# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period to

Commission File Number 333-187970

# CC HOLDINGS GS V LLC
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **20-4300339** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**1220 Augusta Drive, Suite 600, Houston, Texas 77057-2261**
**(Address of principal executives office) (Zip Code)**

**(713) 570-3000**
**(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act: None.

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| N/A | N/A | N/A |

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 ☐

*Explanatory Note: The registrant is a voluntary filer and not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934; however, the registrant has filed all reports that would have been required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months had the registrant been subject to such filing requirements.*

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 (§232.405 of this chapter) 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 check mark 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 30, 2019, the only member of the registrant is a wholly-owned indirect subsidiary of Crown Castle International Corp.

The registrant is a wholly-owned indirect subsidiary of Crown Castle International Corp. and meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q, and is therefore filing this form with the reduced disclosure format.

**CC HOLDINGS GS V LLC**

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**Cautionary Language Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements that are based on our management's expectations as of the filing date of this report with the Securities and Exchange Commission ("SEC"). Statements that are not historical facts are hereby identified as forward-looking statements. In addition, words such as "estimate," "anticipate," "project," "plan," "intend," "believe," "expect," "likely," "predicted," "positioned," "continue," and any variation of these words and similar expressions are intended to identify forward-looking statements. Such statements include plans, projections and estimates contained in *"Part I—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations"* ("MD&A") and *"Part II—Item 1A. Risk Factors"* herein. Such forward-looking statements include (1) expectations regarding anticipated growth in the wireless industry and demand for wireless data, (2) expectations regarding wireless carriers' focus on improving network quality and expanding capacity, (3) expectations regarding tenant leasing and non-renewals of tenant contracts, (4) expectations regarding demand for our communications infrastructure, including factors driving such demand, and the potential benefits that may be derived therefrom, (5) expectations regarding cash flows and liquidity for, or plans regarding, capital expenditures, (6) expectations regarding our capital structure, debt maturities, our availability and cost of capital, and capital allocation, (7) expectations related to the ability of Crown Castle International Corp. ("CCIC" or "Crown Castle") to remain qualified as a real estate investment trust ("REIT") and the advantages, benefits or impact of, or opportunities created by the inclusion of our assets and operations in CCIC's REIT, (8) the utilization of our net operating loss carryforwards ("NOLs") and (9) expectations related to the impact of customer consolidation or ownership changes, including the impact of the potential combination of T-Mobile and Sprint.

Such forward-looking statements should, therefore, be considered in light of various risks, uncertainties and assumptions, including prevailing market conditions, risk factors described in *"Part II—Item 1A. Risk Factors"* herein and *"Item 1A. Risk Factors"* of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 ("2018 Form 10-K") and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. As used herein, the term "including," and any variation thereof, means "including without limitation." The use of the word "or" herein is not exclusive.

Our filings with the SEC are available through the SEC website at www.sec.gov or through CCIC’s investor relations website at investor.crowncastle.com. CCIC uses its investor relations website to disclose information about CCIC and us that may be deemed to be material. We encourage investors, the media and others interested in us to visit CCIC’s investor relations website from time to time to review up-to-date information or to sign up for e-mail alerts to be notified when new or updated information is posted on the site.

**PART I—FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**CC HOLDINGS GS V LLC**
**CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**
**(In thousands of dollars)**

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 18,486 | $ 18,707 |
| Receivables, net | 2,348 | 4,327 |
| Prepaid expenses[a] | 14,883 | 23,155 |
| Deferred site rental receivables and other current assets | 28,413 | 27,014 |
| Total current assets | 64,130 | 73,203 |
| Deferred site rental receivables | 352,984 | 343,740 |
| Property and equipment, net of accumulated depreciation of $1,081,133 and $1,011,900, respectively | 1,015,632 | 1,017,767 |
| Operating lease right-of-use assets[a] | 1,135,264 | — |
| Goodwill | 1,338,730 | 1,338,730 |
| Other intangible assets, net[a] | 707,376 | 808,327 |
| Long-term prepaid rent and other assets, net[a] | 1,878 | 39,669 |
| Total assets | $ 4,615,994 | $ 3,621,436 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,164 | $ 1,933 |
| Accrued interest | 17,748 | 8,126 |
| Deferred revenues | 13,390 | 12,533 |
| Other accrued liabilities[a] | 7,484 | 8,866 |
| Current portion of operating lease liabilities—third parties[a] | 38,176 | — |
| Current portion of operating lease liabilities—related parties[a] | 16,397 | — |
| Total current liabilities | 95,359 | 31,458 |
| Debt | 995,085 | 994,047 |
| Operating lease liabilities—third parties[a] | 827,253 | — |
| Operating lease liabilities—related parties[a] | 319,472 | — |
| Deferred ground lease payable[a] | — | 112,832 |
| Other liabilities[a] | 35,618 | 50,108 |
| Total liabilities | 2,272,787 | 1,188,445 |
| Commitments and contingencies (note 7) | | |
| Member's equity: | | |
| Member's equity | 2,343,207 | 2,432,991 |
| Accumulated earnings (deficit) | — | — |
| Total member's equity | 2,343,207 | 2,432,991 |
| Total liabilities and equity | $ 4,615,994 | $ 3,621,436 |

(a) See *"Recently Adopted Accounting Pronouncements"* in note 2 to the condensed consolidated financial statements for a discussion of the recently adopted lease standard.

See notes to condensed consolidated financial statements.

## CC HOLDINGS GS V LLC
## CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
## (In thousands of dollars)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Site rental revenues | $ 171,745 | $ 165,108 | $ 507,256 | $ 492,158 |
| Operating expenses: | | | | |
| Site rental cost of operations—third parties[a] | 38,406 | 37,616 | 114,212 | 112,469 |
| Site rental cost of operations—related parties[a] | 10,880 | 10,163 | 32,210 | 30,478 |
| Site rental cost of operations—total[a] | 49,286 | 47,779 | 146,422 | 142,947 |
| Management fee—related party | 12,611 | 12,207 | 37,238 | 36,227 |
| Asset write-down charges | — | — | 375 | 344 |
| Depreciation, amortization and accretion | 52,665 | 52,333 | 157,436 | 157,765 |
| Total operating expenses | 114,562 | 112,319 | 341,471 | 337,283 |
| Operating income (loss) | 57,183 | 52,789 | 165,785 | 154,875 |
| Interest expense and amortization of deferred financing costs | (9,969) | (9,969) | (29,906) | (29,906) |
| Other income (expense) | 160 | 90 | 445 | 63 |
| Income (loss) before income taxes | 47,374 | 42,910 | 136,324 | 125,032 |
| Benefit (provision) for income taxes | (102) | (93) | (307) | (279) |
| Net income (loss) | $ 47,272 | $ 42,817 | $ 136,017 | $ 124,753 |

(a) Exclusive of depreciation, amortization and accretion shown separately and certain indirect costs included in the management fee.

