Infratil Investor Day

2019

DATA CENTRES

Agenda

- Macro Technology Trends
- Global Data Centre Trends
- Government Hosting Strategy
- ANZ Data Centre Trends
- Eastern Creek Acquisition

- Eastern Creek Strategic Opportunities
- Report Card – Strategic Goals
- Report Card – Ecosystem
- Report Card – Financials
- The Year Ahead

Macro Technology Trends

- Everyday, increasing amounts of data is captured, stored and accessed
- The boundaries of technology intelligence and its use are being pushed daily
- Secure 24/7 availability and rapid delivery are critical to clients

Cloud migration

- Data and processes are increasingly migrating to cloud hosted environments
- More Software and Apps than ever are being delivered from the cloud

Artificial Intelligence, machine learning, data analytics and High Performance Computing (HPC) research

- Driven by applications that automate processes or personalise user experiences
- Recent aggressive investment from big players hiring AI engineers

Security – Biometrics, Cybersecurity and Information supply chains

- Awareness of broader data issues and impacts have rapidly risen up the agenda
- Significant research, investment and effort is being directed to address the risks

5G (and locally NBN) – an accelerating directional trend

- Faster speeds, improved connectivity and enhanced quality of service are driving increased data consumption and storage.
- Smart phones are now the chosen user interface over PC's and tablets

Autonomous vehicles / driverless cars – a trend to watch

- Mid-term trend but the expectation is that proof of commercialisation occurs in the next 12-18 months. Vehicles will be highly connected, micro, mobile data centres

Global Data Centre Trends

- Large scale users are shaping infrastructure and markets
- Demand is for large, highly connected, co-location data centre campuses
- The Data Centre market is strongest at interconnection hubs, like Sydney

Client Trends

- Security, Business Continuity and Resilience remain the top client concerns
- The biggest growth area is from hyperscale providers
- Expect market consolidation towards the biggest providers
- Hyperscale providers intimately understand their needs and infrastructure requirements
- Speed to market is the priority creating a move towards bespoke co-location solutions
- Hyperscale favour large DC campuses in order to harness efficiencies and growth
- Information supply chain resilience is a topic of escalating importance
- Connectivity; both on campus, and between secure data centres has to be available

Sector Trends

- Client needs are propelling growth in the larger DC class = greatest addressable market
- The fastest growing Co-location markets are the overseas interconnection hubs like Sydney
- Consequently single client and in house enterprise Data Centre numbers are declining. In the US 80% of large enterprise traditional DC's are expected to be shut down by 2022
- Co-location is a mature offering but presents multiple growth opportunities such as where Cloud and legacy equipment colocation can be flexibly accommodated for large National Critical Infrastructure (NCI) users
- Local and regional specialists will continue to provide meaningful competition to the global providers

Government Hosting Strategy

- Data Centres are recognised as the cornerstones that safeguard government held data
- The strategy addresses where data is kept, the security it enjoys and how it is moved and shared
- Managed Service and Cloud providers MUST be located in a Sovereign or Assured data centre

A new Australian Whole-of-Government Hosting Strategy was released on 29 March 2019

The strategy provides a new framework that strengthens:

- data sovereignty,
- supply chain and data centre ownership provisions

The strategy objective is to:

- increase security,
- protect privacy and
- improve resilience of data infrastructure

The Strategy includes a requirement for data centres that host high value government data must achieve certification as either

Sovereign data centres | **Assured** data centres

Secure connectivity between certified data centres is specifically addressed with focus on the benefits of ICON

> "This strategy will ensure that we have a trusted, secure hosting ecosystem, including data centre and network infrastructure, and our services can rely on the data being safe and secure throughout the supply chain"
>
> The Hon Michael Keenan MP, Minister for Human Services and Digital Transformation

