GLOBAL SIGNAL INC
Form 424A
May 20, 2004

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 20, 2004

PROSPECTUS

Filed pursuant 424(a)
Registration No.
333-112839

7,000,000 Shares

Global Signal Inc.

Common Stock

This is the initial public offering of Global Signal Inc. No public market currently exists for our common stock. As of the completion of this offering, new investors will own 14.3% of our common stock, assuming no exercise of outstanding options or warrants since May 17, 2004 and the underwriters do not exercise their overallotment option.

We currently anticipate the initial public offering price of our common stock to be between $16.00 and $18.00 per share. Our common stock has been approved for listing on the New York Stock Exchange under the symbol "GSL."

We are organized and conduct our operations to qualify as a real estate investment trust (a REIT) for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, our amended and restated certificate of incorporation and amended and restated bylaws contain certain restrictions relating to the ownership and transfer of our common stock, including a 9.9% ownership limit.

You should read the section entitled "Risk Factors" beginning on page 16 before buying our common stock. Investing in our common stock involves risks, including:

- We recently emerged from a Chapter 11 bankruptcy reorganization, have a history of losses and may not be able to maintain profitability.
- You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.
- A decrease in the demand for our wireless communications sites and our ability to attract additional tenants could negatively impact our ability to maintain profitability.
- We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our site space could result in a material reduction in our revenues.
- We may encounter difficulties in acquiring towers at attractive prices or integrating acquisitions with our operations, which could limit our revenue growth and our ability to maintain profitability.
- Our failure to qualify as a REIT would result in higher taxes and reduce cash available for dividends.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	$	$	$
Total	$	$	$

We have granted the underwriters a 30-day option to purchase up to 1,050,000 additional shares to cover any overallotments.

Delivery of the shares will be made on or about , 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Morgan Stanley Banc of America Securities LLC Lehman Brothers

Raymond James

The date of this prospectus is , 2004

Guyed Tower

Lattice Tower

Monopole Tower

Monopole Tower

Lattice Tower

Lattice Tower

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You may rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with different or additional information. This prospectus is not an offer to sell nor is it seeking an offer to buy common stock in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

PROSPECTUS SUMMARY

This summary highlights information more fully described elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before buying shares of our common stock. You should read this entire prospectus carefully, including "Risk Factors" and our consolidated historical financial statements and the related notes included in this prospectus, before deciding to invest in shares of our common stock. For convenience in this prospectus unless indicated otherwise, "Global Signal," "the company," "we," "us" and "our" refer to Global Signal Inc. and its consolidated subsidiaries, including Global Signal Operating Partnership, L.P., and "Global Signal Inc." refers to Global Signal Inc., formerly Pinnacle Holdings Inc., prior to its name change effective December 18, 2003. "Global Signal OP" refers to Global Signal Operating Partnership, L.P. "Fortress" refers to Fortress Investment Holdings LLC and certain of its affiliates and "Greenhill" refers to Greenhill Capital Partners, L.P. and affiliated investment funds. All per share information and information on our outstanding common stock, options and warrants has been adjusted to give effect to a two-for-one stock split we effected on February 11, 2004.

Global Signal Inc.

Global Signal, formerly known as Pinnacle Holdings Inc., is one of the largest wireless communications tower owners in the United States, based on the number of towers owned. For the year ended December 31, 2003 and the three months ended March 31, 2004, all of our revenues came from our ownership, leasing and management of wireless communications towers and other communications sites. Our sites are primarily located in the southeastern and mid-Atlantic regions of the country. As of March 31, 2004, we owned 2,199 towers and 251 other communications sites. We own in fee or have long-term easements on the land under 789 of these towers and we lease the land under 1,410 of these towers. In addition, as of March 31, 2004, we managed 781 towers, rooftops and other communications sites where we had the right to market space or where we had a sublease arrangement with the site owner. As of March 31, 2004, we owned or managed a total of 3,231 communications sites. As of May 12, 2004, we owned substantially all of our assets and conducted our operations through an operating partnership, Global Signal Operating Partnership, L.P., or "Global Signal OP." Global Signal Inc. is the special limited partner and our wholly-owned subsidiary, Global Signal GP LLC, is the managing general partner of Global Signal OP. Global Signal Inc. holds 99% of the partnership interests and Global Signal GP LLC holds 1% of the partnership interests in Global Signal OP.

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites and provide wireless telephony, mobile radio, paging, broadcast and data services. As of March 31, 2004, we had an aggregate of more than 12,000 leases on our communications sites with over 2,600 customers. The average number of tenants on our owned towers, as of March 31, 2004, was 4.1, which included an average of 1.3 wireless telephony tenants.

For the year ended December 31, 2003, and the three months ended March 31, 2004, we generated:

	Year ended December 31, 2003	Three months ended March 31, 2004
	($ in millions)	
Revenues from continuing operations	$169.2	$43.6
Net income (loss)	$ 18.0	$ (5.5)
EBITDA, as defined below	$ 82.0	$12.2
Funds from operations, or FFO, as defined below	$ 60.7	$ 5.5

Our operating results for the three months ended March 31, 2004 include a loss on early extinguishment of debt of $8.4 million associated with the repayment of our old credit facility on February 5, 2004 and an expense of $2.6 million for non-cash stock-based compensation.

We are organized as a real estate investment trust, or REIT, and as such are required to distribute at least 90% of our taxable income to our stockholders. On February 5, 2004 we paid a one-time special distribution of $142.2 million to all of our stockholders, which represented a return of capital. In addition, on February 5, 2004, we paid our first ordinary dividend of $0.3125 per share of our common stock, or an aggregate of $12.8 million, for the three months ended December 31, 2003, and on April 22, 2004 we paid our second ordinary dividend of $0.3125 per share

of our common stock, or an aggregate of $13.1 million, of which $11.3 million represented a return of capital, for the three months ended March 31, 2004. In addition, our board of directors has declared a dividend of $0.2095 per share of common stock to stockholders of record as of May 26, 2004 for the period commencing on April 1, 2004 and ending on May 31, 2004. We are paying this dividend so that holders of our common stock prior to the offering will receive a distribution for the period prior to the offering. Purchasers of shares of our common stock in this offering will not be entitled to this dividend. Subsequent to this offering, we intend to pay a dividend for the one month ended June 30, 2004 and thereafter we intend to make regular quarterly distributions to the holders of our common stock.

Our ratios of total debt at March 31, 2004 to EBITDA and to net income for the twelve months ended March 31, 2004 were 6.1 times and 55.5 times, respectively, and 93% of our total debt had a weighted average fixed interest rate of approximately 5% as of March 31, 2004.

Industry Strengths

We believe that the tower industry is attractive because of the following characteristics:

- Strong Industry Outlook. We believe that the following factors will drive the growth of new tenant leases:
  - o growth in the number of wireless telephony subscribers;
  - o increasing wireless telephony usage per subscriber;
  - o customer demand for high network quality and ubiquitous coverage; and
  - o new wireless technologies, devices and applications.
- High Operating Leverage. Operating costs associated with adding incremental wireless tenants to an existing owned tower are relatively low resulting in a significant percentage of new revenues being converted to cash flow provided by operating activities.
- Low Maintenance Capital Expenditures. Generally, wireless towers require minimal annual capital investments to maintain.
- Low Churn of Wireless Telephony Customers. Due to the expense of modifying their wireless network architecture and relocating their equipment, wireless carriers tend to be long-term tenants that renew their leases.