See notes to condensed consolidated financial statements.

**CC HOLDINGS GS V LLC**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**
**(In thousands of dollars)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities:** | | |
| Net income (loss) | $ 136,017 | $ 124,753 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | 157,436 | 157,765 |
| Amortization of deferred financing costs | 1,038 | 1,038 |
| Asset write-down charges | 375 | 344 |
| Changes in assets and liabilities: | | |
| Increase (decrease) in accrued interest | 9,622 | 9,622 |
| Increase (decrease) in accounts payable | (3,844) | 500 |
| Increase (decrease) in other liabilities | 1,617 | 3,009 |
| Decrease (increase) in receivables | 1,978 | (158) |
| Decrease (increase) in other assets | (14,256) | (12,505) |
| Net cash provided by (used for) operating activities | 289,983 | 284,368 |
| **Cash flows from investing activities:** | | |
| Capital expenditures | (64,403) | (52,187) |
| Net cash provided by (used for) investing activities | (64,403) | (52,187) |
| **Cash flows from financing activities:** | | |
| Distributions to member | (225,801) | (238,716) |
| Net cash provided by (used for) financing activities | (225,801) | (238,716) |
| Net increase (decrease) in cash and cash equivalents | (221) | (6,535) |
| **Cash and cash equivalents at beginning of period** | 18,707 | 30,771 |
| **Cash and cash equivalents at end of period** | $ 18,486 | $ 24,236 |

See notes to condensed consolidated financial statements.

**CC HOLDINGS GS V LLC**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY (Unaudited)**
**(In thousands of dollars)**

| | Member's Equity | Accumulated Earnings (Deficit) | Total |
|---|---|---|---|
| Balance, July 1, 2019 | $ 2,377,756 | $ — | $ 2,377,756 |
| Distributions to member (note 4) | (34,549) | (47,272) | (81,821) |
| Net income (loss) | — | 47,272 | 47,272 |
| Balance, September 30, 2019 | $ 2,343,207 | $ — | $ 2,343,207 |

| | Member's Equity | Accumulated Earnings (Deficit) | Total |
|---|---|---|---|
| Balance, July 1, 2018 | $ 2,498,784 | $ — | $ 2,498,784 |
| Distributions to member (note 4) | (36,276) | (42,817) | (79,093) |
| Net income (loss) | — | 42,817 | 42,817 |
| Balance, September 30, 2018 | $ 2,462,508 | $ — | $ 2,462,508 |

| | Member's Equity | Accumulated Earnings (Deficit) | Total |
|---|---|---|---|
| Balance, January 1, 2019 | $ 2,432,991 | $ — | $ 2,432,991 |
| Distributions to member (note 4) | (89,784) | (136,017) | (225,801) |
| Net income (loss) | — | 136,017 | 136,017 |
| Balance, September 30, 2019 | $ 2,343,207 | $ — | $ 2,343,207 |

| | Member's Equity | Accumulated Earnings (Deficit) | Total |
|---|---|---|---|
| Balance, January 1, 2018 | $ 2,576,471 | $ — | $ 2,576,471 |
| Distributions to member (note 4) | (113,963) | (124,753) | (238,716) |
| Net income (loss) | — | 124,753 | 124,753 |
| Balance, September 30, 2018 | $ 2,462,508 | $ — | $ 2,462,508 |

See notes to condensed consolidated financial statements.

## 1. General

The accompanying consolidated financial statements reflect the consolidated financial position, results of operations and cash flows of CC Holdings GS V LLC ("CCL") and its consolidated wholly-owned subsidiaries (collectively, "Company"). The Company is a wholly-owned subsidiary of Global Signal Operating Partnership, L.P. ("GSOP"), which is an indirect subsidiary of Crown Castle International Corp., a Delaware corporation ("CCIC" or "Crown Castle"). CCL is a Delaware limited liability company that is a holding company and an issuer of the Company's debt. Intercompany accounts, transactions and profits have been eliminated. As used herein, the term "including," and any variation thereof means "including without limitation." The use of the word "or" herein is not exclusive.

The information contained in the following notes to the condensed consolidated financial statements is condensed from that which would appear in the annual consolidated financial statements; accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2018, and related notes thereto, included in the 2018 Form 10-K filed by the Company with the SEC.

The Company is organized specifically to own, lease and manage towers and other structures (collectively, "towers"), and to a lesser extent, interests in land under third party and related party towers in various forms ("land interests") (collectively, "communications infrastructure" or "sites") that are geographically dispersed across the U.S. The Company's core business is providing access, including space or capacity, to its sites via long-term contracts in various forms, including lease, license and sublease agreements (collectively, "contracts"). The Company's customers on its communications infrastructure are referred to herein as "tenants." Management services related to the Company's sites are performed by Crown Castle USA Inc. ("CCUSA"), an affiliate of the Company, under the Management Agreement, as the Company has no employees.

Approximately 68% of the Company's sites are leased or subleased or operated and managed for an initial period of 32 years (through May 2037) under master leases or other agreements with Sprint ("Sprint Sites"). CCIC, through its subsidiaries (including the Company) has the option to purchase in 2037 all (but not less than all) of the Sprint Sites from Sprint for approximately $2.3 billion. CCIC has no obligation to exercise the purchase option.

For U.S federal income tax purposes, CCIC operates as a real estate investment trust ("REIT"), and as its indirect subsidiary, the Company's assets and operations are included in the CCIC REIT. See note 5.