ANZ Data Centre Trends

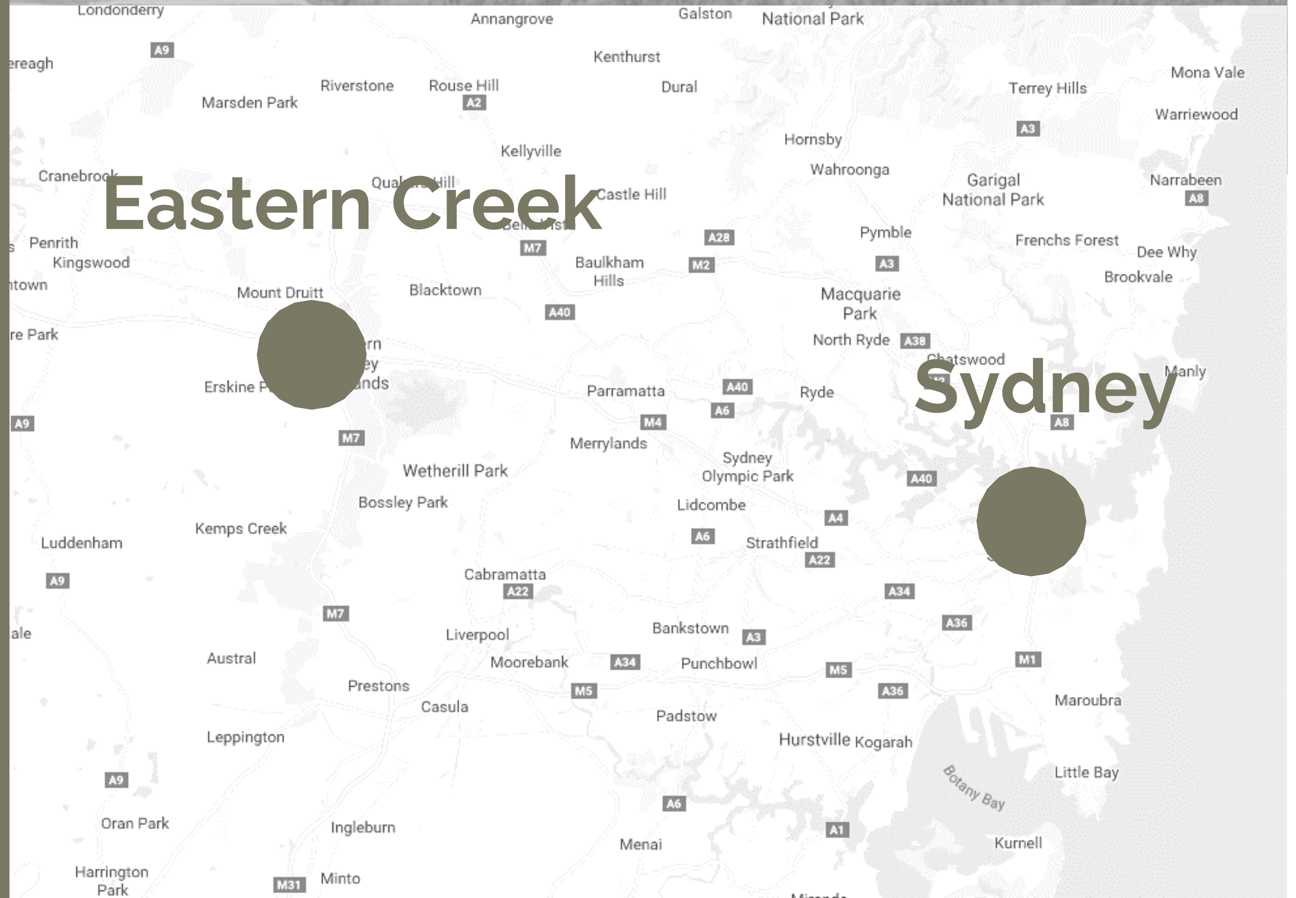
- Strong demand driven by data growth and continued outsourcing activities
- Market remains firmly co-location
- Hyperscale deals dominate the take up of quality product

