Credit Suisse Communications Conference, Fireside Chat with Radius Global Infrastructure (RADI):

<u>Sami Badri</u>: We'll get this started. I'm Sami Badri with Credit Suisse. Thank you everyone for joining us. I want to welcome the Radius Global Infrastructure team. We have Glenn, Richard, Scott, and Jason all from the management team, thank you all for joining us today.

I wanted to kick off the first one and Scott, Richard, Glen, you guys can tell us: how does the opportunity of property interests or potential purchases compare today versus just six months ago? Back then we were looking at 2021 as the big opportunity. We've progressed a little bit through the year, but how would you compare things are playing out today versus like what you guys thought six months ago?

<u>Scott Bruce</u>: I'll start. I think it's playing out pretty much as we anticipated. I think the acquisition pace is as you noted and we've reported -- it continues to be robust. The pipeline is still attractive. We see continued growth in the existing markets. And, as we said on a couple of these calls before with you Sami, that we're probably likely to add them. I think it's pretty consistent with what our expectations were.

<u>Sami Badri</u>: Got it, got it. When we look in a lot of things have actually changed in the Radius story from between now and just six months ago, including the introduction of a new asset class, maybe we could go through what really prompted this new kind of this addition of the new asset class into the overall revenue and the property mix for you guys.

<u>Scott Bruce</u>: Well, it's new in the results we're reporting. It's actually not new to us. We've been working on a pipeline of this type of expanded asset base for quite some time. I'd say the better part of 18 months plus, they just take some time to mine. I think what you're seeing now is just the results of those efforts some time ago. As you've heard us say, it's really not any different than the underlying core one by one business. They're not really alternative or new in that sense. We're doing the same thing. We're buying, we're applying the same underwriting criteria, the same metrics for acquiring a site. It's all mission critical. It's all net lease. It's all existing revenue with the same counterparties that we've been buying rent from for almost a decade now: large carriers and tower companies. To us, it's a bit of a continuation, just an expansion, if you will, of the market.

<u>Sami Badri</u>: Got it. I guess the big follow-up question here is this was completely a new introduction to the numbers and Q1 of 2021. This did look a little bit different than what a lot of people were expecting, and this has also led to you guys actually exceeding and beating at least our model projections for revenue as an actual opportunity. Should we think of the new asset class that you guys are going after as just very normalized, as par for the course for you guys, given you did start working on it before we were kind of in the loop on this potentially being introduced? Should we be expecting a lot more of these bigger property interest acquisitions?

<u>Scott Bruce</u>: Yes, you should be expecting more. We are going to continue. One of the things that's slightly different about this category, because the rents are larger, they're a bit lumpier. Which is one of the reasons, candidly, why we didn't attempt to prognosticate them because they're a little bit harder to sequence and tell when they're going to come up. But, now that we're in the segments, we're obviously going to try to mine them as much as we can.

Sami Badri: Okay. I got a really interesting question that came in from the audience right now. Here's the question: One of the big thesis points of Radius is that you are working with motivated sellers. Part of that was because of global economies being a little bit shaken by the pandemic, but what makes your new asset class landowners motivated sellers?

Scott Bruce: There's really no difference to be honest with you. I'm not quite sure the economy shaking may have helped us from a little bit, but at the end of the day, we've all been at this for the better part of a decade. And because the market's so fragmented, it's really just shaking the trees to get to the right conversion rate for the amount of acquisition pace.

On the alternatives, it's going to be a little more happenstance. The real estate owners at the end of the day are still relatively individual oriented. If we are buying a DAS system, it is the owner of the hospital or the train station or the arena. It's not a mom and pop, if you will, but it's still an individual site owner. I'm not sure about the motivations, they might be slightly different because the character or sophistication of the owner, but, at the end of the day, I'm not sure it's completely different.

Sami Badri: Got it. You did kind of compare and contrast, with the new asset types versus the typical or under the tower ground leases, but how did the new asset type ground leases really differ from the tower ground leases? What, if you were to look at some of the key fundamental differences between the underwriting or the origination, what would be the big tectonic plate differences here, if there are any?

Scott Bruce: I'm not sure I'd say there are any tectonic shifts. There definitely tends to be longer duration. Obviously, they tend to be larger rents. Those are two attributes that are different. Our underwriting with regard to the network engineering and the way we handicap the sites is probably a bit more sophisticated, frankly. You're looking at a single site in all of its attributes and where it fits in the network against something, which is serving a lot more customers, if you will. I would guess there's an enhanced element of that component to it. I don't know that any of those are, in my mind, tectonic, they're just of a slightly different magnitude.

