of our significant customers may materially decrease our revenue and adversely affect our financial condition.

We derive a significant portion of our revenue from a small number of customers. Consequently, a reduction in demand for site leasing, reduced future capital expenditures on the networks, or the loss, as a result of bankruptcy, merger with other customers of ours or otherwise, of any of our largest customers could materially decrease our revenue and have an adverse effect on our growth.

We derive revenue through numerous site leasing contracts and site development contracts. In the United States and Canada, each site leasing contract relates to the lease of space at an individual tower and is generally for an initial term of five years to 10 years with multiple renewal periods at the option of the tenant. Tenant leases in South Africa and our Central and South American markets typically have an initial term of 10 years with multiple renewal periods. However, if any of our significant site leasing customers were to experience financial difficulty, substantially reduce their capital expenditures or reduce their dependence on leased tower space and fail to renew their leases with us, our revenues, future revenue growth and results of operations would be adversely affected. For example, in January 2018, Oi, S.A. (“Oi”), our largest customer in Brazil, emerged from bankruptcy with a reorganization plan and is expected to resolve all of its pre-petition obligations by 2022. During 2020, as part of its recent restructuring, the Court has approved

the sale of all of Oi's wireless tower assets to the three other telecommunications providers in Brazil, Telefonica, Claro, and TIM. The sale is subject to regulatory and anti-trust authorizations and the designation of which assets will be assigned to which carrier has not yet been publicized. In addition, many of our tenants in our international markets are subsidiaries of global telecommunications companies. These subsidiaries may not have the explicit or implied financial support of their parent entities, which may impact their creditworthiness.

Our site development customers engage us on a project-by-project basis, and a customer can generally terminate an assignment at any time without penalty. In addition, a customer's need for site development services can decrease, and we may not be successful in establishing relationships with new customers. Furthermore, our existing customers may not continue to engage us for additional projects.

The following is a list of significant customers (representing at least 10% of revenue in any of the last three years) and the percentage of our total revenues for the specified time periods derived from these customers:

<u>Percentage of Total Revenues</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	34.5%	35.1%	34.3%
AT&T Wireless	24.1%	23.8%	24.0%
Verizon Wireless	14.1%	14.0%	14.7%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint.

We also have client concentrations with respect to revenues in each of our financial reporting segments:

<u>Percentage of Domestic Site Leasing Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	40.5%	40.6%	39.9%
AT&T Wireless	32.2%	32.1%	31.9%
Verizon Wireless	18.5%	18.6%	19.0%

<u>Percentage of International Site Leasing Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Oi S.A.	28.7%	31.3%	35.5%
Telefonica	18.1%	26.9%	26.7%
Claro	14.5%	11.6%	11.4%

<u>Percentage of Site Development Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	66.8%	67.5%	63.5%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint.

We have a substantial level of indebtedness which may have an adverse effect on our business or limit our ability to take advantage of business, strategic or financing opportunities.

As indicated below, we have and will continue to have a significant amount of indebtedness. The following table sets forth our total principal amount of debt and shareholders' deficit as of December 31, 2020 and 2019.

	<u>As of December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>(in thousands)</u>	
Total principal amount of indebtedness	\$ 11,180,000	\$ 10,414,000
Shareholders' deficit	\$ (4,824,382)	\$ (3,667,007)

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay the principal, interest, or other amounts due on our indebtedness. Subject to certain restrictions under our existing indebtedness, we and

our subsidiaries may also incur significant additional indebtedness in the future, which may have the effect of increasing our total leverage.

As a consequence of our indebtedness, (1) demands on our cash resources may increase, (2) we are subject to restrictive covenants that further limit our financial and operating flexibility and (3) we may choose to institute self-imposed limits on our indebtedness based on certain considerations including market interest rates, our relative leverage and our strategic plans. For example, as a result of our substantial level of indebtedness and the uncertainties arising in the credit markets and the U.S. economy:

- we may be more vulnerable to general adverse economic and industry conditions;
- we may have to pay higher interest rates upon refinancing or on our variable rate indebtedness if interest rates rise, thereby reducing our cash flows;
- we may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements that would be in our best long-term interests;
- we may be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, reducing the available cash flow to fund other investments, including share repurchases, tower acquisition and new build capital expenditures, or to satisfy our REIT distribution requirements;
- we may have limited flexibility in planning for, or reacting to, changes in our business or in the industry;
- we may have a competitive disadvantage relative to other companies in our industry that are less leveraged; and
- we may be required to sell debt or equity securities or sell some of our core assets, possibly on unfavorable terms, in order to meet payment obligations.

Our variable rate indebtedness and refinancing obligations subject us to interest rate risk, which could cause our debt service obligations to increase significantly.

Fluctuations in market interest rates or changes in central bank monetary policy may increase interest expense relating to our floating rate indebtedness, which we expect to incur pursuant to our Revolving Credit Facility and Term Loan, and may make it difficult to refinance our existing indebtedness at a commercially reasonable rate or at all. There is no guarantee that the future refinancing of our indebtedness will have fixed interest rates or that interest rates on such indebtedness will be equal to or lower than the rates on our current indebtedness.

An increase in market interest rates would increase our interest expense arising on our existing and future floating rate indebtedness or upon refinancing of our fixed rate debt. Pursuant to the terms of our Credit Agreement, the interest rate that we pay on indebtedness incurred under the Revolving Credit Facility or Term Loans varies based on a fixed margin over either a base rate or a Eurodollar rate which references the LIBOR rate. As of December 31, 2020, this indebtedness represented approximately \$2.7 billion, or 24.3% of our total indebtedness. As a result, we are exposed to interest rate risk. Interest rates, including LIBOR, fluctuate periodically and as such may increase in future periods. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, LIBOR is the subject of recent proposals for reform, and the U.K. Financial Conduct Authority announced its desire to phase out the use of LIBOR by June of 2023. This may cause LIBOR to disappear entirely or perform differently than in the past. If LIBOR ceases to exist, the method and rate used to calculate our interest rates and/or payments on our variable rate indebtedness under our Credit Agreement, which matures beyond 2021, in the future may result in interest rates and/or payments that are higher than, lower than or that do not otherwise correlate over time with the interest rates and/or payments that would have been applicable to our obligations if LIBOR was available in its current form. As such, the potential effect of any such event is uncertain, but were it to occur, our cost of capital, financial results, cash flows and results of operations may be adversely affected. It is unknown whether any alternative reference rates will attain market acceptance as replacements of LIBOR.

Although we have used interest rate swaps to mitigate this risk from time to time, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. Furthermore, the increase in our use of derivative instruments increases our exposure to counterparty credit risk to the extent that a counterparty to the instrument fails to meet or perform the terms of the instrument. As of December 31, 2020, we had interest rate swaps on a portion of our 2018 Term Loan that fixed \$1.95 billion in notional value for approximately 4.25 years receiving interest at one-month LIBOR plus 175 basis points and paying a fixed rate of 1.874%.

The discontinuation of LIBOR could adversely affect our operating results and financial condition.

LIBOR has been the subject of recent proposals for reform, and, in July 2017, the U.K. Financial Conduct Authority announced its desire to phase out the use of LIBOR by the end of 2021. These reforms may cause LIBOR to perform differently than it has in the past, and LIBOR may ultimately cease to exist after June 2023. These reforms will cause LIBOR to cease to exist and will

cause the establishment of an alternative reference rate(s). The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is proposing to replace U.S. dollar LIBOR with a newly created index which is calculated based on repurchase agreements backed by treasury securities. These alternative rates, if adopted, would be used to calculate our interest rates and/or payments on our variable rate indebtedness under our Credit Agreement, which matures beyond 2021. Any new reference rate may result in interest rates and/or payments that are higher than, lower than or that do not otherwise correlate over time with the interest rates and/or payments that would have been applicable to our obligations if LIBOR was available in its current form. As such, the potential effect of any such event is uncertain, but were it to occur, our cost of capital, financial results, cash flows and results of operations may be adversely affected. It is unknown whether any alternative reference rates will attain market acceptance as replacements of LIBOR.

If LIBOR ceases to exist after 2021, the interest rate on our interest rate swaps may not exactly conform to the new interest rate under our Credit Agreement. If the fallback LIBOR rate to our interest rate swaps differs from the fallback LIBOR rate under our Credit Agreement, our interest rate swaps could be at least partially ineffective as a hedge and could require us to mark-to-market the ineffective portion of the interest rate swap through our income statement.

Increasing competition in the tower industry may create pricing pressures or result in non-renewals that may materially and adversely affect us.

Our industry is highly competitive, and our wireless service provider customers sometimes have alternatives for leasing antenna space. We believe that tower location and capacity, quality of service, density within a geographic market and, to a lesser extent, price historically have been and will continue to be the most significant competitive factors affecting the site leasing business. However, competitive pricing pressures for tenants on towers from competitors could materially and adversely affect our lease rates or lead to non-renewals of existing leases. Furthermore, pricing pressures could lead to more prevalent network sharing, both domestically and internationally, which could reduce the demand for our tower space or lead to non-renewals of existing leases. In addition, the increasing number of towers (1) may provide customers the ability to relocate their antennas to other towers if they determine that a more suitable, efficient or economical location exists, which could lead to non-renewal of existing leases, or (2) may adversely impact our ability to enter into new customer leases. This impact may be exacerbated if competitors construct towers near our existing towers. Any of these factors could materially and adversely affect our growth rate and our future operations.

In the site leasing business, we compete with:

- wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers;
- national and regional tower companies who may be substantially larger and have greater financial resources than we do;
- international tower companies who have been in the international market for a longer period of time than we have; and
- alternative facilities such as rooftops, outdoor and indoor DAS networks, billboards and electric transmission towers.

The site development segment of our industry is also competitive. There are numerous large and small companies that offer one or more of the services offered by our site development business. As a result of this competition, margins in this segment may come under pressure. Many of our competitors have lower overhead expenses and therefore may be able to provide services at prices that we consider unprofitable. If margins in this segment were to decrease, our consolidated revenues and our site development segment operating profit could be adversely affected.

Increasing competition may negatively impact our ability to grow our communication site portfolio long term.

We intend to continue growing our tower portfolio, domestically and internationally, through acquisitions and new builds. Our ability to meet our growth targets significantly depends on our ability to build or acquire existing towers that meet our investment requirements. Traditionally, our acquisition strategy has focused on acquiring towers from smaller tower companies, independent tower developers and wireless service providers. However, as a result of consolidation in the tower industry, there are fewer of these mid-sized tower transactions available in the U.S. and there is more competition to acquire existing towers. Increased competition for acquisitions may result in fewer acquisition opportunities for us, higher acquisition prices, and increased difficulty in negotiating and consummating agreements to acquire such towers. For example, in 2020, we passed on more U.S. acquisitions than we did in 2019 due to asset quality, price, or lease terms. Furthermore, to the extent that the tower acquisition opportunities are for significant tower portfolios, some of our competitors are significantly larger and have greater financial resources than we do. Finally, laws regulating competition, domestically and internationally, may limit our ability to acquire certain portfolios. As a result of these risks, the cost of acquiring these towers may be higher than we expect or we may not be able to meet our annual and long-term tower portfolio growth targets. If we are not able to successfully address these challenges, we may not be able to materially increase our tower portfolio in the long-term through acquisitions.

Our ability to build new towers is dependent upon the availability of sufficient capital to fund construction, our ability to locate, and acquire at commercially reasonable prices, attractive locations for such towers and our ability to obtain the necessary zoning and permits. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers, vary greatly, but typically require antenna tower and structure owners to obtain approval from local officials or community standards organizations prior to tower or structure construction or modification. With respect to our international new builds, our tower construction may be delayed or halted as a result of local zoning restrictions, inconsistencies between laws or other barriers to construction in international markets. Due to these risks, it may take longer to complete our new tower builds than anticipated, domestically and internationally, and the costs of constructing these towers may be higher than we expect or we may not be able to add as many towers as planned in 2021. If we are not able to increase our new build tower portfolio as anticipated, it could negatively impact our ability to achieve our financial goals.

Our international operations are subject to economic, political and other risks that could materially and adversely affect our revenues or financial position.

Our current business operations in developing markets, and our expansion into any other international markets in the future, could result in adverse financial consequences and operational problems not typically experienced in the United States. The consolidated revenues generated by our international operations were approximately 19.0% during the year ended December 31, 2020, and we anticipate that our revenues from our international operations will continue to grow in the future. Accordingly, our business is and will in the future be subject to risks associated with doing business internationally, including:

- laws and regulations that dictate how we operate our towers and conduct business, including zoning, maintenance and environmental matters, and laws related to ownership of real property;
- changes in a specific country's or region's political or economic conditions, including inflation or currency devaluation;
- laws affecting telecommunications infrastructure including the sharing of such infrastructure;
- laws and regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes to existing or new domestic or international tax laws, new or significantly increased municipal fees directed specifically at the ownership and operation of towers, which may be applied and enforced retroactively and could materially affect the profitability of our operations;
- expropriation and governmental regulation restricting foreign ownership or requiring reversion or divestiture;
- governmental regulations and restrictions impacting tower licenses, spectrum licenses and concessions, including additional restrictions on the use or revocation of such licenses, concessions or spectrum and additional conditions to receive or maintain such licenses;
- laws and regulations governing our employee relations, including occupational health and safety matters and employee compensation and benefits matters;
- our ability to comply with, and the costs of compliance with, anti-bribery laws such as the Foreign Corrupt Practices Act and similar local anti-bribery laws;
- uncertainties regarding legal or judicial systems, including inconsistencies between and within laws, regulations and decrees, and judicial application thereof, and delays in the judicial process;
- challenges arising from less-developed infrastructure in certain markets; and
- difficulty in recruiting and retaining trained personnel.

We are also exposed to risks operating in countries with high levels of inflation, including the risk that inflation rates exceed our fixed escalator percentages in markets where our leases include fixed escalators and the risk that adverse economic conditions may discourage growth in consumer demand and consequently reduce our customers' demand for our site leasing services. For example, we have a subsidiary in Argentina through which we operate our site leasing business. The Argentinean economy was deemed to be "highly inflationary" from a U.S. GAAP perspective as of the second quarter of 2018 and remains highly inflationary as of December 31, 2020. As a result, we remeasured the financial statements for those operations to the U.S. dollar as of July 1, 2018. Although this change did not have a material impact on our financial statements as our assets in and revenue from Argentina were each less than 1% of consolidated assets and revenue, respectively, as of December 31, 2020, going forward, fluctuations in the Argentinean Peso to U.S. dollar exchange rate could negatively impact our financial results.

Currency fluctuations may negatively affect our results of operations.

Our operations in Central America and Ecuador are primarily denominated in U.S. Dollars. In Brazil, Canada, Chile, and South Africa, significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-related expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-

related expenses are denominated in a mix of local currency and U.S. dollars. Our foreign currency denominated revenues and expenses are translated into U.S. dollars at average exchange rates for inclusion in our consolidated financial statements.

For the year ended December 31, 2020, approximately 20.4% of our total cash site leasing revenue was generated by our international operations, of which 14.5% was generated in non-U.S. dollar currencies, including 11.4% which was denominated in Brazilian Reais. The exchange rates between our foreign currencies and the U.S. Dollar have fluctuated significantly in recent years and may continue to do so in the future. For example, the Brazilian Real has historically been subject to substantial volatility and weakened 22.8% when comparing the average rate for the years ended December 31, 2020 and 2019. This trend has affected, and may in the future continue to affect, our reported results of operations.

Changes in exchange rates between these local currencies and the U.S. dollar will affect the recorded levels of site leasing revenue, segment operating profit, assets and/or liabilities. Volatility in foreign currency exchange rates can also affect our ability to plan, forecast and budget for our international operations and expansion efforts.

Furthermore, we have intercompany loan agreements with our foreign subsidiaries to borrow in U.S. Dollars. As of December 31, 2020 and 2019, the aggregate amount outstanding under the intercompany loan agreements subject to remeasurement with our foreign subsidiaries was \$909.8 million and \$899.7 million, respectively. In accordance with ASC 830, we remeasure foreign denominated intercompany loans with the corresponding change in the balance being recorded in Other income (expense), net in our Consolidated Statements of Operations as settlement is anticipated or planned in the foreseeable future. Consequently, if the U.S. Dollar strengthens against the Brazilian Real or the South African Rand, our results of operations would be adversely affected. For the years ended December 31, 2020 and 2019, we recorded a \$145.6 million loss and a \$9.0 million gain, net of taxes, respectively, on the remeasurement of intercompany loans due to changes in foreign exchange rates. For the year ended December 31, 2020, we repaid \$25.8 million under our intercompany loan with our Brazilian subsidiary.

Delays in the roll-out of new spectrum, due to a slowdown in demand for wireless services, the inability or unwillingness of wireless service providers to invest in their infrastructure or delays in the availability of new spectrum could materially and adversely affect our future growth and revenues.

We expect a significant portion of our future revenue growth will result from investments in the deployment of new or fallow spectrum by our wireless service provider customers. Wireless service providers typically invest in their networks in response to consumer demand for additional or higher quality service. If consumers significantly reduce their use of wireless services or fail to widely adopt and use new wireless technologies and their products and applications, our wireless service provider customers could experience a reduction in the rate of growth of or a decrease in demand for their services and therefore reduce the amount they invest in their network.

Regardless of consumer demand, each wireless service provider must have substantial capital resources and capabilities to deploy new spectrum in their wireless networks, including licenses for spectrum. If some or all of our wireless service providers are unwilling or unable to significantly invest in their networks, it could adversely affect our revenue growth. However, if any of these wireless service provider customers or other wireless service providers are unable to access sufficient capital to develop their spectrum, then overall demand for our towers and services could be adversely affected.

The FCC continues to auction new bands of spectrum, including CBRS and C-Band. Our customers have been and are expected to be the primary winners of these auctions and subsequently deploy this spectrum on our portfolio which would provide us with a revenue growth opportunity. Any delays or failure of these auctions could negatively impact future demand for our towers. Similarly, any delays in the clearing or availability of this spectrum subsequent to these auctions could delay the related demand for our towers.

New technologies or network architecture or changes in a customer's business model may reduce demand for our wireless infrastructure or negatively impact our revenues.

Improvements or changes in the efficiency, architecture, and design of wireless networks or changes in a wireless service provider customer's business model may reduce the demand for our wireless infrastructure. Also, as customers deploy increased capital to develop and implement new technologies, they may allocate less of their budgets to lease space on our towers. For example, new technologies that may promote network sharing, joint development, or resale agreements by our wireless service provider customers, such as signal combining technologies or network functions virtualization, may reduce the need for our wireless infrastructure, or may result in the decommissioning of equipment on certain sites because portions of the customers' networks may become redundant. In addition, other technologies and architectures, such as WiFi, DAS, femtocells, other small cells, or satellite

(such as low earth orbiting) and mesh transmission systems may, in the future, serve as substitutes for, or alternatives to, the traditional macro site communications architecture that is the basis of substantially all of our site leasing business. The majority of our tower portfolio comprises traditional macro sites and therefore is not as diversified into non-macro sites and other technologies and architectures as some of our competitors. In addition, new technologies that enhance the range, efficiency, and capacity of wireless equipment could reduce demand for our wireless infrastructure. For example, our wireless service provider customers have engaged in increased use of network sharing, roaming, or resale arrangements, resulting in reduced capital spending or a decision to sell or not renew their spectrum licenses or concessions. Any significant reduction in demand for our wireless infrastructure resulting from new technologies or new architectures or changes in a customer's business model may negatively impact our revenues or otherwise have a material adverse effect. Any such event may have a disproportionate impact on our business compared to our competitors, whose portfolios may be more technologically and architecturally diversified than ours. In addition, while we are exploring and investing in ancillary services and emerging technologies, including our mobile edge computing initiative and private networks, those investments may not prove to be profitable, which could divert management's attention from other value-enhancing opportunities.

These factors could also have a material adverse effect on our growth rate since growth opportunities and demand for our tower space as a result of new technologies may not be realized at the times or to the extent anticipated. Any of these factors could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to protect our rights to the land under our towers, it could adversely affect our business and operating results.

Our real property interests relating to the land under our tower structures consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses, rights-of-way, and other similar interests. From time to time, we experience disputes with landowners regarding the terms of the agreements for the land under our tower structures, which can affect our ability to access and operate such towers. Further, landowners may not want to renew their agreements with us, they may lose their rights to the land, or they may transfer their property interests to third parties, including property interest aggregators and our competitors, which could affect our ability to renew agreements on commercially viable terms or at all. We currently have 35-year non-terminable leases with Oi, one of Brazil's largest telecommunications providers, with respect to 2,113 towers that we acquired in 2013. The land underneath these towers is currently subject to a concession from the Federal Republic of Brazil that expires in 2025. At the end of the term, the Brazilian government will have the right to (1) renew the concession upon newly negotiated terms or (2) terminate the concession and take possession of the land and the tower on such land. At the time we acquired the towers, we also entered into a right of first refusal to purchase such land to the extent that the Brazilian regulations permit those assets to be sold. Brazil has recently adopted a new telecommunications law that is expected to provide Oi and/or the Brazilian government rights to sell the land underlying these assets; however, as the regulations implementing this new law have not yet been promulgated, the amount, if at all, that we would be required to pay to purchase such interests is undetermined. If the concession is not renewed and we are unable to purchase the land, then our site leasing revenue from co-located tenants would terminate prior to the end of such lease. For the year ended December 31, 2020, we generated 6.9% of our total international site leasing revenue from these 2,113 towers.

As of December 31, 2020, the average remaining life under our ground leases and other property interests, including renewal options under our control, was approximately 35 years, and approximately 10.6% of our tower structures have ground leases or other property interests maturing in the next 10 years. Failure to protect our rights to the land under our towers may have a material adverse effect on our business, results of operations or financial condition.

We may not be able to fully recognize the anticipated benefits of towers that we acquire.

A key element of our growth strategy is to increase our tower portfolio through acquisitions. We are subject to a number of risks and uncertainties as a result of those acquisition activities. These activities may fail to achieve the benefits we expected from the acquisition or the acquired assets may not meet our internal guidelines for current and future returns, particularly if we are required to place greater reliance on the financial and operational representations and warranties of the sellers in individually material acquisitions. The impact of these risks is further enhanced in acquisitions of towers in international markets, where it may be more challenging to analyze and verify all relevant information with respect to the assets being acquired. These risks could adversely affect our revenues and results of operations.

In addition, acquisitions which would be material in the aggregate may exacerbate the risks inherent with our growth strategy, such as (1) an adverse financial impact if the acquired towers do not achieve the projected financial results, (2) the impact of unanticipated costs associated with the acquisitions on our results of operations, (3) increased demands on our cash resources that may impact our ability to explore other opportunities, (4) undisclosed and assumed liabilities that we may be unable to recover, (5) an adverse impact on our existing customer relationships, (6) additional expenses and exposure to new regulatory, political and economic risks, and (7) diversion of managerial attention.

The process of integrating any acquired towers into our operations is also subject to a number of risks and financial impacts, including unforeseen operating difficulties, large expenditures, diversion of management attention, the loss of key customers and/or personnel, our inability to retain or timely find suitable replacements for key employees and management needed to operate the acquired business, and exposure to unanticipated liabilities. These risks may be exacerbated in acquisitions of a material number of towers. There can be no assurance that we will be successful in integrating domestic and international acquisitions into our existing business.

The documents governing our indebtedness contain restrictive covenants that could adversely affect our business by limiting our flexibility.

The indentures governing the 2016 Senior Notes, the 2020 Senior Notes, the 2021 Senior Notes, the Senior Credit Agreement, and the agreement for the mortgage loan underlying the Tower Securities contain restrictive covenants imposing significant operational and financial restrictions on us, including restrictions that may limit our ability to engage in acts that may be in our long-term best interests. Among other things, the covenants under each instrument limit our ability to:

- merge, consolidate or sell assets;
- make restricted payments, including pay dividends or make other distributions;
- enter into transactions with affiliates;
- enter into sale and leaseback transactions; and
- issue guarantees of indebtedness.

Additionally, the mortgage loan relating to our Tower Securities contains financial covenants that require that the borrowers maintain, on a consolidated basis, a minimum debt service coverage ratio. To the extent that the debt service coverage ratio, as of the end of any calendar quarter, falls to 1.30 times or lower, then all cash flow in excess of amounts required to make debt service payments, to fund required reserves, to pay management fees and budgeted operating expenses and to make other payments required under the loan documents, referred to as “excess cash flow,” will be deposited into a reserve account instead of being released to the borrowers. The funds in the reserve account will not be released to the borrowers unless the debt service coverage ratio exceeds 1.30 times for two consecutive calendar quarters. If the debt service coverage ratio falls below 1.15 times as of the end of any calendar quarter, then an “amortization period” will commence and all funds on deposit in the reserve account will be applied to prepay the mortgage loan until such time that the debt service coverage ratio exceeds 1.15 times for a calendar quarter.

We are required to maintain certain financial ratios under the Senior Credit Agreement. The Senior Credit Agreement, as amended, requires SBA Senior Finance II to maintain specific financial ratios, including (1) a ratio of Consolidated Net Debt to Annualized Borrower EBITDA not to exceed 6.5 times for any fiscal quarter and (2) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Senior Credit Agreement) of not less than 2.0 times for any fiscal quarter.

These covenants could place us at a disadvantage compared to some of our competitors which may have fewer restrictive covenants and may not be required to operate under these restrictions. Further, these covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, merger and acquisitions or other opportunities. If we fail to comply with these covenants, it could result in an event of default under our debt instruments. If any default occurs, all amounts outstanding under our outstanding notes and the Senior Credit Agreement may become immediately due and payable.

Our dependence on our subsidiaries for cash flow may negatively affect our business.

We are a holding company with no business operations of our own. Our only significant assets are, and are expected to be, the outstanding capital stock and membership interests of our subsidiaries. We conduct, and expect to continue conducting, all of our business operations through our subsidiaries. Accordingly, our ability to pay our obligations is dependent upon dividends and other distributions from our subsidiaries to us. Most of our indebtedness is owed directly by our subsidiaries, including the mortgage loan underlying the Tower Securities, the Term Loans and any amounts that we may borrow under the Revolving Credit Facility. Consequently, the first use of any cash flow from operations generated by such subsidiaries will be payments of interest and principal, if any, under their respective indebtedness. Other than the cash required to repay amounts due under our 2016 Senior Notes, 2020 Senior Notes, and 2021 Senior Notes, and funds to be utilized for stock repurchases and dividend payments, we currently expect that substantially all the earnings and cash flow of our subsidiaries will be retained and used by them in their operations, including servicing their respective debt obligations. The ability of our operating subsidiaries to pay dividends or transfer assets to us is restricted by applicable state law and contractual restrictions, including the terms of their outstanding debt instruments.

The loss of the services of certain of our key personnel or a significant number of our employees may negatively affect our business.

Our success depends to a significant extent upon performance and active participation of our key personnel. We cannot guarantee that we will be successful in retaining the services of these key personnel. Although we have employment agreements with Jeffrey A. Stoops, our President and Chief Executive Officer, Kurt L. Bagwell, our Executive Vice President and President—International, Thomas P. Hunt, our Executive Vice President, Chief Administrative Officer and General Counsel, and Brendan T. Cavanagh, our Executive Vice President and Chief Financial Officer, these agreements do not ensure that those members will continue with us in their current capacity for any particular period of time. We do not have employment agreements with any of our other key personnel. If any of our key personnel were to leave or retire, we may not be able to find an appropriate replacement on a timely basis and our results of operations could be negatively affected. Further, the loss of a significant number of employees or our inability to hire a sufficient number of qualified employees could have a material adverse effect on our business.

Our business is subject to government regulations and changes in current or future regulations could harm our business.

We are subject to federal, state and local regulation of our business, both in the U.S. and internationally. In the U.S., both the FAA and the FCC regulate the construction, modification, and maintenance of towers and structures that support antennas used for wireless communications and radio and television broadcasts. In addition, the FCC separately licenses and regulates wireless communications equipment, wireless radio stations, and radio and television broadcast stations operating from such towers. FAA and FCC regulations govern construction, lighting, painting, and marking of towers and may, depending on the characteristics of the tower, require registration of the tower. Certain proposals to construct new towers or to modify existing towers are reviewed by the FAA to ensure that the tower will not present a hazard to air navigation. Further, as a result of our recent acquisition of a building containing a data center, we also acquired a limited number of residential apartment units and became subject to additional federal, state and local laws and regulations such as building, zoning, landlord/tenant, health and safety, and accessibility governing residential housing.

Tower owners may have an obligation to mark or paint such towers or install lighting to conform to FAA and FCC regulations and to maintain such marking, painting and lighting. Tower owners may also bear the responsibility of notifying the FAA of any lighting outages. Certain proposals to operate wireless communications and radio or television broadcast stations from towers are also reviewed by the FCC to ensure compliance with environmental impact requirements established in federal statutes, including NEPA, NHPA and ESA. Failure to comply with existing or future applicable requirements may lead to civil penalties or other liabilities and may subject us to significant indemnification liability to our customers against any such failure to comply. In addition, new regulations may impose additional costly burdens on us, which may affect our revenues and cause delays in our growth. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers, vary greatly, but typically require tower owners to obtain approval from local officials or community standards organizations prior to tower construction or modification. Local regulations can delay, prevent, or increase the cost of new construction, co-locations, or site upgrades, thereby limiting our ability to respond to customer demand. In addition, new regulations may be adopted that increase delays or result in additional costs to us. In our international operations, the impact of these zoning, permitting and related regulations and restrictive covenants on our new builds, co-locations and operations could be exacerbated as some of these markets may lack established permitting processes for towers, have inconsistencies between national and local regulations and have other barriers to timely construction and permitting of towers. As a result, tower construction in some of our international markets may be delayed or halted or our acquired towers may not perform as anticipated. These factors could have a material adverse effect on our future growth and operations.

Security breaches and other disruptions could compromise our information, which would cause our business and reputation to suffer.

As part of our day-to-day operations, we rely on information technology and other computer resources and infrastructure to carry out important business activities and to maintain our business records. Our computer systems, or those of our cloud or Internet-based providers, could fail on their own accord and are subject to interruption or damage from power outages, computer and telecommunications failures, computer viruses, security breaches (including through cyber-attack and data theft), errors, catastrophic events such as natural disasters and other events beyond our control. If our or our vendors' computer systems and backup systems are compromised, degraded, damaged, or breached, or otherwise cease to function properly, we could suffer interruptions in our operations or unintentionally allow misappropriation of proprietary or confidential information (including information about our tenants or landlords). This could damage our reputation and disrupt our operations and the services we provide to customers, which could adversely affect our business and operating results. In addition, security incidents that impact our customers and other business partners could adversely affect our business and operating results. Furthermore, our investments in ancillary services and emerging technologies, including data centers and our mobile edge computing initiative, may leave us more vulnerable to security incidents,

create new exposure for us to different types of security incidents or exacerbate the impact of such incidents on our business and operating results.

Data privacy and protection laws are evolving globally and present risks related to our handling of sensitive data that could result in regulatory penalties or litigation.

A portion of the activities that support our business involve collection, storage and transfer of sensitive data of our employees, tenants, ground lessors and other third parties, including residential tenants as a result of our recent data center acquisition that included a limited number of residential apartment units. In recent years there has been increased public attention regarding the protection of personal data and security of data transfers, accompanied by legislation and regulations intended to strengthen data protection and information security. The evolving nature of privacy laws in the U.S., Brazil and other countries where we have operations could impact our compliance costs in handling such data. Many data privacy regulations also grant private rights of action, including Brazil's new General Data Protection Law and certain state laws, such as California's Consumer Privacy Act. As interpretation and enforcement of these and other future data privacy regulations and industry standards evolve, we may incur costs related to litigation or regulatory penalties if we are non-compliant.

Damage from natural disasters and other unforeseen events could adversely affect us.

Our towers are subject to risks associated with natural disasters such as tornadoes, fires, hurricanes, and earthquakes or may collapse for any number of reasons, including structural deficiencies. In addition, we have energy sources on some of our tower sites, and any unforeseen incident may cause damage to surrounding property. We maintain insurance to cover the estimated cost of replacing damaged towers and damage to surrounding property, but these insurance policies are subject to loss limits and deductibles. We also maintain third party liability insurance, subject to loss limits and deductibles, to protect us in the event of an accident involving a tower. An incident involving our towers or tower sites for which we are uninsured or underinsured, or damage to a significant number of our towers or surrounding property, could require us to incur significant expenditures and may have a material adverse effect on our operations or financial condition and may harm our reputation.

To the extent that we are not able to meet our contractual obligations to our customers, due to a natural disaster or other catastrophic circumstances, our customers may not be obligated or willing to pay their lease expenses; however, we may be required to continue paying our fixed expenses related to the affected tower, including expenses for ground leases and other property interests. If we are unable to meet our contractual obligations to our customers for a material portion of our towers, our operations could be materially and adversely affected.

We could have liability under environmental laws that could have a material adverse effect on our business, financial condition and results of operations.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state, local and foreign environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials, and wastes. As owner, lessee, or operator of numerous tower structures, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials without regard to whether we, as the owner, lessee, or operator, knew of or were responsible for the contamination. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The current cost of complying with these laws is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

We could suffer adverse tax and other financial consequences if taxing authorities do not agree with our tax positions.

We are periodically subject to a number of tax examinations by taxing authorities in the states and countries where we do business. We also have significant net operating losses ("NOLs") in U.S. federal and state taxing jurisdictions. Generally, for U.S. federal and state tax purposes, NOLs generated prior to the 2018 tax year can be carried forward and used for up to 20 years, and all of our tax years will remain subject to examination until three years after our NOLs are used or expire. NOLs generated starting in the 2018 tax year can be carried forward indefinitely but are subject to the 80% utilization limitation. We expect that we will continue to be subject to tax examinations in the future. In addition, U.S. federal, state and local, as well as international, tax laws and regulations are extremely complex and subject to varying interpretations. If our tax benefits, including from our use of NOLs or other tax

attributes, are challenged successfully by a taxing authority, we may be required to pay additional taxes or penalties, or make additional distributions, which could have a material adverse effect on our business, results of operations and financial condition.

Our issuance of equity securities and other associated transactions may trigger a future ownership change which may negatively impact our ability to utilize NOLs in the future.