- Increasing demand for high density, secure and resilient data centres
- Rising demand for flexibility; DC's need capability to support cloud and high performance computing applications alongside client legacy equipment so creating hybrid computing outcomes for clients
- Hyperscale cloud vendors are dominating the leasing of co-location data centre capabilities
- Data Centre modernisation is projected to emerge as high priority for large scale end users in Australia
- Government Data Centre consolidation is stimulating demand among third party, flexible, multi-tenant data centres that can offer hybrid computing outcomes
- Co-location services continue to dominate DC revenues where growth has mostly been driven by hyperscale cloud vendors, government, large enterprises and National Critical Infrastructure (NCI) clients that require strict data confidentiality and complete management control of their operations
- AWS, MSFT Azure and Google have increased their uptake of wholesale data centre capacities of late

Frost & Sullivan estimate an increase in wholesale colocation revenues in Australia by close to 20% year on year, which is higher than retail co-location

Eastern Creek Acquisition

- CDC purchased a high quality, operational Data Centre with significant growth options
- The existing large scale Data Centre had no hyperscale presence
- Significant development potential to become ANZ's largest data centre campus (120MW+)

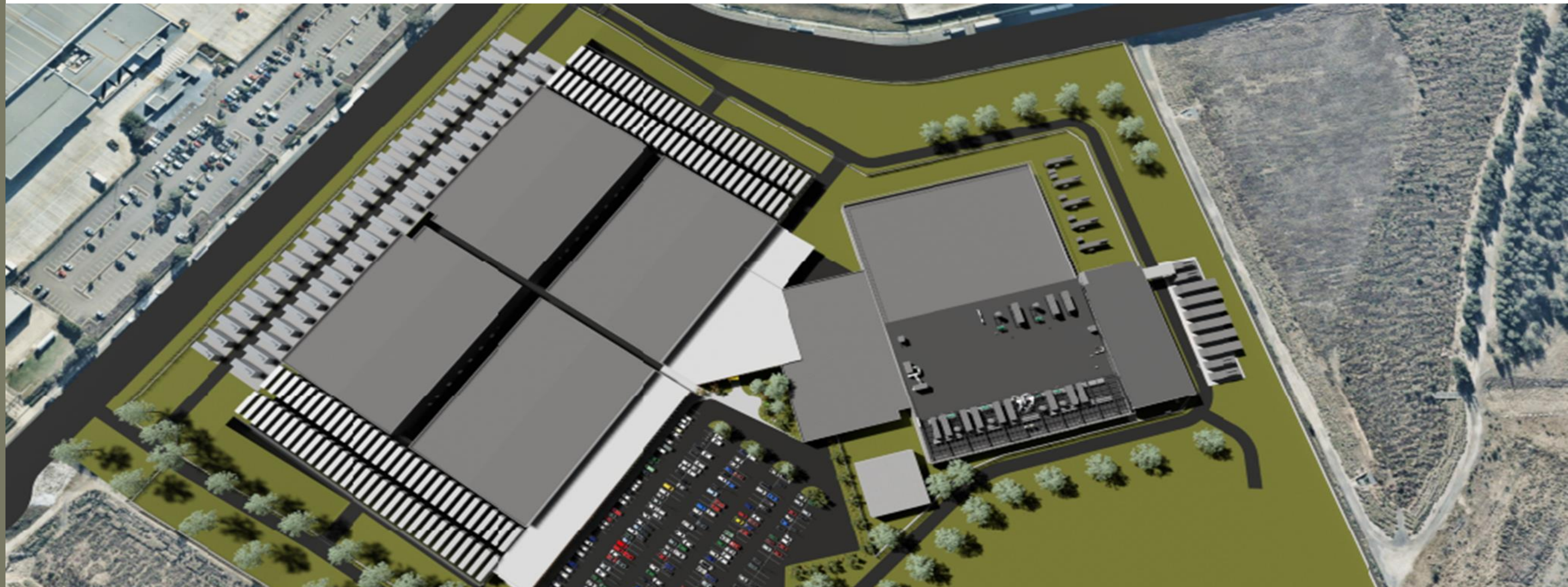


- 145,000sqm Data Centre campus is located 36km west of Sydney's CBD
- Existing building is 6 years old with zero shutdowns or failures
- Two existing 6,000sqm data halls; DC1 is a 7MW ICT load data hall that is ~85% occupied and income generating, including Government clients. DC2 is white space that is being fitted out to deliver 13MW of ICT load
