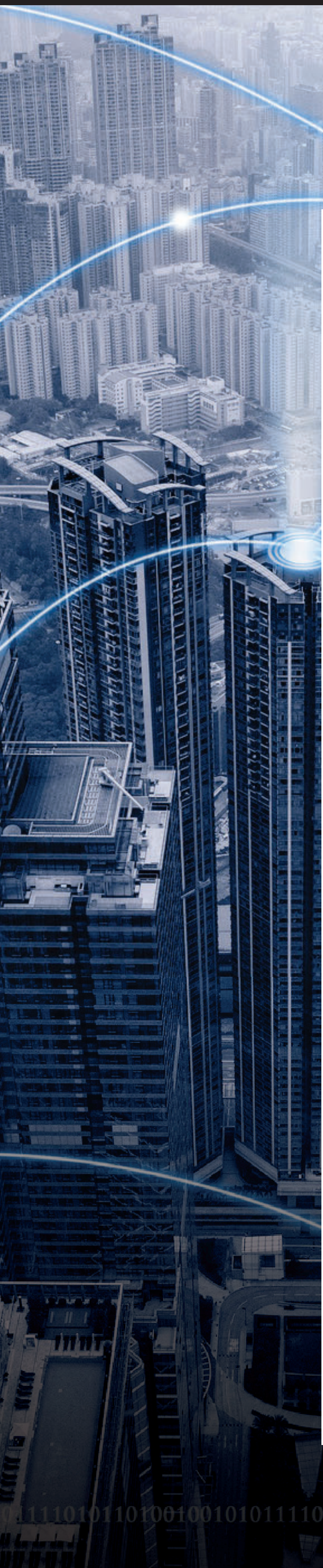


DIGITAL INFRASTRUCTURE UPDATE
Q3 2020

Digital infrastructure broadly refers to the real assets that keep us all connected. Data centers, cell towers, fiber optic networks, and other essential communications infrastructure assets are the backbone of the internet, cloud computing, mobile broadband and much more.

These are generally essential, highly resilient assets that provide potential for consistent cash flow, non-correlated returns and capital appreciation.

We believe the sector is set for a sustained boom, fueled by the acceleration of digital transformation across the business world as result of the pandemic. The impact of COVID-19 has highlighted the importance of these essential assets and the connectivity that we all need to live, work and play in today's digital world.

EXECUTIVE SUMMARY

- **Connectivity Is Essential**

  As the COVID-19 crisis has revealed, people everywhere need universal, reliable, affordable, high-speed internet to do their jobs, participate in remote school learning and stay connected. The infrastructure that supports high-speed broadband connectivity is now more essential than ever for consumers, businesses and government agencies.[1]

- **Increased Virtualization Is Accelerating Demand**

  Demand is surging for digital services, driven by trends like remote work, connected home entertainment, online learning, telemedicine, double-digit e-commerce growth and more.[2]

- **5G Deployment Is Catalyzing Infrastructure Growth**

  The introduction and continuing deployment of fifth generation mobile broadband ("5G") is catalyzing growth in the digital infrastructure markets. Faster speed, lower latency, higher bandwidth connectivity should continue to fuel growth in connected devices and other AI-powered applications, requiring more densification of digital infrastructure assets.[3]

- **Low Cost Capital Is Driving Continued Market Liquidity**

  Increased capital allocations and widespread access to low-cost capital points to a favorable investment outlook for digital infrastructure. Many infrastructure funds, institutional investors and lenders are increasing allocations to the digital infrastructure sector.[3]

Strategic Capital Fund Management is an alternative investment management firm focused on innovative digital infrastructure investments with a goal of providing attractive risk-adjusted returns while protecting investor capital. The company strives to create investment opportunities with superior management teams, cutting-edge asset classes and distinct product structures that can help provide durable income, growth potential, reduced volatility and low correlation to traditional markets.

This report is an update to the data provided in our Spring 2020 research report *Digital Infrastructure Update: COVID-19 Impact and Risk Assessment*.

1. InsideTowers.com, "Broadband, 5G Are On Biden's To-Do List", 11/10/20.
2. ResearchandMarkets.com: Data Centers See Surge in Demand as COVID-19 Pushes Users Online.
3. DataCenterKnowledge.com, "Investment Bankers Expect the Pandemic to Fuel a Long-Term Data Center Boom", 10/21/20.