Sami Badri: Got it, got it. I have a question that Glen could help us out with: Now before 2021 really hit, there was a CapEx level, maybe $30 to $40 million of spend of CapEx per quarter. And we have now seen two quarters in a row of a hundred million dollars in acquisition CapEx deployed. Now, can we just kind of bridge the gap between if you guys were able to maintain this rate of spending or rate of deployment, how do you guys think about equity issuances in the context of all of this? From an accounting perspective, when is probably the earliest or the latest you guys would need to raise, if you guys kept up the pace?

Glenn Breisinger: Yeah, I would say it depends on commitments that you make with respect to the cap-ex. Remember as cap-ex shows up, you're making some commitments prior to when it's being capitalized. It's a little harder to answer with respect to the lumpy nature that Scott just described, but I would suspect on a sort of normal by normal quarter as you're anticipating. If it was consistent, it probably wouldn't be anything until potentially into the fourth quarter.

Sami Badri: Got it, all things considered. This is an interesting subject, and this has come up a little bit before, I actually think it was Richard who brought this up when you guys first started. There was a lot of speculation around competition, right around, if, say for example, a company like American Tower wanted to have ownership or land interest into the land under its tower. And I think Richard, you brought up the point that more comps are better now, and then essentially more people bidding or marketing or attempting to bid to the same site was probably better than less. Now, do you still think that way that's one and two, have you started to see competition go up for your targeted ground leases or land interests that you guys are targeting?

Richard Goldstein: I can add to that, just from a clarity perspective. I think the specific quote was we tend to see more landlords transact when there's more than one player in the marketplace. The primary reason for that is when we're into a virgin market and calling upon landlords for the first time they're interested, they're learning. But they transact when they need money or when they realize that there's a competing situation and they got a better deal, and they see a clearing price and a time to go for action.

What we're seeing now is we are seeing increased competition around the world. We didn't think we would have a nascent market to ourselves forever. But we're not seeing a ridiculous amount of competition. Typically, a landlord is seeing two, possibly three competitors on a particular transaction, and we're seeing a disciplined marketplace. The tower companies aren't buying at just any price to transact, the tower companies have a specific return profile that they're shooting for, and they win their fair share of deals, as do we.

Sami Badri: The competition and their sources, are they private equity firms, are they family offices? Are they strategic or, or operators already in the industry? What has been the competition, type at least, or entity type to when you've seen the competition come up?

Richard Goldstein: It's different around the world. In the United States, we've tended to see larger players, private equity-backed, as well as obviously the tower companies. As we move around the world, tower companies are going to try to protect the ground underneath their respective towers. And we are starting to see a few new entrances, mostly backed by either private equity or high net worth, but they don't tend to be very large, and they don't tend to operate across multiple jurisdictions. They tend to operate in single jurisdictions. And they're easy for us to understand who they are, what their targeted returns are, all we need to do is see a couple of bids. And we each are feeling our way out in the marketplace.

I think the most important thing for people to understand is that this market is for the most part unresolved, the number of transactions that are available to the collective market is significant. We believe that less than 1% of the market has been resolved. Maybe that number is 1.5% or 2% today, but the vast majority of sites around the world are still rented from the landlord, the original transaction to build the tower, or to do the easement on the roof was done with.

Sami Badri: Got it, got it. This kind of gives me leads, and Scott, Glenn, or Richard, you guys can answer this, but when you guys first went through the going public process, you did give us a total addressable market opportunity. And you guys kind of had a very calculated approach and how you were addressing that. What is the total addressable market opportunity now look like with the introduction of new asset classes and as more information has revealed itself? Maybe you could tell us a little bit more about how that number or that opportunity has evolved?

Scott Bruce: It's definitely larger as we branch out. The harder part on the traditional cell sites is not the number of sites that are out there, but those that are already resolved versus unresolved. I think it's a fair statement that say that with respect to the little bit of the broadening of the asset classes, it’s predominantly unresolved, if you will. We haven't seen a lot of people pursuing the same kinds of things as of yet, and it's kind of new ground for us.