The issuance of equity securities and other associated transactions may increase the chance that we will have a future ownership change under Section 382 of the Internal Revenue Code of 1986 (“Code”). We may also have a future ownership change, outside of our control, caused by future equity transactions by our current shareholders. Depending on our market value at the time of such future ownership change, an ownership change under Section 382 could negatively impact our ability to utilize our NOLs and could result in us having to make additional cash distributions.

Our costs could increase and our revenues could decrease due to perceived health risks from RF energy.

The U.S. and other foreign governments impose requirements and other guidelines relating to exposure to RF energy. Exposure to high levels of RF energy can cause negative health effects. The potential connection between exposure to low levels of RF energy and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. According to the FCC, the results of these studies to date have been inconclusive. However, public perception of possible health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, health risks could cause a decrease in the demand for wireless communications services. Moreover, if a connection between exposure to low levels of RF energy and possible negative health effects, including cancer, were demonstrated, we could be subject to numerous claims. Our current policies provide no coverage for claims based on RF energy exposure. If we were subject to claims relating to exposure to RF energy, even if such claims were not ultimately found to have merit, our financial condition could be materially and adversely affected.

The recent COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material adverse effect on our business operations, results of operations, cash flows and financial condition.

In December 2019, a novel strain of coronavirus, COVID-19, was identified in China. This virus continues to spread globally and in March 2020, the World Health Organization declared COVID-19 a pandemic. In December 2020, the first COVID-19 vaccine was released to the U.S. public for distribution. Public and private sector responsive measures, such as the imposition of travel restrictions, quarantines, adoption of remote working, and suspension of non-essential business and government services, could impact our operations. In addition, COVID-19 continues to significantly impact worldwide economic conditions, including negatively impacting economic growth and creating disruption and volatility in the global financial and capital markets. Among other things, COVID-19 and the responsive measures that have been adopted may adversely affect:

- the ability of our suppliers and vendors to provide products and services to us;
- demand for our wireless infrastructure;
- our ability to build new towers or the ability of our customers to install new antennas on an existing tower, including as a result of delays or suspensions in the issuance of permits or other authorizations needed to increase the number of our tenants or amend our tenant leases;
- interest rates and the overall availability and cost of capital, which could affect our ability to continue to grow our asset portfolio or pursue new business initiatives;
- the financial condition of wireless service providers;
- the ability and willingness of wireless service providers to maintain or increase capital expenditures;
- the ability of our tenants to make lease payments on a timely basis; and
- the willingness of our tenants to renew their existing leases for additional terms.

In addition, our results of operations may be negatively affected by foreign currency adjustments resulting from the COVID-19 pandemic, including the recent strengthening of the U.S. Dollar against the currencies in certain international markets in which we operate. The extent of the impact of COVID-19 on our business operations, results of operations, cash flows, and financial condition, will depend on future developments, including the duration and spread of the pandemic and related government restrictions, all of which are uncertain and cannot be predicted. Additionally, if the COVID-19 pandemic results in a global recession, the negative impacts of the pandemic on our operating results may worsen or be prolonged.

Risks Related to Our Status as a REIT

Complying with the REIT requirements may cause us to liquidate assets or hinder our ability to pursue otherwise attractive asset acquisition opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our shareholders. For example, to qualify as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and “real estate assets” (as defined in the Code), including towers and certain mortgage loans and securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a taxable REIT subsidiary (“TRS”)) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate assets.

In addition to the asset tests set forth above, to qualify and be subject to tax as a REIT, we will generally be required to distribute at least 90% of our REIT taxable income after the utilization of any available NOLs (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our shareholders. Our determination as to the timing or amount of future dividends will be based on a number of factors, including investment opportunities around our core business and the availability of our existing NOLs. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income (after the application of available NOLs, if any), we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our shareholders for a calendar year is less than a minimum amount specified under the Code. These distribution requirements could hinder our ability to pursue otherwise attractive asset acquisition opportunities. Furthermore, our ability to compete for acquisition opportunities in domestic and international markets may be adversely affected if we need, or require, the target company to comply with certain REIT requirements. These actions could have the effect of reducing our income, amounts available for distribution to our shareholders and amounts available for making payments on our indebtedness.

Qualifying as a REIT involves highly technical and complex provisions of the Code. If we fail to qualify as a REIT or fail to remain qualified as a REIT, to the extent we have REIT taxable income and have utilized our NOLs, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

If we fail to qualify as a REIT in any taxable year, to the extent we have REIT taxable income and have utilized our NOLs, we would be subject to U.S. federal income tax on our taxable income at regular corporate rates, and dividends paid to our shareholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of our common stock. Unless we were entitled to relief under certain provisions of the Code, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify as a REIT. If we fail to qualify for taxation as a REIT, we may need to borrow additional funds or liquidate assets to pay any additional tax liability. Accordingly, funds available for investment and making payments on our indebtedness would be reduced.

We may be required to borrow funds, sell assets, or raise equity to satisfy our REIT distribution requirements.

From time to time, we may generate REIT taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings,

sales or offerings, to enable us to satisfy the REIT distribution requirement and to avoid U.S. federal corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs and our leverage, decrease our Adjusted Funds From Operations or require us to distribute amounts that would otherwise be invested in future acquisitions or stock repurchases.

Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our common stock. Furthermore, compliance with the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth, or expansion initiatives, which would increase our total leverage.

Covenants specified in our current and future debt instruments may limit our ability to make required REIT distributions.

The Senior Credit Agreement, the mortgage loan agreement related to our securitization transactions and the indentures governing our 2016 Senior Notes, 2020 Senior Notes, and 2021 Senior Notes contain certain covenants that could limit our ability to make distributions to our shareholders. Under the Senior Credit Agreement, our subsidiaries may make distributions to us to satisfy our REIT distribution requirements and additional amounts to distribute up to 100% of our REIT taxable income, so long as SBA Senior Finance II's ratio of Consolidated Net Debt to Annualized Borrower EBITDA does not exceed 6.5 times for any fiscal quarter. In addition, under the mortgage loan agreement related to our securitization transactions, or Securitization, a failure to comply with the Debt Service Coverage Ratio in that agreement could prevent our borrower subsidiaries from distributing any excess cash from the operation of their towers to us. Finally, while the indentures governing the 2016 Senior Notes, 2020 Senior Notes, and 2021 Senior Notes permit us to make distributions to our shareholders to the extent such distributions are necessary to maintain our status as a REIT or to avoid entity level taxation, this authority is subject to the conditions that no default or event of default exists or would result therefrom and that the obligations under the 2016 Senior Notes, 2020 Senior Notes, or 2021 Senior Notes, as applicable, have not otherwise been accelerated.

If these limitations prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If these limitations do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax, and potentially the nondeductible 4% excise tax, on the retained amounts.

Our payment of cash distributions in the future is not guaranteed and the amount of any future cash distributions may fluctuate, which could adversely affect the value of our Class A common stock.

REITs are required to distribute annually at least 90% of their REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). As of December 31, 2020, \$651.1 million of our federal NOLs are attributes of the REIT. We may use these NOLs to offset our REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as the NOLs have been fully utilized, which may adversely affect the market value of our Class A common stock. The Code places limitations upon the future availability of NOLs based upon changes in our equity. If these occur, our ability to offset future income with existing NOLs may be limited.

The amount of future distributions will be determined, from time to time, by our Board of Directors to balance our goal of increasing long-term shareholder value and retaining sufficient cash to implement our current capital allocation policy, which prioritizes investment in quality assets that meet our return criteria, and then stock repurchases, when we believe our stock price is below its intrinsic value. The actual timing and amount of distributions will be as determined and declared by our Board of Directors and will depend on, among other factors, our NOLs, our financial condition, earnings, debt covenants and other possible uses of such funds. Consequently, our future distribution levels may fluctuate.

Certain of our business activities may be subject to corporate level income tax and foreign taxes, which would reduce our cash flows, and would have potential deferred and contingent tax liabilities.

We may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's length basis. Any of these taxes would decrease our earnings and our available cash.

Our TRS assets and operations also will continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. If we continue our international expansion, we

may have additional TRS assets and operations subject to such taxes. Any of these taxes would decrease our earnings and our available cash.

Our use of TRSs may cause us to fail to qualify as a REIT.

The net income of our TRSs is not required to be distributed to us, and such undistributed TRS income is generally not subject to our REIT distribution requirements. However, if the accumulation of cash or reinvestment of significant earnings in our TRSs causes the fair market value of our securities in those entities, taken together with other non-qualifying assets, to represent more than 20% (25% for taxable years beginning prior to December 31, 2017) of the value of our total assets, in each case, as determined for REIT asset testing purposes, we would, absent timely responsive action, fail to qualify as a REIT. If we continue our international expansion, we may have increased net income from TRSs, which may cause us to rise above these thresholds.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury. Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, U.S. Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the U.S. federal income tax consequences to our investors and us of such qualification.

Our Board's ability to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders.

Our articles of incorporation provide that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders, if any, in computing our taxable income, and to the extent we have taxable income and have utilized our NOLs, we will be subject to U.S. federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our shareholders.

We began operating as a REIT in 2016, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations.

We began operating as a REIT in 2016 and may not be able to continue to operate successfully as a REIT. In addition, we are required to maintain substantial control systems and procedures in order to maintain our status as a REIT. We have also incurred additional legal, accounting and other expenses that we did not incur prior to operating as a REIT and our management and other personnel have devoted additional time to comply with these rules and regulations and controls required for continued compliance with the Code. These factors may adversely affect our performance as a REIT. If our performance is adversely affected, it could affect our financial condition, results of operations, cash flow and ability to satisfy our debt service obligations.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividends. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. REIT ordinary income distributions are generally eligible for a 20% deduction to the extent distributed out of the REIT's taxable income.

Risks Related to Ownership of our Class A Common Stock

The REIT-related ownership and transfer restrictions may restrict or prevent our shareholders from engaging in certain transfers of our common stock.

In order for us to satisfy the requirements for REIT qualification, no more than 50% in value of all classes or series of our outstanding shares of stock may be owned, beneficially or constructively, by 5 or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year (other than the first year for which an election to be subject to tax

as a REIT has been made). In addition, our capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be taxed as a REIT has been made). Our articles of incorporation contain REIT-related ownership and transfer restrictions that generally restrict shareholders from owning more than 9.8%, by value or number of shares, whichever is more restrictive, of our outstanding shares of Class A common stock, or 9.8% in aggregate value of the outstanding shares of all classes and series of our capital stock. Under applicable constructive ownership rules, any shares of stock owned by certain affiliated owners generally would be added together for purposes of the ownership limits. These ownership and transfer restrictions could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our capital stock or otherwise be in the best interest of our shareholders.

Our articles of incorporation, our bylaws and Florida law provide for anti-takeover provisions that could make it more difficult for a third party to acquire us.

Provisions of our articles of incorporation, our bylaws and Florida law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our shareholders. These provisions, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of our Class A common stock, or could limit the ability of our shareholders to approve transactions that they may deem to be in their best interests.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own our headquarters in Boca Raton, Florida where we currently have approximately 160,000 square feet of office space. We also own or have entered into long-term leases for international and regional locations convenient for the management and operation of our site leasing activities, and in certain site development office locations where we expect our activities to be longer-term. We believe our existing facilities are adequate for our current and planned levels of operations and that additional office space suited for our needs is reasonably available in the markets within which we operate.

Our interests in towers and the land beneath them are comprised of a variety of fee interests, leasehold interests created by long-term lease agreements, perpetual easements, easements, licenses, rights-of-way, and other similar interests. As of December 31, 2020, approximately 71% of our tower structures were located on parcels of land that we own, land subject to perpetual easements, or parcels of land that have an interest that extends beyond 20 years. The average remaining life under our ground leases and other property interests, including renewal options under our control, is 35 years. In rural areas, support for our towers, equipment shelters, and related equipment requires a tract of land typically up to 10,000 square feet. Less than 2,500 square feet is required for a monopole or self-supporting tower of the kind typically used in metropolitan areas for wireless communications towers. Ground leases and other property interests are generally for an initial term of five years or more with multiple renewal periods, for a total of 30 years or more.

Most of our towers have significant capacity available for additional antennas. We measure the available capacity of our existing facilities to support additional tenants and generate additional lease revenue by assessing several factors, including tower height, tower type, wind loading, environmental conditions, existing equipment on the tower and zoning and permitting regulations in effect in the jurisdiction where the tower is located. As of December 31, 2020, we had an average of 1.8 tenants per tower structure.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings relating to claims arising in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition, results of operations or liquidity.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for our Class A Common Stock

Our Class A common stock commenced trading under the symbol "SBAC" on The NASDAQ National Market System on June 16, 1999. We now trade on the NASDAQ Global Select Market, a segment of the NASDAQ Global Market, formally known as the NASDAQ National Market System.

As of February 18, 2021, there were 277 record holders of our Class A common stock.

Dividends

As a REIT, we are required to distribute annually at least 90% of our REIT taxable income after the utilization of any available NOLs (determined before the deduction for dividends paid and excluding any net capital gain). As of December 31, 2020, \$651.1 million of the federal NOLs are attributes of the REIT. We may use these NOLs to offset our REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as our NOLs have been fully utilized. The amount of future distributions will be determined, from time to time, by our Board of Directors to balance our goal of increasing long-term shareholder value and retaining sufficient cash to implement our current capital allocation policy, which prioritizes investment in quality assets that meet our return criteria, and then stock repurchases when we believe our stock price is below its intrinsic value. The actual amount, timing and frequency of future dividends, will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control.

Issuer Purchases of Equity Securities

The following table presents information related to our repurchases of Class A common stock during the fourth quarter of 2020:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/2020 - 10/31/2020	415,151	\$ 299.54	415,151	\$ 124,307,081
11/1/2020 - 11/30/2020	917,771	\$ 291.15	917,771	\$ 732,792,593
12/1/2020 - 12/31/2020	318,262	\$ 278.86	318,262	\$ 644,040,680
Total	<u>1,651,184</u>	\$ 290.89	<u>1,651,184</u>	\$ 644,040,680

- (1) On November 2, 2020, our Board of Directors authorized a new \$1.0 billion stock repurchase plan, replacing the prior plan authorized on July 29, 2019 which had \$124.3 million remaining from the previous authorization. This new plan authorizes the purchase, from time to time, of up to \$1.0 billion of our outstanding Class A common stock through open market repurchases in compliance with Rule 10b-18 under the Exchange Act and/or in privately negotiated transactions at management's discretion based on market and business conditions, applicable legal requirements and other factors. Shares repurchased will be retired. The new plan has no time deadline and will continue until otherwise modified or terminated by our Board of Directors at any time in its sole discretion. As of the date of this filing, we had \$500.0 million remaining under the current authorized stock repurchase plan.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the information contained in our consolidated financial statements and the notes thereto. The following discussion includes forward-looking statements that involve certain risks and uncertainties, including, but not limited to, those described in Item 1A. Risk Factors. Our actual results may differ materially from those discussed below. See "Special Note Regarding Forward-Looking Statements" and Item 1A. Risk Factors.

We are a leading independent owner and operator of wireless communications infrastructure, including tower structures, rooftops and other structures that support antennas used for wireless communications, which we collectively refer to as “towers” or “sites.” Our principal operations are in the United States and its territories. In addition, we own and operate towers in South America, Central America, Canada, and South Africa. Our primary business line is our site leasing business, which contributed 98.4% of our total segment operating profit for the year ended December 31, 2020. In our site leasing business, we (1) lease antenna space to wireless service providers on towers that we own or operate and (2) manage rooftop and tower sites for property owners under various contractual arrangements. As of December 31, 2020, we owned 32,923 towers, a substantial portion of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

Site Leasing

Our primary focus is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts in the United States, South America, Central America, Canada, and South Africa. As of December 31, 2020, (1) no U.S. state or territory accounted for more than 10% of our total tower portfolio by tower count, and (2) no U.S. state or territory accounted for more than 10% of our total revenues for the year ended December 31, 2020. In addition, as of December 31, 2020, approximately 30% of our total towers are located in Brazil and less than 4% of our total towers are located in any of our other international markets (each country is considered a market). We derive site leasing revenues primarily from wireless service provider tenants, including T-Mobile, AT&T, Verizon Wireless, Oi S.A., Telefonica, Claro, Tigo, and TIM. Wireless service providers enter into tenant leases with us, each of which relates to the lease or use of space at an individual site. In the United States and Canada, our tenant leases are generally for an initial term of five years to 10 years with multiple renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3-4% per year, including the renewal option periods. Tenant leases in South Africa and our Central and South American markets typically have an initial term of 10 years with multiple renewal periods. In Central America, we have similar rent escalators to that of leases in the United States and Canada while our leases in South America and South Africa escalate in accordance with a standard cost of living index. Site leases in South America typically provide for a fixed rental amount and a pass through charge for the underlying rent related to ground leases and other property interests.

Cost of site leasing revenue primarily consists of:

- Cash and non-cash rental expense on ground leases and other underlying property interests;
- Property taxes;
- Site maintenance and monitoring costs (exclusive of employee related costs);
- Utilities;
- Property insurance; and
- Lease initial direct cost amortization.

In the United States and our international markets, ground leases and other property interests are generally for an initial term of five years to 10 years with multiple renewal periods, at our option, and provide for rent escalators which typically average 2-3% annually, or in our South American markets and South Africa, adjust in accordance with a standard cost of living index. As of December 31, 2020, approximately 71% of our tower structures were located on parcels of land that we own, land subject to perpetual easements, or parcels of land in which we have a leasehold interest that extends beyond 20 years. For any given tower, costs are relatively fixed over a monthly or an annual time period. As such, operating costs for owned towers do not generally increase as a result of adding additional customers to the tower. The amount of property taxes varies from site to site depending on the taxing jurisdiction and the height and age of the tower. The ongoing maintenance requirements are typically minimal and include replacing lighting systems, painting a tower, or upgrading or repairing an access road or fencing.

In our Central American markets and Ecuador, significantly all of our revenue, expenses, and capital expenditures arising from our new build activities are denominated in U.S. dollars. Specifically, most of our ground leases and other property interests, tenant leases, and tower-related expenses are paid in U.S. dollars. In our Central American markets, our local currency obligations are principally limited to (1) permitting and other local fees, (2) utilities, and (3) taxes. In Brazil, Canada, Chile, and South Africa significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-related expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases and other property interests, and other tower-related expenses are denominated in a mix of local currency and U.S. dollars.

As indicated in the table below, our site leasing business generates substantially all of our total segment operating profit. For information regarding our operating segments, see Note 15 of our Consolidated Financial Statements included in this annual report.

<u>Segment operating profit as a percentage of total</u>	For the year ended		
	December 31,		
	2020	2019	2018
Domestic site leasing	81.0%	80.7%	81.2%
International site leasing	17.4%	17.0%	16.8%
Total site leasing	98.4%	97.7%	98.0%

We believe that the site leasing business continues to be attractive due to its long-term contracts, built-in rent escalators, high operating margins, and low customer churn (which refers to when a customer does not renew its lease or cancels its lease prior to the end of its term) other than in connection with customer consolidation or cessation of a particular technology. We believe that over the long-term, site leasing revenues will continue to grow as wireless service providers lease additional antenna space on our towers due to increasing minutes of network use and data transfer, network expansion and network coverage requirements. During 2021, we expect organic site leasing revenue in both our domestic and international segments to increase over 2020 levels due in part to wireless carriers deploying unused spectrum. We believe our site leasing business is characterized by stable and long-term recurring revenues, predictable operating costs and minimal non-discretionary capital expenditures. Due to the relatively young age and mix of our tower portfolio, we expect future expenditures required to maintain these towers to be minimal. Consequently, we expect to grow our cash flows by (1) adding tenants to our towers at minimal incremental costs by using existing tower capacity or requiring wireless service providers to bear all or a portion of the cost of tower modifications and (2) executing monetary amendments as wireless service providers add or upgrade their equipment. Furthermore, because our towers are strategically positioned, we have historically experienced low tenant lease terminations as a percentage of revenue other than in connection with customer consolidation or cessations of a specific technology.

Site Development

Our site development business, which is conducted in the United States only, is complementary to our site leasing business and provides us the ability to keep in close contact with the wireless service providers who generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities, such as antenna and equipment installation at our tower locations. Site development revenues are earned primarily from providing a full range of end to end services to wireless service providers or companies providing development or project management services to wireless service providers. Our services include: (1) network pre-design; (2) site audits; (3) identification of potential locations for towers and antennas on existing infrastructure; (4) support in leasing of the location; (5) assistance in obtaining zoning approvals and permits; (6) tower and related site construction; (7) antenna installation; and (8) radio equipment installation, commissioning, and maintenance. We provide site development services at our towers and at towers owned by others on a local basis, through regional, market, and project offices. The market offices are responsible for all site development operations.

For information regarding our operating segments, see Note 15 of our Consolidated Financial Statements included in this annual report.

Capital Allocation Strategy

Our capital allocation strategy is aimed at increasing shareholder value through investment in quality assets that meet our return criteria, stock repurchases when we believe our stock price is below its intrinsic value, and by returning cash generated by our operations in the form of cash dividends. While the addition of a cash dividend to our capital allocation strategy in 2019 has provided us with a new tool to return value to our shareholders, we will also continue to make investments focused on increasing Adjusted Funds From Operations per share. To achieve this, we expect to continue to deploy capital to portfolio growth and stock repurchases, subject to compliance with REIT distribution requirements, available funds and market conditions, while maintaining our target leverage levels. Key elements of our capital allocation strategy include:

Portfolio Growth. We intend to continue to grow our asset portfolio, domestically and internationally, primarily through tower acquisitions and the construction of new towers that meet our internal return on invested capital criteria.

Stock Repurchase Program. We currently utilize stock repurchases as part of our capital allocation policy when we believe our share price is below its intrinsic value. We believe that share repurchases, when purchased at the right price, will facilitate our goal of increasing our Adjusted Funds From Operations per share.

Dividend. In 2019, we added dividends as an additional component of our strategy of returning value to shareholders. We do not expect our dividend to require any changes in our leverage and, we believe, it will allow us to continue to focus on building and buying quality assets and opportunistically buying back our stock. While the timing and amount of future dividends will be subject to approval by our Board of Directors, we believe that our future cash flow generation will permit us to grow our cash dividend in the future.

COVID-19 Update

During the year ended December 31, 2020, we experienced minimal impact to our business or results of operations from the coronavirus (COVID-19) pandemic. The extent to which COVID-19 could adversely affect our future business operations will depend on future developments such as the duration of the outbreak, new information on the severity of COVID-19, and methods taken to contain or treat the outbreak of COVID-19. While the full impact of COVID-19 is not yet known, we will continue to monitor this recent outbreak and the potential effects on our business. For more information regarding COVID-19, refer to Item 1A. Risk Factors.

Critical Accounting Policies and Estimates

We have identified the policies and significant estimation processes below as critical to our business operations and the understanding of our results of operations. The listing is not intended to be a comprehensive list. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. In other cases, management is required to exercise judgment in the application of accounting principles with respect to particular transactions. The impact and any associated risks related to these policies on our business operations is discussed throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations" where such policies affect reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see Note 2 of our Consolidated Financial Statements for the year ended December 31, 2020, included herein. Our preparation of our financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates and such differences could be significant.

Revenue Recognition and Accounts Receivable

Revenue from site leasing is recognized on a straight-line basis over the current term of the related lease agreements, which are generally five years to 10 years. Receivables recorded related to the straight-lining of site leases are reflected in other assets on the Consolidated Balance Sheets. Rental amounts received in advance are recorded as deferred revenue on the Consolidated Balance Sheets. Revenue from site leasing represents 94% of our total revenue for the year ended 2020.

Site development projects in which we perform consulting services include contracts on a fixed price basis that are billed at contractual rates. Revenue is recognized over time based on milestones achieved, which are determined based on costs incurred. Amounts billed in advance (collected or uncollected) are recorded as deferred revenue on our Consolidated Balance Sheets.

Revenue from construction projects is recognized over time, determined by the percentage of cost incurred to date compared to management's estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on the contracts nears completion. Refer to Note 5 in our Consolidated Financial Statements included in this annual report for further detail of costs and estimated earnings in excess of billings on uncompleted contracts. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined to be probable.

The site development segment represents approximately 6% of our total revenues. We account for site development revenue in accordance with ASC 606, Revenue from Contracts with Customers, which was adopted on January 1, 2018 by applying the modified retrospective transition method. Payment terms do not result in any significant financing arrangements. Furthermore, these contracts do not typically include variable consideration; therefore, the transaction price that is recognized over time is generally the amount of the total contract. The cumulative effect of initially applying the new revenue standard had no impact on our financial results. The adoption of the new standard had no impact to net income on an ongoing basis.

The accounts receivable balance for the years ended December 31, 2020 and 2019 was \$74.1 million and \$132.1 million, respectively, of which \$14.3 and \$40.7 million related to the site development segment, respectively. We perform periodic credit evaluations of our customers. In addition, we monitor collections and payments from our customers and maintain a provision for

estimated credit losses based upon historical experience, specific customer collection issues identified, and past due balances as determined based on contractual terms. Interest is charged on outstanding receivables from customers on a case by case basis in accordance with the terms of the respective contracts or agreements with those customers. Amounts determined to be uncollectible are written off against the allowance for doubtful accounts in the period in which uncollectibility is determined to be probable. Refer to Note 15 in our Consolidated Financial Statements included in this annual report for further detail of the site development segment.

Lease Accounting

We adopted ASU No. 2016-02, Leases (“Topic 842”) using the modified retrospective adoption method with an effective date of January 1, 2019. This standard requires all lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. The adoption of the new lease standard had a significant impact on our Consolidated Balance Sheets but did not have a significant impact on our lease classification or a material impact on our Consolidated Statements of Operations and liquidity. Additionally, the adoption of Topic 842 did not have a material impact on our debt covenant compliance under our current agreements. We have elected to not separate nonlease components from the associated lease component for all underlying classes of assets.

In order to calculate our lease liability, we make certain assumptions related to lease term and discount rate. In making the determination of the period for which we are reasonably certain to remain on the site, we will assume optional renewals are reasonably certain of being exercised for the greater of: (1) a period sufficient to cover all tenants under their current committed term where we have provided rights to the tower not to exceed the contractual ground lease terms including renewals and (2) a period sufficient to recover the investment of significant leasehold improvements located on the site. For the discount rate, we use the rate implicit in the lease when available to discount lease payments to present value. However, our ground leases and other property interests generally do not provide a readily determinable implicit rate. Therefore, we estimate the incremental borrowing rate to discount lease payments based on the lease term and lease currency. We use publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates. Refer to Note 2 in our Consolidated Financial Statements included in this annual report for further discussion on lease accounting.

RESULTS OF OPERATIONS

This report presents our financial results and other financial metrics after eliminating the impact of changes in foreign currency exchange rates. We believe that providing these financial results and metrics on a constant currency basis, which are non-GAAP measures, gives management and investors the ability to evaluate the performance of our business without the impact of foreign currency exchange rate fluctuations. We eliminate the impact of changes in foreign currency exchange rates by dividing the current period’s financial results by the average monthly exchange rates of the prior year period, as well as by eliminating the impact of realized and unrealized gains and losses on our intercompany loans.

Year Ended 2020 Compared to Year Ended 2019

Revenues and Segment Operating Profit:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
Revenues	(in thousands)				
Domestic site leasing	\$ 1,558,311	\$ 1,487,108	\$ —	\$ 71,203	4.8%
International site leasing	396,161	373,750	(71,307)	93,718	25.1%
Site development	128,666	153,787	—	(25,121)	(16.3%)
Total	<u>\$ 2,083,138</u>	<u>\$ 2,014,645</u>	<u>\$ (71,307)</u>	<u>\$ 139,800</u>	6.9%
Cost of Revenues					
Domestic site leasing	\$ 256,673	\$ 258,413	\$ —	\$ (1,740)	(0.7%)
International site leasing	117,105	115,538	(23,306)	24,873	21.5%
Site development	102,750	119,080	—	(16,330)	(13.7%)
Total	<u>\$ 476,528</u>	<u>\$ 493,031</u>	<u>\$ (23,306)</u>	<u>\$ 6,803</u>	1.4%
Operating Profit					
Domestic site leasing	\$ 1,301,638	\$ 1,228,695	\$ —	\$ 72,943	5.9%
International site leasing	279,056	258,212	(48,001)	68,845	26.7%
Site development	25,916	34,707	—	(8,791)	(25.3%)

Revenues

Domestic site leasing revenues increased \$71.2 million for the year ended December 31, 2020, as compared to the prior year, primarily due to (1) revenues from 283 towers acquired and 38 towers built since January 1, 2019 and (2) organic site leasing growth, primarily from monetary lease amendments for additional equipment added to our towers as well as new leases and contractual rent escalators, partially offset by lease non-renewals.

International site leasing revenues increased \$22.4 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, international site leasing revenues increased \$93.7 million. These changes were primarily due to (1) revenues from 2,393 towers acquired and 694 towers built since January 1, 2019 and (2) organic site leasing growth from new leases, amendments, and contractual escalators. Site leasing revenue in Brazil represented 11.4% of total site leasing revenue for the period. No other individual international market represented more than 4% of our total site leasing revenue.

Site development revenues decreased \$25.1 million for the year ended December 31, 2020, as compared to prior year, as a result of decreased carrier activity driven primarily by T-Mobile and Sprint.

Operating Profit

Domestic site leasing segment operating profit increased \$72.9 million for the year ended December 31, 2020, as compared to the prior year, primarily due to additional profit generated by (1) towers acquired and built since January 1, 2019 and organic site leasing growth as noted above, (2) continued control of our site leasing cost of revenue, and (3) the positive impact of our ground lease purchase program.

International site leasing segment operating profit increased \$20.8 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, international site leasing segment operating profit increased \$68.8 million. These changes were primarily due to additional profit generated by (1) towers acquired and built since January 1, 2019 and organic site leasing growth as noted above, (2) continued control of our site leasing cost of revenue, and (3) the positive impact of our ground lease purchase program.

Site development segment operating profit decreased \$8.8 million for the year ended December 31, 2020, as compared to the prior year, as a result of decreased carrier activity driven primarily by T-Mobile and Sprint.

Selling, General, and Administrative Expenses:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Domestic site leasing	\$ 102,889	\$ 99,707	\$ —	\$ 3,182	3.2%
International site leasing	34,905	32,411	(4,058)	6,552	20.2%
Total site leasing	\$ 137,794	\$ 132,118	\$ (4,058)	\$ 9,734	7.4%
Site development	17,663	21,525	—	(3,862)	(17.9%)
Other	38,810	39,074	—	(264)	(0.7%)
Total	<u>\$ 194,267</u>	<u>\$ 192,717</u>	<u>\$ (4,058)</u>	<u>\$ 5,608</u>	2.9%

Selling, general, and administrative expenses increased \$1.6 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, selling, general, and administrative expenses increased \$5.6 million. These changes were primarily as a result of increases in personnel and other support related costs due in part to our continued international expansion and new business initiatives, as well as charitable contributions related to COVID-19 relief, partially offset by decreases in noncash compensation due to the acceleration of unrecognized stock compensation expense in the prior year related to the adoption of the retirement plan and travel related expenses.

Acquisition and New Business Initiatives Related Adjustments and Expenses:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Domestic site leasing	\$ 10,331	\$ 7,933	\$ —	\$ 2,398	30.2%
International site leasing	6,251	7,295	(960)	(84)	(1.2%)
Total	<u>\$ 16,582</u>	<u>\$ 15,228</u>	<u>\$ (960)</u>	<u>\$ 2,314</u>	15.2%

Acquisition and new business initiatives related adjustments and expenses increased \$1.4 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, acquisition and new business initiatives related adjustments and expenses increased \$2.3 million. These changes were primarily as a result of incremental costs incurred in support of new business initiatives.

Asset Impairment and Decommission Costs:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Domestic site leasing	\$ 28,887	\$ 24,202	\$ —	\$ 4,685	19.4%
International site leasing	11,210	8,899	(1,139)	3,450	38.8%
Total site leasing	\$ 40,097	\$ 33,101	\$ (1,139)	\$ 8,135	24.6%
Site Development	—	2	—	(2)	—%
Total	<u>\$ 40,097</u>	<u>\$ 33,103</u>	<u>\$ (1,139)</u>	<u>\$ 8,133</u>	24.6%

Asset impairment and decommission costs increased \$7.0 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, asset impairment and decommission costs increased \$8.1 million. These changes were primarily as a result of an increase in impairment charges resulting from our regular analysis of whether the future cash flows from certain towers are adequate to recover the carrying value of the investment in those towers, partially offset by decrease in the impairment charge related to sites decommissioned in the year ended December 31, 2020 compared to the prior year period.

Depreciation, Accretion, and Amortization Expense:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Domestic site leasing	\$ 539,399	\$ 527,718	\$ —	\$ 11,681	2.2%
International site leasing	174,073	161,183	(31,393)	44,283	27.5%
Total site leasing	\$ 713,472	\$ 688,901	\$ (31,393)	\$ 55,964	8.1%
Site development	2,356	2,341	—	15	0.6%
Other	6,142	5,836	—	306	5.2%
Total	<u>\$ 721,970</u>	<u>\$ 697,078</u>	<u>\$ (31,393)</u>	<u>\$ 56,285</u>	8.1%

Depreciation, accretion, and amortization expense increased \$24.9 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, depreciation, accretion, and amortization expense increased \$56.3 million. These changes were primarily due to an increase in the number of towers we acquired and built since January 1, 2019, partially offset by the impact of assets that became fully depreciated since the prior year period.

Operating Income (Expense):

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Domestic site leasing	\$ 620,132	\$ 569,135	\$ —	\$ 50,997	9.0%
International site leasing	52,617	48,424	(10,451)	14,644	30.2%
Total site leasing	\$ 672,749	\$ 617,559	\$ (10,451)	\$ 65,641	10.6%
Site development	5,897	10,839	—	(4,942)	(45.6%)
Other	(44,952)	(44,910)	—	(42)	0.1%
Total	<u>\$ 633,694</u>	<u>\$ 583,488</u>	<u>\$ (10,451)</u>	<u>\$ 60,657</u>	10.4%

Domestic site leasing operating income increased \$51.0 million for the year ended December 31, 2020, as compared to the prior year, primarily due to higher segment operating profit, partially offset by increases in depreciation, accretion, and amortization expense, asset impairment and decommission costs, selling, general, and administrative expenses, and acquisition and new business initiatives related adjustments and expenses.

