

REIT CONVERSION ANALYSIS

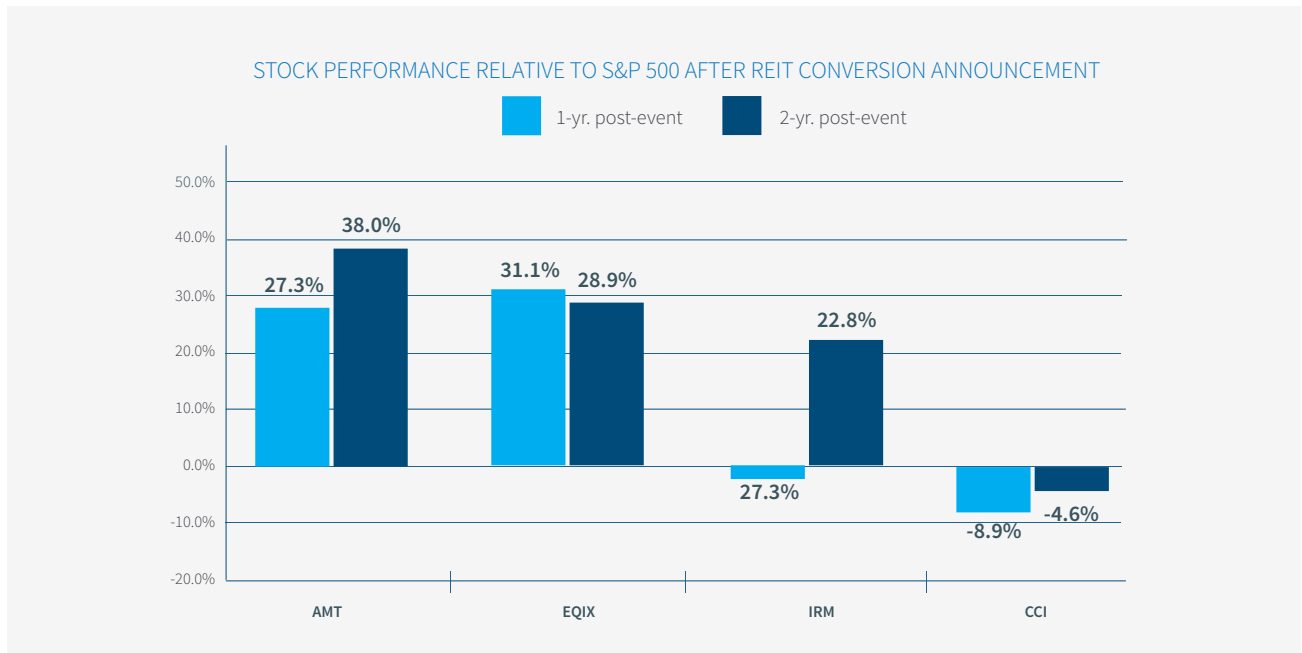
IPREO ANALYZED FOUR RECENT REIT CONVERSIONS; RESULTS SHOW THE TENDENCY FOR THE STOCK TO OUTPERFORM AND BRING AN INFLUX OF NEW REIT-DEDICATED INVESTORS

Introduction

The price performance and investor composition of four recent REIT conversions (AMT, IRM, CCI, EQIX) show the tendency for the stock to outperform and with an influx of new REIT-dedicated investors after announcing the conversion to REIT status.

We did not look at QTS or CONE because neither of those stocks converted to a REIT – they started trading as REITs at their IPO. We also did not look at DFT or DLR, whose stocks have been trading for over 10 years.

Our as-of date for measuring performance was the day the REIT conversion was announced or the date when a favorable private letter ruling was announced. In the case of IRM, the IRS ruling came on June 25, 2014, but company was treated for the entire 2014 year under REIT status for tax purposes.