*Basis of Presentation*

The condensed consolidated financial statements included herein are unaudited; however, they include all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to state fairly the consolidated financial position of the Company at September 30, 2019, the condensed consolidated results of operations for both the three and nine months ended September 30, 2019 and 2018 and the condensed consolidated cash flows for the nine months ended September 30, 2019 and 2018. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles in the U.S. ("GAAP"). The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. Summary of Significant Accounting Policies

*Recently Adopted Accounting Pronouncements*

*Lease Accounting — Summary of Adoption Impact.* Effective January 1, 2019, the Company adopted new guidance on the recognition, measurement, presentation and disclosure of leases (commonly referred to as "ASC 842" or the "new lease standard").

The new lease standard requires lessees to recognize a lease liability, initially measured at the present value of the lease payments for all leases, and a corresponding right-of-use ("ROU") asset. The accounting for lessors remained largely unchanged from previous guidance.

Due to the recognition of the lease liability and a corresponding ROU asset, the new lease standard had a material impact on the Company's condensed consolidated balance sheet. Additionally, certain amounts related to our lessee arrangements that were previously reported separately have been de-recognized and reclassified into "Operating lease right-of-use assets" on the Company's condensed consolidated balance sheet. These amounts include (1) the Company's liability related to straight-line expense formerly referred to as "Deferred ground lease payable" and previously included in "Other accrued liabilities" and "Other liabilities," (2) prepaid rent expense previously included in "Prepaid expenses" and "Long-term prepaid rent and other assets, net," (3) below market leases previously included in "Other intangible assets, net," and (4) above market leases previously included in "Other liabilities."

Notwithstanding the material impact to the Company's condensed consolidated balance sheet, the Company's adoption of the new lease standard did not have a material impact on the Company's condensed consolidated statement of operations or statement of cash flows. Additionally, the adoption of this guidance had no impact on the Company's operating practices, cash flows, contractual arrangements, or debt agreements (including compliance with any applicable covenants).

*Lease Accounting—General.* The Company adopted the new lease standard using a modified retrospective approach as of the effective date (i.e., January 1, 2019), without adjusting the comparative periods. The Company's adoption of the new lease standard did not result in a cumulative-effect adjustment being recognized to the opening balance of retained earnings. The new lease standard provides a package of practical expedients, whereby companies can elect not to reassess (1) whether existing contracts contain leases under the new definition of a lease, (2) lease classification for expired or existing leases and (3) whether previously capitalized initial direct costs would qualify for capitalization under ASC 842. The Company elected the package of practical expedients upon adoption.

The Company evaluates whether a contract meets the definition of a lease whenever a contract grants a party with the right to control the use of an identified asset for a period of time in exchange for consideration. To the extent the identified asset is able to be shared among multiple parties, the Company has determined that one party does not have control of the identified asset and the contract is not considered a lease.

*Lease Accounting—Lessee.* The Company's lessee arrangements primarily consist of ground leases for land under towers. Ground leases for land are specific to each site, generally contain an initial term of five to 10 years and are renewable (and cancelable after a notice period) at the Company's option. The Company also enters into term easements and ground leases in which it prepays the entire term.

The majority of the Company's lease agreements have certain termination rights that provide for cancellation after a notice period and multiple renewal options at the Company's option. The Company includes renewal option periods in its calculation of the estimated lease term when it determines that the options are reasonably certain to be exercised. When such renewal options are deemed to be reasonably certain, the estimated lease term determined under ASC 842 will be greater than the non-cancelable term of the contractual arrangement. Although certain renewal periods are included in the estimated lease term, the Company would have the ability to terminate or elect to not renew a particular lease if business conditions warrant such a decision.

The Company classifies its lessee arrangements at inception as either operating leases or finance leases. A lease is classified as a finance lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying asset, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if none of the five criteria described above for finance lease classification is met.

ROU assets associated with operating leases are included in "Operating lease right-of-use assets" on the Company's condensed consolidated balance sheet. Current and long-term portions of lease liabilities related to operating leases are included in "Current portion of operating lease liabilities—third parties," "Current portion of operating lease liabilities—related parties," "Operating lease liabilities—third parties" and "Operating lease liabilities—related parties" on the Company's condensed consolidated balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's present value of its future lease payments. In assessing its leases and determining its lease liability at lease commencement or upon modification, the Company was not able to readily determine the rate implicit for its lessee arrangements, and thus has used CCIC's incremental borrowing rate on a collateralized basis to determine the present value of the lease payments. The Company's ROU assets are measured as the balance of the lease liability plus any prepaid or accrued lease payments and any unamortized initial direct costs. Operating lease expenses are recognized on a ratable basis, regardless of whether the payment terms require the Company to make payments annually, quarterly, monthly, or for the entire term in advance. Certain of the Company's ground lease agreements contain fixed escalation clauses (such as fixed dollar or fixed percentage increases) or inflation-based escalation clauses (such as those tied to the change in CPI). If the payment terms include fixed escalator provisions, the effect of such increases is recognized on a straight-line basis. The Company calculates the straight-line expense over the contract's estimated lease term, including any renewal option periods that the Company deems reasonably certain to be exercised.

Lease agreements may also contain provisions for a contingent payment based on (1) the revenues derived from the communications infrastructure located on the leased asset or (2) the change in CPI. The Company's contingent payments are considered variable lease payments and are (1) not included in the initial measurement of the ROU asset or lease liability due to the uncertainty of the payment amount and (2) recorded as expense in the period such contingencies are resolved.

ROU assets associated with finance leases are included in "Property and equipment, net" on the Company's condensed consolidated balance sheet. If applicable, the Company measures the lease liability for finance leases using the effective interest method. The initial lease liability is increased to reflect interest on the liability and decreased to reflect payments made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant periodic discount rate on the remaining balance of the liability. The Company measures ROU assets for finance leases on a ratable basis over the applicable lease term.

*Lease Accounting—Lessor*. The Company's lessor arrangements primarily include contracts for dedicated space on its communications infrastructure. The Company classifies its leases at inception as operating, direct financing or sales-type leases. A lease is classified as a sales-type lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying assets, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. Furthermore, when none of the above criteria is met, a lease is classified as a direct financing lease if both of the following criteria are met: (1) the present value of the of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds the fair value of the underlying asset and (2) it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease. Currently, the Company classifies all of its lessor arrangements as operating leases.