International site leasing operating income increased \$4.2 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, international site leasing operating income increased \$14.6 million. These changes were primarily due to higher segment operating profit, partially offset by increases in depreciation, accretion, and amortization expense, selling, general, and administrative expenses, and asset impairment and decommission costs.

Site development operating income decreased \$4.9 million for the year ended December 31, 2020, as compared to the prior year, primarily due to lower segment operating profit driven by less activity from T-Mobile and Sprint, partially offset by a decrease in selling, general, and administrative expenses.

Other Income (Expense):

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Interest income	\$ 2,981	\$ 5,500	\$ (510)	\$ (2,009)	(36.5%)
Interest expense	(367,874)	(390,036)	73	22,089	(5.7%)
Non-cash interest expense	(24,870)	(3,193)	(1)	(21,676)	678.9%
Amortization of deferred financing fees	(20,058)	(22,466)	—	2,408	(10.7%)
Loss from extinguishment of debt, net	(19,463)	(457)	—	(19,006)	4,158.9%
Other (expense) income, net	(222,159)	14,053	(232,207)	(4,005)	(120.7%)
Total	<u>\$ (651,443)</u>	<u>\$ (396,599)</u>	<u>\$ (232,645)</u>	<u>\$ (22,199)</u>	5.4%

Interest income decreased \$2.5 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, interest income decreased \$2.0 million. These changes were primarily due to a lower rate of interest earned on both domestic and international investments.

Interest expense decreased \$22.2 million for the year ended December 31, 2020, as compared to the prior year. This change was primarily due to a lower weighted average interest rate due in part to the new interest rate swap entered into during third quarter of 2020, partially offset by a higher average principal amount of cash-interest bearing debt outstanding.

Non-cash interest expense increased \$21.7 million for the year ended December 31, 2020, as compared to the prior year primarily related to amortization of accumulated losses related to our interest rate swaps de-designated as cash flow hedges.

Amortization of deferred financing fees decreased \$2.4 million for the year ended December 31, 2020, as compared to the prior year. This change was primarily due to the repayment of the 2015-1C Tower Securities and 2016-1C Tower Securities in July 2020 and the redemption of the 2014 Senior Notes in February 2020, partially offset by the issuance of the 2019-1C Tower Securities in September 2019, 2020 Tower Securities in July 2020, 2020-1 Senior Notes in February 2020, and 2020-2 Senior Notes in May 2020.

Loss from extinguishment of debt was \$19.5 million for the year ended December 31, 2020 due to the payment of a \$9.1 million call premium and the write-off of \$7.7 million of the original issuance discount and financing fees related to the redemption of the 2014 Senior Notes in February 2020, as well as the write-off of \$2.6 million of unamortized financing fees related to the repayment of the 2015-1C and 2016-1C Tower Securities in July 2020. Loss from extinguishment of debt was \$0.5 million for the year ended December 31, 2019 due to the write-off of the unamortized financing fees and accrued interest associated with the repayment of the 2014-1C Tower Securities in September 2019.

Other (expense) income, net includes a \$220.4 million loss on the remeasurement of U.S. dollar denominated intercompany loans with foreign subsidiaries for the year ended December 31, 2020, while the prior year period included a \$10.7 million gain.

Benefit (Provision) for Income Taxes:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Benefit (provision) for income taxes	\$ 41,796	\$ (39,605)	\$ 78,846	\$ 2,555	(7.0%)

Benefit for income taxes increased \$81.4 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, benefit for income taxes increased \$2.6 million. These changes were primarily due to a decrease in state and foreign income taxes.

Net Income:

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
	(in thousands)				
Net income	\$ 24,047	\$ 147,284	\$ (164,250)	\$ 41,013	28.9%

Net income was \$24.0 million for the year ended December 31, 2020, as compared to net income of \$147.3 million in the prior year period. This change was primarily due to fluctuations in foreign currency exchange rates including changes recorded on the remeasurement of the U.S. dollar denominated intercompany loans with foreign subsidiaries, an increase in non-cash interest expense, and an increase in loss from extinguishment of debt in the current year period, partially offset by increases in operating income and benefit for income taxes and decreases in interest expense and amortization of deferred financing fees.

Year Ended 2019 Compared to Year Ended 2018

For a discussion of our 2019 Results of Operations, including a discussion of our financial results for the fiscal year ended December 31, 2019 compared to the fiscal year ended December 31, 2018, refer to Part I, Item 7 of our annual report on Form 10-K filed with the SEC on February 24, 2020.

NON-GAAP FINANCIAL MEASURES

This report contains information regarding Adjusted EBITDA, a non-GAAP measure. We have provided below a description of Adjusted EBITDA, a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure and an explanation as to why management utilizes this measure. This report also presents our financial results and other financial metrics after eliminating the impact of changes in foreign currency exchange rates. We believe that providing these financial results and metrics on a constant currency basis, which are non-GAAP measures, gives management and investors the ability to evaluate the performance of our business without the impact of foreign currency exchange rate fluctuations. We eliminate the impact of changes in foreign currency exchange rates by dividing the current period's financial results by the average monthly exchange rates of the prior year period, as well as by eliminating the impact of the remeasurement of our intercompany loans.

Adjusted EBITDA

We define Adjusted EBITDA as net income excluding the impact of non-cash straight-line leasing revenue, non-cash straight-line ground lease expense, non-cash compensation, net loss from extinguishment of debt, other income and expenses,

acquisition and new business initiatives related adjustments and expenses, asset impairment and decommission costs, interest income, interest expenses, depreciation, accretion, and amortization, and income taxes.

We believe that Adjusted EBITDA is useful to investors or other interested parties in evaluating our financial performance. Adjusted EBITDA is the primary measure used by management (1) to evaluate the economic productivity of our operations and (2) for purposes of making decisions about allocating resources to, and assessing the performance of, our operations. Management believes that Adjusted EBITDA helps investors or other interested parties to meaningfully evaluate and compare the results of our operations (1) from period to period and (2) to our competitors, by excluding the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation, amortization and accretion) from our financial results. Management also believes Adjusted EBITDA is frequently used by investors or other interested parties in the evaluation of REITs. In addition, Adjusted EBITDA is similar to the measure of current financial performance generally used by our lenders to determine compliance with certain covenants under our Senior Credit Agreement and the indentures relating to the 2016 Senior Notes, 2020 Senior Notes, and 2021 Senior Notes. Adjusted EBITDA should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

	For the year ended December 31,		Foreign	Constant	Constant
	2020	2019	Currency Impact	Currency Change	Currency % Change
(in thousands)					
Net income	\$ 24,047	\$ 147,284	\$ (164,250)	\$ 41,013	28.9%
Non-cash straight-line leasing revenue	(3,475)	(12,368)	(154)	9,047	(73.1%)
Non-cash straight-line ground lease expense	13,955	19,944	(48)	(5,941)	(29.8%)
Non-cash compensation	68,890	73,214	(1,152)	(3,172)	(4.3%)
Loss from extinguishment of debt, net	19,463	457	—	19,006	4,158.9%
Other expense (income), net	222,159	(14,053)	232,207	4,005	120.7%
Acquisition and new business initiatives related adjustments and expenses	16,582	15,228	(960)	2,314	15.2%
Asset impairment and decommission costs	40,097	33,103	(1,139)	8,133	24.6%
Interest income	(2,981)	(5,500)	510	2,009	(36.5%)
Interest expense ⁽¹⁾	412,802	415,695	(72)	(2,821)	(0.7%)
Depreciation, accretion, and amortization	721,970	697,078	(31,393)	56,285	8.1%
(Benefit) provision for income taxes ⁽²⁾	(40,895)	40,548	(78,848)	(2,595)	(7.0%)
Adjusted EBITDA	<u>\$ 1,492,614</u>	<u>\$ 1,410,630</u>	<u>\$ (45,299)</u>	<u>\$ 127,283</u>	9.0%

- (1) Total interest expense includes interest expense, non-cash interest expense, and amortization of deferred financing fees.
(2) (Benefit) provision for taxes includes \$901 and \$943 of franchise taxes for the year ended 2020 and 2019, respectively, reflected in selling, general, and administrative expenses on the Consolidated Statement of Operations.

Adjusted EBITDA increased \$82.0 million for the year ended December 31, 2020, as compared to the prior year. On a constant currency basis, Adjusted EBITDA increased \$127.3 million. These changes were primarily due to an increase in site leasing segment operating profit, partially offset by a decrease in site development segment operating profit and an increase in cash selling, general, and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

SBAC is a holding company with no business operations of its own. SBAC's only significant asset is 100% of the outstanding capital stock of SBA Telecommunications, LLC ("Telecommunications"), which is also a holding company that owns equity interests in entities that directly or indirectly own all of our domestic and international towers and assets. We conduct all of our business operations through Telecommunications' subsidiaries. Accordingly, our only source of cash to pay our obligations, other than financings, is distributions with respect to our ownership interest in our subsidiaries from the net earnings and cash flow generated by these subsidiaries.

A summary of our cash flows is as follows:

	For the year ended December 31,	
	2020	2019
	(in thousands)	
Cash provided by operating activities	\$ 1,126,033	\$ 970,045
Cash used in investing activities	(446,366)	(947,158)
Cash used in financing activities	(469,017)	(62,314)
Change in cash, cash equivalents, and restricted cash	210,650	(39,427)
Effect of exchange rate changes on cash, cash equiv., and restricted cash	(8,962)	2,247
Cash, cash equivalents, and restricted cash, beginning of year	141,120	178,300
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 342,808</u>	<u>\$ 141,120</u>

Operating Activities

Cash provided by operating activities was \$1.1 billion for the year ended December 31, 2020 as compared to \$970.0 million for the year ended December 31, 2019. The increase was primarily due to an increase in site leasing segment operating profit, cash inflows associated with working capital changes primarily from timing of customer payments, and a decrease in net cash interest paid, partially offset by a decrease in site development segment operating profit, an increase in cash selling, general, and administrative expenses, and the negative impact on cash from changes in foreign currency exchange rates.

Investing Activities

A detail of our cash capital expenditures is as follows:

	For the year ended December 31,	
	2020	2019
	(in thousands)	
Acquisitions of towers and related intangible assets ⁽¹⁾	\$ (181,473)	\$ (701,471)
Land buyouts and other assets ⁽²⁾	(89,945)	(72,486)
Construction and related costs on new builds	(54,736)	(56,979)
Augmentation and tower upgrades	(38,340)	(62,785)
Tower maintenance	(29,395)	(29,048)
General corporate	(6,095)	(5,424)
Net purchases of investments	(49,499)	(13,156)
Other investing activities	3,117	(5,809)
Net cash used in investing activities	<u>\$ (446,366)</u>	<u>\$ (947,158)</u>

(1) Excludes \$77.1 million of acquisitions completed during the fourth quarter of 2020 which was funded in January 2021. The year ended December 31, 2019 included one specific acquisition of 1,313 towers in Brazil for \$460.0 million.

(2) Excludes \$12.3 million and \$15.2 million spent to extend ground lease terms for the years ended December 31, 2020 and 2019, respectively. Includes amounts paid related to the acquisition of data centers for the years ended December 31, 2020 and 2019.

Subsequent to December 31, 2020, we acquired 25 towers and related assets for \$8.4 million in cash. In addition, on February 16, 2021, we closed on the acquisition of wireless tenant licenses on 697 utility transmission structures related to the previously announced PG&E transaction for \$954.0 million of cash consideration. The balance of the PG&E transaction is anticipated to close by the end of the third quarter. Furthermore, we agreed to purchase and anticipate closing on 299 additional communication sites for an aggregate amount of \$72.7 million. We anticipate that the majority of these acquisitions will be consummated by the end of the second quarter of 2021.

For 2021, we expect to incur non-discretionary cash capital expenditures associated with tower maintenance and general corporate expenditures of \$37.0 million to \$47.0 million and discretionary cash capital expenditures, based on current or potential acquisition obligations, planned new tower construction, forecasted tower augmentations, and forecasted ground lease purchases, of \$1,200.0 million to \$1,220.0 million. We expect to fund these cash capital expenditures from cash on hand, cash flow from operations, and borrowings under the Revolving Credit Facility or new financings. The exact amount of our future cash capital expenditures will

depend on a number of factors, including amounts necessary to support our tower portfolio, our new tower build and acquisition programs, and our ground lease purchase program.

Financing Activities

A detail of our financing activities is as follows:

	For the year ended December 31,	
	2020	2019
	(in thousands)	
Net (repayments) borrowings under Revolving Credit Facility ⁽¹⁾	\$ (110,000)	\$ 165,000
Repayment of Term Loans ⁽¹⁾	(24,000)	(24,000)
Proceeds from issuance of Senior Notes, net of fees ⁽¹⁾	1,479,484	—
Repayment of Senior Notes ⁽¹⁾	(759,143)	—
Proceeds from issuance of Tower Securities, net of fees ⁽¹⁾	1,335,895	1,152,458
Repayment of Tower Securities ⁽¹⁾	(1,200,000)	(920,000)
Termination of interest rate swap	(176,200)	—
Repurchase and retirement of common stock ⁽²⁾	(859,335)	(466,982)
Payment of dividends on common stock	(207,689)	(83,387)
Proceeds from employee stock purchase/stock option plans	54,049	116,202
Other financing activities	(2,078)	(1,605)
Net cash used in financing activities	<u>\$ (469,017)</u>	<u>\$ (62,314)</u>

- (1) For additional information regarding our debt instruments and financings, refer to the Debt Instruments and Debt Service Requirements below.
- (2) For additional information, refer to Item 5. Issuer Purchases of Equity Securities.

For a discussion of our Liquidity and Capital Resources for the fiscal year ended December 31, 2019 compared to the fiscal year ended December 31, 2018, refer to Part I, Item 7 of our annual report on Form 10-K filed with the SEC on February 24, 2020.

Dividend

For the year ended December 31, 2020, we paid the following cash dividends:

Date Declared	Payable to Shareholders of Record At the Close of Business on	Cash Paid Per Share	Aggregate Amount Paid	Date Paid
February 20, 2020	March 10, 2020	\$0.465	\$52.2 million	March 26, 2020
May 5, 2020	May 28, 2020	\$0.465	\$52.0 million	June 18, 2020
August 3, 2020	August 25, 2020	\$0.465	\$52.0 million	September 21, 2020
November 2, 2020	November 19, 2020	\$0.465	\$51.5 million	December 17, 2020

Dividends paid in 2020 and 2019 were ordinary dividends.

Subsequent to December 31, 2020, we declared the following cash dividends:

Date Declared	Payable to Shareholders of Record At the Close of Business on	Cash to be Paid Per Share	Date to be Paid
February 19, 2021	March 10, 2021	\$0.58	March 26, 2021

The amount of future distributions will be determined, from time to time, by our Board of Directors to balance our goal of increasing long-term shareholder value and retaining sufficient cash to implement our current capital allocation policy, which prioritizes investment in quality assets that meet our return criteria, and then stock repurchases when we believe our stock price is

below its intrinsic value. The actual amount, timing and frequency of future dividends, will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control.

Registration Statements

We have on file with the Commission a shelf registration statement on Form S-4 registering shares of Class A common stock that we may issue in connection with the acquisition of wireless communication towers or antenna sites and related assets or companies who own wireless communication towers, antenna sites, or related assets. During the year ended December 31, 2020, we did not issue any shares of Class A common stock under this registration statement. As of December 31, 2020, we had approximately 1.2 million shares of Class A common stock remaining under this registration statement.

We have on file with the Commission an automatic shelf registration statement for well-known seasoned issuers on Form S-3 which enables us to issue shares of our Class A common stock, preferred stock, debt securities, warrants, or depositary shares as well as units that include any of these securities. We will file a prospectus supplement containing the amount and type of securities each time we issue securities under our automatic shelf registration statement on Form S-3. No securities were issued under this registration statement through the date of this filing.

Debt Instruments and Debt Service Requirements

Senior Credit Agreement

On April 11, 2018, we amended and restated our Senior Credit Agreement to (1) issue a new \$2.4 billion Term Loan, (2) increase the total commitments under the Revolving Credit Facility from \$1.0 billion to \$1.25 billion, (3) extend the maturity date of the Revolving Credit Facility to April 11, 2023, (4) lower the applicable interest rate margins and commitment fees under the Revolving Credit Facility, and (5) amend certain other terms and conditions under the Senior Credit Agreement.

Terms of the Senior Credit Agreement

The Senior Credit Agreement, as amended, requires SBA Senior Finance II to maintain specific financial ratios, including (1) a ratio of Consolidated Net Debt to Annualized Borrower EBITDA not to exceed 6.5 times for any fiscal quarter, (2) a ratio of Consolidated Net Debt (calculated in accordance with the Senior Credit Agreement) to Annualized Borrower EBITDA for the most recently ended fiscal quarter not to exceed 6.5 times for 30 consecutive days and (3) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Senior Credit Agreement) of not less than 2.0 times for any fiscal quarter. The Senior Credit Agreement contains customary affirmative and negative covenants that, among other things, limit the ability of SBA Senior Finance II and its subsidiaries to incur indebtedness, grant certain liens, make certain investments, enter into sale leaseback transactions, merge or consolidate, make certain restricted payments, enter into transactions with affiliates, and engage in certain asset dispositions, including a sale of all or substantially all of their property. The Senior Credit Agreement is also subject to customary events of default. Pursuant to the Second Amended and Restated Guarantee and Collateral Agreement, amounts borrowed under the Revolving Credit Facility, the Term Loans and certain hedging transactions that may be entered into by SBA Senior Finance II or the Subsidiary Guarantors (as defined in the Senior Credit Agreement) with lenders or their affiliates are secured by a first lien on the membership interests of SBA Telecommunications, LLC, SBA Senior Finance, LLC and SBA Senior Finance II and on substantially all of the assets (other than leasehold, easement and fee interests in real property) of SBA Senior Finance II and the Subsidiary Guarantors.

The Senior Credit Agreement, as amended, permits SBA Senior Finance II, without the consent of the other lenders, to request that one or more lenders provide SBA Senior Finance II with increases in the Revolving Credit Facility or additional term loans provided that after giving effect to the proposed increase in Revolving Credit Facility commitments or incremental term loans the ratio of Consolidated Net Debt to Annualized Borrower EBITDA would not exceed 6.5 times. SBA Senior Finance II's ability to request such increases in the Revolving Credit Facility or additional term loans is subject to its compliance with customary conditions set forth in the Senior Credit Agreement including compliance, on a pro forma basis, with the financial covenants and ratios set forth therein and, with respect to any additional term loan, an increase in the margin on existing term loans to the extent required by the terms of the Senior Credit Agreement. Upon SBA Senior Finance II's request, each lender may decide, in its sole discretion, whether to increase all or a portion of its Revolving Credit Facility commitment or whether to provide SBA Senior Finance II with additional term loans and, if so, upon what terms.

Revolving Credit Facility under the Senior Credit Agreement

The Revolving Credit Facility consists of a revolving loan under which up to \$1.25 billion aggregate principal amount may be borrowed, repaid and redrawn, based upon specific financial ratios and subject to the satisfaction of other customary conditions to borrowing. Amounts borrowed under the Revolving Credit Facility accrue interest, at SBA Senior Finance II's election, at either (1) the Eurodollar Rate plus a margin that ranges from 112.5 basis points to 175.0 basis points or (2) the Base Rate plus a margin that ranges from 12.5 basis points to 75.0 basis points, in each case based on the ratio of Consolidated Net Debt to Annualized Borrower EBITDA, calculated in accordance with the Senior Credit Agreement. In addition, SBA Senior Finance II is required to pay a commitment fee of between 0.20% and 0.25% per annum on the amount of unused commitment. If not earlier terminated by SBA Senior Finance II, the Revolving Credit Facility will terminate on, and SBA Senior Finance II will repay all amounts outstanding on or before, April 11, 2023. The proceeds available under the Revolving Credit Facility may be used for general corporate purposes. SBA Senior Finance II may, from time to time, borrow from and repay the Revolving Credit Facility. Consequently, the amount outstanding under the Revolving Credit Facility at the end of the period may not be reflective of the total amounts outstanding during such period.

During the year ended December 31, 2020, we borrowed \$895.0 million and repaid \$1.0 billion of the outstanding balance under the Revolving Credit Facility. As of December 31, 2020, the balance outstanding under the Revolving Credit Facility was \$380.0 million accruing interest at 1.610% per annum. In addition, SBA Senior Finance II was required to pay a commitment fee of 0.20% per annum on the amount of the unused commitment. As of December 31, 2020, SBA Senior Finance II was in compliance with the financial covenants contained in the Senior Credit Agreement.

Subsequent to December 31, 2020, we borrowed \$680.0 million and repaid \$430.0 million of the outstanding balance under the Revolving Credit Facility. As of the date of this filing, \$630.0 million was outstanding under the Revolving Credit Facility.

Term Loan under the Senior Credit Agreement

2018 Term Loan

On April 11, 2018, we, through our wholly owned subsidiary, SBA Senior Finance II LLC, obtained a new term loan (the "2018 Term Loan") under the amended and restated Senior Credit Agreement. The 2018 Term Loan consists of a senior secured term loan with an initial aggregate principal amount of \$2.4 billion that matures on April 11, 2025. The 2018 Term Loan accrues interest, at SBA Senior Finance II's election at either the Base Rate plus 75 basis points (with a zero Base Rate floor) or the Eurodollar Rate plus 175 basis points (with a zero Eurodollar Rate floor). The 2018 Term Loan was issued at 99.75% of par value. As of December 31, 2020, the 2018 Term Loan was accruing interest at 1.900% per annum. Principal payments on the 2018 Term Loan commenced on September 30, 2018 and are being made in quarterly installments on the last day of each March, June, September, and December in an amount equal to \$6.0 million. We incurred financing fees of approximately \$16.8 million in relation to this transaction, which are being amortized through the maturity date. The proceeds from the 2018 Term Loan were used (1) to retire the outstanding \$1.93 billion in aggregate principal amount of the 2014 Term Loan and 2015 Term Loan, (2) to pay down the existing outstanding balance under the Revolving Credit Facility, and (3) for general corporate purposes.

During the year ended December 31, 2020, we repaid an aggregate of \$24.0 million of principal on the 2018 Term Loan. As of December 31, 2020, the 2018 Term Loan had a principal balance of \$2.3 billion.

On August 4, 2020, we, through our wholly owned subsidiary, SBA Senior Finance II, terminated our existing \$1.95 billion cash flow hedge on a portion of our 2018 Term Loan in exchange for a payment of \$176.2 million. On the same date, we entered into an interest rate swap for \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan.

Secured Tower Revenue Securities

Tower Revenue Securities Terms

As of December 31, 2020, we, through a New York common law trust (the "Trust"), had issued and outstanding an aggregate of \$5.1 billion of Secured Tower Revenue Securities ("Tower Securities"). The sole asset of the Trust consists of a non-recourse mortgage loan made in favor of certain of our subsidiaries that are borrowers on the mortgage loan (the "Borrowers") under which there is a loan tranche for each Tower Security outstanding with the same interest rate and maturity date as the corresponding Tower Security. The mortgage loan will be paid from the operating cash flows from the aggregate 9,989 tower sites owned by the Borrowers.

The mortgage loan is secured by (1) mortgages, deeds of trust, and deeds to secure debt on a substantial portion of the tower sites, (2) a security interest in the tower sites and substantially all of the Borrowers' personal property and fixtures, (3) the Borrowers' rights under certain tenant leases, and (4) all of the proceeds of the foregoing. For each calendar month, SBA Network Management, Inc., an indirect subsidiary ("Network Management"), is entitled to receive a management fee equal to 4.5% of the Borrowers' operating revenues for the immediately preceding calendar month.

The table below sets forth the material terms of our outstanding Tower Securities as of December 31, 2020:

Security	Issue Date	Amount Outstanding	Interest Rate	Anticipated Repayment Date	Final Maturity Date
2013-2C Tower Securities	Apr. 18, 2013	\$575.0 million	3.722%	Apr. 11, 2023	Apr. 9, 2048
2014-2C Tower Securities	Oct. 15, 2014	\$620.0 million	3.869%	Oct. 8, 2024	Oct. 8, 2049
2017-1C Tower Securities	Apr. 17, 2017	\$760.0 million	3.168%	Apr. 11, 2022	Apr. 9, 2047
2018-1C Tower Securities	Mar. 9, 2018	\$640.0 million	3.448%	Mar. 9, 2023	Mar. 9, 2048
2019-1C Tower Securities	Sep. 13, 2019	\$1.165 billion	2.836%	Jan. 12, 2025	Jan. 12, 2050
2020-1C Tower Securities	Jul. 14, 2020	\$750.0 million	1.884%	Jan. 9, 2026	Jul. 11, 2050
2020-2C Tower Securities	Jul. 14, 2020	\$600.0 million	2.328%	Jan. 11, 2028	Jul. 9, 2052

The Borrowers may prepay any of the mortgage loan components, in whole or in part, with no prepayment consideration, (1) within twelve months (in the case of the component corresponding to the Secured Tower Revenue Securities Series 2017-1C, Series 2018-1C, 2019-1C, and 2020-1C) or eighteen months (in the case of the components corresponding to the Secured Tower Revenue Securities Series 2013-2C, Series 2014-2C, and Series 2020-2C) of the anticipated repayment date of such mortgage loan component, (2) with proceeds received as a result of any condemnation or casualty of any tower owned by the Borrowers or (3) during an amortization period. In all other circumstances, the Borrowers may prepay the mortgage loan, in whole or in part, upon payment of the applicable prepayment consideration. The prepayment consideration is determined based on the class of the Tower Securities to which the prepaid mortgage loan component corresponds and consists of an amount equal to the net present value associated with the portion of the principal balance being prepaid and calculated in accordance with the formula set forth in the mortgage loan agreement.

To the extent that the mortgage loan components corresponding to the Tower Securities are not fully repaid by their respective anticipated repayment dates, the interest rate of each such component will increase by the greater of (1) 5% and (2) the amount, if any, by which the sum of (x) the 10 year U.S. treasury rate plus (y) the credit-based spread for such component (as set forth in the mortgage loan agreement) plus (z) 5%, exceeds the original interest rate for such component.

Pursuant to the terms of the Tower Securities, all rents and other sums due on any of the towers owned by the Borrowers are directly deposited by the lessees into a controlled deposit account and are held by the indenture trustee. The monies held by the indenture trustee after the release date are classified as short-term restricted cash on the Consolidated Balance Sheets (see Note 4). However, if the Debt Service Coverage Ratio, defined as the net cash flow (as defined in the mortgage loan agreement) divided by the amount of interest on the mortgage loan, servicing fees and trustee fees that the Borrowers are required to pay over the succeeding twelve months, as of the end of any calendar quarter, falls to 1.30x or lower, then all cash flow in excess of amounts required to make debt service payments, to fund required reserves, to pay management fees and budgeted operating expenses and to make other payments required under the loan documents, referred to as "excess cash flow," will be deposited into a reserve account instead of being released to the Borrowers. The funds in the reserve account will not be released to the Borrowers unless the Debt Service Coverage Ratio exceeds 1.30x for two consecutive calendar quarters. If the Debt Service Coverage Ratio falls below 1.15x as of the end of any calendar quarter, then an "amortization period" will commence and all funds on deposit in the reserve account will be applied to prepay the mortgage loan until such time that the Debt Service Coverage Ratio exceeds 1.15x for a calendar quarter. In addition, if any of the Tower Securities are not fully repaid by their respective anticipated repayment dates, the cash flow from the towers owned by the Borrowers will be trapped by the trustee for the Tower Securities and applied first to repay the interest, at the original interest rates, on the mortgage loan components underlying the Tower Securities, second to fund all reserve accounts and operating expenses associated with those towers, third to pay the management fees due to Network Management, fourth to repay principal of the Tower Securities and fifth to repay the additional interest discussed above. Furthermore, the advance rents reserve requirement states that the Borrowers are required to maintain an advance rents reserve at any time the monthly tenant Debt Service Coverage Ratio is equal to or less than 2:1 and for two calendar months after such coverage ratio again exceeds 2:1. The mortgage loan agreement, as amended, also includes covenants customary for mortgage loans subject to rated securitizations. Among other things, the Borrowers are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets.

Risk Retention Tower Securities

In addition, to satisfy certain risk retention requirements of Regulation RR promulgated under the Exchange Act, SBA Guarantor, LLC, a wholly owned subsidiary, purchased (1) \$40.0 million of Secured Tower Revenue Securities Series 2017-1R (the “2017-1R Tower Securities”) issued by the Trust with a fixed interest rate of 4.459% per annum, payable monthly, and with the same anticipated repayment date and final maturity date as the 2017-1C Tower Securities, (2) \$33.7 million of Secured Tower Revenue Securities Series 2018-1R (the “2018-1R Tower Securities”) issued by the Trust with a fixed interest rate of 4.949% per annum, payable monthly, and with the same anticipated repayment date and final maturity date as the 2018-1C Tower Securities, (3) \$61.4 million of Secured Tower Revenue Securities Series 2019-1R (the “2019-1R Tower Securities”) issued by the Trust with a fixed interest rate of 4.213% per annum, payable monthly, and with the same anticipated repayment date and final maturity date as the 2019-1C Tower Securities, and (4) \$71.1 million of Secured Tower Revenue Securities Series 2020-2R (the “2020-2R Tower Securities”) issued by the Trust with a fixed interest rate of 4.336% per annum, payable monthly, and with the same anticipated repayment date and final maturity date as the 2020-2C Tower Securities. Principal and interest payments made on the 2017-1R Tower Securities, 2018-1R Tower Securities, 2019-1R Tower Securities, and 2020-2R Tower Securities eliminate in consolidation.

Debt Covenants

As of December 31, 2020, the Borrowers met the debt service coverage ratio required by the mortgage loan agreement and were in compliance with all other covenants as set forth in the agreement.

Senior Notes

The table below sets forth the material terms of our outstanding senior notes as of the filing date:

Senior Notes	Issue Date	Amount Outstanding	Interest Rate Coupon	Maturity Date	Interest Due Dates	Optional Redemption Date
2016 Senior Notes	Aug. 15, 2016	\$1.1 billion	4.875%	Sep. 1, 2024	Mar. 1 & Sep. 1	Sep. 1, 2019
2020 Senior Notes ⁽¹⁾	Feb. 4, 2020	\$1.5 billion	3.875%	Feb. 15, 2027	Feb. 15 & Aug. 15	Feb. 15, 2023
2021 Senior Notes	Jan. 29, 2021	\$1.5 billion	3.125%	Feb. 1, 2029	Feb. 1 & Aug. 1	Feb. 1, 2024

- (1) The 2020 Senior Notes were issued in two tranches, on February 4, 2020 and on May 26, 2020. However, the 2020 Notes are one series of notes issued under the same indenture.

Each of our senior notes is subject to redemption, at our option, in whole or in part on or after the date set forth above. During the subsequent three twelve-month periods, the senior notes are redeemable, at our option, at reducing redemption prices based on the applicable interest rate coupon (as set forth in the indenture) plus accrued and unpaid interest. Subsequent to such date, the senior notes become redeemable until maturity at 100% of the principal plus accrued and unpaid interest. In addition, prior to February 15, 2023 (in the case of the 2020 Senior Notes) and February 1, 2024 (in the case of the 2021 Senior Notes), we may, at our option, use the net proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the notes originally issued at a redemption price of 103.875% (in the case of the 2020 Senior Notes) and 103.125% (in the case of the 2021 Senior Notes) plus accrued and unpaid interest.

2021 Senior Notes

As reflected above, on January 29, 2021, we issued \$1.5 billion of our 2021 Senior Notes. We incurred financing fees of \$14.3 million to date in relation to this transaction, which are being amortized through the maturity date. Net proceeds from this offering were used to redeem all of the outstanding principal amount of the 2017 Senior Notes, repay the amounts outstanding under the Revolving Credit Facility, and for general corporate purposes.

Indentures Governing Senior Notes

The Indentures governing the Senior Notes contain customary covenants, subject to a number of exceptions and qualifications, including restrictions on the ability of SBAC and Telecommunications to (1) incur additional indebtedness unless the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio (as defined in the Indenture), pro forma for the additional indebtedness does not exceed, with respect to any fiscal quarter, 9.5x for SBAC, (2) merge, consolidate or sell assets, (3) make restricted payments, including dividends or other distributions, (4) enter into transactions with affiliates, and (5) enter into sale

and leaseback transactions and restrictions on the ability of the Restricted Subsidiaries of SBAC (as defined in the Indentures) to incur liens securing indebtedness.

Debt Service

As of December 31, 2020, we believe that our cash on hand, capacity available under our Revolving Credit Facility, and cash flows from operations for the next twelve months will be sufficient to service our outstanding debt during the next twelve months.

The following table illustrates our estimate of our debt service requirement over the twelve months ended December 31, 2021 based on the amounts outstanding as of December 31, 2020 and the interest rates accruing on those amounts on such date (in thousands):

Revolving Credit Facility ⁽¹⁾	\$	7,859
2018 Term Loan ⁽²⁾		67,951
2013-2C Tower Securities		21,585
2014-2C Tower Securities		24,185
2017-1C Tower Securities		24,318
2018-1C Tower Securities		22,270
2019-1C Tower Securities		33,409
2020-1C Tower Securities		14,368
2020-2C Tower Securities		14,159
2016 Senior Notes		53,625
2017 Senior Notes ⁽¹⁾		30,000
2020 Senior Notes		58,125
Total debt service for the next 12 months ⁽¹⁾	\$	<u>371,854</u>

- (1) Total debt service excludes interest payments on the \$1.5 billion 2021 Senior Notes issued January 29, 2021, proceeds from which were used to redeem all of the outstanding principal amount of the 2017 Senior Notes (\$750.0 million) and to repay the amounts outstanding under the Revolving Credit Facility.
- (2) Total debt service on the 2018 Term Loan includes the impact of the interest rate swap entered into on August 4, 2020 which swapped \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan.

