

REAL ASSET SECTORS

Tower REITs drive margins and return on capital



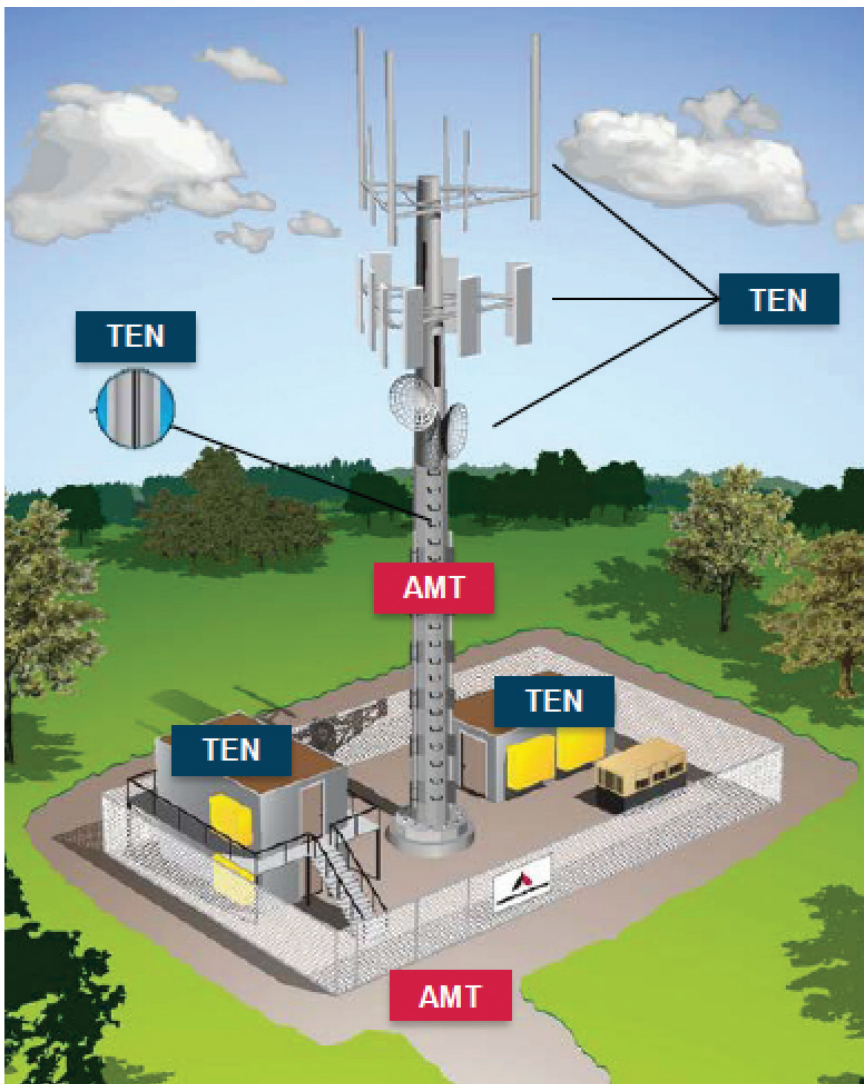
Dennis Mitchell,
MBA, CFA, CBV
CEO & CIO,
Starlight Capital



Varun Anand,
CFA
Portfolio Manager,
Infrastructure



Michelle Wearing,
CA, CPA, CBV,
Associate Portfolio Manager,
Real Estate



Publicly-traded Tower REITs generally own a network of vertical tower structures upon which their tenants place their communications equipment. Their tenants are large telecommunications firms (i.e. AT&T, Verizon, Sprint) that provide cellular phone service and plans to consumer and business clients. These tenants enter into long term leases with the Tower REITs to host their equipment on the REIT's towers. Competing telecommunications firms often host their equipment on the same towers in order to leverage the capital investment of the Tower REITs.

Operated by American Tower AMT

- Tower structure –constructed of galvanized steel with the capacity for multiple tenants
- Land parcel –owned or operated pursuant to long-term leases

Operated by Tenant TEN

- Antenna equipment, including microwave equipment
- Tenant shelters containing base-station equipment and HVAC, which tenants own, operate and maintain
- Coaxial cable

This arrangement benefits both parties as the telecommunication firms can offer similar national coverage networks without having to fund large capital expenditures. The Tower REIT benefits from increased utilization of their tower network, which drives margins and return on capital.