Site rental revenues from the Company’s lessor arrangements are recognized on a straight-line, ratable basis over the fixed, non-cancelable term of the relevant contract, regardless of whether the payments from the tenant are received in equal monthly amounts during the life of a contract. Certain of the Company's contracts contain fixed escalation clauses (such as fixed-dollar or fixed-percentage increases) or inflation-based escalation clauses (such as those tied to the change in CPI). If the payment terms call for fixed elements, such as fixed escalations, upfront payments, or rent-free periods, the rental revenue is recognized on a straight-line basis over the fixed, non-cancelable term of the agreement. When calculating straight-line site rental revenues, the Company considers all fixed elements of tenant contractual escalation provisions.

See note 8 for further information.

*Recent Accounting Pronouncements Not Yet Adopted*

No new accounting pronouncements issued but not yet adopted are expected to have a material impact on the Company's condensed consolidated financial statements.

(Tabular dollars in thousands)

## 3. Debt

The outstanding balance of the 3.849% Secured Notes due April 2023 as of September 30, 2019 and December 31, 2018 was $995 million and $994 million, respectively.

*Interest Expense and Amortization of Deferred Financing Costs*

The components of interest expense and amortization of deferred financing costs are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Interest expense on debt obligations | $ 9,623 | $ 9,623 | $ 28,868 | $ 28,868 |
| Amortization of deferred financing costs | 346 | 346 | 1,038 | 1,038 |
| Total | $ 9,969 | $ 9,969 | $ 29,906 | $ 29,906 |

## 4. Related Party Transactions

Pursuant to the Management Agreement, CCUSA has agreed to employ, supervise and pay at all times a sufficient number of capable employees as may be necessary to perform services in accordance with the operation standards defined in the Management Agreement. CCUSA currently acts as the Manager of the sites held by subsidiaries of CCIC. The management fee is equal to 7.5% of the Company’s Operating Revenues, as defined in the Management Agreement, which is based on the Company’s reported revenues adjusted to exclude certain items including revenues related to the accounting for leases with fixed escalators. The fee is compensation for those functions reasonably necessary to maintain, market, operate, manage and administer the sites, other than the operating expenses (which includes real estate and personal property taxes, ground lease and easement payments, and insurance premiums). Further, in connection with its role as Manager, CCUSA may make certain modifications to the Company's towers.

In addition, CCUSA may perform installation services on the Company's towers, for which the Company is not a party to any agreement and for which no operating results are reflected herein.

As part of the CCIC strategy to obtain long-term control of the land under its towers, affiliates of the Company have acquired rights to land under the Company's towers. These affiliates then lease the land to the Company. Under such circumstances, the Company's obligation typically continues with the same or similar economic terms as the contract for the land that existed prior to an affiliate acquiring rights to such land. As of September 30, 2019, approximately 30% of the Company's towers were located on land which was controlled by an affiliate. Also, the Company receives site rental revenue from affiliates for land controlled by the Company on which affiliates have towers and pays ground rent expense to affiliates for land owned by affiliates on which the Company has towers.

For the nine months ended September 30, 2019 and 2018, the Company recorded equity distributions of $225.8 million and $238.7 million, respectively, reflecting distributions to its member. Cash on hand in excess of the amount that is required by the Management Agreement has been, and is expected to continue to be, distributed to the Company's parent company. As of September 30, 2019 and 2018, other than the amounts of its ROU assets and operating lease liabilities related to land leased from affiliates of the Company reflected in "Operating lease right-of-use assets," "Current portion of operating lease liabilities—related parties" and "Operating lease liabilities—related parties" on the Company's condensed consolidated balance sheet, the Company had no material related party assets or liabilities on its condensed consolidated balance sheet.

## 5. Income Taxes

CCIC operates as a REIT for U.S. federal income tax purposes. As a REIT, CCIC is generally entitled to a deduction for dividends that it pays and therefore is not subject to U.S. federal corporate income tax on its net taxable income that is currently distributed to its stockholders. For U.S. federal income tax purposes, the Company's assets and operations are included in the CCIC REIT.

For the nine months ended September 30, 2019 and 2018, the Company's effective tax rate differed from the federal statutory rate predominately due to (1) CCIC's REIT status, including the dividends paid deduction and (2) state taxes.

(Tabular dollars in thousands)

## 6. Fair Values

The fair value of cash and cash equivalents approximates the carrying value. The Company determines the fair value of its debt securities based on indicative, non-binding quotes from brokers. Quotes from brokers require judgment and are based on the brokers' interpretation of market information, including implied credit spreads for similar borrowings on recent trades or bid/ask prices or quotes from active markets, if applicable. Since December 31, 2018, there have not been any changes in the Company's valuation techniques used to measure fair values. The estimated fair values of the Company's financial instruments, along with the carrying amounts of the related assets and liabilities, are as follows:

| | Level in Fair Value Hierarchy | September 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|---|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Assets: | | | | | |
| Cash and cash equivalents | 1 | $ 18,486 | $ 18,486 | $ 18,707 | $ 18,707 |
| Liabilities: | | | | | |
| Debt | 2 | 995,085 | 1,047,800 | 994,047 | 990,600 |

## 7. Commitments and Contingencies

The Company is involved in various claims, lawsuits or 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 or losses that may be incurred, if any, management believes the resolution of such uncertainties and the incurrence of such costs should not have a material adverse effect on the Company's condensed consolidated financial position or results of operations. In addition, CCIC, through its subsidiaries (including the Company), has the option to purchase in 2037 all (but not less than all) of the Sprint Sites, which represent approximately 68% of the Company's sites. CCIC has no obligation to exercise the purchase option.

## 8. Leases

*Lessor Tenant Leases*

The following table is a summary of the rental cash payments owed to the Company, as a lessor, by tenants pursuant to contractual agreements in effect as of September 30, 2019. Generally, the Company's leases with its tenants provide for (1) annual escalations, (2) multiple renewal periods at the tenant's option and (3) only limited termination rights at the applicable tenant's option through the current term. The tenants' rental payments included in the table below are through the current terms with a maximum current term of 20 years and do not assume exercise of tenant renewal options.

| | Three Months Ending December 31, | Years Ending December 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total |
| Tenant leases[(a)] | $ 166,906 | $ 675,608 | $ 672,744 | $ 658,638 | $ 515,992 | $ 1,810,523 | $ 4,500,411 |

(a) Inclusive of leases with related parties. See note 4.