American Tower (AMT)

REIT conversion announcement: May 19, 2011

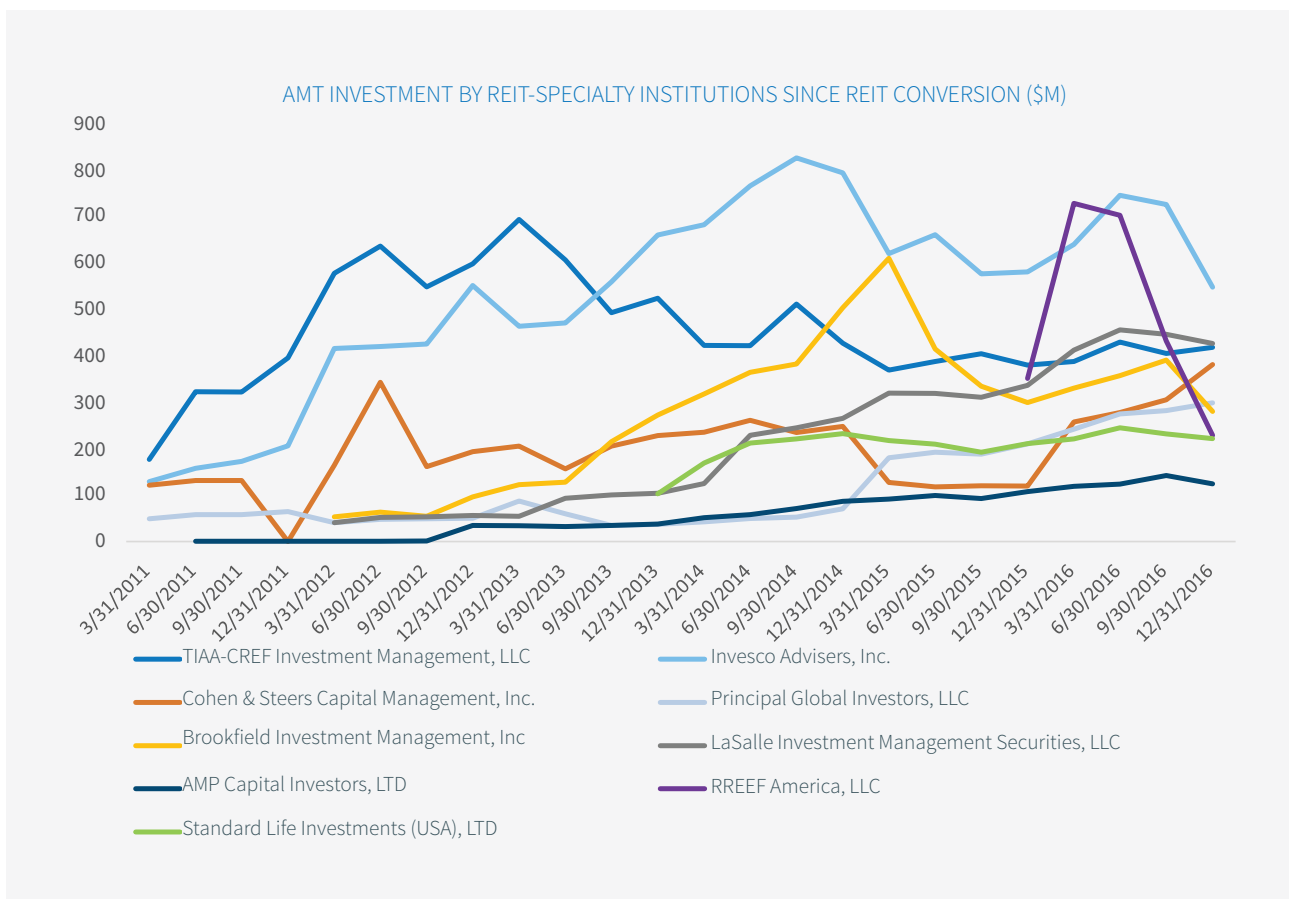
American Tower (AMT) performed extremely well after making its REIT conversion, far outperforming the broader market. The stock has seen a number of leading REIT investors come into the stock, and a few institutions who were already in the stock increased its exposure in its real estate funds. As of 12/31, Invesco,

LaSalle and TIAA-CREF are all among the stock's top 20 investors. However, the top of AMT's shareholder list remained concentrated with growth-oriented technology investors.