SNAPSHOT OF COVID-19 IMPACT ACROSS THE BROADER ECONOMY

In the current context, the basic essentials are food, healthcare and **connectivity**. Shifts in consumer behavior, remote working, businesses outsourcing IT functions, and increasingly digitized healthcare and education platforms continue to create opportunistic tailwinds for the digital infrastructure sector.[4]

4

Highly Disrupted

Travel and Hospitality
- × Airlines
- × Hotels and Accommodation
- × Cruises
- × Theme Parks & Outdoor Rec.
- × Airline & Cruise Connectivity

Industrials
- × Autos and Auto Parts
- × Transportation
- × Construction and Homebuilding

Energy, Power and Utilities
- × Oil and Gas Drilling
- × DownstreamDemand
- × Renewable Energy Projects

Chemicals, Metals & Mining
- ✓ ***Gold***
- × Aluminum, Copper, Iron, Zinc etc.
- × Coal

Real Estate
- × Residential Real Estate / Brokers
- × Commercial Real Estate
- × Urban Real Estate
- × Healthcare / Entertainment Real Estate

Mixed Disruption

Media and Entertainment
- ✓ ***Streaming Services***
- × Network TV and Radio
- × Sports and Entertainment
- × Advertising

Financial Services
- ✓ ***eCommerce / Payments***
- ? ***Banks / Depositories***
- × Insurance
- × Mortgage Providers

Leisure and Gaming
- ✓ ***Video Gaming***
- ✓ ***Online Gambling***
- × Theaters
- × Casinos and Gaming

Retail and Restaurants
- ✓ ***eCommerce***
- ✓ ***Grocery Stores***
- × Brick and Mortar
- × Bars and Restaurants

Opportunistic Tailwinds

Communications
- ✓ ***Communications Infrastructure***
- ✓ ***Wireless & Wireline***
- ✓ ***Cloud & Edge***
- ✓ ***Communications Software***

Technology
- ✓ ***FinTech***
- ✓ ***Next-Gen Software***
- ✓ ***Hardware (Data Centers, PC, Tablets)***
- × Hardware (Auto, Industrial, Smartphones)

Healthcare
- ✓ ***Digital / Consumer Health***
- ✓ ***Biotech / Pharma***

Internet
- ✓ ***eCommerce***
- ✓ ***Education***
- ✓ ***Social Media***
- ✓ ***Health and Fitness***

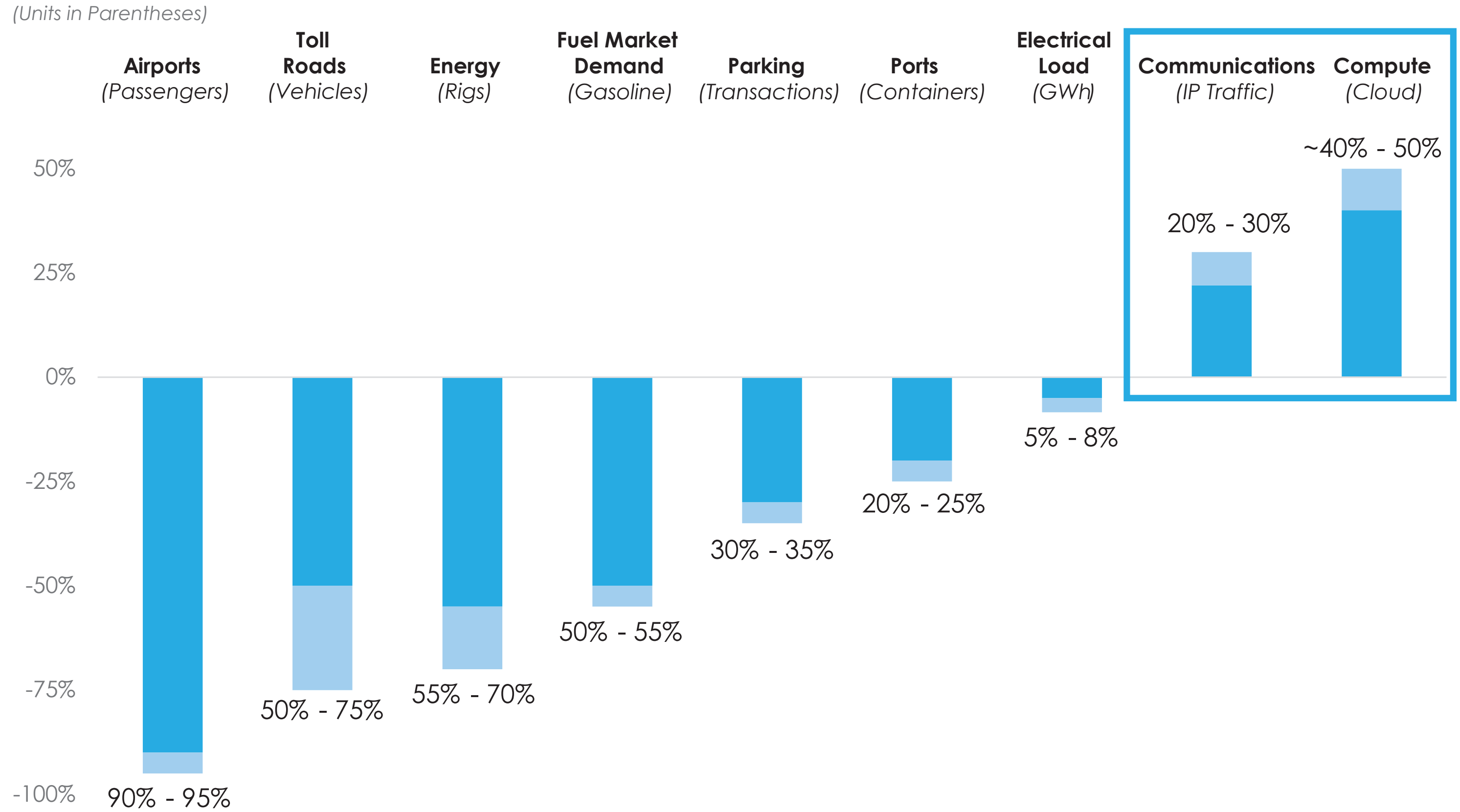
Consumer & Food
- ✓ ***Packaged Food***
- ✓ ***Household and Sanitation***

