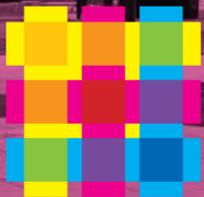


# Investment in KAO DATA

Infratil Investor Presentation  
5 October 2021



**Infratil**

# Transaction Summary

## Investment in London data centre platform Kao Data, with initial commitment of £120-130 million by Infratil

### Transaction summary

- Infratil has agreed to invest £120-130 million growth capital in London data centre business Kao Data alongside existing owners Legal & General Group and Goldacre, two strong UK-based investors
- Kao Data develops and operates technically advanced, highly sustainable colocation data centres. Kao Data has developed a 15 acre data centre campus in Harlow, London, with space and power for four data centres. Kao has built one data centre on that campus, and construction of a second data centre will commence by the end of the financial year ending 31 March 2022 (FY22)
- Kao Data has also signed a conditional agreement to acquire two UK prime location data centres from a large financial services business with significant expansion capacity. Subject to conditions precedent, completion is expected by the end of FY22
- On a combined basis, the portfolio will have 12.3MW of installed ICT capacity post completion of the above conditional acquisition, with capacity to expand to c. 55MW on these existing sites
- The Kao Data investment represents a compelling strategic growth opportunity for Infratil shareholders:
  - ✓ Strong management team with experience at leading global data centre and connectivity businesses
  - ✓ Differentiated Harlow facility with market leading technical specifications, and significant growth potential
  - ✓ Transformational expansion to a multi-site business with the signed acquisition of two data centres in UK prime locations, with significant expansion capacity
  - ✓ Weighted average remaining client contract life of over 9 years (excluding renewal options)
  - ✓ Further value accretive growth potential through pipeline of development opportunities beyond the existing sites (50MW+)
  - ✓ Strong local partners Legal & General and Goldacre to originate, execute and fund those further development opportunities, jointly targeting a £500m multi-site platform in the medium term

### Timing and Governance

- Infratil has become an initial 20% shareholder and will reach its target 40% shareholding as Kao completes its acquisition of two data centres by the end of FY22. Legal & General Group and Goldacre will each hold c. 30%
- Infratil's governance rights over key strategic and financial decisions are consistent with a 40% stake immediately

### Funding

- Infratil's equity investment is funded through cash on balance sheet
- As at 30 September 2021, Infratil has \$1.1 billion in cash and undrawn bank facilities of \$695 million. This follows the recent completion of the Tilt Renewables sale

# Investment Thesis

Rare platform investment opportunity in an attractive UK data centre market with a company that has a desirable mix of proven capability and growth potential

## This is an idea that matters



- Digital connectivity and data storage are 'ideas that matter'
- The pandemic has reinforced the positive tailwinds around the exponential growth in data usage and need for connectivity
- Data centres are high margin, long-dated assets with strong defensive characteristics
- Rare platform investment opportunity in attractive Broader London data centre market
- Significant value add from Infratil as experienced strategic partner to help accelerate growth

## Differentiated core offering



- Existing Harlow based campus with significant growth capacity to c. 35MW across four buildings
- Located within the "Innovation Corridor" between London and Cambridge with c. 88MW of local demand among research, academic, AI and life sciences companies
- Technically advanced and highly energy efficient facility with abundant fibre connectivity. This supports demanding use cases such as High Performance Computing/AI, as well as enterprise colocation
- Since its 2018 launch, Kao Data has secured contracts with leading companies including Nvidia, European Bioinformatics Institute and financial services companies

## Sizeable platform growth opportunities



- One of few successful independent new entrants in the broader London market in the past 10 years
- Strong operational team with senior experience from leading data centre operators serving as an important credential for demanding customer procurement processes
- Recently signed acquisition of two UK prime location data centres (completion expected by end of FY22) with further growth capacity
- Attractive well-connected local partners in Legal & General Group and Goldacre
- Sizeable pipeline of further London/UK development and M&A growth opportunities representing 50MW+ potential capacity