Sami Badri: I want to shift gears a little bit and it has to do with some of your acquisition approach. Origination SG&A as a multiple of rent acquired has been much lower over the past two quarters. What are the primary drivers here? There's obviously some operating leverage here, but from a public equity investor perspective, how should we be thinking about your operating leverage over time as you continue to grow the rent acquired revenue stream, right. The rents coming in with the amount of, let's just say acquisition agents or acquisition personnel that's on staff.

Glenn Breisinger: I would say that the increase in the operational efficiency is directly correlated with the increase in the acquired rent. So just as a reminder, for our sales and marketing teams, sales commission is capitalized, site inspections are capitalized, and obviously the purchase price and closing costs are capitalized. The SG&A spend is primarily period costs related to the base sales compensation and sales management and marketing and underwriting and data accumulation, et cetera. We tend to see that continue to scale as the business grows.

So back to your earlier question regarding Acquisition CapEx, as we continue to scale acquisition CapEx, and we're not making any projections as to what that could be in the future, we would tend to see that scale continue. And as a reminder, we look at this as a multiple of rent and the acquisition, CapEx was about three turns of rent in 2019, two turns of rent in 2020, and now it's about 1.1x or so. We would expect to see scale to that based upon incremental CapEx on incremental rent required.

Sami Badri: Two follow-up questions came in from two separate people. The first one is actually a follow-up to what you were just saying is how low could this ratio go? Glenn, is there going be a day here where the multiple compressors significantly for rents acquired, how should we think about this maybe five years from today? That's I think where the question is really kind of getting at, and then I'll ask the second one later on, which I think is much more open-ended.

Glenn Breisinger: Well, that's pretty hard. It's pretty hard to speculate given we're not giving any guidance on what the acquisition CapEx can be. And of course, if there is compression, then it affects the amount of acquired rent. I don't know, I'm not going to make any estimation as to what it can be. I think most folks are taking a good run at just making their estimations and understanding that there is scale to it. Remember, this is with respect to the entire business. This is a variable spend as you're continuing to acquire assets, but with respect to that acquisition component in the origination platform, it's pretty fixed.

Sami Badri: Okay. Got it. This next question is a bit open-ended and I'm going to add to it and probably slightly rephrase it. It looks like this investor has actually looked up some of your backgrounds and your bios and seen where you've been historically. And the question is directly asking, why did you pick going after the ground lease and land interest business? And I guess they looked at your backgrounds and saw the different things that everybody did. Why specifically go after ground leases, rolling up and consolidate in the ground lease, business or industry or opportunity, rather than maybe something else in the telecommunications landscape?

Scott Bruce: Well, we did that, and we did other things. In the private equity partnership that we ran for a number of years, all focused on communication, over the last 11 years or we focused on communications infrastructure in particular, and it had really multiple legs to the stool. One was build-a-suit development business for tower development, another one was a fiber back haul business, pulling fiber to cell towers, and the third one was this business. We really were trying to create a landscape of items, in the partnership. It made sense to monetize the other two, for a whole host of reasons, and we were left with this business, which is fragmented with a lot of greenfield. We really, really liked the business, and so we, we embarked on a search for a platform for it, so that's how we ended up in it. It really was part of a number of businesses that were in the same genre. It's just the one that we sort of stayed with and survived.

Sami Badri: Going back over to more of the business dynamics and mainly speaking to the renewal process of a site. So how does Radius aim to extract appropriate value out of acquired sites?

Scott Bruce: Appropriate value? A fair value. We've talked a lot about underwriting. I think we've mentioned, publicly, many times before that we don't underwrite to any of that sort of enhancement that you're referring to. However, it is a part of the business, and we do report on a revenue bridge basis, what the enhancements can be to a site.

Obviously, we buy a long-dated property, right? And a lease underlying it, which is much, much shorter when that lease comes up for renewal, usually multiple times within the term of the property. We have an opportunity to have a negotiation with a tenant for rental rates. We're very, very cautious with a very sophisticated view of what a market rates are for almost literally every geography we're in because we're constantly searching and bidding and data mining. It's really a pretty sophisticated approach. Obviously, if we come on to a site that is a single tenant tower that evolves in leases its way up to a multi-tenant tower, we're going to have a different conversation upon lease renewal. That is predominantly the way, but there's myriad of other, individual, reasons why we might get an uplift.