(Tabular dollars in thousands)

*Lessee Operating Leases*

The components of the Company's lease expense is as follows:

| | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2019 |
|---|---|---|
| Lease cost[(a)]: | | |
| Operating lease expense[(b)] | 30,826 | 90,027 |
| Variable lease expense[(c)] | 8,458 | 27,080 |
| Total lease expense | $ 39,284 | $ 117,107 |

(a) Inclusive of leases with related parties. See note 4.
(b) Represents the Company's operating lease expense related to its ROU assets for both the three and nine months ended September 30, 2019.
(c) Represents the Company's contingent payments for operating leases (such as payments based on revenues derived from the communications infrastructure located on the leased asset) for both the three and nine months ended September 30, 2019. Such contingencies are recognized as expense in the period they are resolved.

*Lessee Finance Leases*

The Company's finance leases are related to the towers subject to prepaid master lease agreements with Sprint and are recorded as "Property and equipment, net" on the condensed consolidated balance sheet. See note 1 for further discussion of the Company's prepaid master lease agreements and note 2 for further information regarding the Company's adoption method of the new lease standard. Finance leases and associated leasehold improvements related to gross property and equipment and accumulated depreciation were $979 million and $635 million, respectively, as of September 30, 2019. For the three and nine months ended September 30, 2019, the Company recorded $10 million and $31 million to "Depreciation, amortization and accretion" related to finance leases, respectively.

*Other Lessee Information*

As of September 30, 2019, the Company's weighted-average remaining lease term and weighted-average discount rate for operating leases were 16 years and 4.4%, respectively.

The following table is a summary of the Company's maturities of operating lease liabilities as of September 30, 2019:

| | Three months ending December 31, | Years ending December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total undiscounted lease payments | Less: Imputed interest | Total operating lease liabilities |
| Operating leases[(a)(b)] | $ 25,842 | $ 107,212 | $ 107,256 | $ 106,786 | $ 106,235 | $ 1,252,978 | $ 1,706,309 | $ (505,011) | $ 1,201,298 |

(a) Excludes the Company's contingent payments for operating leases (such as payments based on revenues derived from the communications infrastructure located on the leased asset) as such arrangements are excluded from the Company's operating lease liability. Such contingencies are recognized as expense in the period they are resolved.
(b) Inclusive of leases with related parties. See note 4.

*Comparative Information from 2018 Form 10-K*

The Company adopted ASC 842 using a modified retrospective approach as of the effective date, without adjusting the comparative periods, and therefore, as required by ASC 842, has included the following comparative information from note 10 to the consolidated financial statements in its 2018 Form 10-K.

The operating lease payments included in the table below include payments for certain renewal periods at the Company's option that are deemed reasonably assured to be exercised and an estimate of contingent payments based on revenues and gross margins derived from existing tenant leases.

| | Years ending December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total |
| Operating leases[(a)] | $ 142,671 | $ 144,069 | $ 144,390 | $ 142,144 | $ 140,193 | $ 1,697,442 | $ 2,410,909 |

(a) Inclusive of leases with related parties. See note 4.

(Tabular dollars in thousands)

## 9. Supplemental Cash Flow Information

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Supplemental disclosure of cash flow information: | | |
| Cash payments related to operating lease liabilities[(a)(b)] | $ 79,643 | $ — |
| Interest paid | 19,246 | 19,246 |
| Supplemental disclosure of non-cash operating, investing and financing activities: | | |
| New ROU assets obtained in exchange for operating lease liabilities[(b)] | 71,578 | — |

(a) Excludes cash payments related to contingent payment pursuant to operating leases, which are recorded as expense in the period such contingencies are resolved.
(b) Inclusive of leases with related parties. See note 4.

## 10. Guarantor Subsidiaries

CCL has no independent assets or operations. The 3.849% Secured Notes are guaranteed by all subsidiaries of CCL, each of which is a wholly-owned subsidiary of CCL, other than Crown Castle GS III Corp., which is a co-issuer of the 2012 Secured Notes and a wholly-owned finance subsidiary. Such guarantees are full and unconditional and joint and several. Subject to the provisions of the Secured Notes Indenture, a guarantor may be released and relieved of its obligations under its guarantee under certain circumstances including: (1) in the event of any sale or other disposition of all or substantially all of the assets of any guarantor, by way of merger, consolidation or otherwise to a person that is not (either before or after giving effect to such transaction) CCL or a subsidiary of CCL, (2) in the event of any sale or other disposition of all of the capital stock of any guarantor, to a person that is not (either before or after giving effect to such transaction) CCL or a subsidiary of CCL, (3) upon CCL's exercise of legal defeasance in accordance with the relevant provisions of the Secured Notes Indenture, or (4) upon the discharge of the Secured Notes Indenture in accordance with its terms.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the response to Part I, Item 1 of this report and the consolidated financial statements of the Company including the related notes and *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"* ("MD&A") included in our 2018 Form 10-K. Capitalized terms used but not defined in this Form 10-Q have the same meaning given to them in our 2018 Form 10-K. Unless this Quarterly Report on Form 10-Q indicates otherwise or the context requires, the terms "we," "our," "our company," "the company," or "us" as used herein refer to CC Holdings GS V LLC and its subsidiaries.

**General Overview**

We own, lease or manage sites that are geographically dispersed throughout the United States. The vast majority of our site rental revenues is of a recurring nature and is subject to long-term contracts with our tenants.

*Business Fundamentals and Results*

The following are certain highlights of our business fundamentals and results as of and for the nine months ended September 30, 2019.