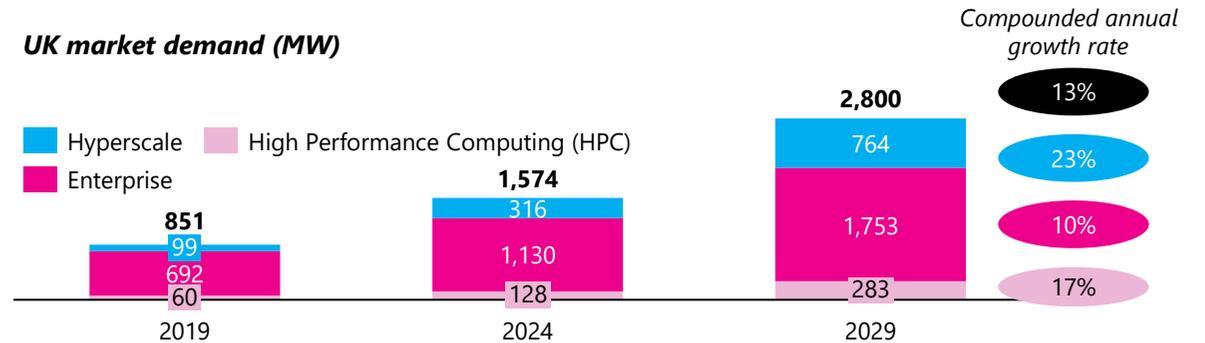
# Market Approach

Kao Data has a focused strategy within an attractive London data centre market

## London data centre market

London: Largest data centre market in Europe / Annual uptake >80MW

### UK market demand (MW)



- **Strong demand growth outlook**, high utilisation rates expected to increase further in the next 10 years due to ongoing high demand growth despite announced new market supply.
- **Land and power constraints**, London prime market becoming more land and power constrained
- **Large and diverse market**, four largest players are 40-50% of total supply, long tail of mid-sized and smaller players
- **Sustainability credentials becoming an increased focus of clients**, with an industry trend towards companies measuring emissions along its supply chain

## Kao Data's strategy

- **Build an ecosystem of high-performance colocation clients** representing the most innovative, research driven and high growth organisations from the local area and Broader London/UK incl. research, academic, AI and life sciences companies
- **Use best-in-class performance and sustainability credentials to expand into broader enterprise colocation markets** (e.g., financial services)
- **Enhance strength of offering through multi-site**, providing diverse data centre alternatives, including additional prime locations and offer redundancy solutions to existing and future clients

# Multi-site Footprint

Acquisition of two additional data centres represents an opportunity to broaden its client offering and export its strong operational track record at the Harlow campus

## Harlow campus

### *Situated in high growth innovation corridor*

- Freehold site located in Harlow, less than 20 miles from central London in "innovation corridor" between London and Cambridge

### *Market leading technology and Sustainability*

- Engineered to cater for high density use cases such as High Performance Computing and AI
- Designed to be highly energy efficient (<1.2 Power Usage Effectiveness, or PUE), positioning it as one of the most efficient (and therefore low cost) facilities
- Powered by 100% renewable energy
- Removal of fossil fuels from back up generators, replaced with HVO (Hydrotreated Vegetable Oil), reduces CO<sub>2</sub> emissions by 90%

### *Case study: Nvidia's Cambridge-1 supercomputer*

- UK's most powerful supercomputer
- Hosted within Kao Data's Harlow campus and launched in July 2021
- With a range of life sciences and research organisations as founding partners (e.g. Astra Zeneca, GSK), Cambridge-1 will accelerate UK healthcare research into areas such as drug discovery and genome sequencing



## Acquisition of two UK prime location data centres

### *Strategic benefits*

- **Becoming a multi-site platform** through this acquisition has major benefits from an investor and client perspective – offering clients' redundancy and increasing Kao Data's addressable market to include those who favour prime UK locations and/or have multi-site as a key purchasing criteria
- **Long term lease with large financial services business** reflects current industry trend of the financial services sector evaluating their strategy with regard to insourcing vs outsourcing data centre services. Being entrusted with this critical infrastructure is a significant endorsement of Kao Data

# Highly Qualified Management Team

Strong experience across data centres and connectivity



**Lee Myall, CEO**

- Joined in 2020
- Senior VP at Interoute, a leading European fibre networks and cloud services platform, for over 14 years - where he pioneered its IaaS/cloud computing business units
- Most recently was CCO at Epsilon, a provider of cloud centric connectivity provider that directly connects enterprises with cloud platforms



