

Quicktake

 FTIDELTA™



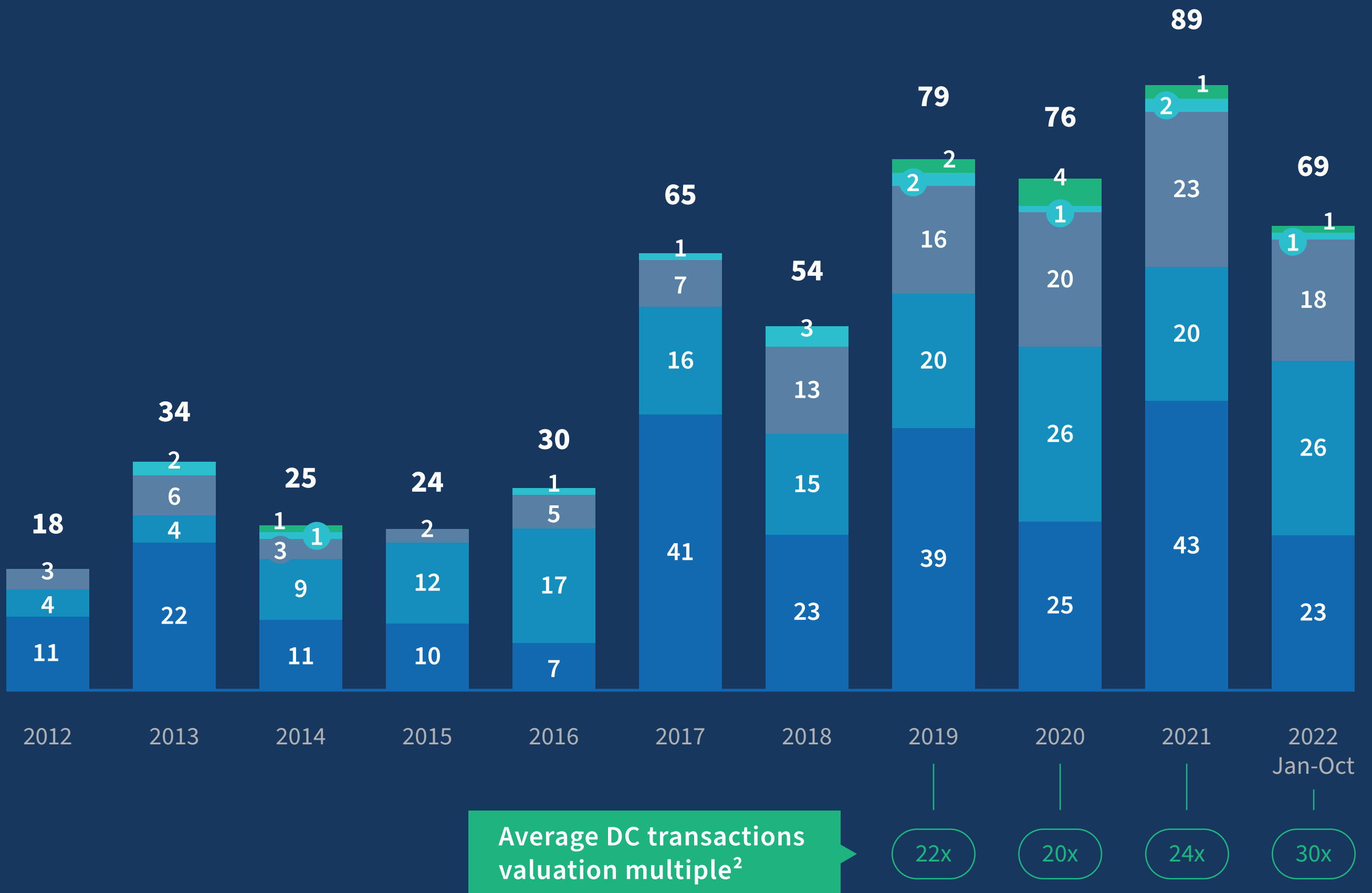
Embracing ESG to untap Data Center value

How to drive growth through power efficiency

The Data Center (DC) transactions market has been heated in the past few years

DC Transactions¹ by region (#)