Growth Strategy

Our objective is to increase our Funds From Operations, or FFO. Key elements of our strategy to achieve this objective include:

- Grow our Revenues by Adding New Tenants to our Existing Communications Sites. We believe that we can take advantage of our site capacity and locations, strong customer relationships and operational expertise to attract new tenants to our existing communications sites.
- Expand our Communications Sites Network Through Acquisition and Development of Towers. We plan to purchase or develop towers in areas where we believe there is, or will be significant demand for wireless services which should drive network expansion and increase demand for space on our towers. We will focus our acquisition and new build efforts on towers that already have an existing telephony tenant, or in the case of new builds, a telephony customer committed to a new lease, and have the potential to add multiple additional telephony tenants.
- Outsource New Tower Development and Construction. We outsource all aspects of new tower development including radio frequency engineering, initial land acquisition, zoning and construction. We believe that by outsourcing we avoid most of the high overhead and risks associated with providing these services.
- Build on Relationships with Wireless Telephony Carriers. We maintain a consistent and focused dialogue with our wireless telephony carriers in order to fully meet their network needs.
- Maintain an Efficient Capital Structure. We believe that our low cost debt, combined with appropriate leverage, will allow us to maintain operating and financial flexibility. Our capital management strategy is to finance newly acquired assets, on a long-term basis, using low cost fixed rate debt obtained through the

issuance of mortgage-backed securities combined with a portion of the proceeds from this offering. To accomplish this, we plan to first use proceeds from this offering and then we plan to finance newly acquired and developed wireless communications sites through borrowings on our credit facility, which we expect will be repaid with proceeds from the issuance of mortgage-backed securities.

Our Strengths

- High Quality Communications Sites with Diversified and Stable Cash Flows. As of March 31, 2004, we had 3,231 wireless communications sites, including 2,199 owned towers, of which 92% are guyed or lattice towers. Our diversified customer base, which includes over 2,600 customers with over 12,000 leases, has historically provided us with a stable cash flow stream.
- Efficient and Well Organized Operating Platform. We have recently spent a significant amount of time and capital on improving our operations. We have also reoriented our organizational structure, sales force, business processes and systems towards improving customer service and adding new tenants.
- Experienced Management Team. We have installed a new experienced management team that is highly focused on growing our business and is incentivized with options to acquire approximately 7.0% of our common stock on a fully diluted basis, as of May 17, 2004.
- Tax Efficient REIT Status. We are organized as a REIT which enables us to reduce our corporate-level income taxes by making dividend distributions to our stockholders and to pass our capital gains through to our stockholders in the form of capital gains dividends.

Recent Developments

Mortgage Loan. On February 5, 2004, our principal operating subsidiary, Pinnacle Towers LLC, then known as Pinnacle Towers Inc., and 13 of its direct and indirect subsidiaries borrowed $418.0 million under a mortgage loan made payable to a newly formed trust. The trust simultaneously issued $418.0 million in commercial mortgage pass-through certificates with terms identical to the mortgage loan. The proceeds from the mortgage loan were used primarily to repay the $234.4 million of then outstanding borrowings under our old credit facility and to fund a $142.2 million one-time special distribution to our stockholders which represented a return of capital, including $113.8 million to Fortress and Greenhill. As of May 17, 2004, the weighted average fixed interest rate of the various tranches of the mortgage loan was approximately 5.0%. The mortgage loan is secured by mortgages, deeds of trust and deeds to secure debt creating first priority mortgage liens on assets which generated substantially all of our gross margins for the year ended December 31, 2003 and the three months ended March 31, 2004.

Credit Facility. On February 6, 2004, we amended our $100.0 million credit facility with Morgan Stanley to, among other things, increase the commitment thereunder to $200.0 million and reduce the applicable margin for federal funds rate loans and LIBOR loans to 2.1175% and 2.50%, respectively. On May 12, 2004, we further amended the credit facility in connection with the implementation of the UPREIT operating partnership structure to, among other things, substitute Global Signal OP for Global Signal Inc. as the guarantor and the pledgor under the credit facility.

Acquisition of TowerCom Assets. On February 6, 2004, we acquired all of the outstanding common stock of Pinnacle Towers Acquisition Holdings LLC ("Pinnacle Acquisition"), then known as Pinnacle Towers Acquisition Inc. through the exercise of an option granted to us by its stockholders, which constituted the majority of our stockholders. On December 4, 2003, Pinnacle Acquisition completed the acquisition of 67 towers from TowerCom Enterprises, L.L.C. and its affiliates for approximately $26.3 million plus fees and expenses. The TowerCom acquisition was financed with proceeds from our credit facility. The towers are located primarily in Florida, Georgia, Alabama and Mississippi and are generally less than four years old. At the time of the TowerCom acquisition, these sites accommodated 27 customers subject to a total of 147 tenant leases, including 132 telephony tenant leases with wireless carriers. We believe that TowerCom was an attractive acquisition due to the high percentage of existing wireless telephony customers and the quality and the location of their recently constructed towers. Due to the 99% common control of Global Signal and Pinnacle Acquisition, we have accounted for the acquisition of Pinnacle Acquisition in a manner similar to a pooling of interests.

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Dividends. On February 5, 2004, we paid our first ordinary dividend of $0.3125 per share of our common stock for the three months ended December 31, 2003, or an aggregate of $12.8 million, and on April 22, 2004 we paid our second ordinary dividend of $0.3125 per share of our common stock, or an aggregate of $13.1 million, of which $11.3 million represented a return of capital, for the three months ended March 31, 2004. In addition, on February 5, 2004, we paid a $142.2 million one-time special distribution to our stockholders, which represented a return of capital. Furthermore, our board of directors has declared a dividend of $0.2095 per share of common stock to stockholders of record as of May 26, 2004 for the period commencing on April 1, 2004 and ending on May 31, 2004. We are paying this dividend so that holders of our common stock prior to the offering will receive a distribution for the period prior to the offering. Purchasers of shares of our common stock in this offering will not be entitled to this dividend.

Interest Rate Swap Agreements. We expect to acquire and develop additional communications tower sites during 2004 and expect to finance such acquisitions in a manner similar to the mortgage loan transaction we completed on February 5, 2004. On March 26, 2004, in anticipation of such acquisitions and financing, we entered into four interest rate swaps with Morgan Stanley as counter party to hedge the variability of future interest rates on our anticipated mortgage financing. Under the interest rate swaps, we agreed to pay the counter party a fixed interest rate of 3.416% on a total notional amount of $200.0 million beginning in October 2004 through April 2009 in exchange for receiving three-month LIBOR on the same notional amount for the same period. The swaps terminate on the earlier of the issuance of any new mortgage loan or January 1, 2005 at which time the swaps will be settled for cash based on the fair market value.

Tower Ventures Acquisition. On April 22, 2004, Pinnacle Towers Acquisition LLC, our wholly-owned subsidiary, executed an agreement to acquire all of the membership interests in Tower Ventures III LLC ("Tower Ventures") from five non-affiliated sellers for $52.0 million in cash, plus $1 million we expect to incur in estimated fees and expenses. Tower Ventures owns 97 wireless communications towers located primarily in Tennessee, Mississippi, Missouri and Arkansas. The sites are generally less than four years old and generate substantially all of their revenue from approximately 240 tenant leases with wireless telephony tenants. Approximately 73% of Tower Ventures' revenue for the three months ended March 31, 2004 was generated from the six largest wireless telephony service providers in the United States. We believe that Tower Ventures is an attractive acquisition due to the high percentage of revenue from existing wireless telephony customers and the quality and location of these recently constructed towers. While we cannot assure you that this acquisition will be consummated, we believe that it is probable, as the closing conditions are customary for a real estate transaction of this type. We expect to finance this acquisition with a portion of the net proceeds from this offering provided that this offering is completed prior to the closing of the acquisition. If the offering is not completed prior to the closing of the acquisition, we expect to finance this acquisition with short-term borrowings under our credit facility which we then expect to repay upon consummation of this offering.