**Matthew Harris, CFO**

- Has led the finance function since inception, including reporting and investment analysis
- Previously Managing Director at Goldacre, investment manager of the current shareholder Noé Group
- A chartered accountant with previous experience including Financial Controller roles



**Paul Finch, COO**

- Joined in 2016
- Senior Director roles at Digital Realty and CBRE with responsibilities spanning EMEA and APAC
- Recognised global authority in data centre cooling, sitting on global technical committees (ASHRAE, TechUK)



**Gerard Thibault, CTO**

- Joined in 2017
- VP of Design at Digital Realty (EMEA) for 11 years, where he undertook the design and implementation of over 150MW of data centre space across 24 sites
- Director role at CBRE for 6 years, focused on data centre building consulting



**Spencer Lamb, VP Sales & Marketing**

- Joined in 2020
- 15 years data centre experience, having previously worked at Infinity SDC and Verne Global in sales and business development roles
- Track record of delivering Contract Value across all customer verticals (hyperscale, telco, financial services, enterprise etc.)

# Investment Partners

Existing shareholders selected Infratil as preferred strategic partner with proven experience to grow sizeable data centre platform



<b>Background</b>	<ul style="list-style-type: none"><li>• Invested in Kao Data in 2019</li><li>• One of the UK's leading financial services groups and a major global investor</li><li>• Experienced investment team within the company's principal investment group</li></ul>	<ul style="list-style-type: none"><li>• Noé Group, a family office investment house with 40 years of investing experience, purchased the Harlow site in 2012</li><li>• Goldacre is an investment manager that is part of the Noé Group that has been the driving force behind developing Kao Data from the start</li></ul>
<b>Expertise and Reach</b>	<ul style="list-style-type: none"><li>• L&amp;G has 50 years experience investing in real assets, with strong relationships with local councils through its housing investments</li><li>• Able to leverage its significant network of relationships with UK and international corporates and financial services companies</li></ul>	<ul style="list-style-type: none"><li>• Successful track-record in real estate development and investment, amongst others</li><li>• Significant market expertise with site sourcing, financing and acquisition for real estate, data centre and alternative land use purposes</li></ul>
<b>Scale</b>	<ul style="list-style-type: none"><li>• Market cap of c.£15.5 billion</li><li>• Over £1.3 trillion of assets under management</li><li>• Manage over £22 billion in real estate investments</li><li>• Access to £80 billion+ of annuity capital offering low cost project funding</li></ul>	<ul style="list-style-type: none"><li>• £2.5 billion of assets under management</li><li>• Key markets include UK, Europe, Israel and India</li></ul>

**Joint intention among Infratil and the other shareholders to deliver a >£500m data centre platform**

# Growth opportunity

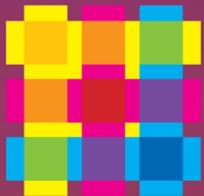
Attractive risk/return envelope

Value accretive expansion opportunities

	Current <sup>1</sup>	Target capacity (existing sites)
<b>Existing platform:</b>	<b>12.3MW</b> Installed capacity	<b>c. 55MW</b> Installed capacity
<b>Key metrics</b>	<b>1 data centre on Harlow campus</b>	<b>4 data centres on Harlow campus</b>
	<b>2 UK prime location data centres</b> (signed, subject to completion)	<b>2 UK prime location data centres</b>
	<b>Contracted run-rate rental revenue of £13.3m</b> (pro forma incl. acquisition of two data centres). <b>Close to zero net debt</b>	<b>Breakeven EBITDA expected within two years</b> (FY22 forecast EBITDA loss of less than £5m).
	<b>Targeting attractive mid-teen IRR</b> based on building out and filling up the <b>existing sites only</b> . Over £250m of growth capital expenditure across the sites	
<b>Additional growth potential</b>	<ul style="list-style-type: none"><li>• Other value accretive development pipeline growth opportunities at various stages of progression represent sizeable further investment opportunity (50MW+)</li><li>• Legal &amp; General Group and Goldacre bring unique networks and reach in originating further proprietary development and acquisition opportunities</li><li>• Scaling up and de-risking a sizeable data centre platform can attract a significant valuation premium in the market</li></ul>	