Inflation

The impact of inflation on our operations has not been significant to date. However, we cannot assure you that a high rate of inflation in the future will not adversely affect our operating results particularly in light of the fact that our site leasing revenues are governed by long-term contracts with pre-determined pricing that we will not be able to increase in response to increases in inflation other than our contracts in South America and South Africa which have inflationary index based rental escalators.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that are inherent in our financial instruments. These instruments arise from transactions entered into in the normal course of business.

The following table presents the future principal payment obligations, fair values, and interest payments associated with our long-term debt instruments assuming our actual level of long-term indebtedness as of December 31, 2020:

	2021	2022	2023	2024	2025	Thereafter	Total	Fair Value
	(in thousands)							
Revolving Credit Facility	\$ —	\$ —	\$ 380,000	\$ —	\$ —	\$ —	\$ 380,000	\$ 380,000
2018 Term Loan	24,000	24,000	24,000	24,000	2,244,000	—	2,340,000	2,310,750
2013-2C Tower Securities ⁽¹⁾	—	—	575,000	—	—	—	575,000	599,662
2014-2C Tower Securities ⁽¹⁾	—	—	—	620,000	—	—	620,000	670,003
2017-1C Tower Securities ⁽¹⁾	—	760,000	—	—	—	—	760,000	774,410
2018-1C Tower Securities ⁽¹⁾	—	—	640,000	—	—	—	640,000	671,341
2019-1C Tower Securities ⁽¹⁾	—	—	—	—	1,165,000	—	1,165,000	1,218,613
2020-1C Tower Securities ⁽¹⁾	—	—	—	—	—	750,000	750,000	752,910
2020-2C Tower Securities ⁽¹⁾	—	—	—	—	—	600,000	600,000	597,840
2016 Senior Notes	—	—	—	1,100,000	—	—	1,100,000	1,127,500
2017 Senior Notes ⁽³⁾	—	750,000	—	—	—	—	750,000	757,500
2020 Senior Notes	—	—	—	—	—	1,500,000	1,500,000	1,567,500
Total debt obligation ⁽⁴⁾	\$ 24,000	\$ 1,534,000	\$ 1,619,000	\$ 1,744,000	\$ 3,409,000	\$ 2,850,000	\$ 11,180,000	\$ 11,428,029
Interest payments ⁽²⁾⁽⁴⁾	\$ 347,854	\$ 323,192	\$ 254,645	\$ 218,840	\$ 100,096	\$ 94,739	\$ 1,339,367	

- (1) For information on the anticipated repayment date and final maturity date for each tower security, refer to Debt Instruments and Debt Service Requirements above.
- (2) Represents interest payments based on the 2013-2C Tower Securities interest rate of 3.722%, the 2014-2C Tower Securities interest rate of 3.869%, the 2017-1C Tower Securities interest rate of 3.168%, the 2018-1C Tower Securities interest rate of 3.448%, the 2019-1C Tower Securities interest rate of 2.836%, the 2020-1C Tower Securities interest rate of 1.884%, the 2020-2C Tower Securities interest rate of 2.328%, the 2018 Term Loan at an average interest rate of 1.878% (which includes the impact of interest rate swaps) as of December 31, 2020, the Revolving Credit Facility at an average interest rate of 1.610% as of December 31, 2020, the 2016 Senior Notes interest rate of 4.875%, the 2017 Senior Notes interest rate of 4.000%, and the 2020 Senior Notes interest rate of 3.875%.
- (3) The 2017 Senior Notes were redeemed on February 11, 2021.
- (4) Excludes obligations on the \$1.5 billion 2021 Senior Notes issued January 29, 2021.

Our current primary market risk exposure is (1) interest rate risk relating to our ability to refinance our debt at commercially reasonable rates, if at all, and (2) interest rate risk relating to the impact of interest rate movements on the variable portion of our 2018 Term Loan and any borrowings that we may incur under our Revolving Credit Facility, which are at floating rates. We manage the interest rate risk on our outstanding debt through our large percentage of fixed rate debt, including interest rate swaps. On August 4, 2020, we, through our wholly owned subsidiary, SBA Senior Finance II, entered into an interest rate swap for \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan. While we cannot predict our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, we continue to evaluate our financial position on an ongoing basis. In addition, there is currently uncertainty about whether LIBOR will continue to exist after 2021. The discontinuation of LIBOR after 2021 and the replacement with an alternative reference rate may adversely impact interest rates and our interest expense could increase.

We are exposed to market risk from changes in foreign currency exchange rates in connection with our operations in Brazil, Canada, Chile, Peru, Argentina, Colombia, South Africa, and to a lesser extent, our markets in Central America. In each of these countries, we pay most of our selling, general, and administrative expenses and a portion of our operating expenses, such as taxes and utilities incurred in the country in local currency. In addition, in Brazil, Canada, Chile, and South Africa, we receive significantly all of our revenue and pay significantly all of our operating expenses in local currency. In Colombia, Argentina, and Peru, we receive our revenue and pay our operating expenses in a mix of local currency and U.S. dollars. All transactions denominated in currencies other than the U.S. Dollar are reported in U.S. Dollars at the applicable exchange rate. All assets and liabilities are translated into U.S. Dollars at exchange rates in effect at the end of the applicable fiscal reporting period, and all revenues and expenses are translated at average rates for the period. The cumulative translation effect is included in equity as a component of Accumulated other comprehensive income (loss). For the year ended December 31, 2020, approximately 13.7% of our revenues and approximately 17.5% of our total operating expenses were denominated in foreign currencies.

We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in the Brazilian Real from the quoted foreign currency exchange rates at December 31, 2020. As of December 31, 2020, the analysis indicated that such an adverse

movement would have caused our revenues and operating income to decline by approximately 1.0% and 0.5%, respectively, for the year ended December 31, 2020.

As of December 31, 2020, we had intercompany debt, which is denominated in a currency other than the functional currency of the subsidiary in which it is recorded. As settlement of this debt is anticipated or planned in the foreseeable future, any changes in the foreign currency exchange rates will result in unrealized gains or losses, which will be included in our determination of net income. A change of 10% in the underlying exchange rates of our unsettled intercompany debt at December 31, 2020 would have resulted in approximately \$76.6 million of unrealized gains or losses that would have been included in Other income (expense), net in our Consolidated Statements of Operations for the year ended December 31, 2020.

Special Note Regarding Forward-Looking Statements

This annual report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this annual report contains forward-looking statements regarding:

- our expectations on the future growth and financial health of the wireless industry and the industry participants, the drivers of such growth, the demand for our towers, the future capital investments of our customers, future spectrum auctions, the trends developing in our industry, and competitive factors;
- our ability to capture and capitalize on industry growth and the impact of such growth on our financial and operational results;
- our expectations regarding consolidation of wireless service providers and the impact of such consolidation on our financial and operational results;
- our intent to grow our tower portfolio domestically and internationally and expand through acquisitions, new builds and organic lease up on existing towers;
- our belief that over the long-term, site leasing revenues will continue to grow as wireless service providers increase their use of our towers due to increasing minutes of network use and data transfer, network expansion and network coverage requirements;
- our expectation regarding site leasing revenue growth, on an organic basis, in our domestic and international segments, and the drivers of such growth;
- our focus on our site leasing business and belief that our site leasing business is characterized by stable and long-term recurring revenues, reduced exposure to changes in customer spending, predictable operating costs, and minimal non-discretionary capital expenditures;
- our expectation that, due to the relatively young age and mix of our tower portfolio, future expenditures required to maintain these towers will be minimal;
- our expectation that we will grow our cash flows by adding tenants to our towers at minimal incremental costs and executing monetary amendments;
- our expectations regarding churn rates;
- our election to be subject to tax as a REIT and our intent to continue to operate as a REIT;
- our belief that our business is currently operated in a manner that complies with the REIT rules and our intent to continue to do so;
- our plans regarding our distribution policy, and the amount and timing of, and source of funds for, any such distributions;
- our expectations regarding the use of NOLs to reduce REIT taxable income;
- our expectations regarding our capital allocation strategy, including future allocation decisions among portfolio growth, stock repurchases, and dividends, the impact of our election to be taxed as a REIT on that strategy, and our goal of increasing our Adjusted Funds From Operations per share;
- our expectations regarding dividends and our ability to grow our dividend in the future and the drivers of such growth;
- our expectations regarding our future cash capital expenditures, both discretionary and non-discretionary, including expenditures required for new builds and to maintain, improve, and modify our towers, ground lease purchases, and general corporate expenditures, and the source of funds for these expenditures;
- our expectations regarding our business strategies, including our strategy for securing rights to the land underlying our towers, and the impact of such strategies on our financial and operational results;
- our intended use of our liquidity;
- our intent to maintain our target leverage levels, including in light of our dividend;
- our expectations regarding our debt service in 2021 and our belief that our cash on hand, capacity under our Revolving Credit Facility, and our cash flows from operations for the next twelve months will be sufficient to service our outstanding debt during the next twelve months; and

- our expectations and estimates regarding certain tax and accounting matters, including the impact on our financial statements.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- the impact of consolidation among wireless service providers, including the impact of T-Mobile and Sprint;
- the ability of Dish Network to become and compete as a nationwide carrier;
- our ability to continue to comply with covenants and the terms of our credit instruments and our ability to obtain additional financing to fund our capital expenditures;
- our ability to successfully manage the risks associated with international operations, including risks relating to political or economic conditions, inflation, tax laws, currency restrictions and exchange rate fluctuations, legal or judicial systems, and land ownership;
- our ability to successfully manage the risks associated with our acquisition initiatives, including our ability to satisfactorily complete due diligence on acquired towers, the amount and quality of due diligence that we are able to complete prior to closing of any acquisition, our ability to accurately anticipate the future performance of the acquired towers, our ability to receive required regulatory approval, the ability and willingness of each party to fulfill their respective closing conditions and their contractual obligations, and, once acquired, our ability to effectively integrate acquired towers into our business and to achieve the financial results projected in our valuation models for the acquired towers;
- the health of the South Africa economy and wireless communications market, and the willingness of carriers to invest in their networks in that market;
- developments in the wireless communications industry in general, and for wireless communications infrastructure providers in particular, that may slow growth or affect the willingness or ability of the wireless service providers to expend capital to fund network expansion or enhancements;
- our ability to secure as many site leasing tenants as anticipated, recognize our expected economies of scale with respect to new tenants on our towers, and retain current leases on towers;
- our ability to secure and deliver anticipated services business at contemplated margins;
- our ability to build new towers, including our ability to identify and acquire land that would be attractive for our customers and to successfully and timely address zoning, permitting, weather, availability of labor and supplies and other issues that arise in connection with the building of new towers;
- competition for the acquisition of towers and other factors that may adversely affect our ability to purchase towers that meet our investment criteria and are available at prices which we believe will be accretive to our shareholders and allow us to maintain our long-term target leverage ratios while achieving our expected portfolio growth levels;
- our capital allocation decisions and the impact on our ability to achieve our expected tower portfolio growth levels;
- our ability to protect our rights to the land under our towers, and our ability to acquire land underneath our towers on terms that are accretive;
- our ability to sufficiently increase our revenues and maintain expenses and cash capital expenditures at appropriate levels to permit us to meet our anticipated uses of liquidity for operations, debt service and estimated portfolio growth;
- the impact of rising interest rates on our results of operations and our ability to refinance our existing indebtedness at commercially reasonable rates or at all;
- the extent and duration of the impact of the COVID-19 crisis on the global economy, on our business and results of operations, and on foreign currency exchange rates;
- our ability to successfully estimate the impact of regulatory and litigation matters;
- natural disasters and other unforeseen damage for which our insurance may not provide adequate coverage;
- a decrease in demand for our towers;
- the introduction of new technologies or changes in a tenant's business model that may make our tower leasing business less desirable to existing or potential tenants;
- our ability to qualify for treatment as a REIT for U.S. federal income tax purposes and to comply with and conduct our business in accordance with such rules;
- our ability to utilize available NOLs to reduce REIT taxable income; and
- our ability to successfully estimate the impact of certain accounting and tax matters, including the effect on our company of adopting certain accounting pronouncements and the availability of sufficient NOLs to offset future REIT taxable income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are on pages F-1 through F-43.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures – We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

In connection with the preparation of this Annual Report on Form 10-K, as of December 31, 2020, an evaluation was performed under the supervision and with the participation of our management, including the CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on such evaluation, our CEO and CFO concluded that, as of December 31, 2020, our disclosure controls and procedures were effective.

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control over Financial Reporting – Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2020. Internal control over financial reporting is a process designed 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. Our system of internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of SBAC; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of SBAC are being made only in accordance with authorizations of management and directors of SBAC; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SBAC’s assets that could have a material effect on the financial statements.

Management performed an assessment of the effectiveness of SBAC’s internal control over financial reporting as of December 31, 2020 based upon criteria in *Internal Control – Integrated Framework* (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management determined that SBAC’s internal control over financial reporting was effective as of December 31, 2020 based on the criteria in *Internal Control – Integrated Framework* (2013 Framework) issued by COSO.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has issued an attestation report on SBAC’s internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SBA Communications Corporation and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited SBA Communications Corporation and Subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SBA Communications Corporation and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019 and the related consolidated statements of operations, comprehensive income (loss), shareholders' deficit, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 25, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Boca Raton, Florida
February 25, 2021

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Code of Ethics is located on our internet web site at www.sbasite.com under “Investors – Governance – Governance Documents.” We intend to provide disclosure of any amendments or waivers of our Code of Ethics on our website within 4 business days following the date of the amendment or waiver.

The remaining items required by Part III, Item 10 are incorporated herein by reference from the Registrant’s Proxy Statement for its 2021 Annual Meeting of Shareholders to be filed on or before April 30, 2021.

ITEM 11. EXECUTIVE COMPENSATION

The items required by Part III, Item 11 are incorporated herein by reference from the Registrant’s Proxy Statement for its 2021 Annual Meeting of Shareholders to be filed on or before April 30, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The items required by Part III, Item 12, other than the information regarding the Registrant’s equity plans set forth below required by Item 201(d) of Regulation S-K, are incorporated herein by reference from the Registrant’s Proxy Statement for its 2021 Annual Meeting of Shareholders to be filed on or before April 30, 2021.

Equity Compensation Plan

The following table summarizes information with respect to the Registrant’s compensation plans under which the Registrant’s equity securities are authorized for issuance as of December 31, 2020:

	Equity Compensation Plan Information		
	As of December 31, 2020		
	(in thousands, except exercise price)		
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in first column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders			
2010 Plan	3,617 ⁽¹⁾	\$ 126.63	—
2020 Plan	7 ⁽²⁾	—	3,010
Equity compensation plans not approved by security holders	—		—
Total	3,624	\$ 126.38	3,010

(1) Included in the number of securities in column (a) is 267,536 restricted stock units and 146,430 performance-based restricted stock units, which have no exercise price. The weighted average exercise price of outstanding options, warrants, and rights (excluding restricted stock units) is \$143.01.

(2) Included in the number of securities in column (a) is 5,972 restricted stock units and 1,186 performance-based restricted stock units, which have no exercise price. There were no other outstanding options, warrants, or rights under the 2020 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The items required by Part III, Item 13 are incorporated herein by reference from the Registrant’s Proxy Statement for its 2021 Annual Meeting of Shareholders to be filed on or before April 30, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The items required by Part III, Item 14 are incorporated herein by reference from the Registrant's Proxy Statement for its 2021 Annual Meeting of Shareholders to be filed on or before April 30, 2021.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1) Financial Statements

See Item 8 for Financial Statements included with this Annual Report on Form 10-K.

(1) Financial Statement Schedules

Schedule III—Schedule of Real Estate and Accumulated Depreciation (see below)

All other schedules are omitted because they are not applicable or because the required information is contained in the financial statements or notes thereto included in this Form 10-K.

Schedule III—Schedule of Real Estate and Accumulated Depreciation

Description	Encumbrances	Initial Cost to Company	Cost Capitalized Subsequent to Acquisition	Gross Amount Carried at Close of Current Period	Accumulated Depreciation at Close of Current Period	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
(in thousands)								
32,923 sites ⁽¹⁾	\$ 7,830,000 ⁽²⁾	⁽³⁾	⁽³⁾	\$ 5,963,048 ⁽⁴⁾	\$ (3,383,370)	Various	Various	Up to 20 years

- (1) No single site exceeds 5% of the aggregate gross amounts at which the assets were carried at the close of the period set forth in the table above.
- (2) As of December 31, 2020, certain assets secure debt of \$7.8 billion.
- (3) The Company has omitted this information, as it would be impracticable to compile such information on a site-by-site basis.
- (4) Does not include those sites under construction.

	2020	2019	2018
	(in thousands)		
Gross amount at beginning	\$ 5,833,338	\$ 5,561,005	\$ 5,340,858
Additions during period:			
Acquisitions ⁽¹⁾	80,582	111,734	131,686
Construction and related costs on new builds	40,493	48,975	54,237
Augmentation and tower upgrades	36,211	63,998	49,201
Land buyouts and other assets	28,918	39,298	37,032
Tower maintenance	28,426	28,960	30,048
Other ⁽²⁾	19,142	—	—
Total additions	233,772	292,965	302,204
Deductions during period:			
Cost of real estate sold or disposed	—	(856)	(1,083)
Impairment	(17,064)	(9,587)	(17,130)
Other ⁽³⁾	(86,998)	(10,189)	(63,844)
Total deductions	(104,062)	(20,632)	(82,057)
Balance at end	\$ 5,963,048	\$ 5,833,338	\$ 5,561,005

(1) Inclusive of changes between the final purchase price allocation and the preliminary purchase price allocations.

(2) Represents changes to the Company's asset retirement obligations.

(3) Primarily represents cumulative translation adjustments related to changes in foreign currency exchange rates.

	2020	2019	2018
	(in thousands)		
Gross amount of accumulated depreciation at beginning	\$ (3,133,061)	\$ (2,868,507)	\$ (2,627,841)
Additions during period:			
Depreciation	(275,947)	(269,606)	(257,469)
Other ⁽¹⁾	(38)	(83)	(25)
Total additions	(275,985)	(269,689)	(257,494)
Deductions during period:			
Amount of accumulated depreciation for assets sold or disposed	4,244	2,887	4,392
Other ⁽¹⁾	21,432	2,248	12,436
Total deductions	25,676	5,135	16,828
Balance at end	\$ (3,383,370)	\$ (3,133,061)	\$ (2,868,507)

(1) Primarily represents cumulative translation adjustments related to changes in foreign currency exchange rates.

(3) Exhibits

Exhibit Nb.	Exhibit Description	Incorporated by Reference	
		Form	Period Covered or Date of Filing
2.1	<u>Agreement and Plan of Merger, by and between SBA Communications Corporation and SBA Communications REIT Corporation, dated November 10, 2016.</u>	8-K	01/17/17
3.1	<u>Amended and Restated Articles of Incorporation of SBA Communications Corporation, effective as of January 13, 2017.</u>	8-K	01/17/17
3.2	<u>Articles of Merger, effective as of January 13, 2017.</u>	8-K	01/17/17
3.3	<u>Second Amended and Restated Bylaws of SBA Communications Corporation, effective as of January 14, 2017.</u>	8-K	01/18/17

4.1	<u>Description of Capital Stock</u>	8-K	01/17/17
4.26	<u>Indenture, dated August 15, 2016, between SBA Communications Corporation and U.S. Bank National Association.</u>	8-K	08/16/16
4.26A	<u>Supplemental Indenture, dated as of January 13, 2017, between SBA Communications Corporation and U.S. Bank National Association, to the Indenture dated as of August 15, 2016, between SBA Communications Corporation and U.S. Bank National Association.</u>	8-K	01/17/17
4.27	<u>Form of 4.875% Senior Notes due 2024 (included in Exhibit 4.26).</u>	8-K	08/16/16
4.30	<u>Indenture dated as of February 4, 2020, between SBA Communications Corporation and U.S. Bank National Association</u>	8-K	02/07/20
4.30A	<u>Supplemental Indenture dated as of May 26, 2020, between SBA Communications Corporation and U.S. Bank National Association to the Indenture, dated as of February 4, 2020, between SBA Communications Corporation and U.S. Bank National Association.</u>	8-K	05/28/20
4.31	<u>Form of 3.875% Senior Notes due 2027 (included in Exhibit 4.30)</u>	8-K	02/07/20
4.32	<u>Indenture dated as of January 29, 2021, between SBA Communications Corporation and U.S. Bank National Association.</u>	8-K	01/29/21
4.33	<u>Form of 3.125% Senior Notes due 2029 (included in Exhibit 4.32).</u>	8-K	01/29/21
10.1	<u>SBA Communications Corporation Registration Rights Agreement dated as of March 5, 1997, among the Company, Steven E. Bernstein, Ronald G. Bizick, II and Robert Grobstein.</u>	S-4 (333-50219)	04/15/98
10.2	<u>Purchase Agreement, dated January 14, 2021, among SBA Communications Corporation and J.P. Morgan Securities LLC, as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	01/29/21
10.3	<u>Registration Rights Agreement, dated January 29, 2021, between SBA Communications Corporation and J.P. Morgan Securities LLC, as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	01/29/21
10.7B	<u>2018 Refinancing Amendment, dated as of April 11, 2018, among SBA Senior Finance II LLC, as borrower, the banks and other financial institutions or entities party hereto as refinancing revolving lenders, continuing term lenders, additional term lenders or incremental amended term lenders and Toronto Dominion (Texas) LLC, as administrative agent and issuing lender.</u>	8-K	04/11/18
10.8	<u>Second Amended and Restated Guarantee and Collateral Agreement, dated as of February 7, 2014, among SBA Communications Corporation, SBA Telecommunications, LLC, SBA Senior Finance, LLC, SBA Senior Finance II LLC and certain of its subsidiaries, as identified in the Second Amended and Restated Guarantee and Collateral Agreement, in favor of Toronto Dominion (Texas) LLC, as administrative agent.</u>	8-K	02/13/14
10.12	<u>Second Amended and Restated Loan and Security Agreement, dated as of October 15, 2014, among SBA Properties, LLC, SBA Sites, LLC, SBA Structures, LLC, SBA Infrastructure, LLC, SBA Monarch Towers III, LLC, SBA 2012 TC Assets PR, LLC, SBA 2012 TC Assets, LLC, SBA Towers IV, LLC,</u>	10-Q	Quarter ended September 30, 2014

	<u>SBA Monarch Towers I, LLC, SBA Towers USVI, Inc., SBA GC Towers, LLC, SBA Towers VII, LLC and any Additional Borrower or Borrowers that may become a party thereto and Midland Loan Services, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>		
10.12A	<u>First Loan and Security Agreement Supplement and Amendment, dated as of October 14, 2015, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	10/20/15
10.12B	<u>Second Loan and Security Agreement Supplement, dated as of July 7, 2016, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	07/08/16
10.12C	<u>Third Loan and Security Agreement Supplement and Amendment, dated as of April 17, 2017, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	04/21/17
10.12D	<u>Fourth Loan and Security Agreement Supplement, dated as of March 9, 2018, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	03/15/18
10.12E	<u>Fifth Loan and Security Agreement Supplement, dated as of September 13, 2019, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	09/13/19
10.12F	<u>Sixth Loan and Security Agreement Supplement, dated as of July 14, 2020, by and among the Borrowers named therein and Midland Loan Services, a division of PNC Bank, National Association, as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.</u>	8-K	07/20/20
10.35I	<u>Employment Agreement, dated August 3, 2020, between SBA Communications Corporation and Jeffrey A. Stoops.†</u>	10-Q	Quarter ended September 30, 2020
10.50	<u>Management Agreement, dated as of November 18, 2005, by and among SBA Properties, Inc., SBA Network Management, Inc. and SBA Senior Finance, Inc.</u>	10-K	Year ended December 31, 2005
10.50A	<u>Joinder and Amendment to Management Agreement, dated November 6, 2006, by and among SBA Properties, Inc., SBA Towers, Inc., SBA Puerto Rico, Inc., SBA Sites, Inc., SBA Towers USVI, Inc., and SBA Structures, Inc., and SBA Network Management, Inc., and SBA Senior Finance, Inc.</u>	10-K	Year ended December 31, 2016
10.57F	<u>Amended and Restated Employment Agreement, dated as of October 1, 2018, between SBA Communications Corporation and Kurt L. Bagwell.†</u>	10-K	Year ended December 31, 2018
10.58F	<u>Amended and Restated Employment Agreement, dated as of October 1, 2018, between SBA Communications Corporation and Thomas P. Hunt.†</u>	10-K	Year ended December 31, 2018
10.75B	<u>SBA Communications Corporation 2018 Employee Stock Purchase Plan.†</u>	S-8 (333-225139)	05/23/18

10.76	<u>Form of Indemnification Agreement dated January 15, 2009 between SBA Communications Corporation and its directors and certain officers.</u>	10-K	Year ended December 31, 2008
10.85E	<u>Amended and Restated Employment Agreement, dated as of October 1, 2018, between SBA Communications Corporation and Brendan T. Cavanagh.†</u>	10-K	Year ended December 31, 2018
10.89A	<u>SBA Communications Corporation 2010 Performance and Equity Incentive Plan, as amended and restated.†</u>	10-Q	Quarter ended June 30, 2017
10.90	<u>SBA Communications Corporation 2020 Performance and Equity Incentive Plan.†</u>	10-Q	Quarter ended June 30, 2020
10.91	<u>Form of Incentive Stock Option Agreement (U.S. and non-U.S. employees and officers) pursuant to SBA Communications Corporation 2010 Performance and Equity Incentive Plan, as amended and restated.†</u>	10-Q	Quarter ended September 30, 2018
10.92	<u>Form of Restricted Stock Unit Agreement (U.S. and non-U.S. employees and officers) pursuant to SBA Communications Corporation 2010 Performance and Equity Incentive Plan, as amended and restated.†</u>	10-Q	Quarter ended September 30, 2018
10.94	<u>Registration Rights Agreement, dated February 4, 2020, between SBA Communications Corporation and Citigroup Global Markets Inc., as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	02/07/20
10.95	<u>Purchase Agreement, dated January 21, 2020, between SBA Communications Corporation and Citigroup Global Markets Inc., as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	02/07/20
10.96	<u>Form of Restricted Stock Unit Agreement (Time and Performance Based) pursuant to SBA Communications Corporation 2010 Performance and Equity Incentive Plan.†</u>	10-Q	Quarter ended March 31, 2020
10.97	<u>Registration Rights Agreement, dated May 26, 2020, between SBA Communications Corporation and Citigroup Global Markets Inc., as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	05/28/20
10.98	<u>Purchase Agreement, dated May 19, 2020, among SBA Communications Corporation and Citigroup Global Markets Inc., as representative of the several initial purchasers listed on Schedule I thereto.</u>	8-K	05/28/20
10.99	<u>Purchase Agreement, dated July 8, 2020, among SBA Senior Finance, LLC, Deutsche Bank Trust Company Americas, as trustee, and the several initial purchasers listed on Schedule I thereto.</u>	8-K	07/14/20
21	<u>Subsidiaries.*</u>		
23.1	<u>Consent of Ernst & Young LLP.*</u>		
31.1	<u>Certification by Jeffrey A. Stoops, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>		
31.2	<u>Certification by Brendan T. Cavanagh, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>		

32.1 Certification by Jeffrey A. Stoops, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **

32.2 Certification by Brendan T. Cavanagh, 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 Document.*

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.*

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.*

101.LAB XBRL Taxonomy Extension Label Linkbase Document.*

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.*

104 Cover Page Interactive File (formatted in Inline XBRL and contained in Exhibit 101).*

† Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SBA COMMUNICATIONS CORPORATION

By: /s/ Jeffrey A. Stoops

Jeffrey A. Stoops

Chief Executive Officer and President

Date: February 25, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Steven E. Bernstein</u> Steven E. Bernstein	Chairman of the Board of Directors	February 25, 2021
<u>/s/ Jeffrey A. Stoops</u> Jeffrey A. Stoops	Chief Executive Officer and President (Principal Executive Officer)	February 25, 2021
<u>/s/ Brendan T. Cavanagh</u> Brendan T. Cavanagh	Chief Financial Officer and Executive Vice President (Principal Financial Officer)	February 25, 2021
<u>/s/ Brian D. Lazarus</u> Brian D. Lazarus	Chief Accounting Officer and Senior Vice President (Principal Accounting Officer)	February 25, 2021
<u>/s/ Brian C. Carr</u> Brian C. Carr	Director	February 25, 2021
<u>/s/ Mary S. Chan</u> Mary S. Chan	Director	February 25, 2021
<u>/s/ Duncan H. Cocroft</u> Duncan H. Cocroft	Director	February 25, 2021
<u>/s/ George R. Krouse Jr.</u> George R. Krouse Jr.	Director	February 25, 2021
<u>/s/ Jack Langer</u> Jack Langer	Director	February 25, 2021
<u>/s/ Kevin L. Beebe</u> Kevin L. Beebe	Director	February 25, 2021
<u>/s/ Fidelma Russo</u> Fidelma Russo	Director	February 25, 2021

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets as of December 31, 2020 and 2019</u>	F-3
<u>Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018</u>	F-4
<u>Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2020, 2019 and 2018</u>	F-5
<u>Consolidated Statements of Shareholders' Deficit for the years ended December 31, 2020, 2019, and 2018</u>	F-6
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-9

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SBA Communications Corporation and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SBA Communications Corporation and Subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), shareholders' deficit, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2021 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and the related amendments.

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 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. 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 regarding 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for Ground Leases

Description of the Matter

As more fully described in Note 2 to the consolidated financial statements, the Company recognizes a right-of-use asset and a lease liability for its operating lease contracts, initially measured at the present value of the lease payments. As of December 31, 2020, the Company had \$2.4 billion of operating lease right-of-use assets, net, \$234.6 million of current operating lease liabilities, and \$2.1 billion of long-term lease liabilities. For the period ended December 31, 2020, the total operating lease right-of-use assets obtained for new operating lease liabilities were \$78.7 million and adjustments associated with lease modifications and reassessments were \$10.6 million. The Company's primary operating lease obligations are its long-term lease contracts for land that underlies its tower structures. The Company's ground leases generally do not provide a readily determinable implicit discount rate. When the rate implicit in the lease is not readily determinable, the Company calculates the present value of the lease payments by estimating the Company's incremental borrowing rate ("IBR"). The IBR is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term in a similar economic environment. The process to estimate the Company's IBR includes the use of unobservable inputs and considers the public credit rating of the Company, observable debt yields of the Company and the related debt's seniority, adjustments for leases denominated in different currencies, and the remaining lease term. The Company's ground lease liabilities require reassessment of the lease terms or lease payments as a result of contract modifications, addition of significant leasehold improvements which impact the assessment of optional renewals that are reasonably certain of being exercised, or the exercise of renewal options by tenants, which differ from prior expectations. The IBR is computed on a lease-by-lease basis upon each of these reassessments.

Auditing the Company's accounting for ground leases was complex and involved a high degree of subjective auditor judgment because of the significant judgment exercised by the Company to account for ground leases. The IBR is estimated using the unobservable inputs discussed above related to the collateral and term of the leased assets, and the related lease liability is sensitive to changes in the Company's IBR. The determination of lease term requires evaluating renewal options in making the determination of the period for which the Company is reasonably certain to remain on the site. The frequency with which leases must be reassessed adds to the complexity associated with auditing the ground lease related balances.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated and tested the design and operating effectiveness of the Company's internal controls related to accounting for ground leases. For example, we tested the Company's controls over the review of the accounting policy, including the methodology and assumptions used to estimate the IBR and the remaining lease term. We also tested the controls over the review of ground lease contracts and the key system functionality used to account for ground leases.