Other Tower Acquisitions. During April 2004, we made other acquisitions of a total of five wireless communications towers located in Georgia from Skylink Properties, L.L.C. and Hightower Communication Services, LLC, two non-affiliated parties, for approximately $3.4 million including fees and expenses. These towers generate all of their revenue from 19 wireless telephony tenant leases. We believe these towers represent attractive acquisitions because of their existing wireless telephony tenants and the location of the towers in high demand areas with significant restrictions on zoning. We financed these acquisitions with borrowings under our credit facility which we intend to repay with proceeds from this offering.

Pinnacle Towers Limited. We are currently finalizing an agreement to purchase the remaining 9% of the capital stock of Pinnacle Towers Limited from Alexander George Jurcazak as trustee of the Lisa Rowland Trust for approximately $1.2 million.

History

We were formed in 1995 to acquire and manage wireless towers and other communications sites. We historically funded our operations through bank credit facilities and issuances of debt and equity securities. Prior to our emergence from bankruptcy, we were unable to meet our financial obligations due primarily to (1) our highly leveraged capital structure, (2) the non-strategic acquisition of assets we have subsequently disposed of that were unrelated to our core tower business and (3) the inability of our former management to efficiently integrate and

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manage our communications sites. In addition, to a lesser extent, we were unable to meet our financial obligations due to the reduced amount of capital spending by wireless carriers on their networks in 2001 and 2002. On May 21, 2002, Global Signal (then known as Pinnacle Holdings Inc.) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York.

Under the prearranged plan of reorganization, Fortress and Greenhill purchased 22,526,598 shares of our common stock for an aggregate purchase price of $112.6 million and elected to receive an additional 9,040,166 shares of common stock in lieu of $45.2 million of cash for the 10% senior notes due 2008 (senior notes) they held making their total investment in the company in connection with the reorganization $157.8 million. Other senior noteholders entitled to receive $47.2 million of cash elected to receive 9,433,236 shares of common stock in lieu of cash, making the total equity investment $205.0 million. In December 2002, Fortress purchased 1,440,000 shares of common stock from Abrams Capital Partners I, L.P., Abrams Capital Partners II, L.P., and Whitecrest Partners, L.P., affiliates of Abrams Capital, LLC, our third largest stockholder, for an aggregate purchase price of approximately $7.3 million. On February 5, 2004, Fortress and Greenhill's total investment was reduced by $113.8 million to $51.3 million (including the amount invested in connection with the purchase of shares from Abrams Capital, LLC and certain of its affiliates) as a result of our special distribution which represented a return of capital. In April 2004, Fortress exercised its warrant for 418,050 shares at an aggregate exercise price of $3.6 million and Fortress and Greenhill received a return of capital related to their portion of our April dividend to the extent it exceeded accumulated earnings to date in the amount of $9.0 million, thereby decreasing the Fortress and Greenhill investment to $45.9 million.

Under the plan, the company satisfied $325.0 million of indebtedness related to our senior notes for $21.6 million in cash and 18,473,402 shares of our common stock valued at $92.4 million, and satisfied $187.5 million of indebtedness related to our 5.5% convertible notes due 2007 for $1.0 million in cash and warrants to purchase 820,000 shares of our common stock. In total $404.8 million, including $7.3 million of accrued interest, was discharged under the reorganization. Under the plan, our then existing senior credit facility lenders were paid approximately $93.0 million in cash, with the balance of the full amount owed to them incorporated into an amended and restated credit facility comprising a three-year secured term loan of $275.0 million. In addition, certain of these lenders provided a secured revolving credit facility of $30.0 million. We refer to the term loan and revolving credit facility, collectively, as our old credit facility. The plan was confirmed by the bankruptcy court on October 9, 2002 and we exited bankruptcy with Fortress as our controlling stockholder. On February 5, 2004, the old credit facility was repaid in full and terminated.

Prior to our reorganization we acquired certain non-strategic assets unrelated to our core tower business, which have subsequently been sold, and our former management was unable to efficiently integrate and manage our communications sites. Our current growth strategy, which is in part based on a new site acquisition and development strategy, is significantly different. The primary differences are (1) our strategy to finance our assets using a capital structure which we believe does not rely on growth to reduce leverage and uses low cost fixed rate debt obtained through the issuance of mortgage-backed securities combined with a portion of the proceeds from this offering to finance our new tower acquisitions and development growth, (2) our strategy to buy core tower assets with in-place telephony or government tenants where we believe there is a high likelihood of multiple lease renewals, (3) our stringent underwriting process which evaluates each asset individually and prices each asset based on its current yield and the asset and tenant attributes and location of the asset, and (4) our focus on integrating, maintaining and operating the assets we buy efficiently and effectively. As an illustration of our focus on maintaining and operating our assets, since our emergence from bankruptcy, we have invested approximately $2.2 million to inventory and digitally catalog all of the important documents related to owning and operating our assets, including performing environmental assessments on all of our U.S. sites and performing title reviews on over 800 of our most profitable sites.

We were incorporated in the State of Delaware in 2002. Our predecessor company was incorporated in the State of Delaware in 1995. Our principal executive offices are located at 301 North Cattlemen Road, Suite 300, Sarasota, Florida 34232. Our telephone number is (941) 364-8886. Our website address is www.gsignal.com. Information on our website does not constitute part of this prospectus.

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Organizational Structure of Global Signal Inc.
and Significant Subsidiaries[(1)]

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Risks Relating to Our Business

- We recently emerged from a Chapter 11 bankruptcy reorganization, have a history of losses and may not be able to maintain profitability.
- You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.
- A decrease in the demand for our wireless communications sites and our ability to attract additional tenants could negatively impact our ability to maintain profitability.
- Our revenues may be adversely affected by the economies, real estate markets and wireless communication industry in the regions where our sites are located.
- Consolidation in the wireless industry could decrease the demand for our sites and may lead to reductions in our revenues.
- Our revenues are dependent on the creditworthiness of our tenants which could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.
- We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our site space could result in a material reduction in our revenues.
- Our revenues depend on the renewal of our tenant leases by our customers on favorable terms.
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We are currently implementing new software systems throughout our business and may encounter integration problems that affect our ability to serve our customers and maintain our records, which in turn could harm our ability to operate our business.
- If we are unable to successfully compete, our business will suffer.
- Competing technologies may offer alternatives to ground-based antenna systems which could reduce the future demand for our sites.
- Equipment and software developments are increasing our tenants' ability to more efficiently utilize spectral capacity and to share transmitters which could reduce the future demand for our sites.
- Carrier joint ventures and roaming agreements which allow for the use of competitor transmission facilities and spectrum may reduce future demand for incremental sites.
- We may be unable to modify our towers, which could harm our ability to add additional site space and new customers which could result in our inability to execute our growth strategy and limit our revenue growth.
- We may encounter difficulties in acquiring towers at attractive prices or integrating acquisitions with our operations, which could limit our revenue growth and our ability to maintain profitability.
- Our failure to comply with federal, state and local laws and regulations could result in our being fined, liable for damages and, in some cases, the loss of our right to conduct some of our business.
- Our failure to comply with environmental laws could result in liability and claims for damages that could result in a significant increase in the cost of operating our business.
- Because we generally lease, sublease, license or have easements relating to the land under our towers, our ability to conduct our business and generate revenues may be harmed if we fail to obtain lease renewals or protect our rights under our leases, subleases, licenses and easements.
- Our tenant leases require us to be responsible for the maintenance and repair of the sites and for other obligations and liabilities associated with the sites and our obligations to maintain the sites may affect our revenues.
- Site management agreements may be terminated prior to expiration, which may adversely affect our revenues.