1. Pro forma for acquisition of two UK prime location data centres

# A Global Digital Platform



**Infratil**

# Global demand for digital infrastructure is accelerating

## Infratil has exposed shareholders early to this emerging trend

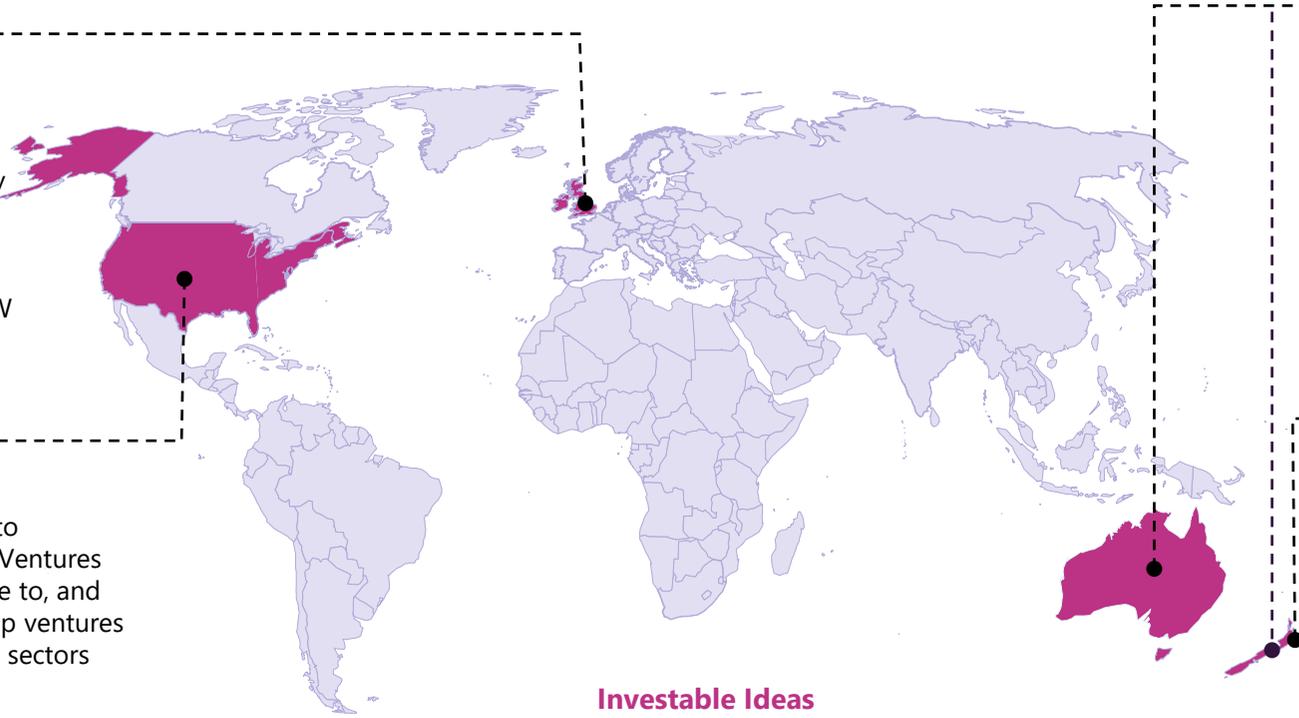


### KAO DATA

- Invested in 2021
- Multi-site data centre platform in the UK, with 12.3MW of installed capacity across three sites (pending acquisition completion)
- Opportunity to grow total installed capacity to c. 55MW under expansion plans

### CLEARVISION VENTURES

- Invested in 2016
- US\$50 million commitment to California based Clearvision Ventures
- Focused on gaining exposure to, and gaining insights from start-up ventures of relevance to Infratil's core sectors



- Invested in 2016
- Largest privately owned and operated data centre business in Australasia
- Operating nine data centres, powered by 133MW, across three campuses in Sydney and Canberra
- During 2022 growth to in excess of 200MW across four campuses and 13 data centres



- Invested in 2019
- One of New Zealand's leading digital services and connectivity companies with more than 3 million connections
- Extensive network of mobile towers, spectrum, IoT networks and fibre assets

### Investable Ideas



Data Centres



Integrated Telco



Mobile Towers



Fixed Networks



Subsea Cables

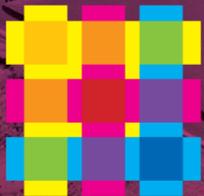


Satellites



Small Cell Networks

# "Ideas That Matter"



Infratil