- Potential growth resulting from the increasing demand for wireless data
  - We expect U.S. wireless carriers will continue their focus on improving network quality and expanding capacity (including through 5G initiatives) by adding additional antennas or other equipment on our towers.
  - We expect existing and potential new tenant demand for our towers will result from (1) new technologies, (2) increased usage of mobile entertainment, mobile internet, and machine-to-machine applications, (3) adoption of other emerging and embedded wireless devices (including smartphones, laptops, tablets, wearables and other devices), (4) increasing smartphone penetration, (5) wireless carrier focus on expanding both network quality and capacity and (6) the availability of additional spectrum.
  - Substantially all of our towers can accommodate additional tenancy, either as currently constructed or with appropriate modifications to the structure (which may include extensions or structural reinforcement).
- Organizational structure
  - For U.S. federal income tax purposes, CCIC operates as a REIT and, as its indirect subsidiary, our assets and operations are included in the CCIC REIT.
  - Our subsidiaries (other than Crown Castle GS III Corp.) were organized specifically to own, lease and manage certain communications infrastructure, such as towers or other structures, and have no employees.
  - Management services, including those functions reasonably necessary to maintain, market, operate, manage or administer our sites, are performed by CCUSA. The management fee is equal to 7.5% of our Operating Revenues as defined in the Management Agreement.
- Site rental revenues under long-term tenant contracts
  - Initial terms of five to 15 years for site rental revenues derived from tenants, with contractual escalations and multiple renewal periods at the option of the tenant of five to 10 years each.
  - The weighted-average remaining term (calculated by weighting the remaining term for each contract by the related site rental revenue) of approximately six years, exclusive of renewals at the tenants' option, currently representing approximately $4.5 billion of expected future cash inflows.
- Majority of our revenues from large wireless carriers
  - 90% of our site rental revenues were derived from Sprint, AT&T, T-Mobile and Verizon Wireless.
- Majority of land interests under our towers under long-term control
  - More than 80% and more than 50% of our sites are under our control for greater than 10 and 20 years, respectively. The aforementioned percentages include towers that reside on land interests that are owned by us, including fee interests and perpetual easements.
  - 22% of our site rental cost of operations represents ground lease payments to our affiliates. Such affiliates acquired the rights to such land interests as a result of negotiated transactions with third parties in connection with a program established by CCIC to extend the rights to the land under its portfolio of towers.
- Relatively fixed tower operating costs
  - Our operating costs tend to escalate at approximately the rate of inflation and are not typically influenced by tenant additions or non-renewals.
- Minimal sustaining capital expenditure requirements
  - Sustaining capital expenditures represented approximately 1% of site rental revenues.

- Fixed rate debt with no short-term maturities
  - Our debt consists of $1.0 billion aggregate principal amount of 3.849% Secured Notes. See note 3 to our condensed consolidated financial statements.
- Significant cash flows from operations
  - Net cash provided by operating activities was $290.0 million. See *"Item 2. MD&A—Liquidity and Capital Resources."*

**Consolidated Results of Operations**

The following discussion of our results of operations should be read in conjunction with our condensed consolidated financial statements and our 2018 Form 10-K. The following discussion of our results of operations is based on our condensed consolidated financial statements prepared in accordance with GAAP which requires us to make estimates and judgments that affect the reported amounts. See *"Item 2. MD&A—Accounting and Reporting Matters—Critical Accounting Policies and Estimates"* herein and note 2 to our 2018 Form 10-K.

Highlights of our results of operations for the three months ended September 30, 2019 and 2018 are depicted below.

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Percent Change |
|---|---|---|---|
| | (Dollars in thousands) | | |
| Site rental revenues | $ 171,745 | $ 165,108 | 4% |
| | | | |
| Operating expenses: | | | |
| Costs of operations[(a)(b)] | 49,286 | 47,779 | 3% |
| Management fee[(b)] | 12,611 | 12,207 | 3% |
| Asset write-down charges | — | — | * |
| Depreciation, amortization and accretion | 52,665 | 52,333 | 1% |
| Total operating expenses | 114,562 | 112,319 | 2% |
| Operating income (loss) | 57,183 | 52,789 | 8% |
| Interest expense and amortization of deferred financing costs | (9,969) | (9,969) | —% |
| Other income (expense) | 160 | 90 | |
| Income (loss) before income taxes | 47,374 | 42,910 | |
| Benefit (provision) for income taxes | (102) | (93) | |
| Net income (loss) | $ 47,272 | $ 42,817 | |

* Percentage not meaningful
(a) Exclusive of depreciation, amortization and accretion shown separately and certain indirect costs included in the management fee.
(b) Inclusive of related party transactions.

| | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | Percent Change |
|---|---|---|---|
| | (Dollars in thousands) | | |
| Site rental revenues | $ 507,256 | $ 492,158 | 3 % |
| Operating expenses: | | | |
| Costs of operations[(a)(b)] | 146,422 | 142,947 | 2 % |
| Management fee[(b)] | 37,238 | 36,227 | 3 % |
| Asset write-down charges | 375 | 344 | * |
| Depreciation, amortization and accretion | 157,436 | 157,765 | — % |
| Total operating expenses | 341,471 | 337,283 | 1 % |
| Operating income (loss) | 165,785 | 154,875 | 7 % |
| Interest expense and amortization of deferred financing costs | (29,906) | (29,906) | — % |
| Other income (expense) | 445 | 63 | |
| Income (loss) before income taxes | 136,324 | 125,032 | |
| Benefit (provision) for income taxes | (307) | (279) | |
| Net income (loss) | $ 136,017 | $ 124,753 | |

* Percentage not meaningful
(a) Exclusive of depreciation, amortization and accretion shown separately and certain indirect costs included in the management fee.
(b) Inclusive of related party transactions.

*Third Quarter 2019 and 2018*

Site rental revenues for the three months ended September 30, 2019 increased by $6.6 million, or 4%, from the same period in the prior year. Site rental revenues were impacted by the following items, inclusive of straight-line accounting: tenant additions across our entire portfolio, renewals or extensions of tenant contracts, escalations and non-renewals of tenant contracts. Tenant additions were influenced by our tenants' ongoing efforts to improve network quality and capacity.

Operating income for the three months ended September 30, 2019 increased by $4.4 million, or 8%, from the same period in the prior year. The increase in operating income was primarily due to the aforementioned increase in site rental revenues, partially offset by an increase in the cost of operations from the three months ended September 30, 2018.

Interest expense and amortization of deferred financing costs for the three months ended September 30, 2019 remained unchanged from the same period in the prior year.

Net income for the three months ended September 30, 2019 was $47.3 million, compared to net income of $42.8 million for the three months ended September 30, 2018. The increase was primarily due to the aforementioned increase in site rental revenues.