- Our towers may be damaged by disaster and other unforeseen events for which our insurance may not provide adequate coverage and which may cause service interruptions affecting our reputation and revenues and resulting in unanticipated expenditures.
- If radio frequency emissions from our towers are demonstrated, or perceived, to cause negative health effects, our business and revenues may be harmed.
- Repayment of the principal of our outstanding indebtedness may require additional financing that we cannot assure you will be available to us.
- The terms of our credit facility and mortgage loan may restrict our current and future operations, which would adversely affect our ability to respond to changes in our business and to manage our operations.
- Our Chief Executive Officer has management responsibilities with other companies and may not be able to devote sufficient time to the management of our business operations.

Risks Relating to Our REIT Status

- Our failure to qualify as a REIT would result in higher taxes and reduce cash available for dividends.
- Dividends payable by REITs generally do not qualify for the reduced tax rates under recently enacted tax legislation.
- REIT distribution requirements could adversely affect our liquidity.
- The stock ownership limits imposed by the Internal Revenue Code for REITs and our amended and restated

certificate of incorporation may inhibit market activity in our stock and may restrict our business combination opportunities.

Risks Relating to this Offering

- Investors in this offering will suffer immediate and substantial dilution.
- The issuance of additional stock in connection with acquisitions or otherwise will dilute all other stockholdings.
- We have not established a minimum dividend payment level and there are no assurances of our ability to pay dividends in the future.
- Your ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock.
- An increase in interest rates would result in an increase in our interest expense which could adversely affect our results of operations and financial condition.
- Our fiduciary obligations to Global Signal OP may conflict with the interests of our stockholders.

The Offering

The following information assumes that the underwriters do not exercise their overallotment option to purchase additional shares in this offering.

Common stock we are offering	7,000,000 shares
Common stock to be outstanding after the offering	48,854,155 shares
NYSE symbol	"GSL"

The number of shares of common stock that will be outstanding after the offering is based on the number of shares outstanding as of May 17, 2004 and excludes options and warrants exercisable to purchase 4,821,984 shares of common stock outstanding as of that date, options exercisable to purchase 700,000 shares of common stock (assuming the underwriters do not exercise their overallotment option) granted to FRIT PINN LLC and Greenhill, or affiliates of such entities in connection with this offering and 20,000 shares of common stock, in the aggregate, to be granted to Messrs. Robert H. Gidel, Douglas L. Jacobs, Howard Rubin and Mark Whiting on the first day following the consummation of this offering pursuant to our board compensation package.

Use of Proceeds

We estimate that our net proceeds from the sale of the shares of common stock will be approximately $108.5 million, or approximately $125.1 million if the underwriters exercise their overallotment option in full, based upon an assumed public offering price per share of $17.00, after deducting assumed underwriting discounts, commissions and estimated offering expenses.

We intend to use the net proceeds of this offering as follows:

- approximately $33.2 million to repay the debt outstanding under our credit facility with Morgan Stanley, including debt incurred to finance our recent acquisition of additional wireless communications towers located in Georgia, which matures October 1, 2005 and bears interest, at our option, at either the federal funds rate plus 2.1175% per annum or LIBOR plus 2.5% per annum. On May 17, 2004, the interest rate on our credit facility was 3.6%. We use borrowings under the credit facility primarily to fund acquisitions, from time to time, of additional wireless communications towers and other communications sites;

- approximately $53.0 million to finance the acquisition of Tower Ventures. We expect to finance this acquisition with a portion of the net proceeds from this offering. If the offering is not completed prior to the closing of the acquisition, we expect to finance this acquisition with short-term borrowings under our credit facility which we then expect to repay upon consummation of this offering;
- approximately $2.1 million to finance the acquisition of the land we currently lease underneath 19 of our sites in a series of transactions for which asset purchase agreements have been signed;
- approximately $3.8 million to pay for the cost of licensing and implementing PeopleSoft, Cognos and manageStar software systems;
- approximately $1.2 million to finance our acquisition of the 9% minority interest of the capital stock of Pinnacle Towers Limited, our UK subsidiary, and, upon consummation of that acquisition, approximately $1.0 million (based on an exchange rate of 1 GBP = 1.7692 USD on May 17, 2004) to repay outstanding borrowings under our UK term loan with Bank of Scotland which matures June 30, 2006, and bears interest at 2% above a base rate. On May 17, 2004, the interest rate on that term loan was 5.8%. The proceeds of the term loan were used to fund the communications sites owned by Pinnacle Towers Limited; and
- approximately $14.2 million to finance the acquisition of 42 communications sites located in Alabama, Connecticut, Florida, Georgia, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, and Texas for which we have currently signed non-binding letters of intent. We are seeking to complete our due diligence and execute firm asset purchase agreements for these sites.

A tabular presentation of our estimated use of proceeds follows:

	Dollar Amount (in thousands)	Percentage of Gross Proceeds
Gross offering proceeds	$119,000	100.0%
Underwriting discount	8,330	7.0%
Other cash expenses of offering (1)	2,170	1.8%
Net offering proceeds	$108,500	91.2%

(1)Excludes $1.5 million of non-cash offering costs representing the Black-Scholes valuation of the stock-based compensation options granted to FRIT PINN LLC and Greenhill, or affiliates of such entities, to purchase 700,000 shares of common stock (assuming the underwriters do not exercise their overallotment option), for purposes of compensating Fortress and Greenhill for their successful efforts in raising capital in this offering.

	Dollar Amount (in thousands)	Percentage of Net Proceeds
	$ 33,154	30.6%

Estimated amount of net proceeds used to repay outstanding borrowings under our credit facility		
Estimated amount to finance the acquisition of Tower Ventures	53,000	48.8%
Estimated amount to finance the acquisition of the land we currently lease underneath 19 of our sites	2,115	2.0%
Estimated amount to pay for the cost of licensing and implementing PeopleSoft, Cognos and manageStar software systems	3,800	3.5%
Estimated amount to finance our acquisition of the capital stock of Pinnacle Towers Limited	1,200	1.1%
Estimated amount to repay outstanding borrowings under our UK term loan	1,015	0.9%
Estimated amount to finance the acquisition of communications sites for which we currently have signed letters of intent	14,216	13.1%
Net offering proceeds	$108,500	100.0%

Pending these uses, we intend to invest the net proceeds in interest-bearing, short-term investment grade securities or money-market accounts, which is consistent with our intention to qualify as a REIT.

Restrictions on Ownership of Stock

Due to limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code of 1986, as amended, our amended and restated certificate of incorporation generally prohibits any stockholder, unless exempted by our board of directors, from directly or indirectly owning more than 9.9% of our stock. Our board of directors may grant such an exemption in its sole discretion, subject to such terms, conditions, representations and undertakings as it may determine. Certain of our stockholders are exempt from these ownership limits.

Benefits to Affiliates and Certain Other Parties

Our directors and officers receive compensation in connection with their service to us as described in "Management—Compensation of Directors" and "Management—Executive Compensation."

In connection with this offering and for the purpose of compensating FRIT PINN LLC, an affiliate of Fortress, and Greenhill, or affiliates of such entities, for their successful efforts in raising capital in this offering, FRIT PINN LLC and Greenhill, or affiliates of such entities, will receive the following additional benefits.

Transaction	Affiliated Party	Consideration(1)
Grant of options to purchase 700,000 shares of common stock	FRIT PINN LLC	$1,226,400(2)
	Greenhill	306,600(2)

(1)All options to purchase shares of common stock are valued using the Black-Scholes method assuming the common stock is valued at $17.00 per share, representing the mid-point of the range of prices listed on the cover page of this prospectus.