Invesco Advisers was the most significant REIT investor to come into the stock. Most of the shares came into the REIT funds managed by Joe Rodriguez. In 2016, the firm hit a record-high exposure to the stock and was its #12 institutional investor before pulling back.

Several institutions were already in the stock, but increased their AMT exposure when the firm's real estate funds got involved. REIT investor giant **Cohen & Steers** had already held AMT in its Infrastructure Fund, but the firm's flagship Realty Shares Fund and other REIT funds came into the stock after the conversion. **TIAA-CREF** was already in the stock, but the pension fund's AMT position spiked as the firm's real estate funds started accumulating. Brendan Lee and David Copp manage the firm's Real Estate Securities Fund that was behind much of the buying in 2012. Most of the **Principal** AMT position has been in its tech-heavy growth funds for years, but the real estate fund managed by Kelly Rush, Tony Kenkel, and Keith Bokota started buying AMT in 2015.

In the last few quarters, **RREEF** came into the stock for the first time and was a briefly the stock's #14 investor. Other noteworthy REIT-specialty initiators since the conversion include **Brookfield IM**, **LaSalle**, and AMP. UK-based **Standard Life** has been a leading REIT-accumulating generalist.



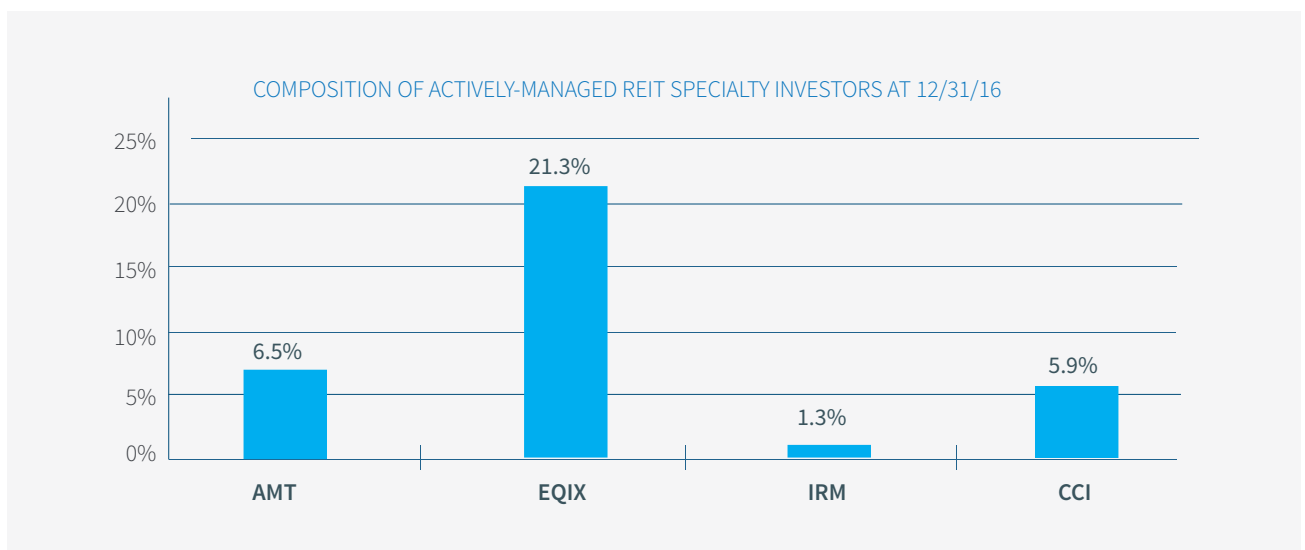
Crown Castle (CCI)