■ Africa / Middle East
 ■ Latin America and Caribbean
 ■ Europe
 ■ Asia / Pacific
 ■ United States and Canada



¹ Includes M&A, Private Placement, and Public offering;

² Selected transactions with available valuation information

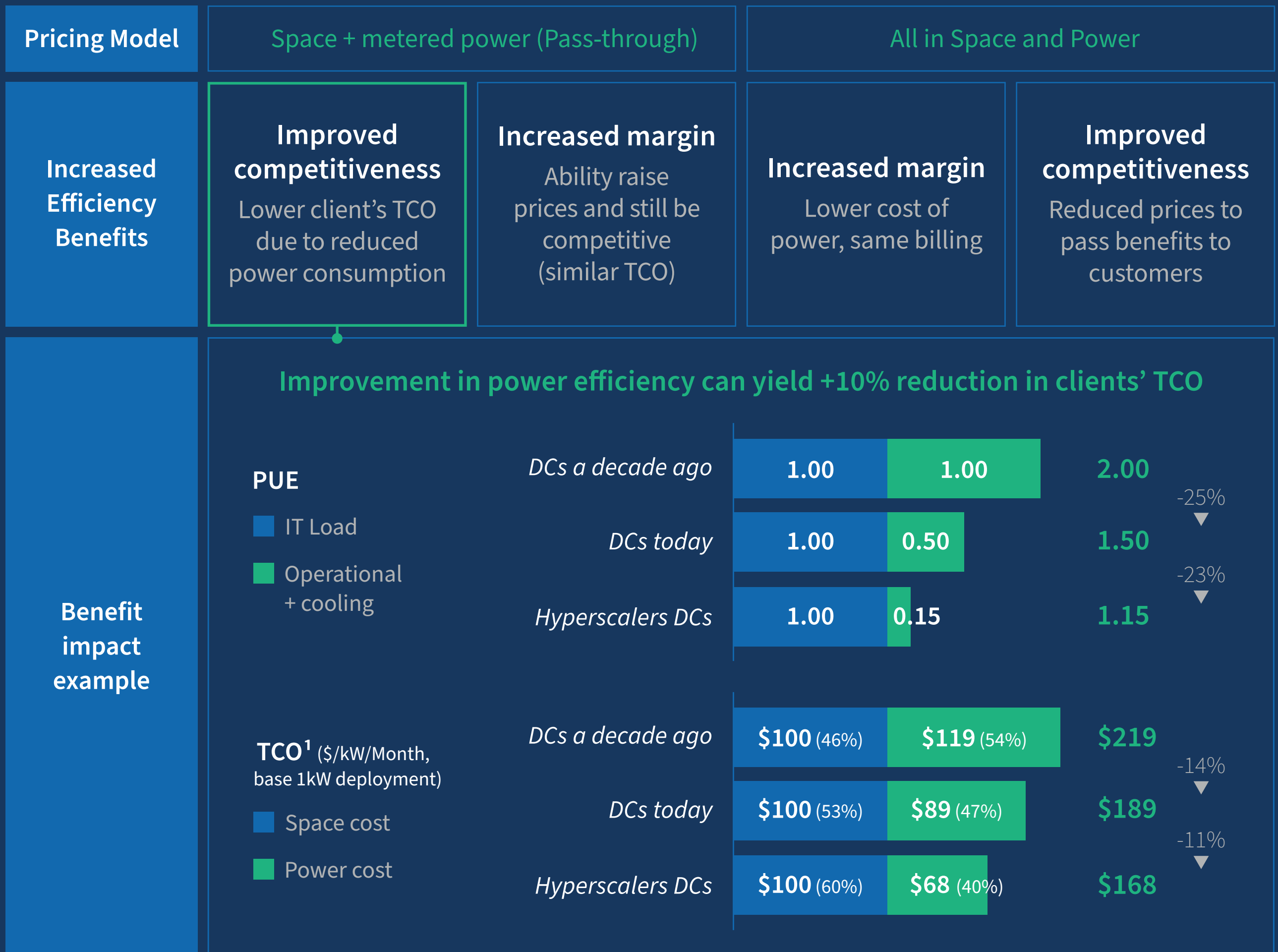
Source: Capital IQ, RBC Capital Markets, Dgtl Infra, Press clippings, FTI Delta analysis