Sami Badri: One thing that has come up in my conversations is when you have a land interest that you guys have acquired with one tenant on it and there's going to be another tenant coming on, and this is not going to be a tenant, that's going to say the tower structure, it's going to be a separate tenant on the land. How do you guys go about that? Especially with the original land owner that you guys have to work with to secure the land interest? What exactly is the process there? And could you just unpack the, A: onboarding of the customer or the tenant and B: the conversation that would go on with the actual, land owner that you had to acquire the land from?

Scott Bruce: Well, it really depends on who owns the tower. If a tower company owns the tower and has a demised premise for the plot of land on which the tower sits and the incremental comes on and can be housed within the demise, then we're probably not having a conversation until the lease renewal. If there isn't enough room on the land, then whoever owns the tower, an M&O or a tower company, would have to come back to the site owner or us. Because in most of these cases, when we acquire a property, we tend to do it for a piece of land larger than the existing demise, for the various situation that you're talking about Sami. It really is very site specific, at the end of the day. But, many times, we'll acquire two individual rental streams for the same structure. It just depends on the circumstances.

Sami Badri: Maybe longer-term question, maybe five years out. Do you expect Radius to still be focused, a hundred percent on acquiring digital infrastructure parcels, or what other adjacencies or market opportunities could you guys also possibly go after?

Scott Bruce: That's a good question. At the end of the day, the billions and billions, or as Richard tells me trillions of dollars that are going into digital infrastructure, should mean that there's plenty of fertile ground for us to acquire for many years. And I think that will probably remain the focus, having said that, we're opportunistic and I just don't have any plans to share with you today for any other categories.

Richard Goldstein: I will say this: In the cellular business, we've been in the cellular business forever. People used to say, when you're done selling to all the moms and dads of the world, what are you going to do? And the obvious answer was to go after their kids, which in retrospect seems funny now that kids are all walking around with cell phones.

I think the same thing plays out here. We don't see an exhaustion of the opportunity as it relates to macro sites either on the top of rooftops or towers, but the opportunity to go after the proliferation of small cells will become a larger and larger opportunity for us. And if we can liken that to the children, then we'll be going after small cells. We're already doing that with distributed antenna systems, primarily on the indoor of large real estate venues, but we will definitely see a proliferation of antennas on lots of different structures, and that will be growth opportunities for our business.

Sami Badri: Got it, got it. I did get a couple of questions in my inbox on some of the topics we just discussed, mainly breaking down regions, but I did want to ask maybe a question for Glenn is, can you speak to the recent S-1 filing? And I know there was a little confusion around the Class A shares and warrants. Could we just go over this and unpack it for everybody on the conference call?

Glenn Breisinger: The purpose of the S-1 was to register the PIPE shares, a commitment to have them and the registration statement filed, and with best efforts within a 30-day period. So that was the purpose of filing that. However, on a mechanical issue, the existing warrants, and the existing Centerbridge, 10 million PIPE shares from the original investment at the closing in February of 2020, they were registered in the US on an S-4. That S-4 required us to continue to update that S-4 to keep it effective.

The purpose of putting the warrants here, is just re-registering the warrants and re-registering the Centerbridge shares. There's no incremental, cash proceeds from the warrants that we'll mentioned here in the S-1. And there was no incremental cash associated with the Centerbridge shares. It was just primarily from a capital standpoint, registering the PIPE shares.

Sami Badri: And then, with the PIPE announcement, and I know investors have been interested in the funding mechanism of the business going forward. So how should we be thinking about debt versus equity mix, especially given you will be shelf eligible soon?

Scott Bruce: Well, I'm happy to start. I actually think the levels that we reported in our materials with regard to asset level, that multiples and net corporate level debt multiples will still stay in the same range. At the end of the day, the equity is needed as a sequencing matter to sort of keep up with the pace of origination so that you can apply the leverage to the assets. Then in order to sort of, as Glen alluded to earlier, make commitments with regard to future commitments, you do have to eventually fill up the equity bucket a little bit. It's going to be a little bit of an ebb and flow, I think, in that regard and be completely driven by the acquisition phase.

Sami Badri: Are there any differences in the acquisition motion of your acquisition leasing agents, or acquisition agents or staff in Europe versus the U.S.? Could you just compare and contrast the differences here?