(2)Represents the fair value of the options to purchase 700,000 shares of common stock (assuming the underwriters do not exercise their overallotment option) granted to FRIT PINN LLC and Greenhill, or affiliates of such entities, in consideration for their successful efforts in raising capital in connection with this offering, using the Black-Scholes method of valuation.

Distribution Policy

On February 5, 2004, we paid our first ordinary dividend of $0.3125 per share of our common stock, or an aggregate of $12.8 million for the three months ended December 31, 2003, and on April 22, 2004 we paid our second ordinary dividend of $0.3125 per share of our common stock, or an aggregate of $13.1 million, of which $11.3 million represented a return of capital, for the three months ended March 31, 2004. On May 11, 2004, we declared an ordinary dividend of $0.2095 per share of our common stock for the period of April 1, 2004 through May 31, 2004 to be paid on June 14, 2004 to all stockholders of record as of May 26, 2004. We are paying this dividend so that holders of our common stock prior to the offering will receive a distribution for the period prior to the offering. Purchasers of shares of our common stock in this offering will not be entitled to this dividend. We intend to pay a dividend for the one month ended June 30, 2004 and thereafter to continue to make regular quarterly distributions to the holders of our common stock. Distributions, including distribution of capital, assets or dividends, will be made at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, legal requirements and other factors as our board of directors deems relevant.

We generally need to distribute at least 90% of our taxable income each year (subject to certain adjustments) to qualify as a REIT under the Internal Revenue Code. Differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement. Depending on our results of operations in 2004, we may have already satisfied that requirement for 2004 through payment of our $142.2 million special distribution and our April 22, 2004 ordinary dividend.

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Summary Consolidated Financial Information

The following table sets forth summary historical consolidated financial and other data. The balance sheet data as of December 31, 2001, 2002, and 2003 and the statements of operations data for the years ended December 31, 2001, and 2003 and the ten months ended October 31, 2002 and the two months ended December 31, 2002 are derived from our audited consolidated financial statements. The balance sheet data as of October 31, 2002 and March 31, 2003 and 2004 and the statements of operations for the three months ended March 31, 2003 and 2004, are derived from our unaudited condensed consolidated interim financial statements. The pro forma as adjusted statement of operations data reflects the February 5, 2004 issuance of the $418.0 million mortgage loan and the application of a portion of the mortgage loan net proceeds to repay the $234.4 million of then outstanding borrowings under our old credit facility, this offering of 7,000,000 shares of common stock at an assumed price of $17.00 per share, the mid-point of the range shown on the cover of this prospectus, and the application of a portion of the net proceeds of this offering to repay the outstanding borrowings under our credit facility and to fund the Tower Ventures acquisition, as more fully described in the pro forma financial statements and the related notes included elsewhere in this prospectus, as if they had occurred on January 1, 2003 and 2004 for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively. The pro forma as adjusted balance sheet data reflect this offering and the application of a portion of the net proceeds of this offering to repay the outstanding borrowings under our credit facility and to fund the Tower Ventures acquisition as if they had occurred on March 31, 2004.

On November 1, 2002, we emerged from Chapter 11. In accordance with AICPA Statement of Position 90-7 Financial Reporting by Entities in Reorganization Under the Bankruptcy Code ("SOP 90-7"), we adopted fresh start accounting as of November 1, 2002 and our emergence from Chapter 11 resulted in a new reporting entity. Under fresh start accounting, the reorganization value of the entity is allocated to the entity's assets based on fair values, and liabilities are stated at the present value of amounts to be paid determined at appropriate current interest rates. The effective date is considered to be the close of business on November 1, 2002 for financial reporting purposes. The periods presented prior to November 1, 2002 have been designated "predecessor company" and the periods starting on November 1, 2002 have been designated "successor company." As a result of the implementation of fresh start accounting as of November 1, 2002, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the basis of accounting and the debt and equity structure for the predecessor company and the successor company. The more significant effects of the differences in the basis of accounting on the successor company's financial statements are (1) lower depreciation and amortization expense as a result of the revaluation of our long-lived assets downward by $357.2 million through the application of fresh start accounting, and (2) lower interest expense as a result of the discharge of $404.8 million of debt upon our emergence from bankruptcy.

The information set forth below should be read in conjunction with "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements, our condensed consolidated interim financial statements, our pro forma condensed consolidated financial statements, the Tower Ventures' statements of revenue and certain expenses, and each of their related notes included elsewhere in this prospectus.

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	Predecessor Company			Successor Company				
	Year Ended December 31, 2001	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Pro Forma As Adjusted Year Ended December 31, 2003	Three Months Ended March 31, 2003	Three Months Ended March 31, 2004	Pro Forma As Adjusted Three Months Ended March 31, 2004
	(dollars in thousands, except per share data)							
Statements of Operations Data: (1)								
Revenue	$ 178,020	$140,646	$28,285	$169,233	$ 173,693	$41,407	$ 43,574	$ 44,774
Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion expense)	67,259	48,060	9,361	56,343	57,533	13,388	13,485	13,807
Gross margin	110,761	92,586	18,924	112,890	116,160	28,019	30,089	30,967
Other expenses:								
Selling, general and administrative	47,898	27,496	4,818	26,926	26,926	6,516	6,559	6,559
State franchise, excise and minimum taxes	1,877	1,671	331	848	848	209	172	172
Depreciation, amortization and accretion (2)	119,337	74,175	7,512	44,496	48,035	11,176	11,838	12,723

Non-cash stock-based compensation expense for services	—	—	—	1,479	1,479	—	2,604	2,604
Impairment loss on assets held for sale	46,592	1,018	—	—	—	—	—	—
Impairment loss on assets held for use	246,780	4,541	—	—	—	—	—	—
Reorganization costs	—	59,124	—	—	—	—	—	—
Unsuccessful debt restructuring costs	1,702	—	—	—	—	—	—	—
Total operating expenses	464,186	168,025	12,661	73,749	77,288	17,901	21,173	22,058
Operating income (loss)	(353,425)	(75,439)	6,263	39,141	38,872	10,118	8,916	8,909
Gain (loss) on extinguishment of debt	—	404,838	—	—	(8,449)	—	(8,449)	(8,449)
Interest expense, net.	(88,731)	(45,720)	(3,989)	(20,352)	(24,789)	(5,717)	(6,090)	(6,225)
Other income (expense)	113	533	(136)	(16)	(16)	(5)	(9)	(9)
Income tax benefit (expense)	6,630	5,195	(19)	665	665	76	(11)	(11)
Income (loss) from continuing operations	(435,413)	289,407	2,119	19,438	$ 6,283	4,472	(5,643)	$ (5,785)
Income (loss) from discontinued operations (1)	(7,145)	(33,157)	(66)	(1,100)		17	(99)	
Income (loss) before gain (loss) on sale of properties	(442,558)	256,250	2,053	18,338		4,489	(5,742)	
Gain (loss) on sale of properties	(5,644)	(78)	(2)	(302)		(58)	205	
Net income (loss)	$ (448,202)	$256,172	$ 2,051	$ 18,036		$ 4,431	$ (5,537)	
Net income (loss) per share (basic) (3)	$ (9.25)	$ 5.27	$ 0.05	$ 0.44	$ 0.11	$ 0.11	$ (0.13)	$ (0.10)
Net income (loss) per share (diluted) (3)	$ (9.25)	$ 5.27	$ 0.05	$ 0.44	$ 0.11	$ 0.11	$ (0.13)	$ (0.10)
Statement of Cash Flows Data:								
Net cash provided by operating activities	$ 27,125	$ 20,869	$ 7,193	$ 59,218	$ 58,051	$14,912	$ 20,876	$ 21,619
Net cash used in investing activities	(27,184)	(3,920)	(727)	(36,181)	(111,527)	(1,068)	(14,311)	(89,657)
Net cash provided by (used in) financing activities	(31,687)	(22,102)	(9,626)	(17,840)	57,506	(7,678)	9,344	84,690
Purchases of property and equipment	28,787	9,273	762	8,544	8,544	2,056	2,294	2,294

