



3 January 2023

## **CDC Data Centres - 31 December 2022 Valuation**

Infratil advises that the independent valuation of CDC Data Centres ('CDC') as at 31 December 2022 indicates an increase in the value of Infratil's investment in CDC since 30 September 2022. Infratil's 48.1% investment in CDC is now valued at between A\$2,972.8 million to A\$3,551.1 million (with a midpoint of A\$3,239.2 million), up from A\$2,648.5 million to A\$3,139.1 million (with a midpoint of A\$2,876.4 million) at 30 September 2022. Based on the NZD/AUD exchange rate on 31 December 2022 of 0.93655, the NZD valuation of Infratil's investment in CDC is \$3,174.2 million to \$3,791.7 million (with a midpoint of \$3,458.7 million).

This valuation increase reflects the benefit of CDC's recent refinancing and expansion of its debt facilities, the inclusion of two additional New Zealand developments, and changes to the blended discount rate used for the valuation. These were partially offset by updates to macro-economic assumptions, principally an increase in the outlook for the Bank Bill Swap Rate ('BBSW').

During the quarter CDC completed a review of its capital structure, extending the size and tenor of its bank facilities via a refinancing of its existing debt with materially improved pricing and terms and undertaking its first debt raise in the US Private Placement ('USPP') market. The capital structure review has provided greater confidence in CDC's growth funding options as it continues to expand its footprint and add further capacity to its offering.

In November, CDC officially opened two state-of-the-art hyperscale data centres in Auckland, New Zealand. The Silverdale 1 (14MW) and Hobsonville 1 (14MW) data centres are the largest and most secure data centres in New Zealand, with CDC announcing a further increase in their combined capacity by 12MW. CDC has also acquired further land in Auckland to enable the construction of additional facilities, underpinned by strong customer demand.

The valuation also reflects that CDC announced that it is expanding its Eastern Creek data centre campus in Sydney. The campus already houses four data centres, delivering a combined capacity of 123MW, with construction of two more data centres to commence in 2023 to add a further 108MW of capacity.

The independent valuation assumes 585MW of total built capacity, 268MW is in operation at 31 December 2022, 42MW is under construction and 275 MW is classified as future builds.

The blended cost of equity used in the valuation has decreased from 10.10% to 9.80% between September and December 2022. This reflects an increase in the risk-free rate (3.60% to 3.75%) and an increase in gearing as a result of higher forecast debt levels as CDC continues investment in its existing and new geographies. It also reflects a reduction in the asset-specific risk premium, driven by reduced refinancing risk as a result of CDC's debt financing outcomes and a favourable shift in the valuer's assessment of CDC's overall contracted cashflow outlook.

While the average financing margin has decreased from 30 September 2022 as a result of improved financing terms, the average base rate has increased in line with market expectations and the forward view of the BBSW curve, thereby increasing the average all-in rate. With the increase in development cadence driving increased debt drawdowns, the incremental interest payments partially offset the valuation increase. Forecast net debt as at 31 December 2022 was A\$2,040 million.

## **Impact on Estimated FY2023 International Portfolio Annual Incentive Fee**

On 15 November 2022, as part of its interim results for the six months to 30 September 2022, Infratil provided an estimate of its FY2023 International Portfolio Annual Incentive Fee ('fee') accrual. Based on the 31 December 2022 independent valuation of CDC, the estimated fee is \$147.9 million, an increase of \$23.6 million since the 30 September 2022 accrual.

However, the assessment of the fee in relation to Galileo, Longroad Energy and RetireAustralia has not been updated since the 30 September 2022 estimate, and the actual fee at 31 March 2023 will be determined based on independent valuations of each of the relevant investments at that date.

### **Any investor enquiries should be directed to:**

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