Three key lenses can be used when analyzing the DC targets, impacted by various factors

DC KEY SUCCESS FACTORS

		Commercial attractiveness	Operational efficiency	Growth funding capability
FOCUS	DCs Location Connectivity, power supply, population/enterprise, etc.	✓		
	DC Ecosystem Tenants (interconnection), cloud on-ramps, etc.	✓	✓	
	Power efficiency Cooling, environment conditions, etc.	✓	✓	✓
	Regulations Tax incentives, climate goals, power restrictions, etc.	✓	✓	✓
	Prod. & Serv. Colocation, interconnection, digital products, MS, etc.	✓		
	Management Capabilities, experience, etc.	✓	✓	✓

Value can be created by attracting customers or expanding margins



¹ Calculation of Total Cost of Ownership (TCO): Power Cost + Space Costs. Power Cost: kWh consumed (contracted deployment kW*s*utilization*kW->kWh) * Rate per kWh * PUE. Space Cost: Contracted deployment kW*s * space cost per kW

Source: DataCenterDynamics, Advanced Data Center Consulting Group, FTI Delta analysis

Power-efficient DCs are required to enable power-hungry deployments

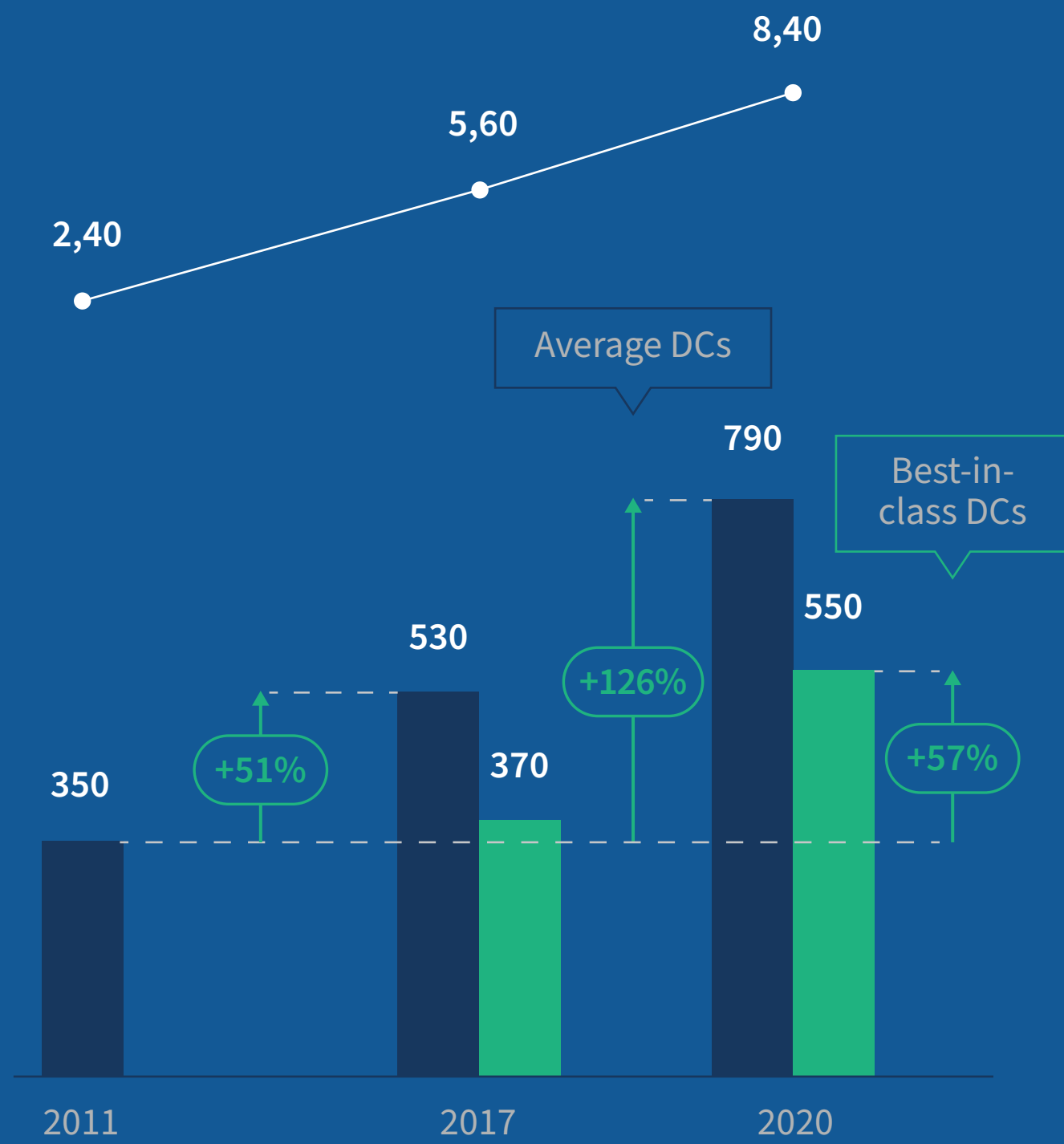
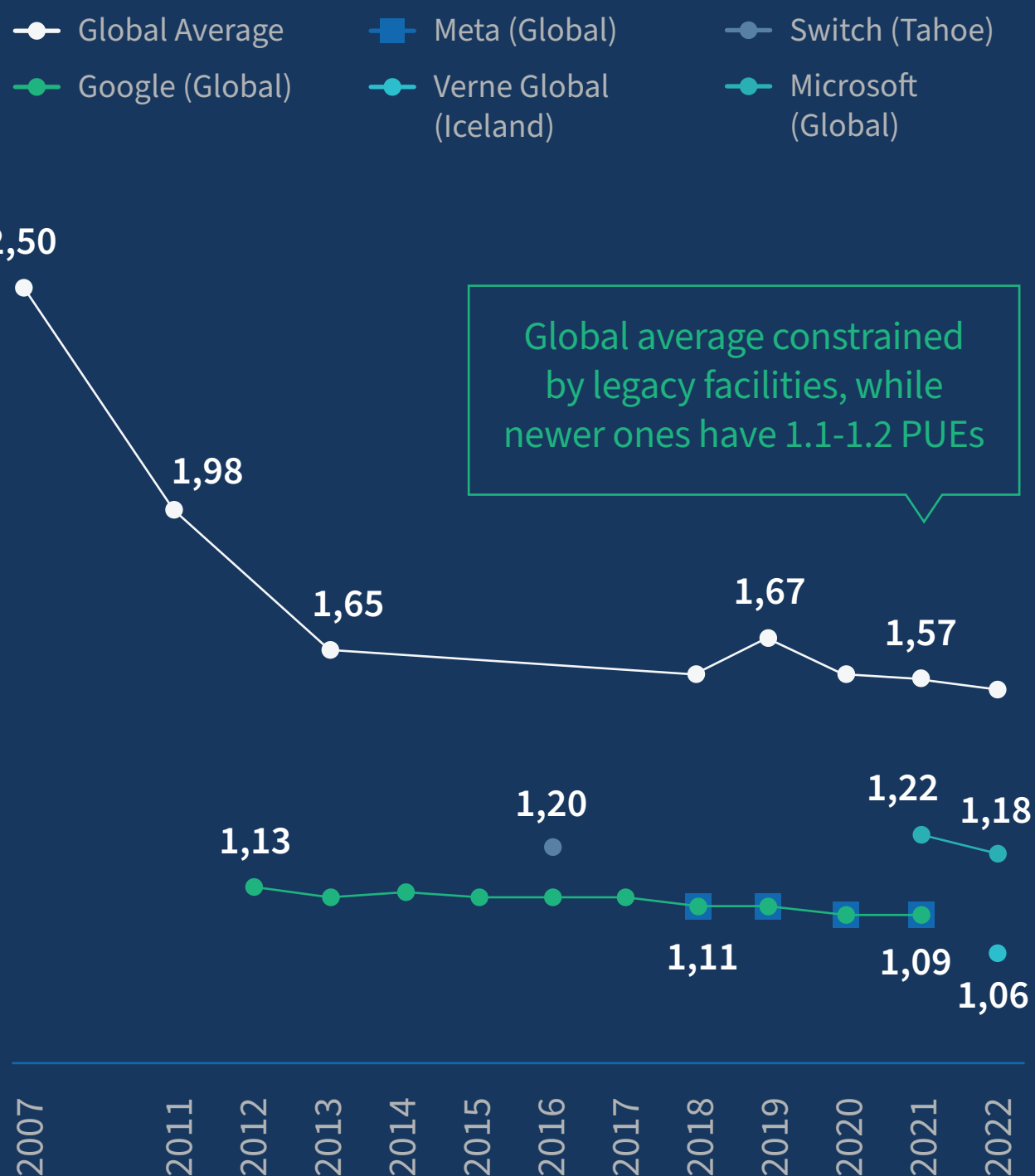
While average data center efficiency gains have stalled...