- The existing building is security accredited and has fully operational administration, loading dock and storage areas
- Electrical high voltage sub-station already established on site
- Gives CDC a very significant footprint in Australia's leading data centre market
- The facility is perfectly positioned to address Australia's fastest growing sector – hyperscale
- CDC can deliver 'outside Canberra' geographic diversity which is highly attractive to existing customers.

Eastern Creek Strategic Opportunities

- The campus meets hyperscale needs; offering rapid initial deployment and significant future runway
- Extension space is already leased and being fitted out
- Opportunity to tailor future development to their needs

- **Good Initial Income with low vacancy risk in DC1** – underwrites the purchase for early years
- **Upside** – by upgrading the existing DC1 and leasing up the vacant racks
- **Income Growth** – DC2 leased with fit out underway, income from July 2019
- **Short Term Development** – Design work underway on the first new building 'DC3' (25MW of ICT load). Income from early 2021
- **Vision** – Further 3 new DC's (each 25MW of ICT load) to create 120MW ICT load campus of 6 DC's
- Capacity can be provisioned very rapidly through reduced development timeframes
- Ability to serve Sydney based National Critical Infrastructure providers locally
- Bi-directional runways



Report Card – Strategic Goals

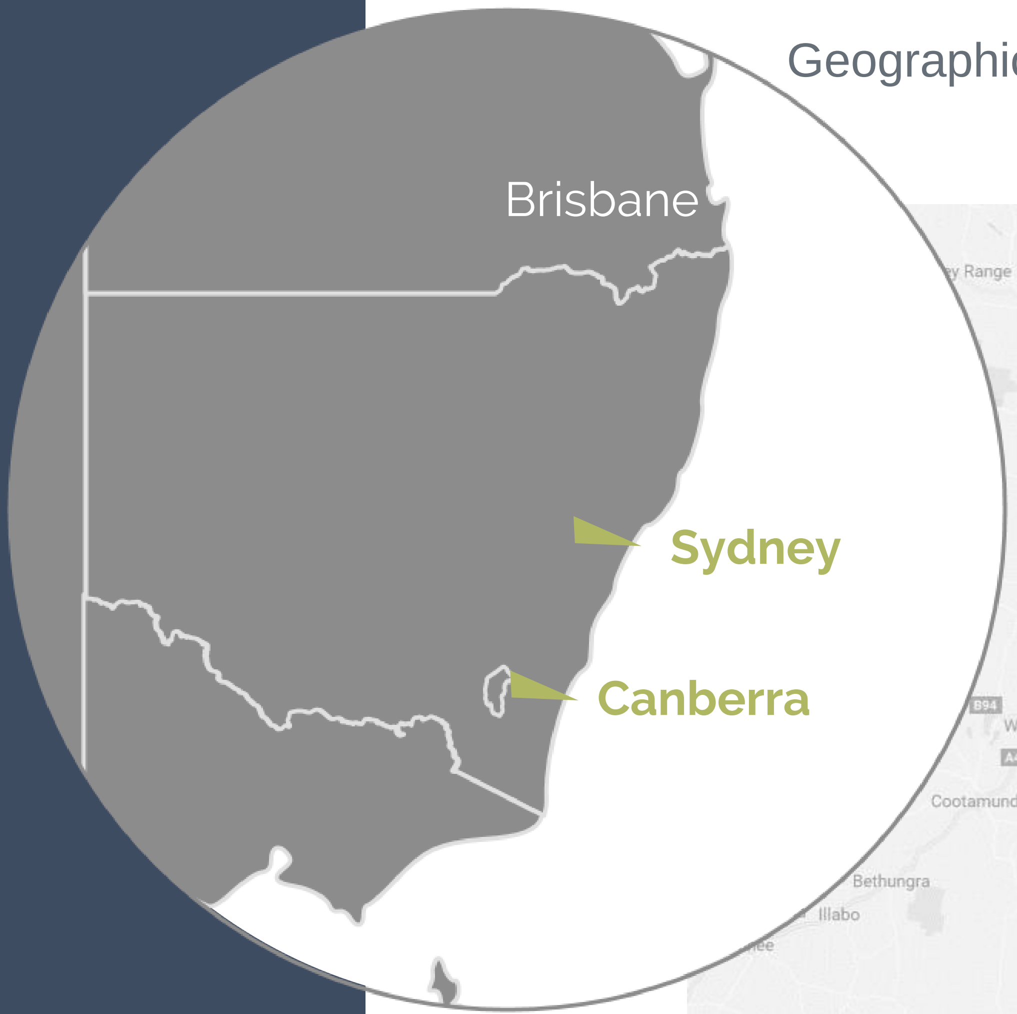
- Quality projects delivered on time and within budget
- The acquisition's ability to value add exceeded our expectations
- 'Next level' potential in Sydney to be unlocked over the short to medium term