To test the Company's accounting for ground leases, our audit procedures included, among others, evaluating the methodology used to calculate the IBR, evaluating the assumptions and underlying data used by the Company to estimate the IBR, identifying events which require reassessment of the lease term or lease payments, and estimating the remaining lease term. We involved our valuation specialists to assist in the evaluation of the methodologies and assumptions applied to estimate the IBR. Specifically, we compared the Company's credit rating used in the IBR estimate to independent third-party sources and compared the Company's existing borrowing rate for collateralized assets to observable debt yields of the Company. We compared the inputs used to adjust for lease payments to be made over varying periods and in various currencies to third-party sources. We assessed the remaining lease term by selecting a sample of new ground leases and ground lease modifications and reassessments for which we independently evaluated the period the Company is reasonably certain to remain on the site, and compared to the remaining lease term in the Company's audited schedules. We also evaluated the Company's disclosures included in Note 2 to the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Boca Raton, Florida
February 25, 2021

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 308,560	\$ 108,309
Restricted cash	31,671	30,243
Accounts receivable, net	74,088	132,125
Costs and estimated earnings in excess of billings on uncompleted contracts	34,796	26,313
Prepaid expenses and other current assets	23,875	37,281
Total current assets	472,990	334,271
Property and equipment, net	2,677,326	2,794,602
Intangible assets, net	3,156,150	3,626,773
Right-of-use assets, net	2,373,560	2,572,217
Other assets	477,992	432,078
Total assets	<u>\$ 9,158,018</u>	<u>\$ 9,759,941</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 109,969	\$ 31,846
Accrued expenses	63,031	67,618
Current maturities of long-term debt	24,000	522,090
Deferred revenue	113,117	113,507
Accrued interest	54,350	49,269
Current lease liabilities	236,037	247,015
Other current liabilities	14,297	16,948
Total current liabilities	614,801	1,048,293
Long-term liabilities:		
Long-term debt, net	11,071,796	9,812,335
Long-term lease liabilities	2,094,363	2,279,400
Other long-term liabilities	186,246	270,868
Total long-term liabilities	13,352,405	12,362,603
Redeemable noncontrolling interests	15,194	16,052
Shareholders' deficit:		
Preferred stock - par value \$0.01, 30,000 shares authorized, no shares issued or outstanding	—	—
Common stock - Class A, par value \$0.01, 400,000 shares authorized, 109,819 shares and 111,775 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	1,098	1,118
Additional paid-in capital	2,586,130	2,461,335
Accumulated deficit	(6,604,028)	(5,560,695)
Accumulated other comprehensive loss, net	(807,582)	(568,765)
Total shareholders' deficit	(4,824,382)	(3,667,007)
Total liabilities, redeemable noncontrolling interests, and shareholders' deficit	<u>\$ 9,158,018</u>	<u>\$ 9,759,941</u>

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

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the year ended December 31,		
	2020	2019	2018
Revenues:			
Site leasing	\$ 1,954,472	\$ 1,860,858	\$ 1,740,434
Site development	128,666	153,787	125,261
Total revenues	2,083,138	2,014,645	1,865,695
Operating expenses:			
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):			
Cost of site leasing	373,778	373,951	372,296
Cost of site development	102,750	119,080	96,499
Selling, general, and administrative expenses	194,267	192,717	142,526
Acquisition and new business initiatives related adjustments and expenses	16,582	15,228	10,961
Asset impairment and decommission costs	40,097	33,103	27,134
Depreciation, accretion, and amortization	721,970	697,078	672,113
Total operating expenses	1,449,444	1,431,157	1,321,529
Operating income	633,694	583,488	544,166
Other income (expense):			
Interest income	2,981	5,500	6,731
Interest expense	(367,874)	(390,036)	(376,217)
Non-cash interest expense	(24,870)	(3,193)	(2,640)
Amortization of deferred financing fees	(20,058)	(22,466)	(20,289)
Loss from extinguishment of debt, net	(19,463)	(457)	(14,443)
Other (expense) income, net	(222,159)	14,053	(85,624)
Total other expense, net	(651,443)	(396,599)	(492,482)
(Loss) income before income taxes	(17,749)	186,889	51,684
Benefit (provision) for income taxes	41,796	(39,605)	(4,233)
Net income	24,047	147,284	47,451
Net loss (income) attributable to noncontrolling interests	57	(293)	—
Net income attributable to SBA Communications Corporation	\$ 24,104	\$ 146,991	\$ 47,451
Net income per common share attributable to SBA Communications Corporation:			
Basic	\$ 0.22	\$ 1.30	\$ 0.41
Diluted	\$ 0.21	\$ 1.28	\$ 0.41
Weighted average number of common shares			
Basic	111,532	112,809	114,909
Diluted	113,465	114,693	116,515

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

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	For the year ended December 31,		
	2020	2019	2018
Net income	\$ 24,047	\$ 147,284	\$ 47,451
Adjustments related to interest rate swaps	(98,771)	(42,131)	—
Foreign currency translation adjustments	(140,098)	(14,729)	(132,445)
Comprehensive (loss) income	(214,822)	90,424	(84,994)
Comprehensive loss (income) attributable to noncontrolling interests	109	(753)	—
Comprehensive (loss) income attributable to SBA Communications Corporation	<u>\$ (214,713)</u>	<u>\$ 89,671</u>	<u>\$ (84,994)</u>

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

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(in thousands)

	Class A Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficit)
	Shares	Amount				
BALANCE, December 31, 2017	116,446	\$ 1,164	\$ 2,167,470	\$ (4,388,288)	\$ (379,460)	\$ (2,599,114)
Net income attributable to SBA Communications Corporation	—	—	—	47,451	—	47,451
Common stock issued in connection with equity awards and stock purchase plans, offset by the impact of net share settlements	962	10	59,716	—	—	59,726
Non-cash stock compensation	—	—	43,140	—	—	43,140
Repurchase and retirement of common stock	(4,975)	(50)	—	(795,531)	—	(795,581)
Foreign currency translation adjustments attributable to SBA Communications Corporation	—	—	—	—	(132,445)	(132,445)
BALANCE, December 31, 2018	112,433	1,124	2,270,326	(5,136,368)	(511,905)	(3,376,823)
Net income attributable to SBA Communications Corporation	—	—	—	146,991	—	146,991
Common stock issued in connection with equity awards and stock purchase plans, offset by the impact of net share settlements	1,347	13	116,189	—	—	116,202
Non-cash stock compensation	—	—	74,270	—	—	74,270
Common stock issued in connection with acquisitions	10	—	1,680	—	—	1,680
Adjustments related to interest rate swaps	—	—	—	—	(42,131)	(42,131)
Repurchase and retirement of common stock	(2,015)	(19)	—	(466,963)	—	(466,982)
Foreign currency translation adjustments attributable to SBA Communications Corporation	—	—	—	—	(14,729)	(14,729)
Impact of adoption of ASU 2016-02 related to leases	—	—	—	(20,968)	—	(20,968)
Dividends on common stock	—	—	—	(83,387)	—	(83,387)
Adjustment to fair value related to noncontrolling interests	—	—	(1,130)	—	—	(1,130)
BALANCE, December 31, 2019	111,775	1,118	2,461,335	(5,560,695)	(568,765)	(3,667,007)
Net income attributable to SBA Communications Corporation	—	—	—	24,104	—	24,104
Common stock issued in connection with equity awards and stock purchase plans, offset by the impact of net share settlements	1,113	11	53,683	—	—	53,694
Non-cash stock compensation	—	—	70,363	—	—	70,363
Adjustments related to interest rate swaps	—	—	—	—	(98,771)	(98,771)
Repurchase and retirement of common stock	(3,069)	(31)	—	(859,304)	—	(859,335)
Foreign currency translation adjustments attributable to SBA Communications Corporation	—	—	—	—	(140,046)	(140,046)
Dividends and dividend equivalents on common stock	—	—	—	(208,133)	—	(208,133)
Adjustment to fair value related to noncontrolling interests	—	—	749	—	—	749
BALANCE, December 31, 2020	<u>109,819</u>	<u>\$ 1,098</u>	<u>\$ 2,586,130</u>	<u>\$ (6,604,028)</u>	<u>\$ (807,582)</u>	<u>\$ (4,824,382)</u>

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

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	For the year ended December 31,		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 24,047	\$ 147,284	\$ 47,451
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, accretion, and amortization	721,970	697,078	672,113
Non-cash asset impairment and decommission costs	39,501	32,241	26,192
Non-cash compensation expense	68,890	73,214	42,327
Loss (gain) on remeasurement of U.S. denominated intercompany loans	220,354	(13,134)	89,101
Loss from extinguishment of debt, net	17,838	235	14,087
Deferred income tax (benefit) expense ⁽¹⁾	(63,187)	15,935	(15,287)
Amortization of deferred financing fees	20,058	20,358	20,289
Non-cash interest expense ⁽¹⁾	24,870	3,193	2,640
Other non-cash items reflected in the Statements of Operations ⁽¹⁾	2,979	(1,888)	(1,388)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, net	38,195	(12,146)	(29,427)
Prepaid expenses and other assets	2,614	878	(38,040)
Operating lease right-of-use assets, net	109,935	93,665	—
Accounts payable and accrued expenses	13,173	(5,951)	(3,021)
Long-term lease liabilities	(100,847)	(87,544)	—
Other liabilities	(14,357)	6,627	23,581
Net cash provided by operating activities	1,126,033	970,045	850,618
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions	(271,418)	(773,957)	(451,829)
Capital expenditures	(128,566)	(154,236)	(149,812)
Purchase of investments	(1,288,705)	(638,963)	(156,983)
Proceeds from sale of investments	1,239,206	625,807	150,890
Other investing activities	3,117	(5,809)	(10,613)
Net cash used in investing activities	(446,366)	(947,158)	(618,347)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under Revolving Credit Facility	895,000	755,000	1,120,000
Repayments under Revolving Credit Facility	(1,005,000)	(590,000)	(835,000)
Repayment of Term Loans	(24,000)	(24,000)	(1,947,000)
Proceeds from issuance of Term Loans, net of fees	—	—	2,377,218
Proceeds from issuance of Senior Notes, net of fees	1,479,484	—	—
Repayment of Senior Notes	(759,143)	—	—
Proceeds from issuance of Tower Securities, net of fees	1,335,895	1,152,458	631,466
Repayment of Tower Securities	(1,200,000)	(920,000)	(755,000)
Termination of interest rate swap	(176,200)	—	—
Repurchase and retirement of common stock	(859,335)	(466,982)	(795,581)
Payment of dividends on common stock	(207,689)	(83,387)	—
Proceeds from employee stock purchase/stock option plans, net of taxes	54,049	116,202	59,880
Other financing activities	(2,078)	(1,605)	(4,520)
Net cash used in financing activities	(469,017)	(62,314)	(148,537)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(8,962)	2,247	(9,729)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	201,688	(37,180)	74,005
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:			
Beginning of year	141,120	178,300	104,295
End of year	<u>\$ 342,808</u>	<u>\$ 141,120</u>	<u>\$ 178,300</u>

(1) Certain reclassifications of the prior years' amounts have been made to conform to the current year's presentation.

(continued)

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2020	2019	2018
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	\$ 351,886	\$ 386,615	\$ 376,628
Income taxes	\$ 20,275	\$ 21,598	\$ 21,645
SUPPLEMENTAL CASH FLOW INFORMATION OF NON-CASH ACTIVITIES:			
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 78,674	\$ 175,517	\$ —
Operating lease modifications and reassessments	\$ (10,550)	\$ (52,383)	\$ —
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 1,087	\$ 3,499	\$ 1,039
Common stock issued in connection with acquisitions	\$ —	\$ 1,680	\$ —
Consolidation of an equity method investment	\$ —	\$ 71,990	\$ —
Deferred payment on acquired assets	\$ 77,124	\$ —	\$ —

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

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

SBA Communications Corporation (the “Company” or “SBAC”) was incorporated in the State of Florida in March 1997. The Company is a holding company that holds all of the outstanding capital stock of SBA Telecommunications, LLC (“Telecommunications”). Telecommunications is a holding company that holds the outstanding capital stock of SBA Senior Finance, LLC (“SBA Senior Finance”), and other operating subsidiaries which are not a party to any loan agreement. SBA Senior Finance is a holding company that holds, directly or indirectly, the equity interest in certain subsidiaries that issued the Tower Securities (see Note 11) and certain subsidiaries that were not involved in the issuance of the Tower Securities. With respect to the subsidiaries involved in the issuance of the Tower Securities, SBA Senior Finance is the sole member of SBA Holdings, LLC and SBA Depositor, LLC. SBA Holdings, LLC is the sole member of SBA Guarantor, LLC. SBA Guarantor, LLC directly or indirectly holds all of the capital stock of the companies referred to as the “Borrowers” under the Tower Securities. With respect to subsidiaries not involved in the issuance of the Tower Securities, SBA Senior Finance holds all of the membership interests in SBA Senior Finance II, LLC (“SBA Senior Finance II”) and certain non-operating subsidiaries. SBA Senior Finance II holds, directly or indirectly, all the capital stock of certain international subsidiaries and certain other tower companies (known as “Tower Companies”). SBA Senior Finance II also holds, directly or indirectly, all the capital stock and/or membership interests of certain other subsidiaries involved in providing services, including SBA Network Services, LLC (“Network Services”) as well as SBA Network Management, Inc. (“Network Management”) which manages and administers the operations of the Borrowers.

As of December 31, 2020, the Company owned and operated wireless towers in the United States and its territories. In addition, the Company owned towers in Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Peru, and South Africa. Space on these towers is leased primarily to wireless service providers. As of December 31, 2020, the Company owned and operated 32,923 towers of which 16,546 are domestic and 16,377 are international, of which 9,934 are located in Brazil.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the Company and its majority and wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The significant estimates made by management relate to the allowance for doubtful accounts, the costs and revenue relating to the Company’s construction contracts, stock-based compensation assumptions, valuation allowance related to deferred tax assets, fair value of long-lived assets, the useful lives of towers and intangible assets, anticipated property tax assessments, fair value of investments and asset retirement obligations. Management develops estimates based on historical experience and on various assumptions about the future that are believed to be reasonable based on the information available. These estimates ultimately may differ from actual results and such differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in banks, money market funds, commercial paper, highly liquid short-term investments, and other marketable securities with an original maturity of three months or less at the time of purchase. These investments are carried at cost, which approximates fair value.

Restricted Cash

The Company classifies all cash pledged as collateral to secure certain obligations and all cash whose use is limited as restricted cash. This includes cash held in escrow to fund certain reserve accounts relating to the Tower Securities as well as for payment and performance bonds and surety bonds issued for the benefit of the Company in the ordinary course of business, as well as collateral associated with workers' compensation plans (see Note 4).

Investments

Investment securities with original maturities of more than three months but less than one year at time of purchase are considered short-term investments and are classified in prepaid expenses and other current assets on the accompanying Consolidated Balance Sheets. The Company's short-term investments primarily consist of certificates of deposit with maturities of less than a year. Investment securities with maturities of more than a year are considered long-term investments and are classified in other assets on the accompanying Consolidated Balance Sheets. Long-term investments consist of strategic investments in companies and are accounted for under the cost and equity method. Gross purchases and proceeds from sales of the Company's investments are presented within Cash flows from investing activities on the Company's Consolidated Statements of Cash Flows. During the year ended December 31, 2020 and 2019, no gain or loss was recorded related to the sale or maturity of investments.

The Company's long term investments were \$57.6 million and \$13.3 million as of December 31, 2020 and 2019, respectively. Some of these investments provide for the Company to increase their investment in the future through call options exercisable by the Company and put options exercisable by the investee. These put and call options are recorded at fair market value. The estimation of the fair value of the investment involves the use of Level 3 inputs. The Company evaluates these investments for indicators of impairment. The Company considers impairment indicators such as negative changes in industry and market conditions, financial performance, business prospects, and other relevant events and factors. If indicators exist and the fair value of the investment is below the carrying amount, the investment could be impaired. The Company did not recognize any impairment loss associated with its investments during the years ended December 31, 2020, 2019, and 2018.

Property and Equipment

Property and equipment are recorded at cost or at estimated fair value (in the case of acquired properties), adjusted for asset impairment and estimated asset retirement obligations. Costs for self-constructed towers include direct materials and labor, indirect costs and capitalized interest. Approximately \$0.6 million, \$0.7 million, and \$0.9 million of interest cost was capitalized in 2020, 2019 and 2018, respectively.

Depreciation on towers and related components is provided using the straight-line method over the estimated useful lives, not to exceed the minimum lease term of the underlying ground lease. In making the determination of the period for which the Company is reasonably certain to remain on the site, the Company will assume optional renewals are reasonably certain of being exercised for the greater of: (1) a period sufficient to cover all tenants under their current committed term where the Company has provided rights to the tower not to exceed the contractual ground lease terms including renewals and (2) a period sufficient to recover the investment of significant leasehold improvements located on the site. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the minimum lease term of the lease. For all other property and equipment, depreciation is provided using the straight-line method over the estimated useful lives.

The Company performs ongoing evaluations of the estimated useful lives of its property and equipment for depreciation purposes. The estimated useful lives are determined and continually evaluated based on the period over which services are expected to be rendered by the asset. If the useful lives of assets are reduced, depreciation may be accelerated in future years. Property and equipment under capital leases are amortized on a straight-line basis over the term of the lease or the remaining estimated life of the leased property, whichever is shorter, and the related amortization is included in depreciation expense. Expenditures for maintenance and repair are expensed as incurred.

Asset classes and related estimated useful lives are as follows:

Towers and related components	3 - 15 years
Furniture, equipment and vehicles	2 - 7 years
Data Centers, buildings, and leasehold improvements	10 - 30 years

Betterments, improvements, and significant repairs, which increase the value or extend the life of an asset, are capitalized and depreciated over the estimated useful life of the respective asset. Changes in an asset's estimated useful life are accounted for prospectively, with the book value of the asset at the time of the change being depreciated over the revised remaining useful life. There has been no material impact for changes in estimated useful lives for any years presented.

Deferred Financing Fees

Financing fees related to the issuance of debt have been deferred and are being amortized using the effective interest rate method over the expected duration of the related indebtedness (see Note 11). For all of the Company's debt, except for the Revolving Credit Facility where the debt issuance costs are being presented as an asset on the accompanying Consolidated Balance Sheet, debt issuance costs are presented on the balance sheet as a direct deduction from the related debt liability rather than as an asset.

Intangible Assets

The Company classifies as intangible assets the fair value of current leases in place at the acquisition date of towers and related assets (referred to as the "Current contract intangibles"), and the fair value of future tenant leases anticipated to be added to the acquired towers (referred to as the "Network location intangibles"). These intangibles are estimated to have a useful life consistent with the useful life of the related tower assets, which is typically 15 years. For all intangible assets, amortization is provided using the straight-line method over the estimated useful lives as the benefit associated with these intangible assets is anticipated to be derived evenly over the life of the asset.

Impairment of Long-Lived Assets

The Company evaluates its individual long-lived and related assets with finite lives for indicators of impairment to determine when an impairment analysis should be performed. The Company evaluates its tower assets and Current contract intangibles at the tower level, which is the lowest level for which identifiable cash flows exists. The Company evaluates its Network location intangibles for impairment at the tower leasing business level whenever indicators of impairment are present. The Company has established a policy to at least annually, or earlier if indicators of impairment arise, evaluate its tower assets and Current contract intangibles for impairment.

The Company records an impairment charge when an investment in towers or related assets has been impaired, such that future undiscounted cash flows would not recover the then current carrying value of the investment in the tower and related intangible. If the future undiscounted cash flows are lower than the carrying value of the investment in the tower and related intangible, the Company calculates future discounted cash flows and compares those amounts to the carrying value. The Company records an impairment charge for any amounts lower than the carrying value. Estimates and assumptions inherent in the impairment evaluation include, but are not limited to, general market and economic conditions, historical operating results, geographic location, lease-up potential and expected timing of lease-up. In addition, the Company makes certain assumptions in determining an asset's fair value for the purpose of calculating the amount of an impairment charge.

The Company recognized impairment charges of \$40.1 million, \$33.1 million, and \$27.1 million for the years ended December 31, 2020, 2019 and 2018, respectively. Refer to Note 3 for further detail of these amounts.

Fair Value Measurements

The Company determines the fair market values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

- | | |
|---------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. |

Revenue Recognition and Accounts Receivable

Revenue from site leasing is recognized on a straight-line basis over the current term of the related lease agreements. Receivables recorded related to the straight-line impact of site leases are reflected in other assets on the Consolidated Balance Sheets. Rental amounts received in advance are recorded as deferred revenue on the Consolidated Balance Sheets. Revenues from site leasing represent 94% of the Company's total revenues. For additional information on tenant leases, refer to the Leases section below.

Site development projects in which the Company performs consulting services include contracts on a fixed price basis that are billed at contractual rates. Revenue is recognized over time based on milestones achieved, which are determined based on costs incurred. Amounts billed in advance (collected or uncollected) are recorded as deferred revenue on the Consolidated Balance Sheets.

Revenue from construction projects is recognized over time, determined by the percentage of cost incurred to date compared to management's estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on the contracts nears completion. Refer to Note 5 for further detail of costs and estimated earnings in excess of billings on uncompleted contracts. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined to be probable.

The site development segment represents approximately 6% of the Company's total revenues. The Company accounts for site development revenue in accordance with ASC 606, Revenue from Contracts with Customers. Payment terms do not result in any significant financing arrangements. Furthermore, these contracts do not typically include variable consideration; therefore, the transaction price that is recognized over time is generally the amount of the total contract.

The accounts receivable balance was \$74.1 million and \$132.1 million as of December 31, 2020 and 2019, respectively, of which \$14.3 million and \$40.7 million related to the site development segment as of December 31, 2020 and 2019, respectively. Refer to Note 15 for further detail of the site development segment.

Credit Losses

Effective January 1, 2020, the Company adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13") prospectively. ASU 2016-13 replaces the incurred loss impairment model with an expected credit loss impairment model for financial instruments, including trade receivables. The amendment requires entities to consider forward-looking information to estimate expected credit losses over the lifetime of the asset, resulting in earlier recognition of losses for receivables that are current or not yet due, which were not considered under the previous accounting guidance. The impact of the adoption of ASU 2016-13 was not material individually or in the aggregate to the Company.

ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses ("ASU 2018-19") clarified that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. The Company is exposed to credit losses which are subject to this standard primarily through the site development business segment which provides consulting and construction related services. The Company's expected credit loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of customers' trade accounts receivables. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected considers aging of the accounts receivable balances and the financial condition of customers. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company's monitoring activities include timely account reconciliation, dispute resolution, payment confirmation, consideration of customers' financial condition and macroeconomic conditions. Balances are written off when determined to be uncollectible.

The following is a rollforward of the allowance for doubtful accounts for our site leasing and site development businesses:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Beginning balance	\$ 21,202	\$ 23,880	\$ 26,481
Provision for doubtful accounts	620	155	551
Write-offs	(23)	(1,455)	(591)
Recoveries ⁽¹⁾	(3,524)	(2,296)	—
Acquisitions	—	1,193	—
Currency translation adjustment	(2,582)	(275)	(2,561)
Ending balance	<u>\$ 15,693</u>	<u>\$ 21,202</u>	<u>\$ 23,880</u>

- (1) On June 20, 2016, Oi, S.A. ("Oi"), the Company's largest customer in Brazil, filed a petition for judicial reorganization in Brazil. Since the filing, the Company has received all rental payments due in connection with obligations of Oi accruing post-petition. On January 8, 2018, Oi's reorganization plan was approved by the Brazilian courts and Oi is expected to fully resolve all its pre-petition obligations in accordance with the terms of the plan, which includes a 10% reduction in the

receivable and four annual installment payments. Two of these payments were received by the Company since March 2019. The remaining balance is expected to be fully paid by 2022.

Cost of Revenue

Cost of site leasing revenue includes ground lease rent, property taxes, amortization of deferred lease costs, maintenance and other tower operating expenses. Cost of site development revenue includes the cost of materials, salaries and labor costs, including payroll taxes, subcontract labor, vehicle expense and other costs directly and indirectly related to the projects. All costs related to site development projects are recognized as incurred.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the estimated future tax consequences attributable to differences between the financial reporting and tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is "more-likely-than-not" that those assets will not be realized. The Company considers many factors when assessing the likelihood of future realization, including the Company's recent cumulative earnings by taxing jurisdiction, expectations of future taxable income, prudent and feasible tax planning strategies that are available, the carryforward periods available to the Company for tax reporting purposes and other relevant factors.

The Company began operating as a REIT for federal income tax purposes effective January 1, 2016. As a REIT, the Company generally is not subject to corporate level federal income tax on taxable income it distributes to its stockholders as long as it meets the organizational and operational requirements under the REIT rules. However, certain subsidiaries have made an election with the IRS to be treated as a taxable REIT subsidiary ("TRS") in conjunction with the Company's REIT election. The TRS elections permit the Company to engage in certain business activities in which the REIT may not engage directly, so long as these activities are conducted in entities that elect to be treated as TRSs under the Code. A TRS is subject to federal and state income taxes on the income from these activities. Additionally, the Company has included in TRSs the Company's tower operations in most foreign jurisdictions; however, the REIT holds selected tower assets in Puerto Rico and USVI. Those operations will continue to be subject to foreign taxes in the jurisdiction in which such assets and operations are located regardless of whether they are included in a TRS.

The Company will continue to file separate federal tax returns for the REIT and TRS for the year ended December 31, 2020. The REIT had taxable income during the year ended December 31, 2020 and paid a dividend and utilized net operating losses ("NOLs") to offset its remaining 2020 distribution requirement. Some of the Company's TRSs generated NOLs which will be carried forward to use in future years. A portion of the deferred tax asset generated by the NOLs are reserved by a valuation allowance.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return if applicable. The Company has not identified any tax exposures that require a reserve. To the extent that the Company records unrecognized tax exposures, any related interest and penalties will be recognized as interest expense in the Company's Consolidated Statements of Operations.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all share-based payment awards made to employees and directors, including stock options, restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs"), and purchases under the Company's employee stock purchase plans. The Company records compensation expense, for stock options, RSUs, and PSUs on a straight-line basis over the vesting period; however compensation expense related to certain PSUs are subject to adjustment on performance relative to the established targets. Compensation expense for stock options is based on the estimated fair value of the options on the date of the grant using the Black-Scholes option-pricing model. Compensation expense for RSUs and PSUs is based on the fair market value of the units awarded at the date of the grant.

Asset Retirement Obligations

The Company has entered into ground leases for the land underlying the majority of the Company's towers. A majority of these leases require the Company to restore land interests to their original condition upon termination of the ground lease.

In determining the measurement of the asset retirement obligations, the Company considered the nature and scope of the contractual restoration obligations contained in the Company's ground leases, the historical retirement experience as an indicator of

future restoration probabilities, intent in renewing existing ground leases through lease termination dates, current and future value and timing of estimated restoration costs and the credit adjusted risk-free rate used to discount future obligations.

The Company recognizes asset retirement obligations in the period in which they are incurred, if a reasonable estimate of a fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the related tower fixed assets, and over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the estimated useful life of the tower. As of December 31, 2020 and 2019, the asset retirement obligation was \$30.9 million and \$11.5 million, respectively, and is included in other long-term liabilities on the Consolidated Balance Sheets. Upon settlement of the obligations, any difference between the cost to retire an asset and the recorded liability is recorded in Asset impairment and decommission costs on the Consolidated Statements of Operations.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, and is comprised of net income (loss), other foreign currency adjustments, and adjustments related to interest rate swaps designated as cash flow hedges.

Foreign Currency Translation

All assets and liabilities of foreign subsidiaries that do not utilize the U.S. dollar as its functional currency are translated at period-end exchange rates, while revenues and expenses are translated at monthly average exchange rates during the year. Unrealized remeasurement gains and losses are reported as foreign currency translation adjustments through Accumulated other comprehensive loss, net in the Consolidated Statement of Shareholders' Deficit.

For foreign subsidiaries where the U.S. dollar is the functional currency, monetary assets and liabilities of such subsidiaries, which are not denominated in U.S. dollars, are remeasured at exchange rates in effect at the balance sheet date, and revenues and expenses are remeasured at monthly average rates prevailing during the year. Unrealized translation gains and losses are reported as other income (expense), net in the Consolidated Statements of Operations.

Acquisitions

Under ASU 2017-01, Clarifying the Definition of a Business, the Company's acquisitions will generally qualify for asset acquisition treatment under ASC 360, Property, Plant, and Equipment, rather than business combination treatment under ASC 805 Business Combinations. For acquisitions, the aggregate purchase price is allocated on a relative fair value basis to towers and related intangible assets. The fair values of these net assets acquired are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management at the time. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could be subject to a possible impairment of the intangible assets, or require acceleration of the amortization expense of intangible assets in subsequent periods. External, direct transaction costs will be capitalized as a component of the cost of the asset acquired. The Company will continue to expense internal acquisition costs as incurred. For business combinations, the estimates of the fair value of the assets acquired and liabilities assumed at the date of an acquisition are subject to adjustment during the measurement period (up to one year from the particular acquisition date). During the measurement period, the Company will adjust assets and/or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in a revised estimated value of those assets and/or liabilities as of that date. As of December 31, 2020, there were no purchase price allocations that were preliminary.

In connection with certain acquisitions, the Company may agree to pay contingent consideration (or earnouts) in cash or stock if the communication sites or businesses that are acquired meet or exceed certain performance targets over a period of one year to three years after they have been acquired. The Company accrues for contingent consideration in connection with business combinations at fair value as of the date of the acquisition. All subsequent changes in fair value of contingent consideration payable in cash are recorded through Consolidated Statements of Operations. Contingent consideration in connection with asset acquisitions will be recognized at the time when the contingency is resolved or becomes payable and will increase the cost basis of the assets acquired.

Leases

The Company adopted ASU No. 2016-02, Leases ("Topic 842") using the modified retrospective adoption method with an effective date of January 1, 2019. The consolidated financial statements for 2020 and 2019 are presented under the new standard,

while the 2018 comparative period presented is not adjusted and continues to be reported in accordance with the Company's historical accounting policy. This standard requires all lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. The Company has elected not to separate nonlease components from the associated lease component for all underlying classes of assets.

The components of the right-of-use assets and lease liabilities as of December 31, 2020 and 2019 are as follows (in thousands):

	December 31, 2020	December 31, 2019
Operating lease right-of-use assets, net	\$ 2,369,358	\$ 2,567,507
Financing lease right-of-use assets, net	4,202	4,710
Right-of-use assets, net	<u>\$ 2,373,560</u>	<u>\$ 2,572,217</u>
Current operating lease liabilities	\$ 234,605	\$ 245,665
Current financing lease liabilities	1,432	1,350
Current lease liabilities	<u>\$ 236,037</u>	<u>\$ 247,015</u>
Long-term operating lease liabilities	\$ 2,092,353	\$ 2,276,858
Long-term financing lease liabilities	2,010	2,542
Long-term lease liabilities	<u>\$ 2,094,363</u>	<u>\$ 2,279,400</u>

Operating Leases

Ground leases. The Company enters into long-term lease contracts for land that underlies its tower structures. Ground lease agreements generally include renewal options which can be exercised exclusively at the Company's election. In making the determination of the period for which the Company is reasonably certain to remain on the site, the Company will assume optional renewals are reasonably certain of being exercised for the greater of: (1) a period sufficient to cover all tenants under their current committed term where the Company has provided rights to the tower not to exceed the contractual ground lease terms including renewals, and (2) a period sufficient to recover the investment of significant leasehold improvements located on the site (generally 15 years).

Substantially all leases provide for rent rate escalations. The most common provisions provide for fixed rent escalators which typically average 2-3% annually. The Company also has ground leases that include consumer price index escalators, particularly in its South American and South African operations. Increases or decreases in lease payments that result from subsequent changes in the index or rate are accounted for as variable lease payments.

Office leases. The Company's office leases consist of long-term leases for international, regional, and certain site development office locations. Office leases include a single lease component, lease of the office space and sometimes nonlease components such as common area maintenance expenses. The lease term for office leases are generally considered to be the contractually committed term.

Finance Leases

Vehicle leases. The Company leases vehicles that are used in its site development business. These leases are accounted for as financing leases and have lease terms that are contractually committed and do not include optional renewal terms.

Discount Rate

When available, the Company uses the rate implicit in the lease to discount lease payments to present value. However, the Company's ground leases generally do not provide a readily determinable implicit rate. Therefore, the Company estimates the incremental borrowing rate to discount lease payments based on information available at lease commencement or upon a modification. The Company uses publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates.

Lease Cost

Variable lease payments include escalations based on standard cost of living indexes and are initially recognized using the prevailing index at the date of initial measurement or upon reassessment of the lease term. Subsequent changes in standard cost of living increases are recognized as variable lease costs. Variable lease payments also include contingent rent provisions.

The components of lease cost, lease term, and discount rate as of December 31, 2020 and 2019 are as follows:

	For the year ended	
	December 31, 2020	December 31, 2019
	(in thousands)	
Amortization of right-of-use assets	\$ 1,485	\$ 1,275
Interest on finance lease liabilities	135	115
Total finance lease cost	1,620	1,390
Operating lease cost	260,619	266,681
Variable lease cost	42,654	38,477
Total lease cost	<u>\$ 304,893</u>	<u>\$ 306,548</u>

Weighted Average Remaining Lease Term as of December 31, 2020 and 2019:

Operating leases	16.1 years	16.6 years
Finance leases	2.7 years	3.3 years

Weighted Average Discount Rate as of December 31, 2020 and 2019:

Operating leases	5.9%	6.1%
Finance leases	3.4%	3.6%

Other information:	For the twelve months ended	
	December 31, 2020	December 31, 2019
Cash paid for amounts included in measurement of lease liabilities:		
Cash flows from operating leases	\$ 237,747	\$ 237,758
Cash flows from finance leases	\$ 1,485	\$ 1,275

Tenant (Operating) Leases

The Company enters into long-term lease contracts with wireless service providers to lease antenna space on towers that it owns or operates. Each tenant lease relates to the lease or use of space at an individual site. Tenant leases are generally for an initial term of five years to 10 years with multiple renewal periods at the option of the tenant. Tenant leases typically contain specific rent escalators, which can be fixed or escalate in accordance with a standard cost of living index, including the renewal option periods.

Tenant lease agreements generally include renewal options which can be exercised exclusively at the tenant's election. The only common exception is if the Company no longer has a right to the ground underlying the site, the lease agreements permit the Company to terminate the lease. Despite high frequency of renewal of options to extend the lease by its tenants, the Company has concluded that the exercise of a renewal option by a tenant is not reasonably certain of occurrence; therefore, only the current committed term is included in the determination of the lease term.

Certain tenant leases provide for a reimbursement of costs incurred by the Company. The Company pays these costs directly and is not relieved of the primary obligation for the expenses. These reimbursements are recorded as revenue on the Statements of Operations.

Deferred Lease Costs

ASU 2016-02, defines initial direct costs as incremental costs that would not have been incurred if the lease had not been obtained. These costs, including commissions paid related to the origination of specific tenant leases, are deferred and amortized over the remaining lease term. Initial direct costs were approximately \$1.2 million and \$1.8 million for the years ended December 31, 2020 and 2019, respectively. Amortization expense related to deferred initial direct costs was \$1.3 million and \$1.4 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, unamortized deferred initial direct costs were \$4.8 million and \$4.9 million, respectively, and are included in other assets on the Consolidated Balance Sheets.

Reference Rate Reform

ASU 2020-04, Reference Rate Reform, provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. As of December 31, 2020, the Company has not modified any contracts as a result of reference rate reform and is evaluating the impact this standard may have on its consolidated financial statements.

Intercompany Loans Subject to Remeasurement

In accordance with Accounting Standards Codification (ASC) 830, the Company remeasures foreign denominated intercompany loans with the corresponding change in the balance being recorded in Other income (expense), net in the Consolidated Statements of Operations as settlement is anticipated or planned in the foreseeable future. The Company recorded a \$145.6 million loss, a \$9.0 million gain, and a \$58.8 million loss, net of taxes, on the remeasurement of intercompany loans for the years ended December 31, 2020, 2019, and 2018, respectively, due to changes in foreign exchange rates. As of December 31, 2020 and 2019, the aggregate amount outstanding under the intercompany loan agreements subject to remeasurement with the Company's foreign subsidiaries was \$909.8 million and \$899.7 million, respectively.

Derivatives and Hedging Activities

The Company enters into interest rate swaps to hedge the future interest expense from variable rate debt and reduce the Company's exposure to fluctuations in interest rates. At inception, the Company evaluates the interest rate swaps to determine whether they qualify for hedge accounting. In accordance with ASU 2017-12 (ASC 815 - Derivatives and Hedging), hedge accounting should be provided only if the derivative hedging instrument is expected to be, and actually is, effective at offsetting changes in fair values or cash flows of the hedged item. The effective portion of the gain or loss is recorded in Accumulated other comprehensive loss, net on the Consolidated Balance Sheets. The ineffective portion of the gain or loss from the interest rate swap is recognized in earnings immediately. On a quarterly basis, the Company evaluates whether the cash flow hedge remains highly effective in offsetting changes in cash flows.