4. Barclays, COVID-19 Insights & Opportunities Report, July 2020 (Pg. 2).

IMPACT OF COVID-19 ON INFRASTRUCTURE SEGMENTS

Looking at the comparative demand volume changes in various infrastructure segments further supports how digital infrastructure is seeing an uptick in utilization this year, due in part to COVID-19.[4]

Infrastructure Industry Volume Data



Sources: TSA Website (Airlines); Moody's Rating Agency Report (Toll Roads); Baker Hughes (Energy); Valero and Marathon Earnings Call Transcripts (Fuel Market Demand); SP Plus Corporation (Parking); Port of Los Angeles, Port of Long Beach, Port of New York and New Jersey (Ports); BNEF (Electrical Load); Verizon (Communications); Amazon/Microsoft/Google/Kingsoft (Cloud).

4. Barclays, COVID-19 Insights & Opportunities Report, July 2020 (Pg. 4).

Q3 MARKET TRENDS

Data Centers

Deal Activity and Service Revenues Are Up

» There were 123 data center sector transactions in the first three quarters of 2020, compared to 108 in the first three quarters of 2019.[5]

» Data center and managed services businesses sold during the 12 months ending last September were worth $10.2 billion, compared to $3.5 billion for the same period a year earlier.[5]

» Data center companies have also continued expanding via acquisition, lately focusing on reaching beyond the markets they've been in, largely as a response to cloud provider expansion.[5]

Infrastructure Funds Increasing Access to Low Cost Capital and Market Liquidity

» Some large infrastructure funds that have been overweight in traditional infrastructure are now pivoting to being overweight in digital infrastructure.[6]