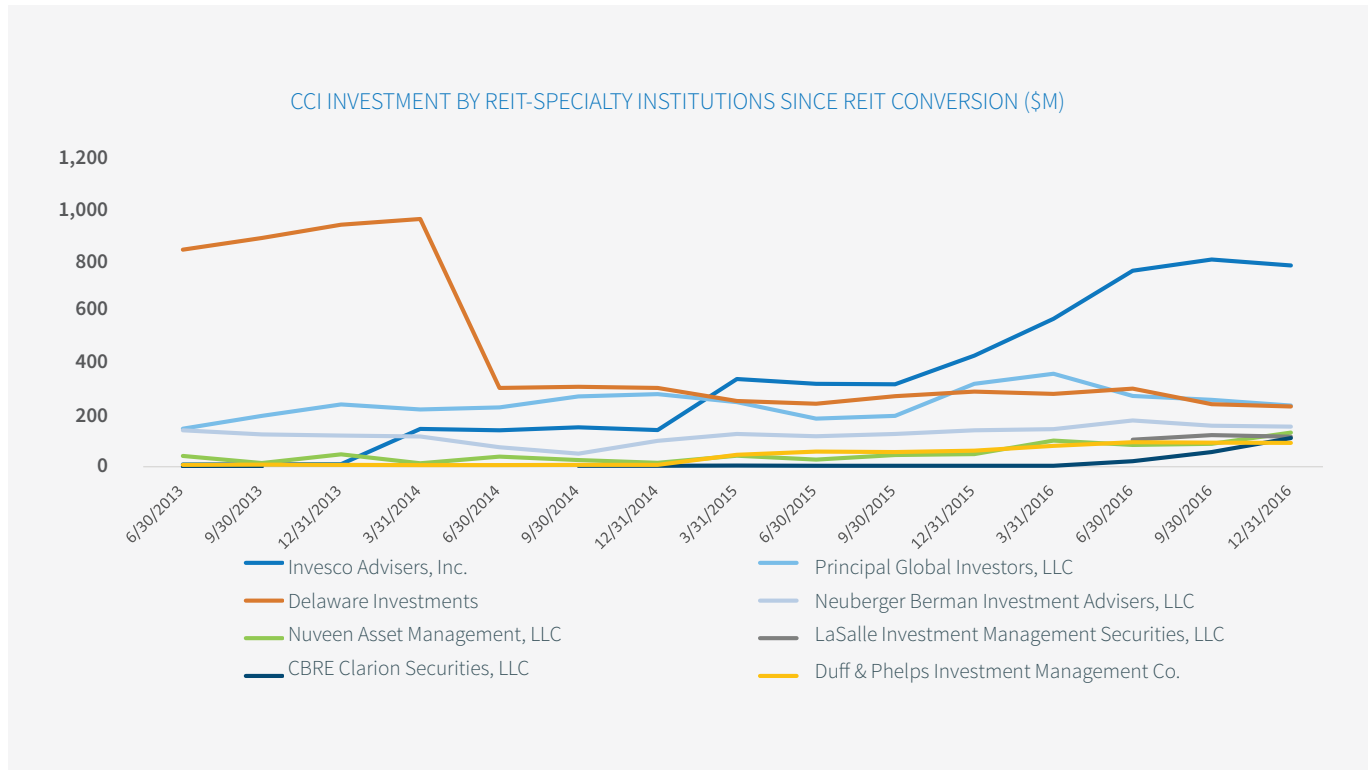
REIT conversion announcement: Sept. 9, 2013

Crown Castle has the dubious distinction of being the only recent REIT conversion in the infrastructure space to underperform the S&P 500 in both the 1-year and 2-year periods after it announced the company would be converting to a REIT. Why did AMT outperform while CCI trailed? We suspect that while both stocks have gained approximately the same composition of REIT specialty investors, significantly more of AMT's REIT investors are concentrated at the top of the shareholder list, with 3 in the top 20 and most of them in the top 50. CCI, on the other hand, has only 1 in the top 20, and those investors are more spread out across the top 100 investors. AMT has a much larger count of institutions vs. CCI (1,179 vs. 887), so its REIT concentration is relatively muted across the entire investor base, but it has made more of an impact where it counts around the top of the shareholder list.