3. FAIR VALUE MEASUREMENTS

Items Measured at Fair Value on a Recurring Basis—The Company's asset retirement obligations are measured at fair value on a recurring basis using Level 3 inputs and are recorded in Other long-term liabilities in the Consolidated Balance Sheets. The fair value of the asset retirement obligations is calculated using a discounted cash flow model.

Refer to Note 20 for discussion of the Company's redeemable non-controlling interests.

Items Measured at Fair Value on a Nonrecurring Basis—The Company's long-lived and intangible assets are measured at fair value on a nonrecurring basis using Level 3 inputs. The Company considers many factors and makes certain assumptions when making this assessment, including but not limited to: general market and economic conditions, historical operating results, geographic location, lease-up potential and expected timing of lease-up. The fair value of the long-lived and intangible assets is calculated using a discounted cash flow model.

Asset impairment and decommission costs for all periods presented and the related impaired assets primarily relate to the Company's site leasing operating segment. The following summarizes the activity of asset impairment and decommission costs (in thousands):

	For the year ended December 31,		
	2020	2019	2018
Asset impairment ⁽¹⁾	\$ 31,552	\$ 18,794	\$ 14,350
Write-off of carrying value of decommissioned towers	7,456	11,155	10,795
Other (including third party decommission costs)	1,089	3,154	1,989
Total asset impairment and decommission costs	<u>\$ 40,097</u>	<u>\$ 33,103</u>	<u>\$ 27,134</u>

- (1) Represents impairment charges resulting from the Company's regular analysis of whether the future cash flows from certain towers are adequate to recover the carrying value of the investment in those towers.

Refer to Note 2 for discussion of the Company's long term investments.

Fair Value of Financial Instruments— The carrying values of cash and cash equivalents, accounts receivable, restricted cash, accounts payable, and short-term investments approximate their estimated fair values due to the shorter maturity of these instruments. The Company's estimate of its short term investments are based primarily upon Level 1 reported market values. As of December 31, 2020 and 2019, the Company had \$0.7 million and \$0.5 million, respectively, of short term investments. For the year ended December 31, 2020, the Company purchased and sold \$1.2 billion of short-term investments.

The Company determines fair value of its debt instruments utilizing various Level 2 sources including quoted prices and indicative quotes (non-binding quotes) from brokers that require judgment to interpret market information including implied credit spreads for similar borrowings on recent trades or bid/ask prices. The fair value of the Revolving Credit Facility is considered to approximate the carrying value because the interest payments are based on Eurodollar rates that reset monthly or more frequently. The Company does not believe its credit risk has changed materially from the date the applicable Eurodollar Rate was set for the Revolving Credit Facility (112.5 to 175.0 basis points). Refer to Note 11 for the fair values, principal balances, and carrying values of the Company's debt instruments.

For discussion of the Company's derivatives and hedging activities, refer to Note 1 and Note 22.

4. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The cash, cash equivalents, and restricted cash balances on the Consolidated Statement of Cash Flows consist of the following:

	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018	Included on Balance Sheet
	(in thousands)			
Cash and cash equivalents	\$ 308,560	\$ 108,309	\$ 143,444	
Securitization escrow accounts	31,507	30,046	32,261	Restricted cash - current asset
Payment and performance bonds	164	197	203	Restricted cash - current asset
Surety bonds and workers compensation	2,577	2,568	2,392	Other assets - noncurrent
Total cash, cash equivalents, and restricted cash	<u>\$ 342,808</u>	<u>\$ 141,120</u>	<u>\$ 178,300</u>	

Pursuant to the terms of the Tower Securities (see Note 11), the Company is required to establish a securitization escrow account, held by the indenture trustee, into which all rents and other sums due on the towers that secure the Tower Securities are directly deposited by the lessees. These restricted cash amounts are used to fund reserve accounts for the payment of (1) debt service costs, (2) ground rents, real estate and personal property taxes and insurance premiums related to towers, (3) trustee and servicing expenses, and (4) management fees. The restricted cash in the securitization escrow account in excess of required reserve balances is subsequently released to the Borrowers (as defined in Note 11) monthly, provided that the Borrowers are in compliance with their debt service coverage ratio and that no event of default has occurred. All monies held by the indenture trustee are classified as restricted cash on the Company's Consolidated Balance Sheets.

Payment and performance bonds relate primarily to collateral requirements for tower construction currently in process by the Company. Cash is pledged as collateral related to surety bonds issued for the benefit of the Company or its affiliates in the ordinary course of business and primarily related to the Company's tower removal obligations. As of December 31, 2020 and 2019, the Company had \$41.8 million and \$41.7 million in surety, payment and performance bonds, respectively, for which no collateral was required to be posted. The Company periodically evaluates the collateral posted for its bonds to ensure that it meets the minimum requirements. As of December 31, 2020 and 2019, the Company had also pledged \$2.3 million as collateral related to its workers' compensation policy.

5. COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

The Company's costs and estimated earnings on uncompleted contracts are comprised of the following:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Costs incurred on uncompleted contracts	\$ 54,949	\$ 52,339
Estimated earnings	21,778	19,954
Billings to date	(43,725)	(47,401)
	<u>\$ 33,002</u>	<u>\$ 24,892</u>

These amounts are included in the Consolidated Balance Sheets under the following captions:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 34,796	\$ 26,313
Billings in excess of costs and estimated earnings on uncompleted contracts (included in Other current liabilities)	(1,794)	(1,421)
	<u>\$ 33,002</u>	<u>\$ 24,892</u>

At December 31, 2020 and 2019, eight customers comprised 99.4% and 94.4%, respectively, of the costs and estimated earnings in excess of billings on uncompleted contracts, net of billings in excess of costs and estimated earnings, respectively.

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS AND OTHER ASSETS

The Company's prepaid expenses and other current assets are comprised of the following:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Prepaid ground rent	\$ 1,412	\$ 1,632
Prepaid real estate taxes	3,153	3,003
Prepaid taxes	8,121	4,924
Other	11,189	27,722
Total prepaid expenses and other current assets	<u>\$ 23,875</u>	<u>\$ 37,281</u>

The Company's other assets are comprised of the following:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Straight-line rent receivable	\$ 321,816	\$ 330,660
Interest rate swap asset ⁽¹⁾	12,123	47,583
Loan receivables	5,931	8,295
Deferred lease costs, net	4,788	4,865
Deferred tax asset - long term	53,722	4,342
Long-term investments	57,575	13,255
Other	22,037	23,078
Total other assets	<u>\$ 477,992</u>	<u>\$ 432,078</u>

(1) Refer to Note 22 for more information on the Company's interest rate swaps.

7. ACQUISITIONS

The following table summarizes the Company's acquisition activity:

	For the year ended December 31,		
	2020	2019	2018
Tower acquisitions (number of towers)	233	2,443	1,316

The following table summarizes the Company's cash acquisition capital expenditures:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Acquisitions of towers and related intangible assets ^{(1) (2) (3)}	\$ 181,473	\$ 701,471	\$ 406,699
Land buyouts and other assets ⁽⁴⁾	89,945	72,486	45,130
Total cash acquisition capital expenditures	<u>\$ 271,418</u>	<u>\$ 773,957</u>	<u>\$ 451,829</u>

- (1) The year ended December 31, 2020 excludes \$77.1 million of acquisitions completed during the fourth quarter of 2020 which were not funded until the first quarter of 2021.
- (2) The year ended December 31, 2019 excludes \$1.7 million of acquisitions costs funded through the issuance of 10,000 shares of Class A common stock.
- (3) On August 30, 2019, the Company acquired an additional interest of a previously unconsolidated joint venture in South Africa which resulted in the consolidation of the entity. The cash consideration is included herein. Furthermore, the year ended December 31, 2019 excludes \$72.0 million associated with the consolidation of this entity.
- (4) In addition, the Company paid \$12.3 million, \$15.2 million, and \$24.3 million for ground lease extensions and term easements on land underlying the Company's towers during the years ending December 31, 2020, 2019, and 2018, respectively. The Company recorded these amounts in prepaid rent on its Consolidated Balance Sheets. Includes amounts paid related to the acquisition of data centers for the years ended December 31, 2020 and 2019.

During the year ended December 31, 2020, the Company acquired 233 towers and related assets and liabilities consisting of \$30.1 million of property and equipment, \$218.1 million of intangible assets, and \$66.8 million of other net liabilities assumed. All acquisitions in the year ended December 31, 2020 were accounted for as asset acquisitions.

During the year ended December 31, 2019, the Company acquired 2,443 towers and related assets and liabilities consisting of \$90.8 million of property and equipment, \$715.5 million of intangible assets, and \$32.8 million of other net liabilities assumed.

During the year ended December 31, 2018, the Company acquired 1,316 towers and related assets and liabilities consisting of \$134.5 million of property and equipment, \$280.7 million of intangible assets, and \$8.5 million of other net liabilities assumed.

Subsequent to December 31, 2020, the Company acquired 25 towers and related assets for \$8.4 million in cash. In addition, on February 16, 2021, the Company closed on the acquisition of wireless tenant licenses on 697 utility transmission structures related to the previously announced PG&E transaction for \$954.0 million of cash consideration. The balance of the PG&E transaction is anticipated to close by the end of the third quarter. Furthermore, the Company has agreed to purchase and anticipates closing on 299 additional communication sites for an aggregate amount of \$72.7 million. The Company anticipates that the majority of these acquisitions will be consummated by the end of the second quarter of 2021.

The maximum potential obligation related to the performance targets for acquisitions, which have not been recorded on the Company's Consolidated Balance Sheet, were \$35.0 million and \$29.7 million as of December 31, 2020 and 2019, respectively.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Towers and related components	\$ 5,213,019	\$ 5,164,104
Construction-in-process ⁽¹⁾	38,065	33,644
Furniture, equipment, and vehicles	54,610	51,654
Land, buildings, and improvements	818,272	736,378
Total property and equipment	6,123,966	5,985,780
Less: accumulated depreciation	(3,446,640)	(3,191,178)
Property and equipment, net	<u>\$ 2,677,326</u>	<u>\$ 2,794,602</u>

- (1) Construction-in-process represents costs incurred related to towers that are under development and will be used in the Company's site leasing operations.

Depreciation expense was \$287.0 million, \$281.6 million, and \$269.2 million for the years ended December 31, 2020, 2019, and 2018, respectively. At December 31, 2020 and 2019, unpaid capital expenditures that are included in accounts payable and accrued expenses were \$6.1 million and \$14.7 million, respectively.

9. INTANGIBLE ASSETS, NET

The following table provides the gross and net carrying amounts for each major class of intangible assets:

	As of December 31, 2020			As of December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net book value	Gross carrying amount	Accumulated amortization	Net book value
	(in thousands)					
Current contract intangibles	\$ 4,876,880	\$ (2,471,438)	\$ 2,405,442	\$ 4,996,591	\$ (2,218,404)	\$ 2,778,187
Network location intangibles	1,770,944	(1,020,236)	750,708	1,764,484	(915,898)	848,586
Intangible assets, net	<u>\$ 6,647,824</u>	<u>\$ (3,491,674)</u>	<u>\$ 3,156,150</u>	<u>\$ 6,761,075</u>	<u>\$ (3,134,302)</u>	<u>\$ 3,626,773</u>

All intangible assets noted above are included in the Company's site leasing segment. Amortization expense relating to the intangible assets above was \$434.4 million, \$415.2 million, and \$402.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Estimated amortization expense on the Company's intangibles assets is as follows:

For the year ended December 31,	(in thousands)
2021	\$ 410,820
2022	388,376
2023	364,625
2024	335,645
2025	325,820

10. ACCRUED EXPENSES

The Company's accrued expenses are comprised of the following:

	As of December 31, 2020	As of December 31, 2019
	(in thousands)	
Salaries and benefits	\$ 20,958	\$ 19,838
Real estate and property taxes	9,583	9,598
Unpaid capital expenditures	6,073	14,669
Other	26,417	23,513
Total accrued expenses	<u>\$ 63,031</u>	<u>\$ 67,618</u>

11. DEBT

The principal values, fair values, and carrying values of debt consist of the following (in thousands):

		As of December 31, 2020			As of December 31, 2019		
	Maturity Date	Principal Balance	Fair Value	Carrying Value	Principal Balance	Fair Value	Carrying Value
Revolving Credit Facility	Apr. 11, 2023	\$ 380,000	\$ 380,000	\$ 380,000	\$ 490,000	\$ 490,000	\$ 490,000
2018 Term Loan	Apr. 11, 2025	2,340,000	2,310,750	2,325,391	2,364,000	2,369,910	2,346,183
2013-2C Tower Securities ⁽¹⁾	Apr. 11, 2023	575,000	599,662	572,063	575,000	585,954	570,866
2014-2C Tower Securities ⁽¹⁾	Oct. 8, 2024	620,000	670,003	616,131	620,000	644,912	615,205
2015-1C Tower Securities ⁽¹⁾	Oct. 8, 2020	—	—	—	500,000	502,095	498,090
2016-1C Tower Securities ⁽¹⁾	Jul. 9, 2021	—	—	—	700,000	704,095	696,936
2017-1C Tower Securities ⁽¹⁾	Apr. 11, 2022	760,000	774,410	757,165	760,000	763,405	755,061
2018-1C Tower Securities ⁽¹⁾	Mar. 9, 2023	640,000	671,341	636,045	640,000	658,266	634,344
2019-1C Tower Securities ⁽¹⁾	Jan. 12, 2025	1,165,000	1,218,613	1,155,106	1,165,000	1,158,057	1,153,086
2020-1C Tower Securities ⁽¹⁾	Jan. 9, 2026	750,000	752,910	742,782	—	—	—
2020-2C Tower Securities ⁽¹⁾	Jan. 11, 2028	600,000	597,840	594,081	—	—	—
2014 Senior Notes	Jul. 15, 2022	—	—	—	750,000	760,313	743,580
2016 Senior Notes	Sep. 1, 2024	1,100,000	1,127,500	1,088,924	1,100,000	1,142,625	1,086,241
2017 Senior Notes	Oct. 1, 2022	750,000	757,500	746,642	750,000	764,063	744,833
2020 Senior Notes	Feb. 15, 2027	1,500,000	1,567,500	1,481,466	—	—	—
Total debt		\$ 11,180,000	\$ 11,428,029	\$ 11,095,796	\$ 10,414,000	\$ 10,543,695	\$ 10,334,425
Less: current maturities of long-term debt				(24,000)			(522,090)
Total long-term debt, net of current maturities				<u>\$ 11,071,796</u>			<u>\$ 9,812,335</u>

(1) The maturity date represents the anticipated repayment date for each issuance.

The Company's future principal payment obligations over the next five years (based on the outstanding debt as of December 31, 2020 and assuming the Tower Securities are repaid at their respective anticipated repayment dates) are as follows:

For the year ended December 31,	(in thousands)
2021	\$ 24,000
2022	1,534,000
2023	1,619,000
2024	1,744,000
2025	3,409,000

The table below reflects cash and non-cash interest expense amounts recognized by debt instrument for the periods presented:

	Interest Rates as of December 31, 2020	For the year ended December 31,					
		2020		2019		2018	
		Cash Interest	Non-cash Interest	Cash Interest	Non-cash Interest	Cash Interest	Non-cash Interest
		(in thousands)					
Revolving Credit Facility	1.610%	\$ 6,070	\$ —	\$ 7,085	\$ —	\$ 7,411	\$ —
2014 Term Loan	N/A	—	—	—	—	15,550	146
2015 Term Loan	N/A	—	—	—	—	5,237	187
2018 Term Loan ⁽¹⁾	1.878%	68,963	23,452	105,021	1,338	72,648	543
2013 Tower Securities ⁽²⁾	3.722%	21,584	—	21,584	—	25,654	—
2014 Tower Securities ⁽³⁾	3.869%	24,185	—	43,055	—	51,138	—
2015-1C Tower Securities	3.156%	8,589	—	15,939	—	15,939	—
2016-1C Tower Securities	2.877%	10,972	—	20,361	—	20,361	—
2017-1C Tower Securities	3.168%	24,354	—	24,354	—	24,354	—
2018-1C Tower Securities	3.448%	22,281	—	22,281	—	18,072	—
2019-1C Tower Securities	2.836%	33,428	—	10,029	—	—	—
2020-1C Tower Securities	1.884%	6,675	—	—	—	—	—
2020-2C Tower Securities	2.328%	6,568	—	—	—	—	—
2014 Senior Notes	4.875%	3,352	112	36,563	800	36,563	761
2016 Senior Notes	4.875%	53,625	1,109	53,625	1,055	53,625	1,003
2017 Senior Notes	4.000%	30,000	—	30,000	—	30,000	—
2020 Senior Notes	3.875%	46,769	197	—	—	—	—
Capitalized interest and other		459	—	139	—	(335)	—
Total		\$ 367,874	\$ 24,870	\$ 390,036	\$ 3,193	\$ 376,217	\$ 2,640

- (1) The 2018 Term Loan has a blended rate of 1.878% which includes the impact of the interest rate swap entered into on August 4, 2020 which swapped \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan. Excluding the impact of the interest rate swap, the 2018 Term Loan was accruing interest at 1.900% as of December 31, 2020. Refer to Note 22 for more information on the Company's interest rate swap.
- (2) The 2013-1C Tower Securities and the 2013-1D Tower Securities, which were repaid March 9, 2018, accrued interest at 2.240% and 3.598%, respectively. The 2013-2C Tower Securities accrue interest at 3.722%.
- (3) The 2014-1C Tower Securities, which was repaid September 13, 2019, accrued interest at 2.898%. The 2014-2C Tower Securities accrue interest at 3.869%.

Senior Credit Agreement

On April 11, 2018, the Company amended and restated its Senior Credit Agreement to (1) issue a new \$2.4 billion Term Loan, (2) increase the total commitments under the Revolving Credit Facility from \$1.0 billion to \$1.25 billion, (3) extend the maturity date of the Revolving Credit Facility to April 11, 2023, (4) lower the applicable interest rate margins and commitment fees under the Revolving Credit Facility, and (5) amend certain other terms and conditions under the Senior Credit Agreement.

Terms of the Senior Credit Agreement

The Senior Credit Agreement, as amended, requires SBA Senior Finance II to maintain specific financial ratios, including (1) a ratio of Consolidated Net Debt to Annualized Borrower EBITDA not to exceed 6.5 times for any fiscal quarter, (2) a ratio of Consolidated Net Debt (calculated in accordance with the Senior Credit Agreement) to Annualized Borrower EBITDA for the most recently ended fiscal quarter not to exceed 6.5 times for 30 consecutive days and (3) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Senior Credit Agreement) of not less than 2.0 times for any fiscal quarter. The Senior Credit Agreement contains customary affirmative and negative covenants that, among other things, limit the ability of SBA Senior Finance II and its subsidiaries to incur indebtedness, grant certain liens, make certain investments, enter into sale leaseback transactions, merge or consolidate, make certain restricted payments, enter into transactions with affiliates, and engage in certain asset dispositions, including a sale of all or substantially all of their property. The Senior Credit Agreement is also subject to customary events of default. Pursuant to the Second Amended and Restated Guarantee and Collateral Agreement, amounts borrowed under the Revolving Credit Facility, the Term Loans and certain hedging transactions that may be entered into by SBA Senior Finance II or the Subsidiary Guarantors (as defined in the Senior Credit Agreement) with lenders or their affiliates are secured by a first lien on the membership interests of SBA Telecommunications, LLC, SBA Senior Finance, LLC and SBA Senior Finance II and on

substantially all of the assets (other than leasehold, easement and fee interests in real property) of SBA Senior Finance II and the Subsidiary Guarantors.

The Senior Credit Agreement, as amended, permits SBA Senior Finance II, without the consent of the other lenders, to request that one or more lenders provide SBA Senior Finance II with increases in the Revolving Credit Facility or additional term loans provided that after giving effect to the proposed increase in Revolving Credit Facility commitments or incremental term loans the ratio of Consolidated Net Debt to Annualized Borrower EBITDA would not exceed 6.5 times. SBA Senior Finance II's ability to request such increases in the Revolving Credit Facility or additional term loans is subject to its compliance with customary conditions set forth in the Senior Credit Agreement including compliance, on a pro forma basis, with the financial covenants and ratios set forth therein and, with respect to any additional term loan, an increase in the margin on existing term loans to the extent required by the terms of the Senior Credit Agreement. Upon SBA Senior Finance II's request, each lender may decide, in its sole discretion, whether to increase all or a portion of its Revolving Credit Facility commitment or whether to provide SBA Senior Finance II with additional term loans and, if so, upon what terms.

Revolving Credit Facility under the Senior Credit Agreement

The Revolving Credit Facility consists of a revolving loan under which up to \$1.25 billion aggregate principal amount may be borrowed, repaid and redrawn, based upon specific financial ratios and subject to the satisfaction of other customary conditions to borrowing. Amounts borrowed under the Revolving Credit Facility accrue interest, at SBA Senior Finance II's election, at either (1) the Eurodollar Rate plus a margin that ranges from 112.5 basis points to 175.0 basis points or (2) the Base Rate plus a margin that ranges from 12.5 basis points to 75.0 basis points, in each case based on the ratio of Consolidated Net Debt to Annualized Borrower EBITDA, calculated in accordance with the Senior Credit Agreement. In addition, SBA Senior Finance II is required to pay a commitment fee of between 0.20% and 0.25% per annum on the amount of unused commitment. If not earlier terminated by SBA Senior Finance II, the Revolving Credit Facility will terminate on, and SBA Senior Finance II will repay all amounts outstanding on or before, April 11, 2023. The proceeds available under the Revolving Credit Facility may be used for general corporate purposes. SBA Senior Finance II may, from time to time, borrow from and repay the Revolving Credit Facility. Consequently, the amount outstanding under the Revolving Credit Facility at the end of the period may not be reflective of the total amounts outstanding during such period.

During the year ended December 31, 2020, the Company borrowed \$895.0 million and repaid \$1.0 billion of the outstanding balance under the Revolving Credit Facility. As of December 31, 2020, the balance outstanding under the Revolving Credit Facility was \$380.0 million accruing interest at 1.610% per annum. In addition, SBA Senior Finance II was required to pay a commitment fee of 0.20% per annum on the amount of the unused commitment. As of December 31, 2020, SBA Senior Finance II was in compliance with the financial covenants contained in the Senior Credit Agreement.

Subsequent to December 31, 2020, the Company borrowed \$680.0 million and repaid \$430.0 million of the outstanding balance under the Revolving Credit Facility. As of the date of this filing, \$630.0 million was outstanding under the Revolving Credit Facility.

Term Loan under the Senior Credit Agreement

2018 Term Loan

On April 11, 2018, the Company, through its wholly owned subsidiary, SBA Senior Finance II LLC, obtained a new term loan (the "2018 Term Loan") under the amended and restated Senior Credit Agreement. The 2018 Term Loan consists of a senior secured term loan with an initial aggregate principal amount of \$2.4 billion that matures on April 11, 2025. The 2018 Term Loan accrues interest, at SBA Senior Finance II's election at either the Base Rate plus 75 basis points (with a zero Base Rate floor) or the Eurodollar Rate plus 175 basis points (with a zero Eurodollar Rate floor). The 2018 Term Loan was issued at 99.75% of par value. As of December 31, 2020, the 2018 Term Loan was accruing interest at 1.900% per annum. Principal payments on the 2018 Term Loan commenced on September 30, 2018 and are being made in quarterly installments on the last day of each March, June, September, and December in an amount equal to \$6.0 million. The Company incurred financing fees of approximately \$16.8 million in relation to this transaction, which are being amortized through the maturity date. The proceeds from the 2018 Term Loan were used (1) to retire the outstanding \$1.93 billion in aggregate principal amount of the 2014 Term Loan and 2015 Term Loan, (2) to pay down the existing outstanding balance under the Revolving Credit Facility, and (3) for general corporate purposes.

During the year ended December 31, 2020, the Company repaid an aggregate of \$24.0 million of principal on the 2018 Term Loan. As of December 31, 2020, the 2018 Term Loan had a principal balance of \$2.3 billion.

On August 4, 2020, the Company, through its wholly owned subsidiary, SBA Senior Finance II, terminated its existing \$1.95 billion cash flow hedge on a portion of its 2018 Term Loan in exchange for a payment of \$176.2 million. On the same date, the Company entered into an interest rate swap for \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan.

Secured Tower Revenue Securities

Tower Revenue Securities Terms

The mortgage loan underlying the 2013-2C Tower Securities, 2014-2C Tower Securities, 2017-1C Tower Securities, 2018-1C Tower Securities, 2019-1C Tower Securities, 2020-1C Tower Securities, and 2020-2C Tower Securities (together the “Tower Securities”) will be paid from the operating cash flows from the aggregate 9,989 tower sites owned by the Borrowers. The sole asset of the Trust consists of a non-recourse mortgage loan made in favor of those entities that are borrowers on the mortgage loan (the “Borrowers”). The mortgage loan is secured by (1) mortgages, deeds of trust, and deeds to secure debt on a substantial portion of the tower sites, (2) a security interest in the tower sites and substantially all of the Borrowers’ personal property and fixtures, (3) the Borrowers’ rights under certain tenant leases, and (4) all of the proceeds of the foregoing. For each calendar month, SBA Network Management, Inc., an indirect subsidiary (“Network Management”), is entitled to receive a management fee equal to 4.5% of the Borrowers’ operating revenues for the immediately preceding calendar month.

The Borrowers may prepay any of the mortgage loan components, in whole or in part, with no prepayment consideration, (1) within twelve months (in the case of the component corresponding to the Secured Tower Revenue Securities Series 2017-1C, Secured Tower Revenue Securities Series 2018-1C, Secured Tower Revenue Securities Series 2019-1C, and Secured Tower Revenue Securities Series 2020-1C) or eighteen months (in the case of the components corresponding to the Secured Tower Revenue Securities Series 2013-2C, Secured Tower Revenue Securities Series 2014-2C, and Secured Tower Revenue Securities Series 2020-2C) of the anticipated repayment date of such mortgage loan component, (2) with proceeds received as a result of any condemnation or casualty of any tower owned by the Borrowers or (3) during an amortization period. In all other circumstances, the Borrowers may prepay the mortgage loan, in whole or in part, upon payment of the applicable prepayment consideration. The prepayment consideration is determined based on the class of the Tower Securities to which the prepaid mortgage loan component corresponds and consists of an amount equal to the excess, if any, of (1) the present value associated with the portion of the principal balance being prepaid, calculated in accordance with the formula set forth in the mortgage loan agreement, on the date of prepayment of all future installments of principal and interest required to be paid from the date of prepayment to and including the first due date within twelve months (in the case of the component corresponding to the Secured Tower Revenue Securities Series 2017-1C, Secured Tower Revenue Securities Series 2018-1C, Secured Tower Revenue Securities Series 2019-1C, and Secured Tower Revenue Securities Series 2020-1C) or eighteen months (in the case of the components corresponding to the Secured Tower Revenue Securities Series 2013-2C, Secured Tower Revenue Securities Series 2014-2C, and Secured Tower Revenue Securities Series 2020-2C) of the anticipated repayment date of such mortgage loan component over (2) that portion of the principal balance of such class prepaid on the date of such prepayment.

To the extent that the mortgage loan components corresponding to the Tower Securities are not fully repaid by their respective anticipated repayment dates, the interest rate of each such component will increase by the greater of (1) 5% and (2) the amount, if any, by which the sum of (x) the 10 year U.S. treasury rate plus (y) the credit-based spread for such component (as set forth in the mortgage loan agreement) plus (z) 5%, exceeds the original interest rate for such component.

Pursuant to the terms of the Tower Securities, all rents and other sums due on any of the towers owned by the Borrowers are directly deposited by the lessees into a controlled deposit account and are held by the indenture trustee. The monies held by the indenture trustee after the release date are classified as short-term restricted cash on the Consolidated Balance Sheets (see Note 4). However, if the Debt Service Coverage Ratio, defined as the net cash flow (as defined in the mortgage loan agreement) divided by the amount of interest on the mortgage loan, servicing fees and trustee fees that the Borrowers are required to pay over the succeeding twelve months, as of the end of any calendar quarter, falls to 1.30x or lower, then all cash flow in excess of amounts required to make debt service payments, to fund required reserves, to pay management fees and budgeted operating expenses and to make other payments required under the loan documents, referred to as “excess cash flow,” will be deposited into a reserve account instead of being released to the Borrowers. The funds in the reserve account will not be released to the Borrowers unless the Debt Service Coverage Ratio exceeds 1.30x for two consecutive calendar quarters. If the Debt Service Coverage Ratio falls below 1.15x as of the end of any calendar quarter, then an “amortization period” will commence and all funds on deposit in the reserve account will be applied to prepay the mortgage loan until such time that the Debt Service Coverage Ratio exceeds 1.15x for a calendar quarter. In addition, if any of the Tower Securities are not fully repaid by their respective anticipated repayment dates, the cash flow from the towers owned by the Borrowers will be trapped by the trustee for the Tower Securities and applied first to repay the interest, at the original interest rates, on the mortgage loan components underlying the Tower Securities, second to fund all reserve accounts and operating expenses associated with those towers, third to pay the management fees due to Network Management, fourth to repay

principal of the Tower Securities and fifth to repay the additional interest discussed above. Furthermore, the advance rents reserve requirement states that the Borrowers are required to maintain an advance rents reserve at any time the monthly tenant Debt Service Coverage Ratio is equal to or less than 2:1 and for two calendar months after such coverage ratio again exceeds 2:1. The mortgage loan agreement, as amended, also includes covenants customary for mortgage loans subject to rated securitizations. Among other things, the Borrowers are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets.

2013-2C Tower Securities

On April 18, 2013, the Company, through a New York common law trust (the “Trust”), issued \$575.0 million of Secured Tower Revenue Securities Series 2013-2C, which have an anticipated repayment date of April 11, 2023 and a final maturity date of April 9, 2048 (the “2013-2C Tower Securities”). The fixed interest rate of the 2013-2C Tower Securities is 3.722% per annum, payable monthly. The Company incurred financing fees of \$11.0 million in relation to this transaction, which are being amortized through the anticipated repayment date of the 2013-2C Tower Securities.

2014 Tower Securities

On October 15, 2014, the Company, through the Trust, issued \$920.0 million of 2.898% Secured Tower Revenue Securities Series 2014-1C, which had an anticipated repayment date of October 8, 2019 and a final maturity date of October 11, 2044 (the “2014-1C Tower Securities”) and \$620.0 million of 3.869% Secured Tower Revenue Securities Series 2014-2C, which have an anticipated repayment date of October 8, 2024 and a final maturity date of October 8, 2049 (the “2014-2C Tower Securities”) (collectively the “2014 Tower Securities”). The Company incurred financing fees of \$9.0 million in relation to the 2014-2C Tower Securities, which are being amortized through the anticipated repayment date of the 2014-2C Tower Securities.

On September 13, 2019, the Company repaid the entire aggregate principal amount of the 2014-1C Tower Securities in connection with the issuance of the 2019-1C Tower Securities (as defined below). Additionally, the Company expensed \$0.4 million of deferred financing fees and accrued interest related to the redemption of the 2014-1C Tower Securities, which are reflected in loss from extinguishment of debt on the Consolidated Statement of Operations.

2015-1C Tower Securities

On October 14, 2015, the Company, through the Trust, issued \$500.0 million of Secured Tower Revenue Securities Series 2015-1C, which had an anticipated repayment date of October 8, 2020 and a final maturity date of October 10, 2045 (the “2015-1C Tower Securities”). The fixed interest rate of the 2015-1C Tower Securities was 3.156% per annum, payable monthly. The Company incurred financing fees of \$11.2 million in relation to this transaction, which were being amortized through the anticipated repayment date of the 2015-1C Tower Securities.

On July 14, 2020, the Company repaid the entire aggregate principal amount of the 2015-1C Tower Securities in connection with the issuance of the 2020 Tower Securities (as defined below). Additionally, the Company expensed \$0.6 million of deferred financing fees and accrued interest related to the redemption of the 2015-1C Tower Securities, which are reflected in loss from extinguishment of debt on the Consolidated Statement of Operations.

2016-1C Tower Securities

On July 7, 2016, the Company, through the Trust, issued \$700.0 million of Secured Tower Revenue Securities Series 2016-1C, which had an anticipated repayment date of July 9, 2021 and a final maturity date of July 10, 2046 (the “2016-1C Tower Securities”). The fixed interest rate of the 2016-1C Tower Securities was 2.877% per annum, payable monthly. The Company incurred financing fees of \$9.5 million in relation to this transaction, which were being amortized through the anticipated repayment date of the 2016-1C Tower Securities.

On July 14, 2020, the Company repaid the entire aggregate principal amount of the 2016-1C Tower Securities in connection with the issuance of the 2020 Tower Securities (as defined below). Additionally, the Company expensed \$2.0 million of deferred financing fees and accrued interest related to the redemption of the 2016-1C Tower Securities, which are reflected in loss from extinguishment of debt on the Consolidated Statement of Operations.

2017-1C Tower Securities

On April 17, 2017, the Company, through the Trust, issued \$760.0 million of Secured Tower Revenue Securities Series 2017-1C, which have an anticipated repayment date of April 11, 2022 and a final maturity date of April 9, 2047 (the “2017-1C Tower Securities”). The fixed interest rate on the 2017-1C Tower Securities is 3.168% per annum, payable monthly. The Company incurred financing fees of \$10.2 million in relation to this transaction, which are being amortized through the anticipated repayment date of the 2017-1C Tower Securities.

In addition, to satisfy certain risk retention requirements of Regulation RR promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), SBA Guarantor, LLC, a wholly owned subsidiary, purchased \$40.0 million of Secured Tower Revenue Securities Series 2017-1R issued by the Trust, which have an anticipated repayment date of April 11, 2022 and a final maturity date of April 9, 2047 (the “2017-1R Tower Securities”). The fixed interest rate on the 2017-1R Tower Securities is 4.459% per annum, payable monthly. Principal and interest payments made on the 2017-1R Tower Securities eliminate in consolidation.