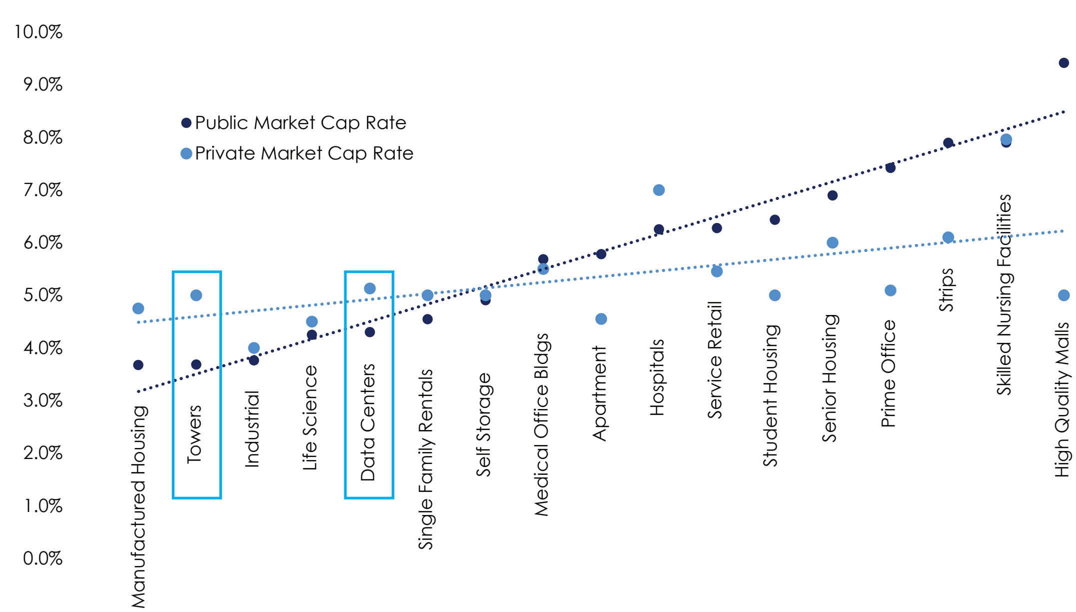
» Infrastructure funds have been a "change agent" for the sector as they've made capital available on much more attractive terms than data center providers have been used to.[5]

Pricing Remains Competitive: Private Market Valuations Trading at Discount to Public Equities

» Prices of data center and tower assets have been trending upwards in 2020.[6] In 3Q, private market transactions have still been trading at better price points and higher yields than comparable public securities multiples.[7,8]

6

Figure 3: Traditional vs. Non-Traditional Real Estate Pricing



5. DataCenterKnowledge.com, 451 Research, "Investment Bankers Expect the Pandemic to Fuel a Long-Term Data Center Boom", 10/21/20.
6. CenterSquare White Paper: The Alternative Real Estate Revolution, September 2020.
7. Information provided by Strategic Capital Fund Management.
8. Wells Fargo Equity Research: Communications Infrastructure & Telecom Services Update, 11/8/20.

Healthy Market Growth

- Data center leasing activity has increased dramatically and is already a record setting year.
  - Total North America leasing activity was approximately 400MW in 2019.[9]
  - 3Q'20 estimated leasing activity was approximately 180MW according to Cushman & Wakefield.[9]
  - Estimated total YTD 2020 leasing activity is approximately 515MW, or a 28%+ increase over all 2019, with yet another quarter to go in 2020.[9,10]
- Data center markets in North America grew at a healthy pace of 2.8% in 3Q, in line with average of about 3% quarterly supply growth.[11]
- Increase in some speculative construction points to the industry feeling good heading into 2021.[11]

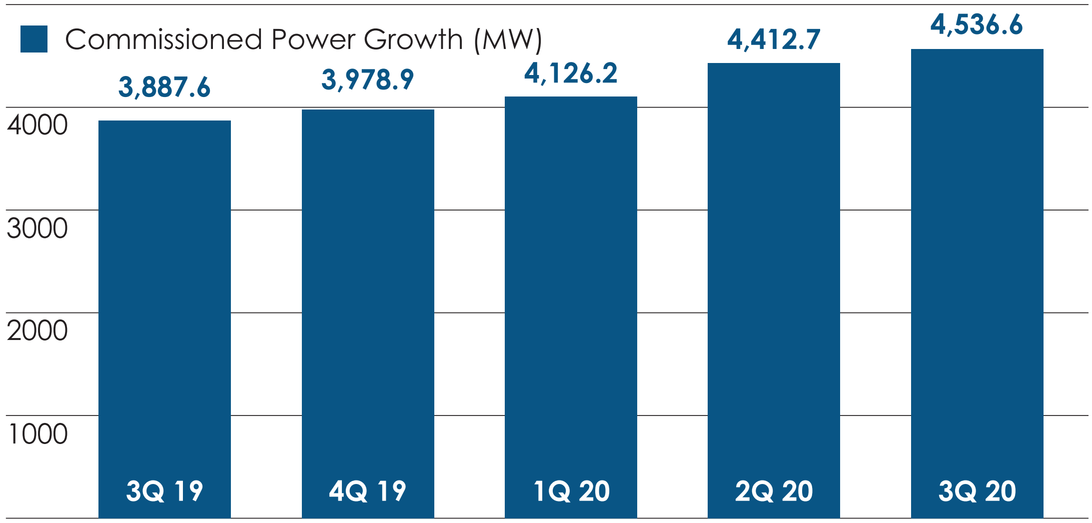
Demand is Spreading, Lower Vacancy[11]