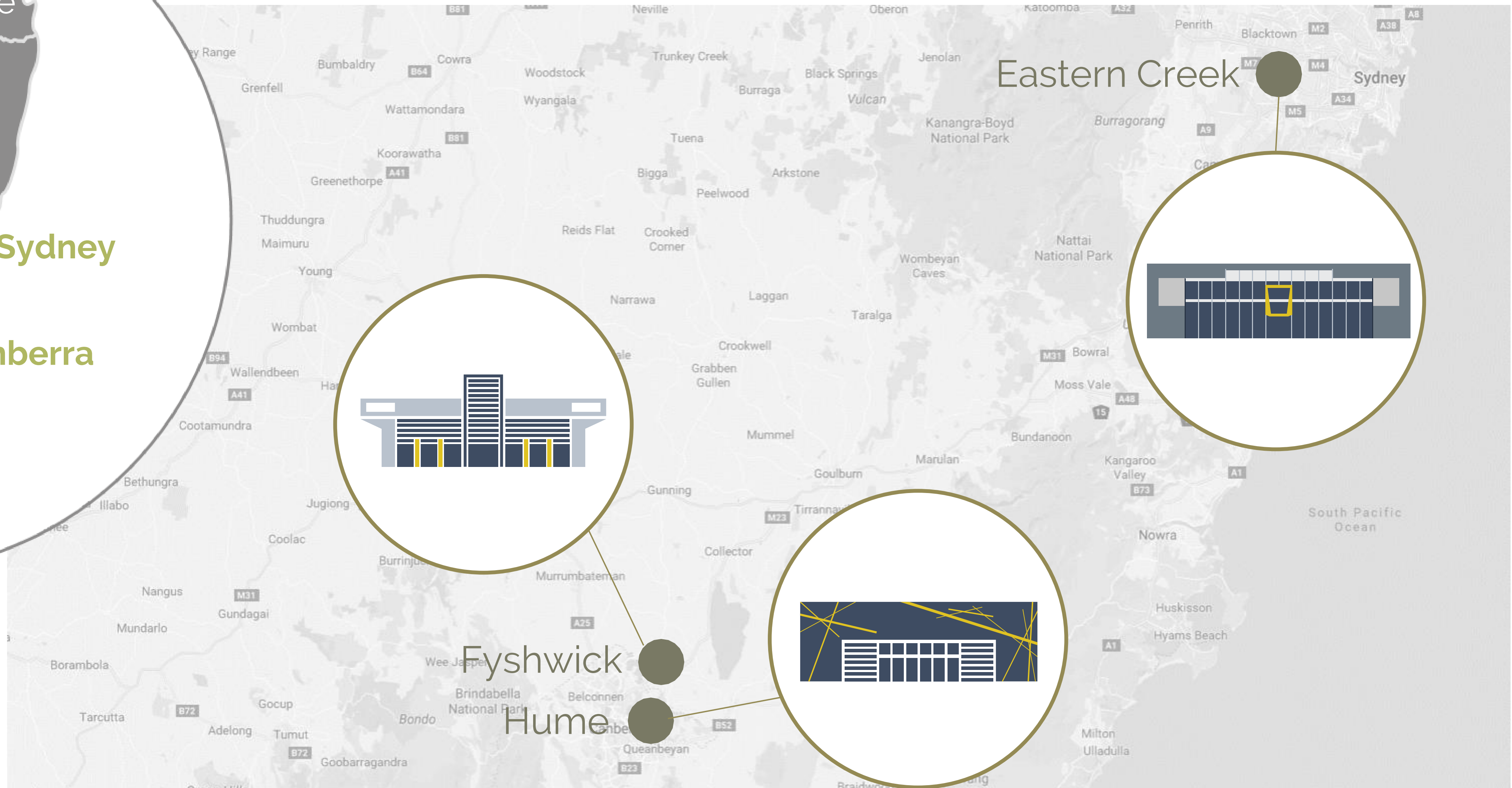
We said…	We delivered…
Deliver Fyshwick 2 (21MW total load)	✓ **Fyshwick 2 – Operational December 2018 and now ~50% contracted**
Commence Hume 4 construction (23MW ICT load)	✓ **Hume 3 fully leased** ✓ **Hume 4 – Foundations complete, ground floor slab underway**
Acquisitions and geographic diversity	✓ **Acquired Eastern Creek site with existing income in December 2018 and massive potential**