... computing hungry applications (e.g., ai) increase significantly the power cost per rack

DC power usage efficiency (PUE)

Average PUE for respondents' largest DC (Global)



Source: Uptime Institute, Statistica, 1Assumes metered power pricing model with 4 kW used per hour, 65% cabinet utilization, and 11¢ per kWh

ESG impact is key for DC customers, investors, and regulators

WHO IS PUTTING PRESSURE ON DCS TO PUSH FOR ESG?

<p>CUSTOMERS</p>	<p>Apple</p> <ul style="list-style-type: none"> Established Supplier Clean Energy Program to work with suppliers on clean energy <p>Amazon, Meta, Twitter, Microsoft</p> <ul style="list-style-type: none"> Tech giants have made public commitments to reduce scope 3 emissions 	<p>100% supply chain clean energy by 2023</p> <p>Net-zero scope 3 emissions commitments between Meta & Microsoft</p>
<p>INVESTORS</p>	<p>PRI - Principles for Responsible Investment</p> <ul style="list-style-type: none"> 5000+ global investment firms have signed UN-based Principles for Responsible Investment <p>Blackstone, KKR</p> <ul style="list-style-type: none"> Shrinking DC enviro. footprints post-acquisition helps large firms meet stated ESG goals 	<p>\$121.3 T valuation of companies committed to PRI</p> <p>50% cut to GHG emissions committed by QTS Realty within months of Blackstone acquisition</p>
<p>REGULATORS</p>	<p>European Green Deal</p> <ul style="list-style-type: none"> Climate Neutral Data Center Pact sets targets for efficiency and use of green energy  <p>H.R. 4447</p> <p>IN THE SENATE OF THE UNITED STATES February 18, 2020 Read twice and referred to the Committee on Energy and Natural Resources</p> <p>AN ACT To establish an energy storage and integrated grant and technical assistance program.</p> <p>1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,</p> <ul style="list-style-type: none"> US enacted the 2020 New Energy Act, which targets broad and specific efficiency initiatives in the data center industry 	<p>Carbon-neutral expectation by 2030 from data center facilities operating in European Union</p> <p>Power & water usage evaluations published in combination with best practice recommendations</p>

Power efficiency is one of several objectives for data center sustainability

MULTITUDE OF DC INDUSTRY LEADERS TARGET NON-PUE SUSTAINABILITY GOALS

GDS - Cyrus One - Global Switch - Digital Realty - Chindata Group - QTS

PUE reduction	Carbon reduction	Renewable energy	Water usage
<p>GDS has launched “green data centers” – exhibiting PUEs of 1.22 and saving 10M kWh per year</p> <p>Digital Realty seeks to reduce colocation PUE by 10% from 2017-2022</p> <p>Iron Mountain plans to reduce PUE 30% from 2019 to 2025</p>	<p>Digital Realty aims to reduce Scope 1, 2 emissions 68% per sqft and Scope 3 emissions 24% by 2030 (against 2018 baseline)</p> <p>Iron Mountain aims to reduce absolute greenhouse gas emissions by 25% by 2025 on a 2019 baseline, including indirect and direct emissions</p>	<p>QTS Realty seeks to source 100% of power from renewable energy by 2025, already achieving 50% in 2022</p> <p>CyrusOne has already achieved its goal of having renewable energy option available at all facilities</p>	<p>CyrusOne has established 10 net positive water facilities in “high stress regions”</p> <p>Chindata is working toward lower than 0.3 Water usage efficiency (WUE)</p> <p>QTS Realty plans to conserve at least 15 million gallons of water per year</p>