- 3Q 2020 demand was more evenly spread across major North American data center markets.
- Northern Virginia still led North American markets in their share of the absorption in 3Q. However, the next four markets collectively captured 39% of the absorption, more than double what they took in 2Q.
- Increased demand in markets point to continued interest by both hyperscale and enterprise users maturing their footprints in these major markets.
- Eight of the top 10 U.S. markets have lower vacancy rates as of 3Q2020 vs. YE2019. Vacancy is down 260 bps over that period, with average vacancy of 7.1%. Most notably, Northern Virginia's vacancy rate is now at 2.4%. Available supply under construction is down 10% industry-wide vs. YE2019. This indicates that pricing should stabilize given these emerging supply constraints.

9. CAPRE Webinar: Digital Infrastructure Leasing Fireside Chat: A Hardball Discussion of COVID-19, Pricing, Lease Terms, Colocation, Hyperscale, Hybrid Cloud & Multi-Cloud in 2020 (Cushman & Wakefield and JLL), 10/15/20.
10. Information provided by Strategic Capital Fund Management.
11. DataCenterHawk.com, "3Q20 North American & European Data Center Market Analysis", Oct 2020.

3Q 2020 Commissioned Power, Top North American Markets[11]

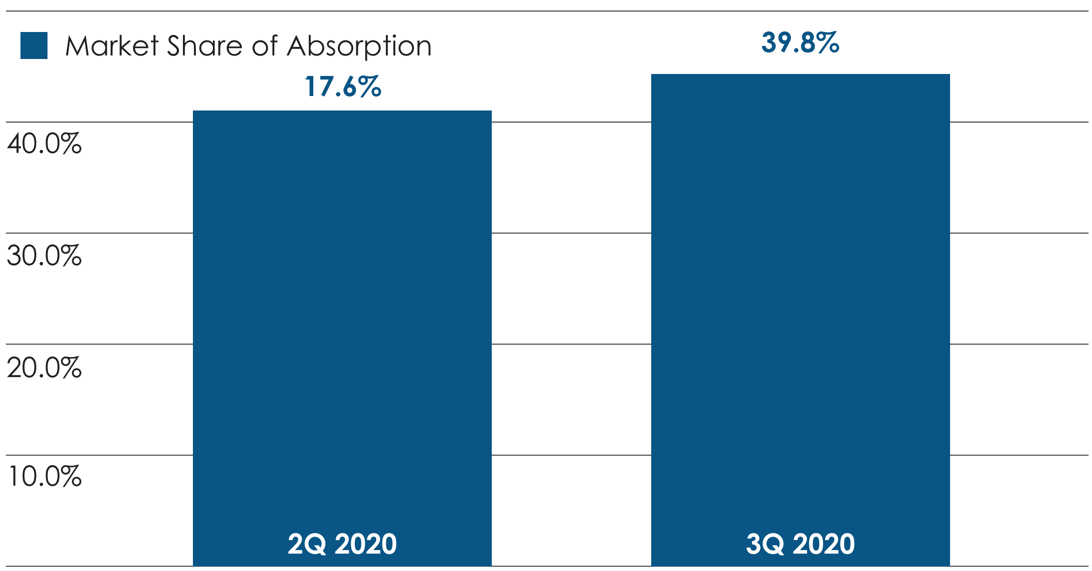
The top 18 data center markets in North America grew by a rate of 2.8% during 3Q 2020. While supply growth was smaller to an out-sized performance in 2Q 2020, the market continues to exhibit healthy growth.



Note: Commissioned power growth rate includes pre-leasing. Rate based on datacenterHawk commissioned power figures for Atlanta, Boston, Chicago, Dallas/Fort Worth, Houston, Los Angeles, Minneapolis, Montreal, New York, Northern California, Northern New Jersey, Northern Virginia, Phoenix, Portland, Quincy, San Antonio, Seattle, and Toronto.