CCI has had a handful of traditional REIT investors, led by **Invesco** and its Joe Rodriguez-managed REIT funds. **Delaware** currently holds CCI as a real estate stock, but note that the former top holder blew out most of its leading position from non-real estate funds. **Neuberger Berman** and **Nuveen** have grown their real estate positions modestly, but both investors are far out of the top 20. REIT specialty firms LaSalle and CBRE Clarion initiated CCI post-conversion, but neither name is in the top 50. **TIAA-CREF's** real estate funds have been in the stock, but the majority of the firm's position has been from its broad-based growth funds, so CCI cannot count TIAA-CREF as a REIT-dedicated investor.

Note that a few of the leading REIT investors are top 25 investors, but the positions are held in the firms' infrastructure funds but not the flagship REIT funds. We suspect there may be less conviction buying from the infrastructure-focused funds of **Cohen & Steers**, **RREEF**, and **Colonial First State** that there would be from the firms' flagship REIT funds. Similarly, several of CCI's leading investors like **CapRe**, **CapWorld**, **Federated**, and **Fidelity** hold CCI in their yield funds, which may not be pressuring bids as aggressively as REIT funds might because they are more concerned with long-term income rather than capital appreciation.





Equinix (EQIX)

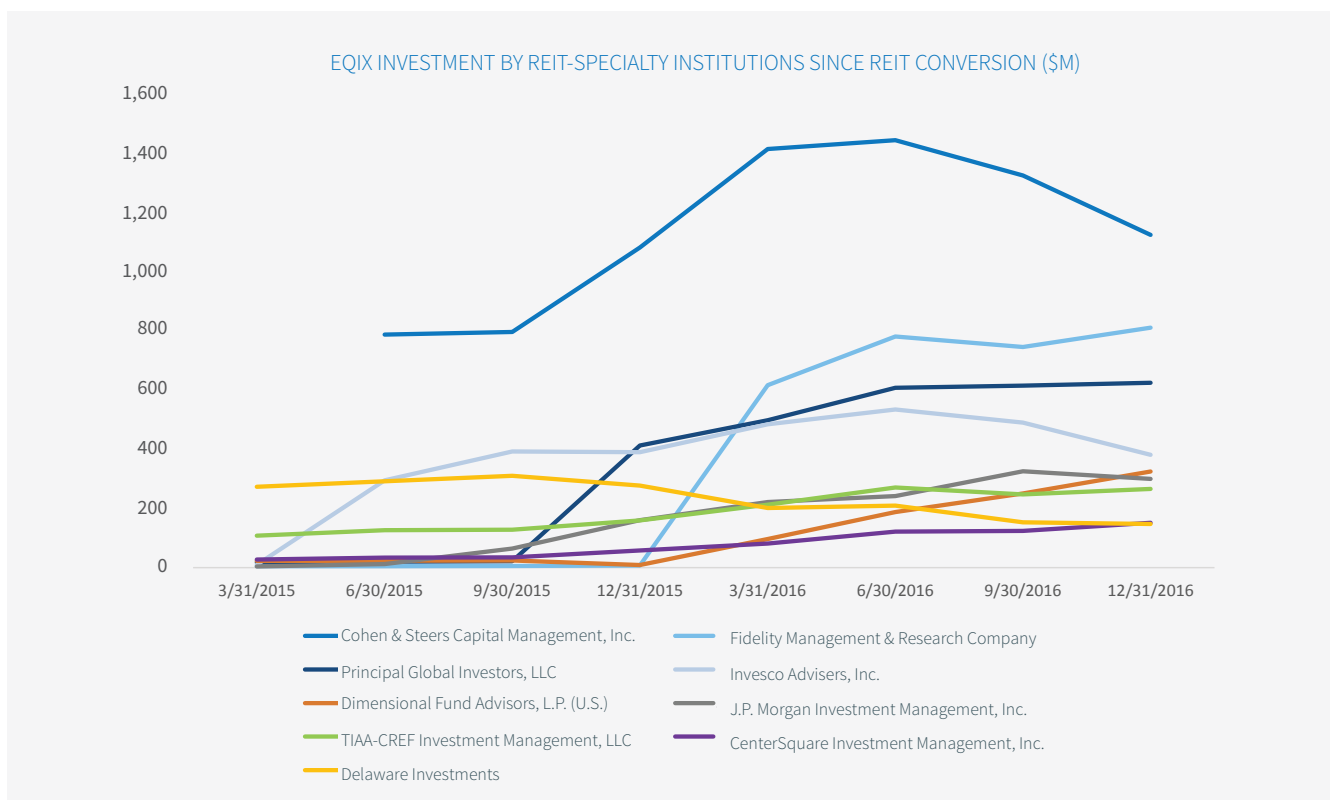
REIT conversion announcement: May 20, 2015

