Infratil

6 January 2025

Update on CDC Customer Contracts and December Independent Valuation

CDC has entered into over 230MW of new customer contracts, of which a little over half are in the form of reservations. These contracts are across multiple geographies, supporting CDC's ongoing growth and development.

CDC continues to see robust and broad-based customer demand, including interest for capacity above levels previously announced. As such, CDC expects a significant portion of the newly contracted reservations to convert into customer capacity in 2025. CDC is continuing to progress contracting the balance of the 400MW of capacity that Infratil has previously announced were in advanced negotiations. Updates on progress and signing of these contracts is expected in the first half of 2025.

The signing of these contracts reflects the strong customer demand CDC has been experiencing, which has enabled an increase in its forecast build capacity by over 1,000MW in the last six months. CDC's development program continues at an accelerated pace, with 388MW of built capacity under construction across multiple sites. Furthermore, construction of more than 200MW of additional capacity is set to commence within the next 6 months, including the first stage of the Marsden Park campus, as previously announced.

CDC's forecast build capacity to FY2034 has increased 158MW since September 2024, reflecting the upsizing of future development sites in Melbourne. The overall operating and under construction capacity remains unchanged.

Region	Status	Build Capacity (MW) to FY34, as at 30 September 2024	Build Capacity (MW) to FY34, as at 31 December 2024
Canberra	Operating	117	117
Sydney	Operating	123	123
Melbourne	Operating	34	34
Auckland	Operating	28	28
Total Operating Capacity		**302**	**302**
Canberra	Under Construction	39	39
Sydney	Under Construction	158	158
Melbourne	Under Construction	121	121
Auckland	Under Construction	70	70
Total Under Construction Capacity		**388**	**388**
Canberra	Future Build	93	93
Sydney	Future Build	879	879
Melbourne	Future Build	472	630
Australian Expansion	Future Build	36	36
Auckland	Future Build	126	126
Total Future Build Capacity		**1,606**	**1,764**
Total Capacity		**2,296**	**2,454**

To support the acceleration in demand, in December, Infratil funded A$433 million in equity to CDC (pro-rata with other shareholders), and expects to commit a further A$250 million over the next one to two years to continue to fund the expanding development pipeline.

This equity contribution is reflected in the 31 December 2024 independent valuation of Infratil's investment in CDC, which shows a net increase of A$113 million over the three months since the 30 September 2024 valuation.

The independent valuer's assessment of the future base rate curve, specifically the 90-day BBSW across the forecast period, has increased by around 30 basis points since September. This has resulted in a reduction in valuation, primarily as a result of increased interest costs over the forecast period, materially offsetting the increase in valuation as a result of the equity funding mentioned above.

The blended cost of equity used in the valuation has increased from 12.40% to 12.50% between September and December 2024, contributing a modest reduction in valuation. This reflects a slight increase in gearing across the total forecast period, as a result of higher forecast debt levels as CDC continues investment in its expanded development pipeline. The increase in gearing is partially offset by a decrease in the asset-specific risk premium, driven by the valuer's assessment of the status of CDC's customer discussions and their overall view of CDC's ability to deliver on its forecast growth. The risk-free rate has remained constant at 3.90%.

The net result is that Infratil's 48.17% investment in CDC is now valued at between A$4,485 million and A$5,385 million (with a midpoint of A$4,924 million), up from A$4,386 million to A$5,248 million (with a midpoint of A$4,811 million) at the end of September 2024.

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Appendix 1 – Independent Valuation Summary 31 December 2024

Valuation Methodology	31 December 2024	30 September 2024
Primary valuation methodology	DCF using FCFE (with a cross check to comparable companies and precedent transactions), surplus and underutilised land at cost	
Forecast period	30 years (2055)	30 years (2055)
Enterprise value	A$13,399 million	A$13,441 million
Equity value	A$10,223 million (IFT share: A$4,924 million)	A$9,987 million (IFT share: A$4,811 million)
Net debt including accrued RMS payments	A$3,176 million	A$3,454 million
Key Valuation Assumptions		
Risk free rate	3.90%	3.90%
Asset beta	0.575	0.575
Cost of equity *(blended rate) reflecting the assessed risk of the spectrum of CDC's activity, from operating data centres with contracted revenues through to developing projects without contracted revenues.*	12.50%	12.40%
Terminal growth rate	2.5%	2.5%
Long term EBITDA margin	85% (2039); 83% (2055)	85% (2039); 83% (2055)
Capex *Future capex reflects CDC's published development pipeline*	Valuation assumes no development beyond 2040	Valuation assumes no development beyond 2040