Table continues on next page

Predecessor Company Successor Company

	December 31, 2001	October 31, 2002	December 31, 2002	December 31, 2003	March 31, 2003	March 31, 2004	Pro Forma As Adjusted March 31, 2004
			(dollars in thousands)				
Balance Sheet Data:							
Cash and cash equivalents	$ 13,187	$ 21,819	$ 4,350	$ 9,661	$ 10,555	$ 25,321	$ 25,321
Total assets	1,034,333	909,098	530,645	525,040	525,760	550,297	624,759
Total long-term obligations	9,274	6,610	263,344	263,153	255,769	417,036	417,152
Total stockholders' equity	83,798	354,917	207,377	225,453	211,685	52,261	160,761

	Predecessor Company				Successor Company			
	Year Ended December 31, 2001	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Pro Forma As Adjusted Year Ended December 31, 2003	Three Months Ended March 31, 2003	Three Months Ended March 31, 2004	Pro Forma As Adjusted Three Months Ended March 31, 2004
			(dollars in thousands)					
Other Operating Data:								
EBITDA (4)	$ (242,786)	$373,653	$ 13,446	$ 82,040	$78,249	$ 21,151	$ 12,213	$ 12,982
Funds From Operations (FFO) (5)	(321,068)	331,961	9,431	60,702	51,748	14,974	5,502	6,341

(1) During the ten months ended October 31, 2002, the two months ended December 31, 2002, the year ended December 31, 2003, and the three months ended March 31, 2003 and 2004, we disposed of, or held for disposal by sale, certain non-core assets and under performing sites which have been accounted for as discontinued operations. Their results for all periods presented are not included in results from continuing operations.

(2) Depreciation, amortization and accretion expense for the ten months ended October 31, 2002 and two months ended December 31, 2002 are not proportional because the successor company's depreciable assets have a lower basis. Following the restructuring transaction, assets were revalued, including all long-lived assets, to their fair value, thereby lowering the depreciable basis.

(3) Pro forma as adjusted net income (loss) per share (basic and diluted) represents amounts from continuing operations. On a pro forma as adjusted basis, the weighted average number of shares of common stock outstanding for both basic and diluted earnings per share includes (1) 7,000,000 shares of common stock to be issued in this offering, (2) 20,000 shares to be issued to certain directors pursuant to the directors compensation package immediately following the completion of this offering and (3) 9,031,088 shares of common stock as required under Staff Accounting Bulletin Topic 1:B:3 to reflect the number of shares which would have to be issued to replace the capital dividends paid to our stockholders in excess of accumulated earnings. The number of shares included under Staff Accounting Bulletin Topic 1:B:3 is equal to the sum of the $142.2 million special dividend paid on February 5, 2004 plus $11.3 million of our April 22, 2004 dividend representing the portion of that dividend in excess of our accumulated earnings to date divided by an assumed offering price of $17.00 per share of our common stock, the mid-point of the range on the cover of this prospectus.

(4)We believe EBITDA is useful to an investor in evaluating our performance as it is one of the primary measures used by our management team to evaluate our operations, is widely used in the tower industry to measure performance and is used in our credit facility to measure compliance with covenants. EBITDA consists of net income (loss) before interest, income tax expense (benefit), depreciation and amortization. We have also provided supplemental information regarding certain non-cash items, items associated with discontinued operations and items associated with our reorganization. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures — EBITDA" for a more detailed discussion of why we believe it is a useful measure. The reconciliation of net income (loss) to EBITDA is as follows:

Footnotes continue on next page

	Predecessor Company		Successor Company					
	Year Ended December 31, 2001	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Pro Forma As Adjusted Year Ended December 31, 2003	Three Months Ended March 31, 2003	Three Months Ended March 31, 2004	Pro Forma As Adjusted Three Months Ended March 31, 2004
			(dollars in thousands)					
Net income (loss)	$ (448,202)	$ 256,172	$ 2,051	$18,036	$ 6,283	$ 4,431	$ (5,537)	$ (5,785)
Interest expense, net	88,731	45,720	3,989	20,352	24,789	5,717	6,090	6,225
Income tax expense (benefit)	(6,630)	(5,195)	19	(665)	(665)	(76)	11	11
Depreciation and amortization	123,315	76,956	7,387	44,317	47,842	11,079	11,649	12,531
EBITDA	$ (242,786)	$ 373,653	$13,446	$82,040	$78,249	$21,151	$ 12,213	$ 12,982
Supplemental Information:								
Impairment on assets held for sale	$ 46,592	$ 1,018	$ —	$ —	$ —	$ —	$ —	$ —
Impairment on assets held for use	246,780	4,541	—	—	—	—	—	—
Reorganization costs	—	59,124	—	—	—	—	—	—
(Gain) loss on extinguishment of debt	—	(404,838)	—	—	8,449	—	8,449	8,449
Non-cash stock based compensation expense	—	—	—	1,479	1,479	—	2,604	2,604
(Gain) loss on sale of properties	5,644	78	2	302	—	58	(205)	—
	7,145	33,157	66	1,100	—	(17)	99	—

(Gain) loss on discontinued operations

(5)Funds From Operations, or FFO, for our purposes, represents net income (computed in accordance with generally accepted accounting principles or GAAP), excluding depreciation and amortization on real estate assets and gains (or losses) on the disposition of depreciable real estate assets. We believe Funds From Operations is an appropriate measure of the performance of REITs because it provides investors with an understanding of our ability to incur and service debt and make capital expenditures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures — Funds From Operations" for a more detailed discussion of why we believe it is a useful measure. The reconciliation of net income to FFO is as follows:

	Predecessor Company			Successor Company				
	Year Ended December 31, 2001	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Pro Forma As Adjusted Year Ended December 31, 2003	Three Months Ended March 31, 2003	Three Months Ended March 31, 2004	Pro Forma As Adjusted Three Months Ended March 31, 2004
	(dollars in thousands)							
Net income (loss)	$ (448,202)	$256,172	$2,051	$18,036	$ 6,283	$ 4,431	$ (5,537)	$ (5,785)
Real estate depreciation and amortization	121,490	75,613	7,378	41,940	45,465	10,485	11,244	12,126
(Gain) loss on disposal of assets	5,644	176	2	726	—	58	(205)	—
Funds From Operations (FFO)	$ (321,068)	$331,961	$9,431	$60,702	$51,748	$14,974	$ 5,502	$ 6,341

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following information, together with the other information contained in this prospectus, before buying shares of our common stock. In connection with the forward-looking statements that appear in this prospectus, you should also carefully review the cautionary statement referred to under "Cautionary Statement Regarding Forward-Looking Statements."

Risks Relating to Our Business

We recently emerged from a Chapter 11 bankruptcy reorganization, have a history of losses and may not be able to maintain profitability.

