

Westborough, Mass.

Optasite Raises \$150M In Debt To Match Mobile Growth

By John Letzing

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Optasite Inc., a company that acquires and leases space on towers used in mobile wireless networks, has raised a \$150 million credit facility from Morgan Stanley Asset Funding Inc. to keep pace with rapid expansion in the industry.

Optasite Chairman and Chief Executive Jim Eisenstein said the facility was closed Nov. 2. It follows on the heels of a previous, \$65 million credit facility led by GE Capital that closed last December. In total, Optasite, founded in 1995, has now raised \$250 million in both debt and equity funding.

Other Optasite backers include Key Venture Partners, Babson Capital Management, Columbia Capital, Centennial Ventures, Highland Capital Partners and Village Ventures.

Eisenstein declined to discuss details of the terms of the new facility, other than to call them "favorable."

Westborough, Mass.-based Optasite owns towers and leases space on them to mobile carriers. Eisenstein said the company has rapidly bulked up with funding to propel a torrid rate of tower acquisition - while it currently owns some 410 towers, Eisenstein anticipates it will double that amount within the next couple of years.

Eisenstein said that the reasons behind Optasite's rapid expansion include the recent Federal Communications Commission spectrum auction, which has resulted in the need for even more sites. In addition, new, alternative providers "beyond the big four" of Sprint Nextel Corp., Cingular Wireless LLC, Verizon Wireless and T-Mobile USA Inc., such as Clearwire Corp. and Leap Wireless International Inc., are also creating fresh demand, Eisenstein said.

Clearwire, for example, has raised over \$1 billion from investors including Intel Capital and Motorola Inc. to roll out its nationwide WiMax network.

Optasite will continue to focus on the geographic areas where it already has a presence, including the U.S. eastern seaboard, the Gulf Coast and Texas, Eisenstein said.

Raising debt as opposed to equity is ideal for the tower business, Eisenstein said, because revenue derives almost entirely from long-term leases that run a minimum of five years with "class A tenants who pay their bills on time." The range of rates service providers pay for tower space depends on factors such as location, height of placement on a tower and related zoning issues. Leases generally begin at \$1,500 per month, Eisenstein said.

Optasite's competition in the tower market includes FiberTower Inc., which went public through a reverse-merger earlier this year after raising over \$190 million from investors including Goldman Sachs Group Inc. and Oak Investment Partners, and publicly traded American Tower Corp., a company that Eisenstein co-founded.

<http://www.optasite.com>

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