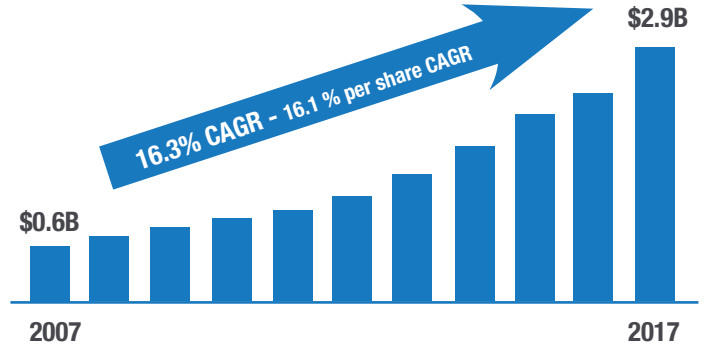
American Tower operates a global portfolio of over 170,000 communications sites in over 15 countries. In the US, American Tower's tenants enter into five to 10-year leases with annual 3% escalators. Return on Investment is tied to tenant concentration and rises from 3% for one tenant to 13% for two tenants to 24% for three tenants, with Gross Margins rising similarly from 40% to 74% to 83%.

Property Segment Revenue



Source: American Tower. Net income reflects CAGR of ~36% from 2007 to 2017.

Consolidated AFFO

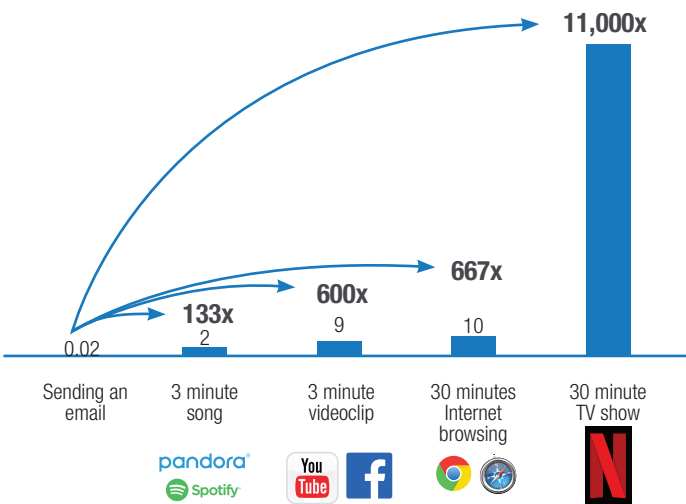


Source: American Tower.

Demand for the towers is driven by macro trends such as the Internet of Things (IoT)*, social media, e-commerce and smart phone penetration. The industry enjoys high barriers to entry (scale, capital, locations) which supports the oligopolistic

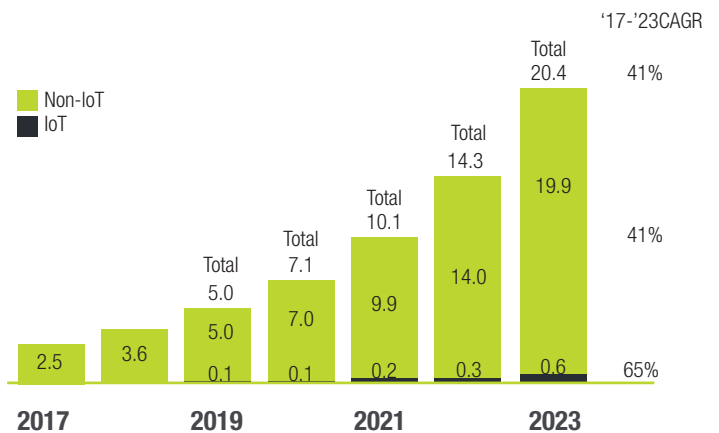
industry structure globally. Finally, the tower networks are mission critical infrastructure for the telecommunications firms without which, they cannot operate their businesses.