We emerged from our Chapter 11 bankruptcy reorganization on November 1, 2002, approximately six months after filing a voluntary petition for bankruptcy reorganization. Prior to our emergence from bankruptcy, we were unable to meet our financial obligations due primarily to (1) our highly leveraged capital structure, (2) the non-strategic acquisition of assets we have subsequently disposed of that were unrelated to our core tower business and (3) the inability of our former management to efficiently integrate and manage our communications sites. In addition, to a lesser extent, we were unable to meet our financial obligations due to the reduced amount of capital spending by wireless carriers on their networks in 2001 and 2002. Prior to our reorganization, we incurred net losses of approximately $448.2 million in 2001 and $124.3 million in 2000. In connection with our reorganization, we adopted fresh start accounting as of November 1, 2002. The net effect of all fresh start accounting adjustments resulted in our revaluing our assets downward by $357.2 million. If we cannot successfully execute our growth strategy or maintain profitability, the value of your investment in our common stock will likely decline.

You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.

As a result of our emergence from bankruptcy, we are operating our business with a new capital structure, and adopted fresh start accounting prescribed by generally accepted accounting principles. Accordingly, unlike other companies that have not previously filed for bankruptcy protection, our financial condition and results of operations are not comparable to the financial condition and results of operations reflected in our historical financial statements for periods prior to November 1, 2002 contained in this prospectus. Without historical financial statements to compare to our current performance, it may be more difficult for you to assess our future prospects when evaluating an investment in our common stock.

A decrease in the demand for our wireless communications sites and our ability to attract additional tenants could negatively impact our ability to maintain profitability.

Our business depends on wireless service providers' demand for communications sites, which in turn, depends on consumer demand for wireless services. A reduction in demand for our communications sites or increased competition for additional tenants could negatively impact our ability to maintain profitability and harm our ability to attract additional tenants. Our wireless service provider customers lease communications sites on our towers based on a number of factors, including the level of demand by consumers for wireless services, the financial condition and access to capital of those providers, the strategy of providers with respect to owning, leasing or sharing communications sites, available spectrum and related infrastructure, competitive pricing, government regulation of communications licenses, and the characteristics of each company's technology and geographic terrain.

To a lesser degree, demand for site space is also dependent on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio and television, may reduce the need for tower-based broadcast transmission. Any decrease in the demand for our site space from current levels or in our ability to attract additional customers could negatively impact our ability to maintain profitability and could decrease the value of your investment in our common stock.

Increasingly, transmissions that were previously effected by means of paging and mobile radio technologies have shifted to wireless telephony. As a result, we have experienced, and expect to continue to experience, increases in the percentage of our revenues that is generated from wireless telephony customers. We cannot assure you that the increases in our revenues from wireless telephony customers will offset the reduction in our revenues from paging and mobile radio customers. Some of our towers may not be as attractive to, or suitable for wireless telephony customers as for our other types of customers, which could negatively impact our ability to maintain profitability from wireless telephony customers.

Our revenues may be adversely affected by the economies, real estate markets and wireless communication industry in the regions where our sites are located.

The revenues generated by our sites could be affected by the conditions of the economies, the real estate markets and the wireless communications industry in regions where the sites are located, changes in governmental rules and fiscal policies, acts of nature (which may result in uninsured or under-insured losses), and other factors particular to the locales of the respective sites. Our sites are located in all 50 states, the District of Columbia, Canada and the United Kingdom.

The economy of any state or region in which a site is located may be adversely affected to a greater degree than that of other areas of the country by developments affecting industries concentrated in such state or region. To the extent that general economic or other relevant conditions in states or regions, in which sites representing significant portions of our revenues are located, decline or result in a decrease in demand for wireless communications services in the region, our revenues from such sites may be adversely affected. For example, our sites in Florida and Georgia together accounted for approximately 24.6% of our revenues for the three months ended March 31, 2004. A deterioration of general economic or other relevant conditions in those states could result in a decrease in the demand for our services and a decrease in our revenues from those markets, which in turn may have an adverse effect on our results of operations and financial condition.

Consolidation in the wireless industry could decrease the demand for our sites and may lead to reductions in our revenues.

Various wireless service providers, which are our primary existing and potential customers, could enter into mergers, acquisitions or joint ventures with each other over time. For example, on February 17, 2004, Cingular, our third largest customer by revenues for the three months ended March 31, 2004, announced it is acquiring AT&T Wireless, our fifth largest customer by revenues for the three months ended March 31, 2004. On March 29, 2004, Arch Wireless, our largest customer by revenues for the three months ended March 31, 2004, and Metrocall Holdings, Inc., our sixth largest customer by revenues for the three months ended March 31, 2004, announced that they had executed a merger agreement. Such consolidations could reduce the size of our customer base and have a negative impact on the demand for our services. In addition, consolidation among our customers is likely to result in duplicate networks, which could result in network rationalization and impact the revenues at our sites. Recent regulatory developments have made consolidation in the wireless industry easier and more likely. For example, in February 2002, the Federal Communications Commission, or FCC, enabled the ownership by a single entity of interests in both cellular carriers in overlapping metropolitan cellular service areas. In January 2003, the FCC eliminated the spectrum aggregation cap in a geographic area in favor of a case-by-case review of spectrum transactions. Also, in May 2003, the FCC adopted new rules authorizing wireless radio services holding exclusive licenses to freely lease unused spectrum. It is possible that at least some wireless service providers may take advantage of this relaxation of spectrum and ownership limitations and consolidate their businesses. Any industry consolidation could decrease the demand for our sites, which in turn may result in a reduction in our revenues.

Our revenues are dependent on the creditworthiness of our tenants which could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.

Our revenues are dependent on the creditworthiness of our tenants and would be adversely affected by the loss of or default by significant lessees. Also, the recent economic slowdown has harmed, and may continue to harm, the financial condition of some wireless service providers. Many wireless service

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providers operate with substantial leverage and some of our customers, representing 3.5% of our revenues for the three months ended March 31, 2004, are in bankruptcy. Other customers are having financial difficulties due to their inability to access additional capital. If one or more of our major customers experience financial difficulties, it could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.

We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our site space could result in a material reduction in our revenues.

Our six largest customers, which represented 39.8% of our revenue for the three months ended March 31, 2004 are Arch Wireless, Nextel, Cingular, Verizon Wireless, AT&T Wireless and Metrocall. These customers represented 11.0%, 6.7%, 6.0%, 5.7%, 5.5% and 4.9%, respectively, of our revenues for the three months ended March 31, 2004. These customers operate under lease agreements that have initial terms generally ranging from three to five years and which are renewable, at our customer's option over multiple renewal periods also generally ranging from three to five years. Arch Wireless is in the second year of a three-year lease. Excluding Arch Wireless, as of March 31, 2004 approximately 46% of our revenues for March 2004 from these customers were from leases in their initial term, 53% were from leases in a renewal period, and 1% were from month-to-month leases. Arch Wireless reorganized under Chapter 11 in late 2001 and exited bankruptcy in May 2002 and has reduced its utilization of our sites in recent years. On March 29, 2004, Arch Wireless, our largest customer by revenues for the three months ended March 31, 2004, and Metrocall Holdings, Inc., our sixth largest customer by revenues for the three months ended March 31, 2004, announced that they had executed a merger agreement. In addition, on February 17, 2004, Cingular, our third largest customer by revenues for the three months ended March 31, 2004, announced it is acquiring AT&T Wireless, our fifth largest customer by revenues for the three months ended March 31, 2004. The loss of one or more of our major customers or a reduction in their utilization of our site space, could result in a material reduction of the utilization of our site space and in our revenues.

As of March 31, 2004, our tenant leases had a weighted average term of approximately 4.8 years and had an average remaining term of 2.4 years. Our revenues depend on the renewal of our tenant leases by our customers on favorable terms.