Report Card – Ecosystem

> Depth and breadth of Ecosystem expansion was even greater than we had anticipated

We said…	We delivered…
We want to expand cloud	✓ **~24MW contracted with delivery underway** ✓ **~24MW Reserved or First Right of Refusal (FROR)**
Organic growth from existing clients	✓ **>2MW contracted and delivered**
Non organic expansion from new agencies	✓ **5 new agencies contracted following tenders, plus other new clients**
Geographical expansion	✓ **Footprint in ANZ's largest Data Centre market, Sydney**





Report Card – Financials

- Growth rate has accelerated
- Business value increased in last 12 months
- Security of income/tenure increased

We said…	We delivered…
22.5% Year-on-Year run rate growth	✓ **Achieved 35%+ growth; EBITDA run rate at 31 March 2019 of ~$90m**
$100m Capex investment	✓ **$300m deployed that includes the Sydney purchase**
Business Growth	✓ **$85m equity raised** ✓ **$300m extension to debt facilities secured to $915m. Circa $535m drawn**
Strengthen the expanded Ecosystem. WALE was 4.2 years, and 10.9 years with options	✓ **WALE (Weighted Average Lease Expiry) increased to 9.0 years, and 16.7 years with options**

The Year Ahead

- Execute and deliver both short and mid-term
- Establish a sustainable runway for continued mid term growth

- Bring 24MW capacity to income production
- Eastern Creek DC2 (10MW out of 13MW potential ICT load) to go live in 2019
- Go live of Hume 4 (23MW ICT load) by early 2020
- Commence construction of Eastern Creek DC3 (25MW ICT load)
- Capex of $350m+ building future capacity

- Grow EBITDA run rate by over 50% Year-on-Year
- Expand and secure income for Eastern Creek
- Extend financial facility headroom
- Grow National Critical Infrastructure client base
- Further strategic land acquisitions
- Develop managed services and connectivity

DATA CENTRES

Questions?