The EQIX shareholder base was fundamentally transformed as a result of the REIT conversion, and over a very short period. In the quarter before its REIT conversion announcement, EQIX had almost no real estate investors, and its investor base was weighted heavily with high-turnover tech-heavy hedge funds. Today, 7 of the stock’s top 20 non-index investors are REIT-specialty investors, including 2 of the top 3. REIT investors are also heavily represented on page 2 and page 3 of the shareholder list with smaller positions. EQIX is the best example we have of a stock’s outperformance being driven by a heavy influx of REIT-dedicated investors. Today, we estimate that 21.3% of EQIX outstanding shares are held by actively-managed REIT investors.

Several leading REIT investors came into EQIX after the conversion, led by the elephant in the room, **Cohen & Steers**. The REIT specialty giant practically overnight became the stock’s leading actively-managed shareholder, a position it holds for most of its REIT portfolio symbols. Buying came from the firm’s flagship REIT funds managed by Tom Bohjalian, Jon Cheigh, and Jason Yablon.

Other leading REIT investors **Fidelity**, **Invesco** and **Principal** all became leading shareholders within a few quarters. Fidelity bought in its flagship REIT funds managed by Steve Buller; Invesco’s buying was driven by the REIT funds managed by Paul Curbo, Mark Blackburn, and Ping Ying Wang; Principal quickly became a leading shareholder in its REIT funds (managers: Kelly Rush, Tony Kenkel, and Keith Bokota) right around the same time it was also accumulating AMT.

Twenty-three REIT specialty investors or the REIT specialty funds within larger mutual fund managers have initiated or grown positions in EQIX since the stock converted to REIT status..



REIT-SPECIALTY INSTITUTIONAL EXPOSURE (\$M) TO EQIX Q115 – Q416

INSTITUTION	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Cohen & Steers Capital Management, Inc.		814.4	823.1	1,118.4	1,462.5	1,493.1	1,370.0	1,162.2
Fidelity Management & Research Company	4.5	5.2	5.6	7.2	637.6	807.7	770.7	838.7
Principal Global Investors, LLC	18.0	20.8	22.3	426.9	514.7	628.7	635.9	645.9
Invesco Advisers, Inc.	9.9	304.5	405.4	402.8	500.8	552.7	506.7	394.2
Dimensional Fund Advisors, L.P. (U.S.)	23.0	24.1	25.1	8.9	100.1	193.6	259.4	335.3
J.P. Morgan Investment Management, Inc.	4.1	12.4	66.1	165.7	229.0	249.7	336.8	309.9
TIAA-CREF Investment Management, LLC	111.8	130.3	132.4	164.7	219.7	279.7	255.7	275.0
CenterSquare Investment Management, Inc.	28.1	34.5	35.3	59.7	83.6	125.4	128.4	156.8
Delaware Investments	282.3	301.4	320.4	286.7	207.9	216.8	158.3	151.9
Nuveen Asset Management, LLC	0.6	0.6	1.0	64.7	108.1	140.7	114.1	147.0
Resolution Capital, LTD				43.0	90.5	116.7	106.6	138.8
LaSalle Investment Management Securities, LLC							139.4	135.2
Baron Capital Management, Inc.	203.1	221.0	228.2	197.8	144.9	131.9	116.5	120.0
APG Asset Management US, Inc.					16.5	56.9	61.5	83.3
Duff & Phelps Investment Management Co.						79.0	92.5	80.0
Security Capital Research & Management, Inc.						79.4	75.5	75.9
Neuberger Berman Investment Advisers, LLC		72.9	81.2	88.9	101.3	123.9	88.3	71.7
CBRE Clarion Securities, LLC		4.5	115.7	179.8	59.8	72.0	73.3	69.2
RREEF America, LLC		46.1	2.4	184.4	197.1	93.1	128.7	65.1
OppenheimerFunds, Inc			13.0	61.5	81.5	110.4	118.5	60.7
Colonial First State Global Asset Management	50.2	53.3	34.4	18.4	20.3	57.8	60.4	54.5
Adelante Capital Management, LLC	13.9	12.9	27.6	38.7	50.1	59.0	48.6	50.5
Heitman Real Estate Securities, LLC	22.2	38.0	76.8	89.1	64.5	44.5	39.4	22.6
TOTAL	771.7	2,096.9	2,416.2	3,607.4	4,890.5	5,712.7	5,685.1	5,444.4