Richard Goldstein: It's actually an interesting question. As we started our expansion into international markets many years ago, we brought on our respective sales teams. There used to be a mindset in our organization where a respective jurisdiction said, "this is how we operate in our country. This is our sales process. This is our way of overcoming objections or bringing the opportunity to a counterparty.” What we've learned over time was what people thought were geographic differences. It turns out best practices are best. And we took our best practices in the jurisdictions where they were working and mapped them across all geographies. And what's really nice now that our team has matured over a long period of time.

There's now a respect for those best practices. Initially, people didn't necessarily want to listen to that's how they did it in the United States because they went first, or that's all they did it in the UK because they were second. Now there's just a really good, healthy respect of how did you overcome this objection? How did you go after this type of market? What was the right way to position our opportunity with this type of a landlord and that sharing of best practices? I think the only barrier we have today is really language and getting through that.

Sami Badri: I have a funny question for you guys. Not really funny, it's actually pretty serious, but you guys have laid out your return on invested capital yield calculation and your targets. And your messaging has been very consistent, but the question is why are you guys completely focused on just the return target of 7% to 8% when you could be looking at a higher return profile or go after higher return profiles? Is there a reason why? I know I'm, I'm kind of answering for you guys on the side, but I'm guessing for you guys better returns are probably better, but there's a very specific type of return profile you're targeting. And if you could unpack the reasons why you wouldn't go after higher returning business that maybe pose more risks, that would be a great kind of an open-ended question for you guys to answer.

Scott Bruce: I think we do a little bit of a blend to be honest with you and somewhat by geography. So obviously the risks are different, candidly, but the return profiles are different by geographic region. The returns in Latin America are, not shockingly, significantly higher than they are in the United States. It's really just a matter of a proportion, Sami.

And I actually think to your question, we actually focus less on the initial yield than most investors do. We actually focus on two components: one, what is the levered return that we think we can achieve? Because they're all components of the same return profile. And we almost never deviate from that. Our mantra has been that we shoot for teens returns on a levered basis and against this risk profile, that's very attractive. That's just on the underwritten asset, but of course the asset has an arbitrage in it, right? To the extent that it becomes in the marketplace. You can look at transactions that have happened for asset portfolios of this type, which have a strategic component to them. I actually think we do the opposite. I think we try to stick to our knitting with regard to our total levered return, and then you have the strategic value on top of that arbitrage on top.

Sami Badri: Got it. I have another interesting question. With all the strategic activity that's going on, and that includes things like American Tower going after Telxius and AT&T divesting businesses and a lot of the European tower portfolios coming to the market. How should people be interpreting Radius's business in the context of all this asset exchange and trading and carve-outs and strategic behavior?

Scott Bruce: Well, you may get different answers. My answer is, wow, those guys are in a really great space, at the end of the day, because underlying all of those things that you described is where we sit. We sit on the land, and you can't have the infrastructure without the land. At the end of the day, all that activity, which draws more attention to the criticality of the networks, is a net positive for us. It only makes, in my view, what we have more valuable.

Richard Goldstein: I'll add one piece to that. If you take a look at the nature of what is going on in terms of the moving of assets to different players, the carriers are doing everything they can to raise capital because they need it to deploy above us. And if you take a look at what's happening with the capital formation is carriers move the towers to tower companies' portfolios. They're raising that capital because they want to put a lot of capital to work for spectrum and for 5G infrastructure and all of that. Capital is getting deployed above our asset, whether that's a rooftop or a ground lease, and that inures to our long-term benefit. That's a great thing for us.

Sami Badri: We only have about two minutes left. I did want to conclude with anything you guys want to add, as far as things that maybe investors have not yet appreciated about Radius, or maybe some metrics or details that you guys look at that not many people actually review and take a look at, anything really worth pointing people to, as something that's overlooked about the company or the business, or even the metrics you guys publish.

Scott Bruce: I don't think so. I think people are beginning to appreciate it more and more; we are trying to keep it relatively simple with regard to the metrics we report, because as you start to diverge, it kind of muddies the water. So at the end of the day, our metrics are how much we're buying, what we're buying it for, and then what our return rate is, maybe add a little bit of efficiency on the SG&A, and that I think that is the story. Appreciate the opportunity to reach out to a much wider group of people. But I don't think there's anything major to add.

Sami Badri: Well, Richard Glenn, Scott and Jason as well. Thank you guys for all joining us today and, looking forward to our continued partnership. Thank you very much for joining us.

Scott Bruce: Thanks, Sam. Appreciate it. Absolutely.