Sustainability-linked debt drives further opportunity

Company	Issuance & Date	Description
Digital Realty	US\$3bn Q4-2021	<ul style="list-style-type: none"> • Credit facility pricing subject to adjustment based on annual performance targets (not disclosed) • The credit facility matures in January 2027, assuming the exercise of two six-month extension options; the company also has the ability to upsize the facility by up to \$1.5 billion
NTT	US\$2.7bn Q4-2021	<ul style="list-style-type: none"> • Three tranches with maturities of three, five, and 10 years • Funds will go to environmentally-friendly projects in areas such as renewable energy and energy-efficient broadband infrastructure
Equinix	US\$1.2bn Q2-2022	<ul style="list-style-type: none"> • Senior green notes issued at 3.90% with treasury lock resulting in cash gain pushing effective coupon to just 3.35% • Equinix has \$4.9bn green bonds issued, making it the fourth largest global issuer of green bonds
Global Switch	€700m Q4-2020	<ul style="list-style-type: none"> • Inaugural 10-year green bond issued at 1.375% coupon rate • Funds have already supported over 100k sq meters of DC operating at an average PUE below 1.3
CyrusOne	€500m Q2-2021	<ul style="list-style-type: none"> • Inaugural 7-year green bond issued at record low 1.13% coupon rate • Sold by three major banks, the funds will be matched by CryusOne in order to finance a portfolio of green projects and assets eligible under their recently released Green Bond Framework

The US Federal Reserve finds that green bonds issue at 8bps discount to brown bonds with total cost of borrowing reduced by ~5%

FTI Delta is the leading advisor on Digital Infrastructure (incl. DCs) worldwide

A



TMT - Only

- **Fully-specialized TMT advisory** firm globally
- Our team has long-standing relationships with leading TMT players and financial investors

B



Experience with DC transactions and Carve-outs

- **Extensive track record in infrastructure and connectivity: 1) Strategy, 2) Carve-out & M&A, 3) Transactions, 4) Business transformation and 5) Turnaround & restructuring** (across a multitude of players and geographies)
- **75+ DC related projects** for independent DCs, financial investors and telcos

C



Dedicated ESG practice

- **Holistic and distinctive** approach to ESG strategy
- **Comprehensive portfolio of services:** ESG Program, Stakeholder Engagement, Climate Change Strategies, Shareholder Activism & Corporate Investigations

D



Expert team

- Senior team with **extensive track record in data centers and infrastructure carve-out**
- Our dedicated Digital Infra practice is actively **called in to participate in most relevant TMT forums/events**

ESG Assessment

Our Approach: Research-driven approach assesses the company's position relative to peers and best practices on a comprehensive set of ESG issues. The in-depth review allows for an informed understanding of strengths and weaknesses prior to making ESG strategy recommendations

Environmental	Environmental	Environmental
Climate Change Climate Strategy GHG Emissions Energy Use	Resource Management Materials Management Supply Chain Management	Environmental Impacts Waste Management Water Management

Focus on Material Issues

Analyze key areas of ESG factors that are most material to the company's industry, geography, and operations.

Three Lenses of ESG Assessment

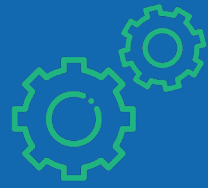
Benchmark company practices and disclosures relative to peers & industry ESG leaders, best practices, and shareholder expectations

Holistic Approach

Apply a holistic approach when analyzing performance relative to best practices based on multiple sources and references:

- Reporting frameworks intended for investors and other audiences (e.g., SASB, GRI, TCFD, CDP)
- ESG rating agencies and other influencers
- Codes best practices by regulators and industry associations

How can **FTI Delta** help



OPERATIONAL AND COMMERCIAL

- What are the opportunities to optimize operations and untap savings through power efficiency?
- How to realize commercial value from ESG compliance?
- What is the TAM that can be enabled by more power-efficient Data Centers?



FINANCIAL

- How valuable are the current DC assets? How do ESG achievements / objectives impact this valuation?
- How to quantify the indirect benefits of DCs power efficiency investments? How to measure the ROI?
- What are the best funding models to mitigate the risk of new investments?

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