*First Nine Months 2019 and 2018*

Site rental revenues for the nine months ended September 30, 2019 increased by $15.1 million, or 3%, from the same period in the prior year. The increase in site rental revenues was impacted by the following items, inclusive of straight-line accounting: new tenant additions across our entire portfolio, renewals or extensions of tenant leases, escalations and non-renewal of tenant contracts. Tenant additions were influenced by our tenants' ongoing efforts to improve network quality and capacity.

Operating income for the nine months ended September 30, 2019 increased by $10.9 million, or 7%, from the same period in the prior year. The increase in operating income was predominately due to the aforementioned increase in site rental revenues, partially offset by an increase in the cost of operations from the nine months ended September 30, 2018.

Interest expense and amortization of deferred financing costs for the nine months ended September 30, 2019 remained unchanged from the same period in the prior year.

Net income for the nine months ended September 30, 2019 was $136.0 million compared to net income of $124.8 million for the nine months ended September 30, 2018. The increase was due primarily to the aforementioned increase in site rental revenues.

**Liquidity and Capital Resources**

*Overview*

*General*. Our core business generates revenues under long-term contracts (See *"Item 2. MD&A—General Overview"*), from the largest U.S. wireless carriers. Historically, our net cash provided by operating activities has exceeded our capital expenditures. For the foreseeable future, we expect to generate net cash provided by operating activities (exclusive of movements in working capital) that exceeds our capital expenditures. We seek to allocate the net cash generated from our business in a manner that we believe drives value for our member.

From a cash management perspective, we currently distribute cash on hand above amounts required pursuant to the Management Agreement to our member. If any future event would occur that would leave us with a deficiency in our operating cash flow, while not required, CCIC may contribute cash back to us.

CCIC operates as a REIT for U.S. federal income tax purposes. For U.S. federal income tax purposes, our assets and operations are included in the CCIC REIT. We expect to continue to pay minimal cash income taxes as a result of CCIC's REIT status and NOLs.

*Liquidity Position.* The following is a summary of our capitalization and liquidity position as of September 30, 2019:

| | (In thousands) |
|---|---|
| Cash and cash equivalents | $ 18,486 |
| Debt | 995,085 |
| Total member's equity | 2,343,207 |

Over the next 12 months:

- We expect that our net cash provided by operating activities should be sufficient to cover our expected capital expenditures.
- We have no scheduled contractual debt maturities.

See note 3 to our condensed consolidated financial statements for additional information regarding our debt.

*Summary Cash Flow Information*

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2019 | 2018 | Change |
| | (In thousands) | | |
| Net cash provided by (used for): | | | |
| Operating activities | $ 289,983 | $ 284,368 | $ 5,615 |
| Investing activities | (64,403) | (52,187) | (12,216) |
| Financing activities | (225,801) | (238,716) | 12,915 |
| Net increase (decrease) in cash and cash equivalents | $ (221) | $ (6,535) | $ 6,314 |

*Operating Activities*

The increase in net cash provided by operating activities for the first nine months of 2019 of $5.6 million, or 2%, from the first nine months of 2018, was primarily due to growth in cash revenues, including cash escalations that are subject to straight-line accounting, offset by a net decrease from changes in working capital. Changes in working capital contribute to variability in net cash provided by operating activities, largely due to the timing of advanced payments by us and advanced receipts from tenants.

*Investing Activities*

*Capital Expenditures*

Our capital expenditures include the following:

- Discretionary primarily consist of expansion of communications infrastructure (including capital expenditures related to (1) enhancing communications infrastructure in order to add new tenants for the first time or support subsequent tenant equipment augmentations, or (2) modifying the structure of a communications infrastructure asset to accommodate additional tenants). Discretionary capital expenditures also include certain technology-related investments necessary to support and scale future customer demand for our communications infrastructure, and other capital projects. The expansion of existing communications infrastructure to accommodate new leasing typically vary based on, among other factors: (1) the type of communications infrastructure, (2) the scope, volume and mix of work performed on the communications infrastructure, (3) existing capacity prior to installation or (4) changes in structural engineering regulations and standards. Our decisions regarding capital expenditures are influenced by (1) sufficient potential to enhance CCIC's long-term stockholder value, (2) CCIC's availability and cost of capital and (3) CCIC's expected returns on alternative uses of cash, such as payments of dividends and investments.
- Sustaining capital expenditures consist of maintenance capital expenditures on our sites that enable our tenants' ongoing quiet enjoyment of the site.

Capital expenditures for the nine months ended September 30, 2019 and 2018 were as follows:

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2019 | 2018 | Change |
| | (In thousands) | | |
| Discretionary | $ 59,050 | $ 46,105 | $ 12,945 |
| Sustaining | 5,353 | 6,082 | (729) |
| Total | $ 64,403 | $ 52,187 | $ 12,216 |

*Financing Activities*

The net cash flows used for financing activities for the nine months ended September 30, 2019 and 2018 includes the impact from our continued practice of distributing excess cash to our member.

*2012 Secured Notes*

See our 2018 Form 10-K for a discussion of the 2012 Secured Notes, debt restrictions and disclosures about market risk. There are no financial maintenance covenants in the Secured Notes Indenture. We are currently not restricted in our ability to incur additional indebtedness or distribute cash to affiliates or issue dividends to our member.

**Accounting and Reporting Matters**

*Critical Accounting Policies and Estimates*

Our critical accounting policies and estimates are those that we believe (1) are most important to the portrayal of our financial condition and results of operations or (2) require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The critical accounting policies and estimates for 2019 are not intended to be a comprehensive list of our accounting policies and estimates. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment. In other cases, management is required to exercise judgment in the application of accounting principles with respect to particular transactions. Our critical accounting policies and estimates as of December 31, 2018 are described in *"Item 7. MD&A—Accounting and Reporting Matters"* and in note 2 in our 2018 Form 10-K. See below for our updated critical accounting policies and estimates related to our lessee arrangements following the adoption of the new lease accounting guidance (commonly referred to as "ASC 842" or the "new lease standard") on January 1, 2019. See notes 2 and 8 to our condensed consolidated financial statements for further discussion and information related to the new lease standard.

*Lease Accounting—Lessee*

Our lessee arrangements primarily consist of ground leases for land under our towers. Ground leases for land are specific to each site and are generally for an initial term of five to 10 years and are renewable (and cancelable after a notice period) at our option. We also enter into term easements and ground leases in which we prepay the entire term. The majority of our lease agreements have certain termination rights that provide for cancellation after a notice period and multiple renewal options at our option. We include certain renewal option periods in the lease term when we determine that the options are reasonably certain to be exercised.