Demand More Evenly Spread Across North American Markets[11]

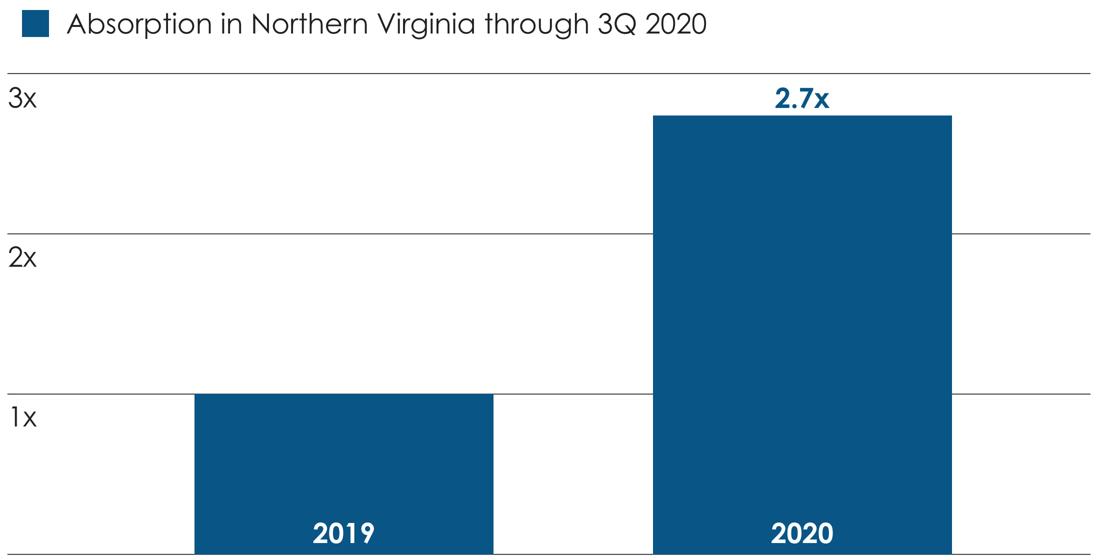
In 3Q 2020, the five data center markets with the most absorption in North America, excluding Northern Virginia, captured 39.8% of the demand, up from only 17.6% in 2Q 2020.



11. DataCenterHawk.com, "3Q20 North American & European Data Center Market Analysis", Oct 2020.

2019 vs 2020 Absorption in Northern Virginia[11]

2020 data center absorption in Northern Virginia has already passed the 2019 absorption number. The market continues to be attractive to the largest data center users with the largest requirements.



11. DataCenterHawk.com, "3Q20 North American & European Data Center Market Analysis", Oct 2020.

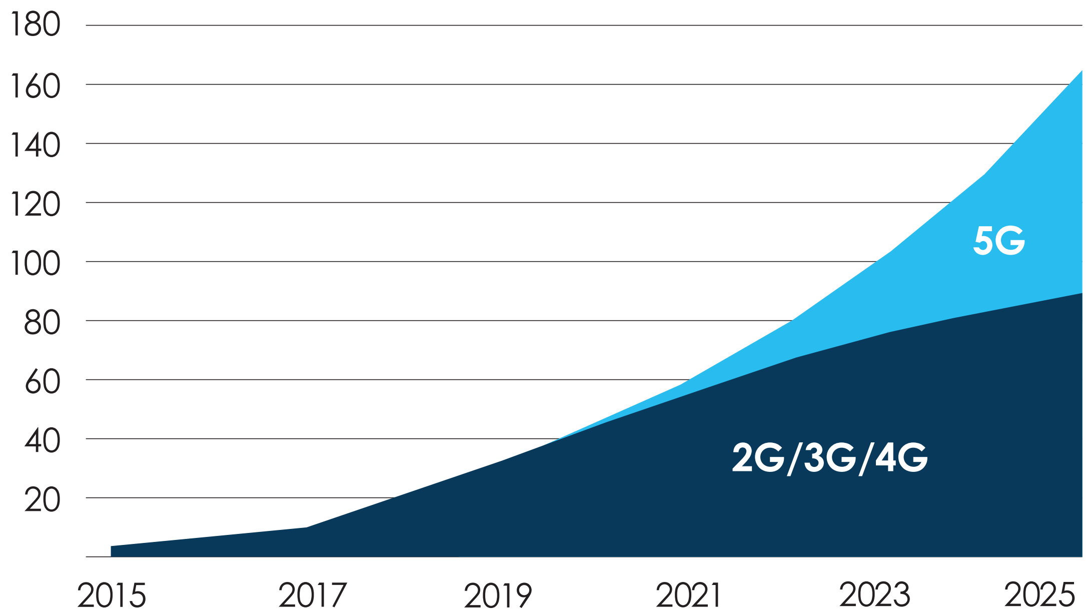
Q3 MARKET TRENDS

Wireless Infrastructure

Mobile Data Consumption Continues to Grow

» With pre-COVID data traffic growth rates already at ~30-40%, carrier networks experienced an additional surge in demand this year as result of COVID-19, supporting the need for additional infrastructure.[12]