Our tenant leases had a weighted average current term of approximately 4.8 years, as of March 31, 2004, and had an average remaining term of 2.4 years. We can not assure you that our existing tenants will renew their leases at the expiration of those leases. Further, we can not assure you that we will be successful in negotiating favorable terms with those customers that renew their tenant leases. For example, our largest customer, Arch Wireless, currently occupies fewer sites than their contracted minimum and as a result we cannot assure you that we will be able to renew their lease on the same terms upon expiration in May 2005. Failure to obtain renewals of our existing tenant leases or the failure to successfully negotiate favorable terms for such renewals would result in a reduction in our revenues.

We are currently implementing new software systems throughout our business and may encounter integration problems that affect our ability to serve our customers and maintain our records, which in turn could harm our ability to operate our business.

We are currently upgrading our software systems. We are implementing a PeopleSoft system for all of our accounting functions including vendor payments, accounts receivable and all internal reporting functions. We are also implementing a manageStar system to manage our communications sites, tenant leases and records. The integration of these software systems with our business is a significant project during which we may encounter difficulties that may be time consuming and costly, and result in systems interruptions and the loss of data. These two new systems handle our most significant business processes and difficulties with the implementation of these systems may adversely affect our day to day operations and our ability to service our customers, which in turn may harm our ability to operate our business.

If we are unable to successfully compete, our business will suffer.

We believe that tower location and capacity, price, quality of service and density within a geographic market historically have been, and will continue to be, the most significant competitive factors affecting our site operations business. We compete for customers with:

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- 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;
- other independent tower operators; and
- owners of non-tower antenna sites, including rooftops, water towers and other alternate structures.

Some of our competitors have significantly more financial resources than we do. The intense competition in our industry may make it more difficult for us to attract new tenants, increase our gross margins or maintain or increase our market share.

Competing technologies may offer alternatives to ground-based antenna systems which could reduce the future demand for our sites.

Most types of wireless and broadcast services currently require ground-based network facilities, including communications sites for transmission and reception. The development and growth of communications and other new technologies that do not require ground-based sites could reduce the demand for space on our towers. For example, the growth in delivery of video, voice and data services by satellites, which allow communication directly to users' terminals without the use of ground-based facilities, could lessen demand for our sites. Moreover, the FCC has issued licenses for several additional satellite systems (including low earth orbit systems) that are intended to provide more advanced, high-speed data services directly to consumers. These satellite systems compete with land-based wireless communications systems, thereby reducing the demand for the services that we provide.

Equipment and software developments are increasing our tenants' ability to more efficiently utilize spectral capacity and to share transmitters which could reduce the future demand for our sites.

Technological developments are also making it possible for carriers to expand their use of existing facilities to provide service without additional tower facilities. The increased use by carriers of signal combining and related technologies, which allow two or more carriers to provide services on different transmission frequencies using the communications antenna and other facilities normally used by only one carrier, could reduce the demand for tower space. Technologies that enhance spectral capacity, such as beam forming or "smart antennas," which can increase the capacity at existing sites and reduce the number of additional sites a given carrier needs to serve any given subscriber base, may have the same effect.

Carrier joint ventures and roaming agreements which allow for the use of competitor transmission facilities and spectrum may reduce future demand for incremental sites.

Carriers are, through joint ventures, sharing (or considering the sharing of) telecommunications infrastructure in ways that might adversely impact the growth of our business. For example, in 2001, T-Mobile and Cingular entered into a joint venture allowing both companies to jointly use the GSM network infrastructure in New York, California and Nevada and in 2003 AT&T Wireless and Cingular formed a joint venture to build a GSM network enabling them to provide service along approximately 4,000 miles of highway in the northeast and eastern regions of the United States. Furthermore, wireless service providers frequently enter into roaming agreements with competitors which allow them to utilize one another's wireless communications facilities to accommodate customers who are out of range of their home providers' services, so that the home providers do not need to lease space for their own antennas on communications sites we own. For example, over the past two years AT&T Wireless has entered into roaming agreements with Cingular, T-Mobile and more than 30 rural or regional carriers including Western Wireless and Dobson Communications, covering parts of 30 states. Any of the conditions and developments described above could reduce demand for our ground-based antenna sites and decrease demand for our site space from current levels or our ability to attract additional customers and may negatively affect our profitability.

We may be unable to modify our towers, which could harm our ability to add additional site space and new customers which could result in our inability to execute our growth strategy and limit our revenue growth.

Our business depends on our ability to modify towers and add new customers as they expand their tower network infrastructure. Regulatory and other barriers could adversely affect our ability to modify towers in accordance with the requirements of our customers, and, as a result, we may not be able to meet our customers' requirements. Our ability to modify towers and add new customers to towers may be affected by a number of factors beyond our control, including zoning and local permitting requirements, Federal Aviation Administration, or FAA, considerations, FCC tower registration procedures, availability of tower components and construction equipment, availability of skilled construction personnel, weather conditions and environmental compliance issues. In addition, because public concern over tower proliferation has grown in recent years, many communities now restrict tower modifications or delay granting permits required for adding new customers. In addition, we may not be able to overcome the barriers to modifying towers or adding new customers. Our failure to complete the necessary modifications could harm our ability to add additional site space and new customers which could result in our inability to execute our growth strategy and limit our revenue growth.

We may encounter difficulties in acquiring towers at attractive prices or integrating acquisitions with our operations, which could limit our revenue growth and our ability to maintain profitability.

In December 2003, we completed the acquisition of 67 towers from TowerCom Enterprises, L.L.C. and its affiliates, entered into an agreement to acquire all of the membership interest in Tower Ventures which owns 97 wireless communications towers, and acquired five additional wireless communications towers located in Georgia and will continue to target strategic tower and tower company acquisitions as opportunities arise. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties, divert managerial attention or require significant financial resources. These acquisitions and other future acquisitions may require us to incur additional indebtedness and contingent liabilities, and may result in unforeseen costs, which may limit our revenue growth, cash flows, and our ability to maintain profitability and make distributions. Additionally, these acquisitions may be financed through the issuance of additional equity, which would dilute the interests of our stockholders. Moreover, any future acquisitions may not generate any additional income for us or provide any benefit to our business. In addition we cannot assure you that we will be able to locate and acquire towers at attractive prices in locations that are compatible with our strategy.

Our failure to comply with federal, state and local laws and regulations could result in our being fined, liable for damages and, in some cases, the loss of our right to conduct some of our business.

We are subject to a variety of regulations, including those at the federal, state and local levels. Both the FCC and the FAA regulate towers and other sites used for wireless communications transmitters and receivers. See "Business — Regulatory Matters." In addition, under the FCC's rules, we are fully liable for the acts or omissions of our contractors. We generally indemnify our customers against any failure by us to comply with applicable standards. Our failure to comply with any applicable laws and regulations (including as a result of acts or omissions of our contractors, which may be beyond our control) may lead to monetary forfeitures or other enforcement actions, as well as civil penalties, contractual liability and tort liability and, in some cases, losing our right to conduct some of our business, any of which could have an adverse impact on our business. We also are subject to local regulations and restrictions that typically require tower owners to obtain a permit or other approval from local officials or community standards organizations prior to tower construction or modification. Local regulations could delay or prevent new tower construction or modifications, as well as increase our costs, any of which could adversely impact our ability to implement or achieve our business objectives.

Our failure to comply with environmental laws could result in liability and claims for damages that could result in a significant increase in the cost of operating our business.

We are subject to environmental laws and regulations that impose liability without regard to fault. These laws and regulations place responsibility on us to investigate potential environmental and other

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effects of operations and to disclose any significant effects in an environmental assessment prior to constructing a tower or adding a new customer on a tower. In the event the FCC determines that one of our owned towers would have a significant environmental impact, the FCC would be required to prepare an environmental impact statement. The environmental review process mandated by the National Environmental Policy Act of 1969, or NEPA, can be costly and time consuming and may cause significant delays in the registrat