Iron Mountain (IRM)

REIT conversion favorable ruling: June 25, 2014

Since its REIT conversion, IRM has had no meaningful new initiations from any REIT-dedicated investors. The firm has had an active presence at REIT conferences and has had regular outreach with REIT-dedicated investors, but the stock has gained no traction with this group. By virtue of its inclusion in the RMZ, IRM counts the **Vanguard** REIT Index Fund (19m shares) and the **Dimensional Fund Advisors** (3m shares) real estate funds, but these are passively-managed funds and are not considered to be traditional “REIT mafia.” The IRM team believes that it will simply take some time for REIT investors to get comfortable with the story before they begin to move in with any size.

Conclusion and Outlook for SBAC Conversion

With every stock comes a different situation, and there is no guarantee about how investors are going to react to a REIT conversion. We cannot always draw a direct line between new REIT investors and outperformance in the stock. Nonetheless, these examples show that stocks tend to outperform the broader market after converting to REIT status, and it tends to be the REIT dedicated investors driving the outperformance more often than not.

SBAC’s investor base has a few similar characteristics to these other companies that underwent REIT conversions. Like EQIX was pre-conversion, SBAC maintains heavy hedge fund concentration, and **SPO Partners** has maintained a leading position in both stocks. Like AMT, SBAC is concentrated with growth-oriented tech-heavy funds from mutual fund managers like **Principal**, **T. Rowe Price**, and **TimesSquare**. Like CCI, a few REIT sector investors like **Brookfield** and **Colonial** hold SBAC in its infrastructure funds.

Given some of these similarities, while there is no way to predict exactly what is going to happen, we can reasonably infer that we may see consistency in some of the previous trends. We suspect that the conversion buzz alone accounts for some improvement in sentiment. Furthermore, REIT specialty firms like **Cohen & Steers** and **Invesco** have quickly become leading shareholders after finding the REIT conversions to be compelling investment opportunities.



Author: Rob Perle

Rob is a Director in the Global Markets Intelligence Group, leading the team’s REIT practice

▶ FIND OUT MORE ABOUT IPREO

We work as an extension of our clients' Investor Relations team

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth management firms. Our extensive suite of investor relations services provides our corporate clients with unparalleled cross-asset class surveillance, investor targeting, buy-side perception studies, transaction analysis and predictive analytics. Additionally, Ipreo's BD Corporate IR workflow platform offers the most accurate and comprehensive database covering global institutional contacts, profiles, and ownership data. Our critical insights and flexible solutions help our clients run more effective investor relations programs. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 1,100 employees supporting clients in every major financial hub around the world.

CONTACT US

NEW YORK

Global Headquarters

1359 Broadway, 2/F
New York, NY 10018
T: +1 212 849 5000

HONG KONG

Units 1405-6, 14/F, FWD Financial Centre
308 Des Voeux Road Central
Sheung Wan, Hong Kong
T: +852 3742 1000

LONDON

1/F, Castle House
37-45 Paul Street
London, EC2A 4LS
T: +44 (0)20 7665 9800

TOKYO

3F Hulic Kanda Bldg.
1-16, Kandasuda-cho,
Chiyoda-ku, Tokyo 101-0041, Japan
T: +81 3 5207 2991