2018-1C Tower Securities

On March 9, 2018, the Company, through the Trust, issued \$640.0 million of Secured Tower Revenue Securities Series 2018-1C, which have an anticipated repayment date of March 9, 2023 and a final maturity date of March 9, 2048 (the “2018-1C Tower Securities”). The fixed interest rate on the 2018-1C Tower Securities is 3.448% per annum, payable monthly. The Company incurred financing fees of \$8.6 million in relation to this transaction, which are being amortized through the anticipated repayment date of the 2018-1C Tower Securities.

In addition, to satisfy certain risk retention requirements of Regulation RR promulgated under the Exchange Act, SBA Guarantor, LLC, a wholly owned subsidiary, purchased \$33.7 million of Secured Tower Revenue Securities Series 2018-1R issued by the Trust. These securities have an anticipated repayment date of March 9, 2023 and a final maturity date of March 9, 2048 (the “2018-1R Tower Securities”). The fixed interest rate on the 2018-1R Tower Securities is 4.949% per annum, payable monthly. Principal and interest payments made on the 2018-1R Tower Securities eliminate in consolidation.

2019-1C Tower Securities

On September 13, 2019, the Company, through the Trust, issued \$1.165 billion of Secured Tower Revenue Securities Series 2019-1C, which have an anticipated repayment date of January 12, 2025 and a final maturity date of January 12, 2050 (the “2019-1C Tower Securities”). The fixed interest rate on the 2019-1C Tower Securities is 2.836% per annum, payable monthly. The Company incurred financing fees of \$12.8 million in relation to this transaction, which are being amortized through the anticipated repayment date of the 2019-1C Tower Securities.

In addition, to satisfy certain risk retention requirements of Regulation RR promulgated under the Exchange Act, SBA Guarantor, LLC, a wholly owned subsidiary, purchased \$61.4 million of Secured Tower Revenue Securities Series 2019-1R issued by the Trust. These securities have an anticipated repayment date of January 12, 2025 and a final maturity date of January 12, 2050 (the “2019-1R Tower Securities”). The fixed interest rate on the 2019-1R Tower Securities is 4.213% per annum, payable monthly. Principal and interest payments made on the 2019-1R Tower Securities eliminate in consolidation.

2020 Tower Securities

On July 14, 2020, the Company, through the Trust, issued \$750.0 million of 1.884% Secured Tower Revenue Securities Series 2020-1C which have an anticipated repayment date of January 9, 2026 and a final maturity date of July 11, 2050 (the “2020-1C Tower Securities”) and \$600.0 million of 2.328% Secured Tower Revenue Securities Series 2020-2C which have an anticipated repayment date of January 11, 2028 and a final maturity date of July 9, 2052 (the “2020-2C Tower Securities”) (collectively the “2020 Tower Securities”). The aggregate \$1.35 billion of 2020 Tower Securities have a blended interest rate of 2.081% and a weighted average life through the anticipated repayment date of 6.4 years. Net proceeds from this offering were used to repay the entire aggregate principal amount of the 2015-1C Tower Securities (\$500.0 million) and the 2016-1C Tower Securities (\$700.0 million). The remaining net proceeds of the 2020 Tower Securities were used for general corporate purposes. The Company has incurred deferred financing fees of \$14.1 million in relation to this transaction which are being amortized through the anticipated repayment date of the 2020 Tower Securities.

In addition, to satisfy certain risk retention requirements of Regulation RR promulgated under the Exchange Act, SBA Guarantor, LLC, a wholly owned subsidiary, purchased \$71.1 million of Secured Tower Revenue Securities Series 2020-1R issued by the Trust. These securities have an anticipated repayment date of January 11, 2028 and a final maturity date of July 9, 2052 (the

“2020-2R Tower Securities”). The fixed interest rate on the 2020-2R Tower Securities is 4.336% per annum, payable monthly. Principal and interest payments made on the 2020-2R Tower Securities eliminate in consolidation.

In connection with the issuance of the 2020 Tower Securities, SBA Properties, LLC, SBA Sites, LLC, SBA Structures, LLC, SBA Infrastructure, LLC, SBA Monarch Towers III, LLC, SBA 2012 TC Assets PR, LLC, SBA 2012 TC Assets, LLC, SBA Towers IV, LLC, SBA Monarch Towers I, LLC, SBA Towers USVI, Inc., SBA Towers VII, LLC, SBA GC Towers, LLC, SBA Towers V, LLC, and SBA Towers VI, LLC (collectively, the “Borrowers”), each an indirect subsidiary of SBAC, and Midland Loan Services, a division of PNC Bank, National Association, as servicer, on behalf of the Trustee entered into the Second Loan and Security Agreement Supplement and Amendment pursuant to which, among other things, (1) the outstanding principal amount of the mortgage loan was increased by \$1.4 billion (but increased by a net of \$221.1 million after giving effect to repayment of the loan components relating to the 2015-1C Tower Securities and 2016-1C Tower Securities) and (2) the Borrowers became jointly and severally liable for the aggregate \$5.1 billion borrowed under the mortgage loan corresponding to the 2013-2C Tower Securities, 2014-2C Tower Securities, 2017-1C Tower Securities, 2018-1C Tower Securities, 2019-1C Tower Securities, and the newly issued 2020-1C Tower Securities and 2020-2C Tower Securities. The new loan, after eliminating the risk retention securities, accrues interest at the same rate as the 2020 Tower Securities and is subject to all other material terms of the existing mortgage loan, including collateral and interest rate after the anticipated repayment date.

Debt Covenants

As of December 31, 2020, the Borrowers met the debt service coverage ratio required by the mortgage loan agreement and were in compliance with all other covenants as set forth in the agreement.

Senior Notes

2014 Senior Notes

On July 1, 2014, the Company issued \$750.0 million of unsecured senior notes due July 15, 2022 (the “2014 Senior Notes”). The 2014 Senior Notes accrued interest at a rate of 4.875% per annum and were issued at 99.178% of par value. Interest on the 2014 Senior Notes was due semi-annually on January 15 and July 15 of each year. The Company had incurred financing fees of \$11.6 million in relation to this transaction, which were being amortized through the maturity date.

On February 20, 2020, the Company redeemed the entire \$750.0 million balance of the 2014 Senior Notes with proceeds from the 2020 Senior Notes (defined below). In addition, the Company paid a \$9.1 million call premium and expensed \$7.7 million for the write-off of the original issue discount and financing fees related to the redemption of the 2014 Senior Notes which are reflected in loss from extinguishment of debt on the Consolidated Statement of Operations.

2016 Senior Notes

On August 15, 2016, the Company issued \$1.1 billion of unsecured senior notes due September 1, 2024 (the “2016 Senior Notes”). The 2016 Senior Notes accrue interest at a rate of 4.875% per annum and were issued at 99.178% of par value. Interest on the 2016 Senior Notes is due semi-annually on March 1 and September 1 of each year, beginning on March 1, 2017. The Company incurred financing fees of \$12.8 million in relation to this transaction, which are being amortized through the maturity date.

The 2016 Senior Notes are subject to redemption in whole or in part at the redemption prices set forth in the indenture agreement plus accrued and unpaid interest. The Company may redeem the 2016 Senior Notes during the twelve-month period beginning on the following dates at the following redemption prices: September 1, 2020 at 102.438%, September 1, 2021 at 101.219%, or September 1, 2022 until maturity at 100.000%, of the principal amount of the 2016 Senior Notes to be redeemed on the redemption date plus accrued and unpaid interest.

2017 Senior Notes

On October 13, 2017, the Company issued \$750.0 million of unsecured senior notes due October 1, 2022 at par value (the “2017 Senior Notes”). The 2017 Senior Notes accrued interest at a rate of 4.0% per annum. Interest on the 2017 Senior Notes was due semi-annually on April 1 and October 1 of each year, beginning on April 1, 2018. The Company incurred financing fees of \$8.9 million in relation to this transaction, which were being amortized through the maturity date.

On February 11, 2021, the Company redeemed the entire \$750.0 million balance of the 2017 Senior Notes with proceeds from the 2021 Senior Notes (defined below). In addition, the Company paid a \$7.5 million call premium and expensed \$3.2 million for the write-off of the original issue discount and financing fees related to the redemption of the 2017 Senior Notes which are reflected in loss from extinguishment of debt on the Consolidated Statement of Operations.

2020 Senior Notes

On February 4, 2020, the Company issued \$1.0 billion of unsecured senior notes due February 15, 2027 at par value (the “2020-1 Senior Notes”), and on May 26, 2020, the Company issued \$500.0 million of additional unsecured senior notes under the same indenture at 99.500% of par value (the “2020-2 Senior Notes”) (collectively, the “2020 Senior Notes”). The 2020 Senior Notes accrue interest at a rate of 3.875% per annum. Net proceeds from these offerings were used to redeem the entire \$750.0 million outstanding principal amount of the 2014 Senior Notes, repay amounts outstanding under the Revolving Credit Facility, and for general corporate purposes. Interest on the 2020 Senior Notes is due semi-annually on February 1 and August 1 of each year, beginning on August 15, 2020. The Company incurred financing fees of \$18.0 million in relation to this transaction, which are being amortized through the maturity date.

The 2020 Senior Notes are subject to redemption in whole or in part on or after February 15, 2023 at the redemption prices set forth in the indenture agreement plus accrued and unpaid interest. Prior to February 15, 2023, the Company may, at its option, redeem up to 35% of the aggregate principal amount of the 2020 Senior Notes originally issued at a redemption price of 103.875% of the principal amount of the 2020 Senior Notes to be redeemed on the redemption date plus accrued and unpaid interest with the net proceeds of certain equity offerings. The Company may redeem the 2020 Senior Notes during the twelve-month period beginning on the following dates at the following redemption prices: February 15, 2023 at 101.938%, February 15, 2024 at 100.969%, or February 15, 2025 until maturity at 100.000%, of the principal amount of the 2020 Senior Notes to be redeemed on the redemption date plus accrued and unpaid interest.

2021 Senior Notes

On January 29, 2021, the Company issued \$1.5 billion of unsecured senior notes due February 1, 2029 at par value (the “2021 Senior Notes”). The 2021 Senior Notes accrue interest at a rate of 3.125% per annum. Interest on the 2021 Senior Notes is due semi-annually on February 1 and August 1 of each year, beginning on August 1, 2021. The Company incurred financing fees of \$14.3 million to date in relation to this transaction, which are being amortized through the maturity date. Net proceeds from this offering were used to redeem all of the outstanding principal amount of the 2017 Senior Notes, repay the amounts outstanding under the Revolving Credit Facility, and for general corporate purposes.

The 2021 Senior Notes are subject to redemption in whole or in part on or after February 1, 2024 at the redemption prices set forth in the indenture agreement plus accrued and unpaid interest. Prior to February 1, 2024, the Company may, at its option, redeem up to 35% of the aggregate principal amount of the 2021 Senior Notes originally issued at a redemption price of 103.125% of the principal amount of the 2021 Senior Notes to be redeemed on the redemption date plus accrued and unpaid interest with the net proceeds of certain equity offerings. The Company may redeem the 2021 Senior Notes during the twelve-month period beginning on the following dates at the following redemption prices: February 1, 2024 at 101.563%, February 1, 2025 at 100.781%, or February 1, 2026 until maturity at 100.000%, of the principal amount of the 2021 Senior Notes to be redeemed on the redemption date plus accrued and unpaid interest.

Indentures Governing Senior Notes

The Indentures governing the Senior Notes contain customary covenants, subject to a number of exceptions and qualifications, including restrictions on the ability of SBAC and Telecommunications to (1) incur additional indebtedness unless the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio (as defined in the Indenture), pro forma for the additional indebtedness does not exceed, with respect to any fiscal quarter, 9.5x for SBAC, (2) merge, consolidate or sell assets, (3) make restricted payments, including dividends or other distributions, (4) enter into transactions with affiliates, and (5) enter into sale and leaseback transactions and restrictions on the ability of the Restricted Subsidiaries of SBAC (as defined in the Indentures) to incur liens securing indebtedness.

12. SHAREHOLDERS' EQUITY

Common Stock Equivalents

The Company has outstanding stock options, time-based restricted stock units ("RSUs"), and performance-based restricted stock units ("PSUs") which were considered in the Company's diluted earnings per share calculation (see Note 16).

Registration of Additional Shares

The Company filed a shelf registration statement on Form S-4 with the Securities and Exchange Commission registering 4.0 million shares of its Class A common stock in 2007. These shares may be issued in connection with acquisitions of wireless communication towers or antenna sites and related assets or companies that own wireless communication towers, antenna sites, or related assets. During the year ended December 31, 2020, the Company did not issue any shares of Class A common stock under this registration statement. During the year ended December 31, 2019, the Company issued 10,000 shares of Class A common stock under this registration statement. As of December 31, 2020, the Company had approximately 1.2 million shares of Class A common stock remaining under this registration statement.

On March 5, 2018, the Company filed with the Commission an automatic shelf registration statement for well-known seasoned issuers on Form S-3ASR. This registration statement enables the Company to issue shares of its Class A common stock, preferred stock or debt securities either separately or represented by warrants, or depositary shares as well as units that include any of these securities. Under the rules governing automatic shelf registration statements, the Company will file a prospectus supplement and advise the Commission of the amount and type of securities each time it issues securities under this registration statement. For the years ended December 31, 2020 and 2019, the Company did not issue any securities under this automatic shelf registration statement.

On August 6, 2020, the Company filed a registration statement on Form S-8 with the Securities and Exchange Commission registering 3.4 million shares of the Company's Class A common stock, consisting of 3.0 million shares of Common Stock issuable under the 2020 Performance and Equity Incentive Plan (the "2020 Plan") and 400,000 shares of Common Stock subject to awards granted under the 2010 Performance and Equity Incentive Plan (the "2010 Plan") that may become available for issuance or reissuance, as applicable, under the 2020 Plan if such awards are forfeited or are settled in cash or otherwise expire or terminate without the delivery of the shares (see Note 13).

Stock Repurchases

The Company's Board of Directors authorizes the Company to purchase, from time to time, outstanding Class A common stock through open market repurchases in compliance with Rule 10b-18 under the Exchange Act, and/or in privately negotiated transactions at management's discretion based on market and business conditions, applicable legal requirements, and other factors. Once authorized, the repurchase plan has no time deadline and will continue until otherwise modified or terminated by the Company's Board of Directors at any time in its sole discretion. Shares repurchased are retired. On November 2, 2020, the Company's Board of Directors authorized a new \$1.0 billion stock repurchase plan, replacing the prior plan authorized on July 29, 2019 which had a remaining authorization of \$124.3 million. As of the date of this filing, the Company had \$500.0 million authorization remaining under the new plan.

The following is a summary of the Company's share repurchases:

	For the year ended December 31,		
	2020	2019	2018
Total number of shares purchased (in millions) ⁽¹⁾	3.1	2.0	5.0
Average price paid per share ⁽¹⁾	\$ 280.17	\$ 231.87	\$ 159.87
Total price paid (in millions) ⁽¹⁾	\$ 856.0	\$ 470.3	\$ 795.5

Subsequent to December 31, 2020, the Company made the following share repurchases:

Total number of shares purchased (in millions) ⁽¹⁾	0.5
Average price paid per share ⁽¹⁾	\$ 262.16
Total price paid (in millions) ⁽¹⁾	\$ 144.0

- (1) Amounts are calculated based on the trade date which differs from the Consolidated Statements of Cash Flows which calculate share repurchases based on settlement date.

Dividends

As a REIT, the Company is required to distribute annually at least 90% of its REIT taxable income after the utilization of any available NOLs (determined before the deduction for dividends paid and excluding any net capital gain). As of December 31, 2020, \$651.1 million of the federal NOLs are attributes of the REIT. The Company may use these NOLs to offset its REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as the Company's NOLs have been fully utilized. The amount of future distributions will be determined, from time to time, by the Board of Directors to balance the Company's goal of increasing long-term shareholder value and retaining sufficient cash to implement the Company's current capital allocation policy, which prioritizes investment in quality assets that meet the Company's return criteria, and then stock repurchases when the Company believes its stock price is below its intrinsic value. The actual amount, timing and frequency of future dividends, will be at the sole discretion of the Board of Directors and will be declared based upon various factors, many of which are beyond the Company's control.

As of December 31, 2020, the Company paid the following cash dividends:

Date Declared	Payable to Shareholders of Record At the Close of Business on	Cash Paid Per Share	Aggregate Amount Paid	Date Paid
February 20, 2020	March 10, 2020	\$0.465	\$52.2 million	March 26, 2020
May 5, 2020	May 28, 2020	\$0.465	\$52.0 million	June 18, 2020
August 3, 2020	August 25, 2020	\$0.465	\$52.0 million	September 21, 2020
November 2, 2020	November 19, 2020	\$0.465	\$51.5 million	December 17, 2020

Dividends paid in 2020 and 2019 were ordinary dividends.

Subsequent to December 31, 2020, the Company declared the following cash dividends:

Date Declared	Payable to Shareholders of Record At the Close of Business on	Cash to be Paid Per Share	Date to be Paid
February 19, 2021	March 10, 2021	\$0.58	March 26, 2021

13. STOCK-BASED COMPENSATION

On February 25, 2020, the Company's 2010 Plan expired by its terms. On May 14, 2020, the Company's shareholders approved the 2020 Plan which provides for the issuance of up to 3.0 million shares of the Company's Class A common stock (of which approximately 3.0 million shares remain available for future issuance as of December 31, 2020), plus additional shares of Class A common stock (a) subject to awards granted under the 2010 Plan that may become available for issuance or reissuance, as applicable, under the 2020 Plan if such awards are forfeited or are settled in cash or otherwise expire or terminate without the delivery of the shares or (b) which become issuable under the 2020 Plan by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of outstanding shares of Class A common stock.

Commencing with the 2020 equity award, the Company modified the type of equity granted to certain employees to align long-term compensation with Company performance. Under the new structure, the Company continued to issue RSUs; however, RSUs will now vest ratably over three years rather than four years. The Company further replaced stock options with PSUs which will cliff vest at the end of three years. PSUs have performance metrics for which threshold, target, and maximum parameters are established at the time of the grant. The performance metrics are used to calculate the number of shares that will be issuable when the awards vest, which may range from zero to 200% of the target amounts. At the end of each three year performance period, the number of shares that vest will depend on the results achieved against the pre-established performance metrics. Furthermore, effective with the 2020 grant, RSUs and PSUs will accrue dividend equivalents prior to vesting, which will be paid out only in respect to shares that actually vest.

Stock Options

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the table below. The Company uses a combination of historical data and historical volatility to establish the expected volatility, as well as to estimate the expected option

life. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated life of the option. The following assumptions were used to estimate the fair value of options granted using the Black-Scholes option-pricing model:

	For the year ended December 31,		
	2020	2019	2018
Risk free interest rate	1.66%	1.37% - 2.47%	2.57% - 2.92%
Dividend yield	1.3%	1.3%	0.7%
Expected volatility	20.4%	20.4%	21.6%
Expected lives	4.6 years	4.6 years	4.6 years

The following table summarizes the Company's activities with respect to its stock option plans for the years ended December 31, 2020, 2019 and 2018 as follows (dollars and shares in thousands, except for per share data):

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	4,842	\$ 100.12		
Granted	941	\$ 156.55		
Exercised	(926)	\$ 81.73		
Forfeited/canceled	(41)	\$ 123.98		
Outstanding at December 31, 2018	4,816	\$ 114.48		
Granted	1,068	\$ 183.42		
Exercised	(1,315)	\$ 103.47		
Forfeited/canceled	(62)	\$ 140.85		
Outstanding at December 31, 2019	4,507	\$ 133.68		
Granted	10	\$ 240.99		
Exercised	(1,287)	\$ 110.59		
Forfeited/canceled	(28)	\$ 168.11		
Outstanding at December 31, 2020	3,202	\$ 143.01	3.8	\$ 445,311
Exercisable at December 31, 2020	1,700	\$ 124.93	3.0	\$ 267,228
Unvested at December 31, 2020	1,502	\$ 163.48	4.6	\$ 178,083

The weighted-average per share fair value of options granted during the years ended December 31, 2020, 2019 and 2018 was \$41.09, \$33.99, and \$33.01, respectively.

The total intrinsic value for options exercised during the years ended December 31, 2020, 2019 and 2018 was \$235.0 million, \$132.8 million and \$78.0 million, respectively. Cash received from option exercises under all plans for the years ended December 31, 2020, 2019 and 2018 was approximately \$142.5 million, \$136.0 million, and \$74.7 million, respectively. The tax benefit realized for the tax deductions from option exercises under all plans was \$16.9 million and \$10.2 million for the years ended December 31, 2020 and 2019, respectively. No tax benefit was realized for the year ended December 31, 2018.

The aggregate intrinsic value for stock options in the preceding table represents the total intrinsic value based on the Company's closing stock price of \$282.13 as of December 31, 2020. The amount represents the total intrinsic value that would have been received by the holders of the stock-based awards had these awards been exercised and sold as of that date.

Additional information regarding options outstanding and exercisable at December 31, 2020 is as follows:

Range	Options Outstanding			Options Exercisable	
	Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable	Weighted Average Exercise Price
	(in thousands)	(in years)		(in thousands)	
\$95.01 - \$115.00	557	2.1	\$ 96.89	556	\$ 96.87
\$115.01 - \$150.00	926	2.9	\$ 116.83	656	\$ 117.51
\$150.01 - \$180.00	744	4.2	\$ 156.54	300	\$ 156.53
\$180.01 - \$270.00	975	5.2	\$ 183.87	188	\$ 183.40
	<u>3,202</u>			<u>1,700</u>	

The following table summarizes the activity of options outstanding that had not yet vested:

	Number of Shares	Weighted-Average Fair Value Per Share
	(in thousands)	
Unvested as of December 31, 2019	2,590	\$ 29.82
Options granted	10	\$ 41.09
Vested	(1,070)	\$ 26.96
Forfeited	(28)	\$ 32.12
Unvested as of December 31, 2020	<u>1,502</u>	\$ 31.91

As of December 31, 2020, the total unrecognized compensation expense related to unvested stock options outstanding under the Plans is \$15.1 million. That cost is expected to be recognized over a weighted average period of 1.8 years.

The total fair value of options vested during 2020, 2019, and 2018 was \$28.8 million, \$26.5 million, and \$24.0 million, respectively.

Restricted Stock Units and Performance-Based Restricted Stock Units

The following table summarizes the Company's RSU and PSU activity for the year ended December 31, 2020:

	RSUs		PSUs	
	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share
	(in thousands)		(in thousands)	
Outstanding at December 31, 2019	313	\$ 152.98	—	\$ —
Granted ⁽¹⁾	99	\$ 290.77	149	\$ 376.48
Vested	(129)	\$ 142.11	—	\$ —
Forfeited/canceled	(9)	\$ 202.02	(1)	\$ 376.50
Outstanding at December 31, 2020	<u>274</u>	\$ 206.48	<u>148</u>	\$ 376.48

- (1) PSUs represent the target number of shares granted that are issuable at the end of the three year performance period. Fair value for a portion of the PSUs was calculated using a Monte Carlo simulation model.

Employee Stock Purchase Plan

In 2018, the Board of Directors of the Company adopted the 2018 Employee Stock Purchase Plan ("2018 Purchase Plan") which replaced the 2008 Purchase Plan and reserved 300,000 shares of Class A common stock for purchase. The 2018 Purchase Plan permits eligible employee participants to purchase Class A common stock at a price per share which is equal to 85% of the fair market value of Class A common stock on the last day of an offering period. For the years ended December 31, 2020 and 2019, 25,058 shares and 30,128 shares, respectively, of Class A common stock were issued under the 2018 Purchase Plan, which resulted in cash proceeds to the Company of approximately \$6.1 million and \$5.5 million, respectively. At December 31, 2020, 234,762 shares remained

available for issuance under the 2018 Purchase Plan. For the year ended December 31, 2018, 16,798 shares of Class A common stock were issued under the previous 2008 Purchase Plan, which resulted in cash proceeds to the Company of approximately \$2.3 million.

In addition, the Company recorded \$1.1 million, \$1.0 million, and \$0.6 million of non-cash compensation expense relating to the shares issued under the 2008 Purchase Plan and 2018 Purchase Plan for each of the years ended December 31, 2020, 2019, and 2018, respectively.

Non-Cash Compensation Expense

The table below reflects a break out by category of the non-cash compensation expense amounts recognized on the Company's Statements of Operations for the years ended December 31, 2020, 2019, and 2018, respectively:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Cost of revenues	\$ 2,074	\$ 2,034	\$ 1,182
Selling, general and administrative	66,816	71,180	41,145
Total cost of non-cash compensation included in income before provision for income taxes	<u>\$ 68,890</u>	<u>\$ 73,214</u>	<u>\$ 42,327</u>

During 2018, the Board of Directors adopted a retirement policy applicable to all employees receiving equity as part of their compensation plan. This policy was effective January 1, 2019. Historically, all unvested equity awards were forfeited upon termination of employment and any options that were vested but unexercised would be forfeited 90 days after the termination of employment. The new retirement policy allows employees that meet certain conditions to vest or continue vesting in outstanding equity awards following retirement and extends the time the employee has to exercise vested and outstanding awards. As a result of this policy, stock compensation expense related to the adoption of the policy resulted in an acceleration of unrecognized stock compensation expense of approximately \$18.5 million in 2019.

In addition, the Company capitalized \$1.5 million, \$1.1 million and \$0.8 million of non-cash compensation for the years ended December 31, 2020, 2019 and 2018, respectively, to fixed assets.

14. INCOME TAXES

As discussed in Note 2, the Company began operating in compliance with REIT requirements for federal income tax purposes effective January 1, 2016. As a REIT, the Company must distribute at least 90 percent of its taxable income (including dividends paid to it by its TRSs) except to the extent offset by NOLs. In addition, the Company must meet a number of other organizational and operational requirements. It is management's intention to adhere to these requirements and maintain the Company's REIT status. Most states where the Company operates conform to the federal rules recognizing REITs. Certain subsidiaries have made an election with the Company to be treated as TRSs in conjunction with the Company's REIT election; the TRS elections permit the Company to engage in certain business activities in which the REIT may not engage directly. A TRS is subject to federal and state income taxes on the income from these activities. A provision for taxes of the TRSs and of foreign branches of the REIT is included in its consolidated financial statements.

Income (loss) before provision (benefit) for income taxes by geographic area is as follows:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Domestic	\$ 151,421	\$ 133,046	\$ 99,203
Foreign	(169,170)	53,843	(47,519)
Total	<u>\$ (17,749)</u>	<u>\$ 186,889</u>	<u>\$ 51,684</u>

The provision (benefit) for income taxes consists of the following components:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Current provision:			
State	\$ 753	\$ 5,520	\$ 5,764
Foreign	20,638	18,150	13,756
Total current	21,391	23,670	19,520
Deferred provision (benefit) for taxes:			
Federal	(7,552)	(3,306)	(9,463)
State	(4,684)	1,952	(1,412)
Foreign	(59,956)	13,138	(16,673)
Change in valuation allowance	9,005	4,151	12,261
Total deferred	(63,187)	15,935	(15,287)
Total provision (benefit) for income taxes	\$ (41,796)	\$ 39,605	\$ 4,233

A reconciliation of the provision (benefit) for income taxes at the statutory U.S. Federal tax rate (21%) and the effective income tax rate is as follows:

	For the year ended December 31,		
	2020	2019	2018
	(in thousands)		
Statutory federal expense	\$ (3,727)	\$ 39,247	\$ 10,854
Rate and permanent differences on non-U.S. earnings ⁽¹⁾	(7,531)	15,937	3,620
State and local tax expense	(3,707)	7,578	4,824
REIT adjustment	(35,539)	(28,975)	(22,241)
Permanent differences	(736)	18	437
Tax Act impact on deferred taxes	—	—	(6,040)
Other	439	1,649	518
Valuation allowance	9,005	4,151	12,261
(Benefit) provision for income taxes	\$ (41,796)	\$ 39,605	\$ 4,233

(1) This item includes the effect of foreign exchange rate changes which were previously shown on a separate line.

The components of the net noncurrent deferred income tax asset (liability) accounts are as follows:

	As of December 31,	
	2020	2019
	(in thousands)	
Deferred tax assets:		
Net operating losses	\$ 55,657	\$ 61,741
Property, equipment, and intangible basis differences	9,813	5,946
Accrued liabilities	6,561	9,994
Non-cash compensation	20,128	19,198
Operating lease liability	232,329	276,824
Deferred revenue	2,846	2,527
Allowance for doubtful accounts	3,017	4,190
Currency translation	99,344	47,468
Other	5,808	2,657
Valuation allowance	(63,239)	(54,610)
Total deferred tax assets, net ⁽¹⁾	372,264	375,935
Deferred tax liabilities:		
Property, equipment, and intangible basis differences	(145,328)	(158,419)
Right of use asset	(223,366)	(269,586)
Straight-line rents	(20,809)	(25,535)
Deferred foreign withholding taxes	(9,796)	(7,706)
Deferred lease costs	—	(34)
Other	(1,532)	(783)
Total deferred tax liabilities, net ⁽¹⁾	\$ (28,567)	\$ (86,128)

- (1) Of these amounts, \$53,722 and \$82,290 are included in Other assets and Other long-term liabilities, respectively on the accompanying Consolidated Balance Sheets as of December 31, 2020. As of December 31, 2019, \$4,342, \$1,650, and \$88,820 are included in Other assets, Other current liabilities, and Other long-term liabilities, respectively on the accompanying Consolidated Balance Sheet.

A deferred tax asset is reduced by a valuation allowance if based on the weight of all available evidence, including both positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that the value of such assets will not be realized. The valuation allowance should be sufficient to reduce the deferred tax asset to the amount that is more likely than not to be realized. The realization of deferred tax assets, including carryforwards and deductible temporary differences, depends upon the existence of sufficient taxable income of the same character during the carryback or carryforward period. All sources of taxable income available to realize the deferred tax asset, including the future reversal of existing temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards, taxable income in carryback years and tax-planning strategies, should be considered.

The Company has recorded a valuation allowance for certain deferred tax assets as management believes that it is not “more-likely-than-not” that the Company will generate sufficient taxable income in future periods to recognize the assets. Valuation allowances of \$63.2 million and \$54.6 million were being carried to offset net deferred income tax assets as of December 31, 2020 and 2019, respectively. The net change in the valuation allowance for the years ended December 31, 2020 and 2019 was an increase of \$8.6 million and a decrease of \$4.0 million, respectively.

The Company has available at December 31, 2020, a federal NOL carry-forward of approximately \$770.8 million. \$745.2 million of these NOL carry-forwards will expire between 2025 and 2037, and \$25.6 million have an indefinite carry-forward. As of December 31, 2020, \$651.1 million of the federal NOLs are attributes of the REIT. The Company may use these NOLs to offset its REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as the NOLs have been fully utilized. The Internal Revenue Code places limitations upon the future availability of NOLs based upon changes in the equity of the Company. If these occur, the ability of the Company to offset future income with existing NOLs may be limited. In addition, the Company has available at December 31, 2020, a foreign NOL carry-forward of \$65.9 million and a net state operating tax loss carry-forward of approximately \$412.0 million. These net operating tax loss carry-forwards begin to expire in 2021.

The tax losses generated in tax years 2002 through 2014 remain subject to audit adjustment, and tax years 2015 and forward are open to examination by the major jurisdictions in which the Company operates.

The Company has removed the permanent reinvestment assertion as of December 31, 2020 for all foreign earnings of the Company's foreign jurisdictions except Argentina. The Company has also removed its permanent reinvestment assertion on the investment in the Company's Guatemala and El Salvador subsidiaries. The Company has recorded deferred foreign withholding taxes of \$9.8 million at December 31, 2020. No additional income taxes have been provided for any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations except as noted in Guatemala and El Salvador. The deferred incomes taxes related to the Guatemala and El Salvador subsidiaries are immaterial and determining the amount of unrecognized deferred tax liability for any additional outside basis differences in these entities that the investment is indefinitely reinvested is not practicable.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation in the form of the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act subjects a U.S. shareholder to tax on Global Intangible Low-Taxed Income ("GILTI") earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. The Company has elected to account for GILTI in the year it is incurred. The income inclusion for GILTI for the year ended December 31, 2020 is \$10.0 million.

15. SEGMENT DATA

The Company operates principally in two business segments: site leasing and site development. The Company's site leasing business includes two reportable segments, domestic site leasing and international site leasing. The Company's business segments are strategic business units that offer different services. They are managed separately based on the fundamental differences in their operations. The site leasing segment includes results of the managed and sublease businesses. The site development segment includes the results of both consulting and construction related activities. The Company's Chief Operating Decision Maker utilizes segment operating profit and operating income as his two measures of segment profit in assessing performance and allocating resources at the reportable segment level. The Company has applied the aggregation criteria to operations within the international site leasing segment on a basis that is consistent with management's review of information and performance evaluations of the individual markets in this region.

Revenues, cost of revenues (exclusive of depreciation, accretion and amortization), capital expenditures (including assets acquired through the issuance of shares of the Company's Class A common stock) and identifiable assets pertaining to the segments in which the Company continues to operate are presented below.