Global Mobile Data Traffic Growth (EB per month)[12]



5G Deployment and Cell Site Densification Continues to Drive Revenue Growth for Tower Sector

» As carriers continue to deploy 5G networks nationwide, tower and communications infrastructure companies continue to show strong organic revenue growth.[13,14]

» Top three public tower REITs reported 3Q'20 revenue growth ranging from 4% - 9% and AFFO growth ranging from approximately 8% - 14%.[14]

» Public tower REIT securities continue to be priced aggressively, ranging from ~27 to 32x AFFO multiples.

» We see continued opportunity for sector growth as carriers increase their demand for additional cell sites and new spectrum in response to the rapid growth in mobile data traffic.

12. Barclays Equity Research, U.S. Communications Infrastructure: Towers/Data Centers Initiation, 7/15/20.
13. Information provided by Strategic Capital Fund Management.
14. Company Filings and Earnings Materials: American Tower, Crown Castle International, SBA Communications, AT&T, Verizon, T-Mobile.

Continued U.S. Broadband Carrier Stability and CapEx Expansion

» The largest wireless broadband carriers make up the majority of lease revenue for U.S. tower and wireless infrastructure owners. These big balance sheet tenants provide the sector with durable cash flows, high visibility around rental income and create utility-like investment characteristics.[15]

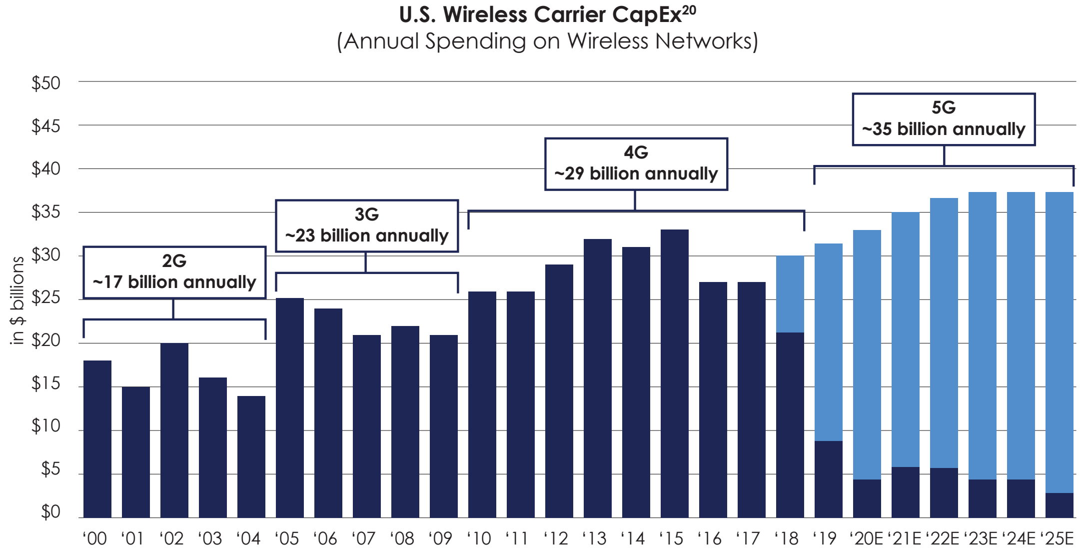
» Overall, carrier financial performance and credit ratings remain stable and resilient as they generally continue to focus CapEx on network growth and nationwide 5G deployments.[15,16,17]

» **Verizon** presented a positive outlook for revenues and earnings through year-end 2020 and into 2021. Its 3Q20 operating metrics improved even as COVID-19 impacts persisted. Year-to-date CapEx was $14.2B, a 14.8% increase over the same time period last year. Some key metrics on their wireless business segment: Total wireless service revenue of $16.4 billion, a 0.3% increase year over year. 553,000 retail postpaid net additions. Total retail postpaid churn of only 0.89%.[16]