Operating lease expense is recognized on a ratable basis, regardless of whether the payment terms require us to make payments annually, quarterly, monthly, or for the entire term in advance. Certain of our ground lease agreements contain fixed escalation clauses (such as fixed dollar or fixed percentage increases) or inflation-based escalation clauses (such as those tied to the change in CPI). If the payment terms include fixed escalator provisions, the effect of such increases is recognized on a straight-line basis. We calculate the straight-line expense over the contract's estimated lease term, including any renewal option periods that we deem reasonably certain to be exercised.

In conjunction with the adoption of ASC 842, we recognized a right-of-use ("ROU") asset and lease liability for each of our operating leases. ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent the present value of our future lease payments. In assessing our leases and determining our lease liability at lease commencement or upon modification, we are not able to readily determine the rate implicit for our lessee arrangements and thus use CCIC's incremental borrowing rate on a collateralized basis to determine the present value of the lease payments. Our ROU assets are measured as the balance of the lease liability plus any prepaid or accrued lease payments plus any unamortized initial direct costs.

We review the carrying value of our ROU assets for impairment, similar to our other long-lived assets, whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. We could record impairments in the future if there are changes in (1) long-term market conditions, (2) expected future operating results or (3) the utility of the assets that negatively impact the fair value of our ROU assets.

*Accounting Pronouncements*

*Recently Adopted Accounting Pronouncements.*

See note 2 to our condensed consolidated financial statements.

*Recent Accounting Pronouncements Not Yet Adopted.*

See note 2 to our condensed consolidated financial statements.

## ITEM 4. CONTROLS AND PROCEDURES

**Disclosure Controls and Procedures**

The Company conducted an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in alerting them in a timely manner to material information relating to the Company required to be included in the Company's periodic reports under the Securities Exchange Act of 1934, as amended.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Existing information technology systems, review processes, and internal controls have been updated to align with the requirements of the new lease standard, which we adopted on January 1, 2019.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

See the disclosure in note 7 to our condensed consolidated financial statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q, which disclosure is hereby incorporated herein by reference.

### ITEM 1A. RISK FACTORS

In Item 1A of our 2018 Form 10-K, we have previously included the risk factor captioned "***A substantial portion of our revenues is derived from a small number of tenants, and the loss, consolidation or financial instability of any of such tenants may materially decrease revenues or reduce demand for our communications infrastructure and network services.***" In light of the U.S. Department of Justice's proposed settlement in July 2019 and the approval by the Federal Communications Commission in October 2019 regarding the merger between T-Mobile and Sprint, set forth below is certain updated information relating to that risk factor. You should carefully consider the information provided in this document and the risk factors contained in our 2018 Form 10-K, as updated by the information contained below.

For the nine months ended September 30, 2019, T-Mobile and Sprint represented approximately 21% and 34%, respectively, of the Company's consolidated site rental revenues. In addition, there is an average of approximately six years of current term remaining on all lease agreements with both T-Mobile and Sprint. Further, the Company derived approximately 18% and 15% of its consolidated site rental revenues from T-Mobile and Sprint, respectively, on communications infrastructure where both carriers currently reside, inclusive of an approximately 2% impact from previously disclosed expected non-renewals from the anticipated decommissioning of portions of T-Mobile's MetroPCS and Sprint's Clearwire networks.

### ITEM 6. EXHIBITS

**Exhibit Index**

| Exhibit No. | | Description |
|---|---|---|
| (a) | 3.1 | Certificate of Formation, as amended, of CC Holdings GS V LLC |
| (a) | 3.2 | Second Amended and Restated Limited Liability Company Agreement of CC Holdings GS V LLC |
| * | 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002 |
| * | 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002 |
| † | 32.1 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002 |
| * | 101 | The following financial statements from CC Holdings GS V LLC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheet, (ii) Condensed Consolidated Statement of Operations, (iii) Condensed Consolidated Statement of Cash Flows, (iv) Condensed Consolidated Statement of Changes of Member's Equity, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags |
| * | 104 | The cover page from CC Holdings GS V LLC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL |

* Filed herewith.
† Furnished herewith.
(a) Incorporated by reference to the exhibit previously filed by the Registrant on Form S-4 (Registration No. 333-187970) on April 17, 2013.

## SIGNATURES

Pursuant to the requirements 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.

CC HOLDINGS GS V LLC

| | | | |
|---|---|---|---|
| Date: | November 4, 2019 | By: | /s/ Daniel K. Schlanger<br>**Daniel K. Schlanger**<br>**Senior Vice President and Chief Financial Officer**<br>**(Principal Financial Officer)** |
| Date: | November 4, 2019 | By: | /s/ Robert S. Collins<br>**Robert S. Collins**<br>**Vice President and Controller**<br>**(Principal Accounting Officer)** |

**Exhibit 31.1**

**Certification**
**For the Quarterly Period Ended September 30, 2019**

I, Jay A. Brown, certify that:

1. I have reviewed this report on Form 10-Q of CC Holdings GS V LLC (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ Jay A. Brown

Jay A. Brown
President and Chief Executive Officer

**Exhibit 31.2**

**Certification**
**For the Quarterly Period Ended September 30, 2019**

I, Daniel K. Schlanger, certify that:

1. I have reviewed this report on Form 10-Q of CC Holdings GS V LLC (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ Daniel K. Schlanger

Daniel K. Schlanger
Senior Vice President and Chief Financial Officer

**Exhibit 32.1**

**Certification Pursuant to**
**18 U.S.C. Section 1350**
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of CC Holdings GS V LLC, a Delaware Corporation (“Company”), for the period ending September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (“Report”), each of the undersigned officers of the Company hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

1) the Report complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of September 30, 2019 (the last date of the period covered by the Report).

/s/ Jay A. Brown

Jay A. Brown
President and Chief Executive Officer
November 4, 2019

/s/ Daniel K. Schlanger

Daniel K. Schlanger
Senior Vice President and Chief Financial Officer
November 4, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Crown Castle International Corp. and will be retained by Crown Castle International Corp. and furnished to the Securities and Exchange Commission or its staff upon request.