	Domestic Site Leasing	Int'l Site Leasing	Site Development	Other	Total
For the year ended December 31, 2020	(in thousands)				
Revenues	\$ 1,558,311	\$ 396,161	\$ 128,666	\$ —	\$ 2,083,138
Cost of revenues ⁽¹⁾	256,673	117,105	102,750	—	476,528
Operating profit	1,301,638	279,056	25,916	—	1,606,610
Selling, general, and administrative expenses	102,889	34,905	17,663	38,810	194,267
Acquisition and new business initiatives related adjustments and expenses	10,331	6,251	—	—	16,582
Asset impairment and decommission costs	28,887	11,210	—	—	40,097
Depreciation, amortization and accretion	539,399	174,073	2,356	6,142	721,970
Operating income (loss)	620,132	52,617	5,897	(44,952)	633,694
Other expense (principally interest expense and other expense)				(651,443)	(651,443)
Loss before income taxes					(17,749)
Cash capital expenditures ⁽²⁾	303,366	89,762	1,752	6,191	401,071
For the year ended December 31, 2019					
Revenues	\$ 1,487,108	\$ 373,750	\$ 153,787	\$ —	\$ 2,014,645
Cost of revenues ⁽¹⁾	258,413	115,538	119,080	—	493,031
Operating profit	1,228,695	258,212	34,707	—	1,521,614
Selling, general, and administrative expenses	99,707	32,411	21,525	39,074	192,717
Acquisition and new business initiatives related adjustments and expenses	7,933	7,295	—	—	15,228
Asset impairment and decommission costs	24,202	8,899	2	—	33,103
Depreciation, amortization and accretion	527,718	161,183	2,341	5,836	697,078
Operating income (loss)	569,135	48,424	10,839	(44,910)	583,488
Other expense (principally interest expense and other expense)				(396,599)	(396,599)
Income before income taxes					186,889
Cash capital expenditures ⁽²⁾	287,793	635,728	3,900	4,271	931,692
For the year ended December 31, 2018					
Revenues	\$ 1,400,095	\$ 340,339	\$ 125,261	\$ —	\$ 1,865,695
Cost of revenues ⁽¹⁾	266,131	106,165	96,499	—	468,795
Operating profit	1,133,964	234,174	28,762	—	1,396,900
Selling, general, and administrative expenses	72,879	27,082	16,215	26,350	142,526
Acquisition and new business initiatives related adjustments and expenses	5,268	5,693	—	—	10,961
Asset impairment and decommission costs	18,857	7,932	345	—	27,134
Depreciation, amortization and accretion	511,823	151,570	2,556	6,164	672,113
Operating income (loss)	525,137	41,897	9,646	(32,514)	544,166
Other expense (principally interest expense and other expense)				(492,482)	(492,482)
Income before income taxes					51,684
Cash capital expenditures ⁽²⁾	338,610	258,785	1,561	3,724	602,680

	Domestic Site Leasing	Int'l Site Leasing	Site Development	Other ⁽³⁾	Total
Assets	(in thousands)				
As of December 31, 2020	\$ 5,893,636	\$ 2,955,563	\$ 61,729	\$ 247,090	\$ 9,158,018
As of December 31, 2019	\$ 6,157,511	\$ 3,381,448	\$ 81,772	\$ 139,210	\$ 9,759,941

(1) Excludes depreciation, amortization, and accretion.

(2) Includes cash paid for capital expenditures and acquisitions and financing leases.

(3) Assets in Other consist primarily of general corporate assets.

For the years ended December 31, 2020, 2019, and 2018, site leasing revenue in Brazil was \$222.6 million, 226.7 million, and \$221.5 million, respectively. Other than Brazil, no foreign country represented more than 4% of the Company's total site leasing revenues in any of the periods presented. Total long-lived assets in Brazil were \$1.0 billion and \$1.4 billion as of December 31, 2020, and 2019, respectively.

16. EARNINGS PER SHARE

Basic earnings per share was computed by dividing net income (loss) attributable to SBA Communications Corporation by the weighted-average number of shares of Common Stock outstanding for each respective period. Diluted earnings per share was calculated by dividing net income (loss) attributable to SBA Communications Corporation by the weighted-average number of shares of Common Stock outstanding adjusted for any dilutive Common Stock equivalents, including unvested RSUs, PSUs, and shares issuable upon exercise of stock options as determined under the "Treasury Stock" method.

The following table sets forth basic and diluted net income per common share attributable to common shareholders for the years ended December 31, 2020, 2019, and 2018 (in thousands, except per share data):

	For the year ended December 31,		
	2020	2019	2018
Numerator:			
Net income attributable to SBA Communications Corporation	\$ 24,104	\$ 146,991	\$ 47,451
Denominator:			
Basic weighted-average shares outstanding	111,532	112,809	114,909
Dilutive impact of stock options, RSUs, and PSUs	1,933	1,884	1,606
Diluted weighted-average shares outstanding	113,465	114,693	116,515
Net income per common share attributable to SBA Communications Corporation:			
Basic	\$ 0.22	\$ 1.30	\$ 0.41
Diluted	\$ 0.21	\$ 1.28	\$ 0.41

For the years ended December 31, 2020, 2019, and 2018, the diluted weighted average number of common shares outstanding excluded an additional 56,351 shares, 19,533 shares, and 0.8 million shares issuable upon exercise of the Company's stock options because the impact would be anti-dilutive.

17. COMMITMENTS AND CONTINGENCIES

The Company is obligated under various non-cancelable operating leases for land, office space, equipment, and site leases. In addition, the Company is obligated under various non-cancelable financing leases for vehicles. The annual minimum lease payments, including fixed rate escalations as of December 31, 2020 are as follows (in thousands):

	Finance Leases	Operating Leases
2021	\$ 1,461	\$ 242,581
2022	1,243	244,547
2023	814	245,453
2024	78	245,204
2025	—	242,767
Thereafter	—	2,737,820
Total minimum lease payments	3,596	3,958,372
Less: amount representing interest	(154)	(1,631,414)
Present value of future payments	3,442	2,326,958
Less: current obligations	(1,432)	(234,605)
Long-term obligations	\$ 2,010	\$ 2,092,353

Tenant (Operating) Leases

The annual minimum tower lease income to be received for tower space rental under non-cancelable operating leases, including fixed rate escalations, as of December 31, 2020 is as follows:

	(in thousands)
2021	\$ 1,701,608
2022	1,463,893
2023	1,272,287
2024	1,035,425
2025	680,907
Thereafter	1,441,966
Total	<u>\$ 7,596,086</u>

Litigation

The Company is involved in various claims, lawsuits and proceedings arising in the ordinary course of business. While there are uncertainties inherent in the ultimate outcome of such matters and it is impossible to presently determine the ultimate costs that may be incurred, management believes the resolution of such uncertainties and the incurrence of such costs will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Contingent Purchase Obligations

From time to time, the Company agrees to pay additional consideration (or earnouts) for acquisitions if the towers or businesses that are acquired meet or exceed certain performance targets in the one year to three years after they have been acquired. Please refer to Note 3.

18. CONCENTRATION OF CREDIT RISK

The Company's credit risks consist primarily of accounts receivable with national, regional, and local wireless service providers and federal and state government agencies. The Company performs periodic credit evaluations of its customers' financial condition and provides allowances for doubtful accounts, as required, based upon factors surrounding the credit risk of specific customers, historical trends, and other information. The Company generally does not require collateral.

The following is a list of significant customers (representing at least 10% of revenue for any period reported) and the percentage of total revenue for the specified time periods derived from such customers:

<u>Percentage of Total Revenues</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	34.5%	35.1%	34.3%
AT&T Wireless	24.1%	23.8%	24.0%
Verizon Wireless	14.1%	14.0%	14.7%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint.

The Company's site leasing and site development segments derive revenue from these customers. Client percentages of total revenue in each of the segments are as follows:

<u>Percentage of Domestic Site Leasing Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	40.5%	40.6%	39.9%
AT&T Wireless	32.2%	32.1%	31.9%
Verizon Wireless	18.5%	18.6%	19.0%

<u>Percentage of International Site Leasing Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Oi S.A.	28.7%	31.3%	35.5%
Telefonica	18.1%	26.9%	26.7%
Claro	14.5%	11.6%	11.4%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint.

<u>Percentage of Site Development Revenue</u>	<u>For the year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
T-Mobile ⁽¹⁾	66.8%	67.5%	63.5%

(1) Prior year amounts have been adjusted to reflect the merger of T-Mobile and Sprint.

Five customers comprised 63.8% and 66.6% of total gross accounts receivable at December 31, 2020 and December 31, 2019, respectively.

19. DEFINED CONTRIBUTION PLAN

The Company has a defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code that provides for voluntary employee contributions up to the limitations set forth in Section 402(g) of the Internal Revenue Code. Employees have the opportunity to participate following completion of three months of employment and must be 21 years of age. Employer matching begins immediately upon the employee's participation in the plan.

The Company makes a discretionary matching contribution of 75% of an employee's contributions up to a maximum of \$4,000 annually. Company matching contributions were approximately \$2.7 million, \$2.4 million and \$2.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

20. REDEEMABLE NONCONTROLLING INTERESTS

In August 2019, the Company acquired an additional interest of a previously unconsolidated joint venture in South Africa which operated under the name Atlas Tower South Africa ("Atlas SA"). As a result of the transaction, the Company has consolidated the results of the entity into its financial statements. The incremental investment is reflected within Acquisitions on the Consolidated Statement of Cash Flows.

In connection with the acquisition of the additional interest in Atlas SA, the parties agreed to both a put option exercisable by the noncontrolling interest holder and a call option exercisable by the Company for the remaining 6% minority interest based on a formulaic approach. During the third quarter of 2020, the Company noticed its intent to exercise its call option to acquire its remaining 6% interest in the joint venture, which has not yet closed as of December 31, 2020. As the put option is outside of the Company's control, the estimated redemption value of the minority interest is presented as a redeemable noncontrolling interest outside of permanent equity on the Consolidated Balance Sheets. As of December 31, 2020, the fair market value of the 6% noncontrolling interest was \$15.2 million. The fair value assigned to the redeemable noncontrolling interest is estimated using Level 3 inputs based on unobservable inputs.

The Company allocates income and losses to the noncontrolling interest holder based on the applicable membership interest percentage. At each reporting period, the redeemable noncontrolling interest is recognized at the higher of (1) the initial carrying amount of the noncontrolling interest as adjusted for accumulated income or loss attributable to the noncontrolling interest holder, or

(2) the contractually-defined redemption value as of the balance sheet date. Adjustments to the carrying amount of redeemable noncontrolling interest are charged against retained earnings (or additional paid-in capital if there are no retained earnings).

The components of redeemable noncontrolling interests as of December 31, 2020 are as follows (in thousands):

	December 31, 2020	December 31, 2019
Beginning balance	\$ 16,052	\$ —
Purchase of noncontrolling interests	—	13,990
Additional investment	—	179
Foreign currency translation adjustments	(52)	460
Adjustment to fair value	(749)	1,130
Net (loss) income attributable to noncontrolling interests	(57)	293
Ending balance	\$ 15,194	\$ 16,052

21. QUARTERLY FINANCIAL DATA (unaudited)

	Quarter Ended			
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(in thousands, except per share amounts)			
Revenues	\$ 535,905	\$ 522,940	\$ 507,226	\$ 517,067
Operating income	165,100	160,337	157,054	151,203
Depreciation, accretion, and amortization	(180,383)	(180,302)	(178,706)	(182,579)
Net income (loss) attributable to SBA Communications Corporation	105,781	22,568	22,813	(127,058)
Net income (loss) per common share - basic	\$ 0.96	\$ 0.20	\$ 0.20	\$ (1.14)
Net income (loss) per common share - diluted	0.94	0.20	0.20	(1.14)

	Quarter Ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	(in thousands, except per share amounts)			
Revenues	\$ 513,659	\$ 507,547	\$ 500,147	\$ 493,292
Operating income	153,920	153,847	136,452	139,269
Depreciation, accretion, and amortization	(179,487)	(174,987)	(171,564)	(171,040)
Net income attributable to SBA Communications Corporation	67,350	21,679	31,973	25,989
Net income per common share - basic	\$ 0.60	\$ 0.19	\$ 0.28	\$ 0.23
Net income per common share - diluted	0.59	0.19	0.28	0.23

Because net income (loss) per share amounts are calculated using the weighted average number of common and dilutive common shares outstanding during each quarter, the sum of the per share amounts for the four quarters may not equal the total loss per share amounts for the year.

22. DERIVATIVES AND HEDGING ACTIVITIES

The Company enters into interest rate swaps to hedge the future interest expense from variable rate debt and reduce the Company's exposure to fluctuations in interest rates. On August 4, 2020, the Company, through its wholly owned subsidiary, SBA Senior Finance II, terminated its existing \$1.95 billion cash flow hedge on a portion of its 2018 Term Loan in exchange for a payment of \$176.2 million. On the same date, the Company entered into an interest rate swap for \$1.95 billion of notional value accruing interest at one month LIBOR plus 175 basis points for a fixed rate of 1.874% per annum through the maturity date of the 2018 Term Loan. The Company designated this interest rate swap as a cash flow hedge as it is expected to be highly effective at offsetting changes in cash flows of the LIBOR based component interest payments of its 2018 Term Loan. As of December 31, 2020, the hedge remains highly effective; therefore, subsequent changes in the fair value are recorded in Accumulated other comprehensive loss, net. As of December 31, 2020, the interest rate swap has a fair value of \$12.1 million.

On August 4, 2020, the Company also terminated its existing interest rate swaps, which were previously de-designated as cash flow hedges. There was no cash transferred in connection with the termination of these swaps. The Company reclassifies the fair value of its interest rate swaps recorded in Accumulated other comprehensive loss, net on their de-designation date to non-cash interest expense on the Consolidated Statements of Operations over their respective remaining term end dates which range from 2023 to 2025.

Accumulated other comprehensive loss, net includes an aggregate of \$140.9 million and \$42.1 million of accumulated derivative net losses as of December 31, 2020 and December 31, 2019, respectively.

Additionally, the Company is exposed to counterparty credit risk to the extent that a counterparty fails to meet the terms of a contract. The Company's exposure is limited to the current value of the contract at the time the counterparty fails to perform.

The disclosures below provide additional information about the effects of these interest rate swaps on the Consolidated Balance Sheets, Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income (Loss), and Consolidated Statements of Shareholders' Deficit. The cash flows associated with these activities are reported in Net cash provided by operating activities on the Consolidated Statements of Cash Flows with the exception of the termination of interest rate swaps which are recorded in Net cash used in financing activities.

The table below outlines the effects of the Company's interest rate swaps on the Consolidated Balance Sheets at December 31, 2020 and 2019.

	Balance Sheet Location	Fair Value as of	
		December 31, 2020	December 31, 2019
Derivatives Designated as Hedging Instruments		(in thousands)	
Interest rate swap agreements in a fair value asset position	Other assets	\$ 12,123	\$ —
Interest rate swap agreement in a fair value liability position	Other long-term liabilities	\$ —	\$ 42,698
Derivatives Not Designated as Hedging Instruments			
Interest rate swap agreements in a fair value asset position	Other assets	\$ —	\$ 47,583
Interest rate swap agreements in a fair value liability position	Other long-term liabilities	\$ —	\$ 47,583

The table below outlines the effects of the Company's derivatives on the Consolidated Statements of Operations for the fiscal years ended December 31, 2020, 2019, and 2018.

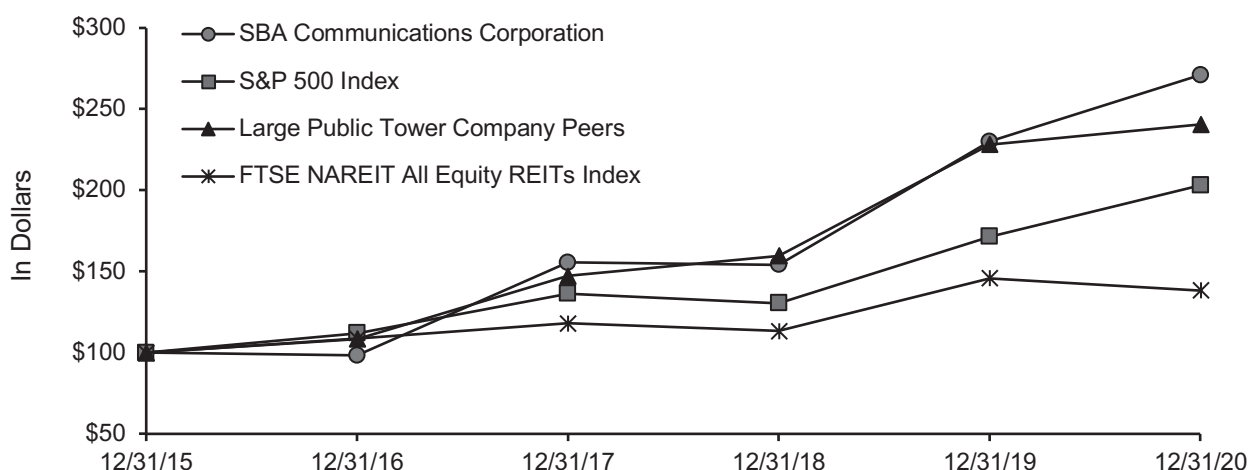
	For the year ended December 31,		
	2020	2019	2018
Cash Flow Hedge - Interest Rate Swap Agreement			
(in thousands)			
Change in fair value recorded in Accumulated other comprehensive loss, net	\$ (128,086)	\$ 16,887	\$ —
Amount recognized in Non-cash interest expense	\$ (6,707)	\$ (878)	\$ —
Derivatives Not Designated as Hedges - Interest Rate Swap Agreements			
Amount recorded in Accumulated other comprehensive loss, net	\$ —	\$ (60,462)	\$ —
Amount reclassified from Accumulated other comprehensive loss, net into Non-cash interest expense	\$ 29,315	\$ 1,444	\$ —

Performance Graph

SBA Communications Corporation's ("SBA" or "we") Class A Common Stock began trading on The Nasdaq National Market on June 16, 1999 when its initial public offering commenced and is currently traded on the Nasdaq Global Select Market. The following graph shows the total return to the shareholders of an investment in SBA's Class A Common Stock as compared to (1) an investment in the S&P 500 Index, (2) an investment in a peer group made up of American Tower Corporation and Crown Castle International Corporation, the comparable large domestic public wireless tower companies, and (3) an investment in the FTSE NAREIT All Equity REITs Index.

Total shareholder return is determined by dividing (1) the sum of (A) the cumulative amount of dividends for a given period (assuming dividend reinvestment) and (B) the change in share price between the beginning and end of the measurement period, by (2) the share price at the beginning of the measurement period.

Total Shareholder Returns



INDEXED RETURNS

Company Name / Index	Base Period	Years Ending				
	12/31/15	2016	2017	2018	2019	2020
SBA Communications Corporation	\$100.00	\$98.28	\$155.48	\$154.08	\$230.04	\$271.01
S&P 500 Index	\$100.00	\$111.96	\$136.40	\$130.42	\$171.49	\$203.04
Large Public Tower Company Peers	\$100.00	\$108.46	\$147.26	\$159.65	\$228.29	\$240.58
FTSE NAREIT All Equity REITs Index	\$100.00	\$108.63	\$118.05	\$113.28	\$145.75	\$138.28

Reflects \$100 invested on December 31, 2015 in (1) the Class A Common Stock of SBA, (2) the basket of companies comprising the S&P 500 Index, (3) the companies comprising the group of Large Public Tower Company Peers, and (4) the basket of companies comprising the FTSE NAREIT All Equity REITs Index.

Required Disclosures Non-GAAP Financial Measures in Accordance with Regulation G

SBA often makes disclosures of non-GAAP financial measures, such as (1) Funds from Operations (“FFO”), Adjusted Funds from Operations (“AFFO”) and AFFO per share; (2) Adjusted EBITDA and Adjusted EBITDA Margin; (3) domestic and international Tower Cash Flow and Margin; (4) Net Debt and Leverage Ratio; and (5) certain measures after eliminating the impact of changes in foreign currency exchange rates, or constant currency.

We believe that FFO, AFFO and AFFO per share, which are metrics used by our public company peers in the communication site industry, provide investors useful indicators of the financial performance of our business and permit investors an additional tool to evaluate the performance of our business against those of our two principal competitors. FFO, AFFO, and AFFO per share are also used to address questions we receive from analysts and investors who routinely assess our operating performance on the basis of these performance measures, which are considered industry standards. We believe that FFO helps investors or other interested parties meaningfully evaluate financial performance by excluding the impact of our asset base (primarily depreciation, amortization and accretion and asset impairment and decommission costs). We believe that AFFO and AFFO per share help investors or other interested parties meaningfully evaluate our financial performance as they include (1) the impact of our capital structure (primarily interest expense on our outstanding debt) and (2) sustaining capital expenditures and exclude the impact of (1) our asset base (primarily depreciation, amortization and accretion and asset impairment and decommission costs) and (2) certain non-cash items, including straight-lined revenues and expenses related to fixed escalations and rent free periods and the non-cash portion of our reported tax provision. GAAP requires rental revenues and expenses related to leases that contain specified rental increases over the life of the lease to be recognized evenly over the life of the lease. In accordance with GAAP, if payment terms call for fixed escalations, or rent free periods, the revenue or expense is recognized on a straight-lined basis over the fixed, non-cancelable term of the contract. We only use AFFO as a performance measure. AFFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance and should not be considered as an alternative to cash flows from operations or as residual cash flow available for discretionary investment. We believe our definition of FFO is consistent with how that term is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and that our definition and use of AFFO and AFFO per share is consistent with those reported by the other communication site companies.

We believe that Adjusted EBITDA is useful to investors or other interested parties in evaluating our financial performance. Adjusted EBITDA is the primary measure used by management (1) to evaluate the economic productivity of our operations and (2) for purposes of making decisions about allocating resources to, and assessing the performance of, our operations. Management believes that Adjusted EBITDA helps investors or other interested parties meaningfully evaluate and compare the results of our operations (1) from period to period and (2) to our competitors, by excluding the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation, amortization and accretion) from our financial results. Management also believes Adjusted EBITDA is frequently used by investors or other interested parties in the evaluation of REITs. In addition, Adjusted EBITDA is similar to the measure of current financial performance generally used in our debt covenant calculations. Adjusted EBITDA should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

We believe that Tower Cash Flow and Tower Cash Flow Margin are useful indicators of the performance of our site leasing operations.

We believe that Net Debt and Leverage Ratio provide investors a more complete understanding of our net debt and leverage position as they include the full principal amount of our debt which will be due at maturity and are net of our cash and cash equivalents, short-term restricted cash, and short-term investments.

We provide certain financial metrics on a constant currency basis as we believe they provide management and investors the ability to evaluate the performance of the business without the impact of foreign currency exchange rate fluctuations.

In addition, Tower Cash Flow, Adjusted EBITDA, Net Debt and Leverage Ratio are components of the calculations used by our lenders to determine compliance with certain covenants under our debt instruments.

These non-GAAP financial measures are not intended to be an alternative to any of the financial measures provided in our results of operations or our balance sheet as determined in accordance with GAAP.

FFO, AFFO and AFFO per share

The table below sets forth the reconciliation of FFO, AFFO and AFFO per share to their most comparable GAAP measurement.

	For the year ended December 31,	
	2020	2019
	(\$ in thousands, except per share amounts)	
Net income (loss)	\$ 24,047	\$ 147,284
Real estate related depreciation, amortization and accretion	717,728	692,718
Asset impairment and decommission costs ⁽¹⁾	40,097	33,103
Adjustments for unconsolidated joint ventures ⁽²⁾	—	2,365
FFO	\$ 781,872	\$ 875,470
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(3,475)	(12,367)
Non-cash straight-line ground lease expense	13,955	19,943
Non-cash compensation	68,890	73,214
Adjustment for non-cash portion of tax provision ⁽³⁾	(63,188)	15,936
Non-real estate related depreciation, amortization, and accretion	4,242	4,358
Amortization of deferred financing costs and debt discounts	44,927	25,660
Loss from extinguishment of debt, net	19,463	457
Other (income) expense	222,159	(14,052)
Acquisition and new business initiatives related adjustments and expenses	16,582	15,227
Non-discretionary cash capital expenditures	(35,490)	(34,472)
Adjustments for unconsolidated joint ventures ⁽²⁾	—	3,040
AFFO	\$ 1,069,937	\$ 972,414
Weighted average number of common shares ⁽⁴⁾	113,465	114,694
AFFO per share	\$ 9.43	\$ 8.48

(1) FY19 amounts have been reclassified to conform to current year presentation.

(2) Represents (a) with respect to the calculation of FFO, that portion of the joint ventures' depreciation, amortization and accretion to the extent included in our net income and (b) with respect to the calculation of AFFO, that portion of the joint ventures' straight-line leasing revenue and ground lease expense, other (income) expense and acquisition related adjustments and expenses, in each case to the extent included in our net income.

(3) Removes the non-cash portion of the tax provision for the period specified.

(4) For purposes of the AFFO per share calculation, the basic weighted average number of common shares has been adjusted to include the dilutive effect of stock options and restricted stock units.

Tower Cash Flow

The table below sets forth the reconciliation of Tower Cash Flow to its most comparable GAAP measurement.

	For the year ended December 31,	
	2020	2019
	(\$ in thousands)	
Site leasing revenue	\$ 1,954,472	\$ 1,860,858
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(373,778)	(373,951)
Site leasing segment operating profit	\$ 1,580,694	\$ 1,486,907
Non-cash straight-line leasing revenue	(3,475)	(12,368)
Non-cash straight-line ground lease expense	13,954	19,944
Tower Cash Flow	\$ 1,591,173	\$ 1,494,483

Domestic Tower Cash Flow and Domestic Tower Cash Flow Margin

The table below sets forth the reconciliation of Domestic Tower Cash Flow to its most comparable GAAP measurement and the calculation of Domestic Tower Cash Flow Margin.

	For the quarter ended December 31, 2020
	(\$ in thousands)
Domestic site leasing revenue	\$ 392,987
Non-cash straight-line domestic site leasing revenue	(1,046)
Domestic cash site leasing revenue	391,941
Domestic site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(64,448)
Non-cash straight-line ground lease expense	2,593
Domestic Tower Cash Flow	\$ 330,086
Domestic Tower Cash Flow Margin	84.2%

International Tower Cash Flow and International Tower Cash Flow Margin

The table below sets forth the reconciliation of International Tower Cash Flow to its most comparable GAAP measurement and the calculation of International Tower Cash Flow Margin.

	For the quarter ended December 31, 2020
	(\$ in thousands)
International site leasing revenue	\$ 99,960
Non-cash straight-line international site leasing revenue	894
International cash site leasing revenue	100,854
International site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(29,211)
Non-cash straight-line ground lease expense	460
International Tower Cash Flow	\$ 72,103
International Tower Cash Flow Margin	71.5%

Adjusted EBITDA, Annualized Adjusted EBITDA and Adjusted EBITDA Margin

The table below sets forth the reconciliation of Adjusted EBITDA to its most comparable GAAP measurement, the calculation of Annualized Adjusted EBITDA and the calculation of Adjusted EBITDA Margin. See our Form 10-K which accompanies this annual report for a discussion and reconciliation of Adjusted EBITDA.

	For the quarter ended December 31,	
	2020	2019
	(\$ in thousands)	
Net income (loss)	\$ 106,185	\$ 67,556
Non-cash straight-line leasing revenue	(152)	(3,023)
Non-cash straight-line ground lease expense	3,053	4,064
Non-cash compensation	16,975	12,581
Other (income) / expense	(77,986)	(35,349)
Acquisition and new business initiatives related adjustments and expenses	4,024	5,559
Asset impairment and decommission costs	10,994	9,472
Interest income	(641)	(808)
Total interest expense	103,195	105,727
Depreciation, accretion and amortization	180,383	179,487
Provision for taxes	34,566	17,127
Adjusted EBITDA	\$ 380,596	\$ 362,393
Annualized Adjusted EBITDA	\$ 1,522,384	\$ 1,449,572

- (1) Total interest expense includes interest expense, non-cash interest expense, and amortization of deferred financing fees.
- (2) These amounts include Franchise and Gross receipt taxes which are reflected in the Statements of Operations in selling, general and administrative expenses.
- (3) Annualized Adjusted EBITDA is calculated as Adjusted EBITDA for the most recent quarter multiplied by four.

	For the year ended December 31, 2020
	(\$ in thousands)
Net income (loss)	\$ 24,047
Non-cash straight-line leasing revenue	(3,475)
Non-cash straight-line ground lease expense	13,955
Non-cash compensation	68,890
Loss from extinguishment of debt, net	19,463
Other (income) / expense	222,159
Acquisition and new business initiatives related adjustments and expenses	16,582
Asset impairment and decommission costs	40,097
Interest income	(2,981)
Total interest expense	412,802
Depreciation, accretion and amortization	721,970
Provision for taxes	(40,895)
Adjusted EBITDA	\$ 1,492,614
Total Revenues	\$ 2,083,138
Non-cash straight-line leasing revenue	(3,475)
Total revenues minus non-cash straight-line leasing revenue	\$ 2,079,663
Adjusted EBITDA	\$ 1,492,614
Adjusted EBITDA Margin	71.8%

Net Debt and Leverage Ratio

Net Debt is calculated using the notional principal amount of outstanding debt. Under GAAP policies, the notional principal amount of SBA's outstanding debt is not necessarily reflected on the face of SBA's financial statements. The table below sets forth the reconciliation of Net Debt to its most comparable GAAP measurement and the calculation of Leverage Ratio.

	As of December 31, 2020
	(\$ in thousands)
2013-2C Tower Securities	\$ 575,000
2014-2C Tower Securities	620,000
2017-1C Tower Securities	760,000
2018-1C Tower Securities	640,000
2019-1C Tower Securities	1,165,000
2020-1C Tower Securities	750,000
2020-2C Tower Securities	600,000
Revolving Credit Facility	380,000
2018 Term Loan	2,340,000
Total secured debt	7,830,000
2016 Senior Notes	1,100,000
2017 Senior Notes	750,000
2020 Senior Notes	1,500,000
Total unsecured debt	3,350,000
Total debt	\$ 11,180,000
<u>Leverage Ratio</u>	
Total debt	\$ 11,180,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	(340,908)
Net debt	\$ 10,839,092
Divided by: Annualized Adjusted EBITDA	\$ 1,522,384
Leverage Ratio	7.1x

Growth on a Constant Currency Basis

We eliminate the impact of changes in foreign currency exchange rates for the financial metric in the table below by dividing the current period's financial results by the average monthly exchange rates of the prior year period, and by eliminating the impact of the remeasurement of our intercompany loans. The table below provides the reconciliation of the reported growth rate year-over-year of such measure to the growth rate after eliminating the impact of changes in foreign currency exchange rates to such measure.

	2020 year over year growth rate	Foreign currency impact	Growth excluding foreign currency impact
Site leasing revenue	5.0%	(3.9%)	8.9%
Tower Cash Flow	6.5%	(3.2%)	9.7%
Adjusted EBITDA	5.8%	(3.2%)	9.0%

Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements that concern expectations, beliefs, projections, strategies, anticipated events or trends regarding (1) our future capital allocation, including with respect to paying and growing our dividend, (2) our annual tower portfolio growth target, (3) our investment in new initiatives and opportunities, including our strategy with respect to edge computing and data center infrastructure, (4) the future network investment by Dish and its ability to compete as a nationwide carrier, (5) the impact of 5G deployment and carrier investment in the technology, (6) the impact of future domestic and international spectrum auctions, including C-band spectrum, and deployment of that spectrum by our customers, and (7) the impact of economic conditions on capital spending, including the continued impact of the COVID-19 pandemic. These forward-looking statements are qualified in their entirety by cautionary statements set forth under “Special Note Regarding Forward-Looking Statements” and the risk factor disclosures contained in our Form 10-K filed with the Securities and Exchange Commission on February 25, 2021 and included in this annual report.

SBA COMMUNICATIONS

DIRECTORS

Steven E. Bernstein
Chairman of the Board

Jeffrey A. Stoops
*Director, President and
Chief Executive Officer*

Kevin L. Beebe
Director

Brian C. Carr
Director

Mary S. Chan
Director

Duncan H. Cocroft
Director

George R. Krouse Jr.
Director

Jack Langer
Lead Independent Director

Fidelma Russo
Director

SENIOR MANAGEMENT

Jeffrey A. Stoops
President and Chief Executive Officer

Kurt Bagwell
President, International

Brendan T. Cavanagh
*Executive Vice President
and Chief Financial Officer*

Mark R. Ciarfella
*Executive Vice President,
Operations*

Thomas P. Hunt
*Executive Vice President,
Chief Administrative Officer
and General Counsel*

Dipan D. Patel
*Executive Vice President,
Strategy, Technology and
New Business Initiatives*

Jason V. Silberstein
*Executive Vice President,
Site Leasing*

Brian M. Allen
Senior Vice President, Site Leasing

Richard M. Cane
*Senior Vice President,
International Operations*

Donald E. Day
Senior Vice President, Services

Michelle Eisner
*Senior Vice President and
Chief Human Resources Officer*

Jorge Grau
*Senior Vice President
and Chief Information Officer*

Larry Harris
*Senior Vice President,
U.S. Business Development*

Brian D. Lazarus
*Senior Vice President
and Chief Accounting Officer*

David J. Porte
*Senior Vice President,
International Strategy and
Business Development*

Neil H. Seidman
*Senior Vice President,
Mergers and Acquisitions*

COMMON STOCK TRADING SYMBOL

Class A shares of SBA Communications Corporation are traded on the NASDAQ Global Select Market under the symbol: SBAC

INTERNET WEBSITE

www.sbasite.com

HEADQUARTERS

8051 Congress Avenue
Boca Raton, FL 33487-1307
T + 561.995.7670
T + 800.487.SITE (7483)

REGIONAL OFFICES

North America

Montreal, Canada
Alpharetta, Georgia
Biddeford, Maine
Charlotte, North Carolina
Chicago, Illinois
Costa Mesa, California
Dallas, Texas
Fenton, Missouri
Indianapolis, Indiana
Nashville, Tennessee
Pelham, Alabama
Pittsburgh, Pennsylvania
Woodbridge, New Jersey

Central America

Guatemala City, Guatemala
Managua, Nicaragua
Panama City, Panama
San Jose, Costa Rica
San Salvador, El Salvador

South America

Bogota, Colombia
Buenos Aires, Argentina
Lima, Peru
Quito, Ecuador
Santiago, Chile
Sao Paulo, Brazil

Africa

Durban, South Africa
Paarl, South Africa
Pretoria, South Africa

AUDITORS

Ernst & Young LLP
5100 Town Center Circle
Suite 500
Boca Raton, FL 33486

TRANSFER AGENT

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, RI 02940-3069
www.computershare.com/equiserve

INVESTOR RELATIONS

SBA Communications Corporation
8051 Congress Avenue
Boca Raton, FL 33487-1307
ir@sbasite.com

NOTICE OF ANNUAL MEETING

The annual meeting of shareholders will be held at 10:00 AM (Eastern) on May 13, 2021 at the corporate headquarters: 8051 Congress Avenue Boca Raton, FL 33487-1307



8051 Congress Avenue, Boca Raton, FL 33487



www.sbasite.com



800.487.SITE



ir@sbasite.com

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