» **T-Mobile** announced another expansion of its 2.5GHz midband 5G network. T-Mobile says that it now has midband 5G support in nearly 400 cities and towns in the United States, covering ~30 million people. The company also plans to continue its aggressive midband 5G expansion, with the goal of providing coverage to over 1,000 cities and towns and 100 million people by the end of 2021. T-Mobile reported strong 3Q financials and raised guidance across the board. With a company record-high 1.98 million postpaid net additions and 100.4 million total customers at the end of Q3 2020, they have become the nation's second largest wireless service provider. Total service revenues increased year-over-year to $14.1 billion in Q3 2020, driven by the Sprint merger and continued customer growth.[16,18,19]

» **AT&T** reported stable wireless service revenues, significant debt refinancing at the lowest coupon rates in their history, below 4.1%, and ended the quarter with over $10 billion in cash on their balance sheet. Though COVID and foreign exchange rate pressures impacted operating revenues in some of their business lines, AT&T added over 5 million total U.S. wireless customers, postpaid wireless net customer adds were strong at over 1 million and the company experienced a very low churn rate of 0.69% in 3Q, their best ever. The company reported CapEx of $3.9 billion and gross capital investment of over $4.5 billion. CEO John Stankey reinforced that their business remains resilient because of the essential nature of broadband connectivity.[16]

15. Information provided by Strategic Capital Fund Management.
16. Company Filings and Earnings Materials: American Tower, Crown Castle International, SBA Communications, AT&T, Verizon, T-Mobile.
17. CenterSquare.com/Insights, Webinar – The Alternative Real Estate Access Series: Exploring Cell Towers, Oct 2020.
18. TheVerge.com, "T-Mobile expands its faster midband 5G network, nearly doubling its coverage", 10/28/20.
19. RCRWireless.com, "T-Mobile expands LTE-based FWA ahead of 5G home internet", 11/11/20.



Notable Transactions

» American Tower announced the acquisition of InSite Wireless Group for approximately $3.5 billion, a valuation of about 31.5x EBIDTA. The portfolio includes more than 1,400 towers in the U.S., over 200 towers in Canada, approximately 70 distributed antenna system ("DAS") networks in the U.S. and approximately 400 rooftop sites.[21, 22]

» Phoenix Tower recently purchased 197 cell towers from Tower Ventures, and Melody Investment Advisors recently closed on the purchase of 1,150 cell towers from CTI Towers shortly after acquiring roughly 500 towers from Uniti Towers for approximately $220 million.[22]

» These transactions continue to support the thesis that diversified, scaled portfolio transactions demand premium exit multiples in the wireless infrastructure sector.[23]

LONG TERM OUTLOOK & CONCLUSION

We believe the long-term fundamental demand drivers for digital infrastructure assets remain unchanged. Growth in internet traffic, cloud computing, Internet of Things (IoT), 5G, and evolving technologies like virtual/augmented reality and autonomous vehicles, should continue to pave the way for long-term growth in the data center and wireless infrastructure sectors.

20. CenterSquare.com/Insights, Webinar – The Alternative Real Estate Access Series: Exploring Cell Towers, Oct 2020.
21. InsideTowers.com, "American Tower Enters Canadian Market with $3.5B Buy of InSite Wireless", 11/5/20.
22. LightReading.com, "American Tower's $3.5B InSite purchase highlights sky-high tower values", 11/5/20.
23. Information provided by Strategic Capital Fund Management.

IMPORTANT INFORMATION

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Investments are subject to risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time. Investment in digital infrastructure may be or become nonperforming after acquisition for a wide variety of reasons. Nonperforming digital infrastructure investment may require substantial workout negotiations and/or restructuring. Environmental liabilities may pose a risk such that the owner or operator of digital infrastructure assets may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under, or in its property.

Investments in digital infrastructure are subject to various risks, including but not limited to the following:

- Adverse changes in economic conditions including changes in the financial conditions of tenants, buyer and sellers, changes in the availability of debt financing, changes in interest rates, real estate tax rates and other operating expenses;
- Adverse changes in law and regulation including environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- Environmental claims arising in respect of digital infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established;
- Changes in the relative popularity of property types and locations;
- Risks and operating problems arising out of the presence of certain construction materials; and

An investment in digital infrastructure involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/ units and their derived income may fall or rise.

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