Average Data Used by Activity (in megabytes)



Note: 1 MB equals 1024 KB
Sources: Altman Vliandrie & Co. research, Verizon, AT&T

U.S. Data Traffic by Device Type⁽¹⁾ (in exabytes / month)



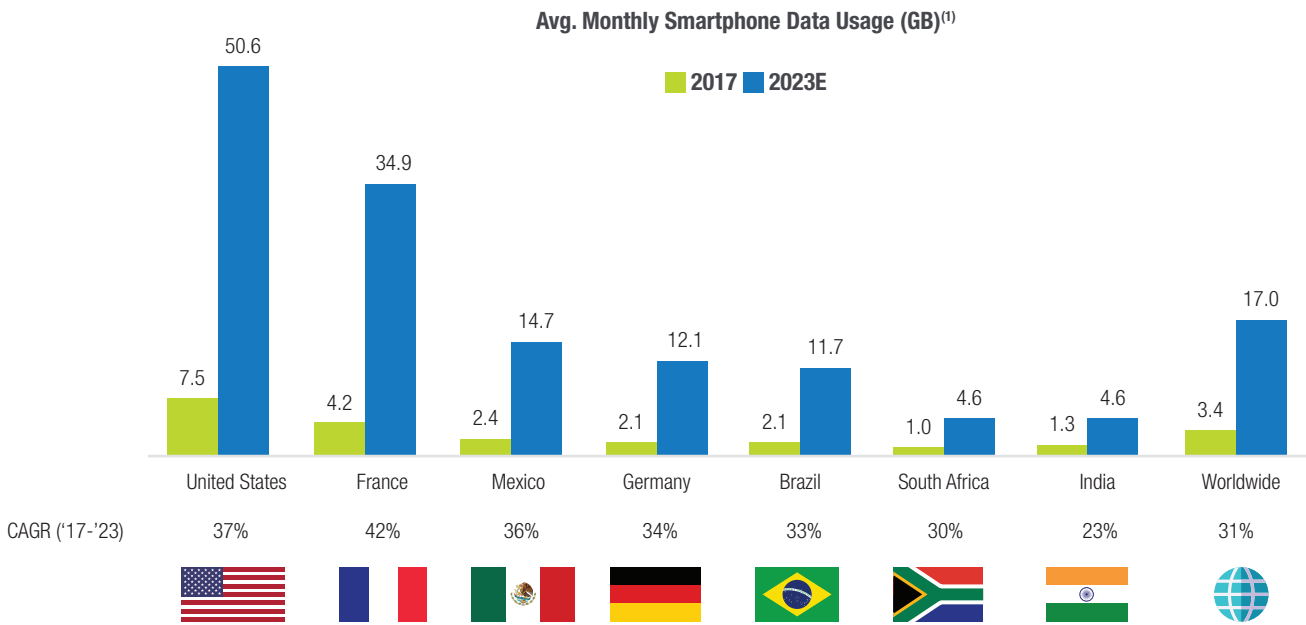
⁽¹⁾ Forward-looking data points reflect research estimates.

Notes: IoT: based on M2M module connections, traffic and data usage; Non-IoT includes everything other than M2M modules (e.g. smartphones, tablets, laptops, and feature phones)
Sources: Cisco VNI 2016, Ericsson Mobility Report June 2018, AV&Co. Research & Analysis.

* Internet of Things (IoT) is the network of devices such as vehicles, and home appliances that contain electronics, software, actuators, and connectivity which allows these things to connect, interact and exchange data.

Tower REIT revenue growth is largely driven by increased data usage by an increasing number of smart phones in circulation. While smartphone unit sales have begun to slow, per capita data consumption continues to grow rapidly. Telecommunications firms add to this momentum by offering more unlimited data plans to subscribers. This in turn drives data usage which drives the need for larger and denser networks to handle all the data traffic. The economies of scale provided by expanding the network drives margin expansion and return on investment for the Tower REITs.

While the U.S. market is a mature smartphone market it still offers tremendous growth potential as data usage continues to grow. Other developing markets such as India, Brazil and South Africa represent even greater growth potential as their populations continue to grow while smartphone penetration and data usage also grow.



Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what Starlight Capital and the portfolio manager believe to be reasonable assumptions, neither Starlight Capital nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise. Commissions, trailing commissions, management fees and expenses all may be associated with investment funds. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated.

Starlight, Starlight Investments, Starlight Capital and all other related Starlight logos are trademarks of Starlight Group Property Holdings Inc.