

Canaccord Genuity (Australia) Ltd.

Conor O'Prey | Analyst - +61.2.9263.2716
cjo prey@cgf.com

Lachlan Woods | Analyst - 61.3.8688.9106
lwoods@cgf.com

Warren Jeffries | Analyst - +61.3.8688.9108
rjeffries@cgf.com

Cameron Bell | Analyst - +61.3.8688.9152
cbell@cgf.com

Allan Franklin | Analyst - +61.3.8688.9178
afranklin@cgf.com

James Ferrier | Analyst - 61.3.8688.9105
jferrier@cgf.com

Richard Harrisberg | Analyst - +61.2.9263.2796
rharrisberg@cgf.com

James Bullen | Analyst - +61.2.9263.2728
jbullen@cgf.com

Digital Infrastructure value chain
First order (operators & connectivity)

NEXTDC	NXT
Macquarie Technology Group	MAQ
DUG Technology	DUG
Megaport	MP1

Second order (critical suppliers)

SKS Technologies	SKS
Tasmea	TEA
Symal Group	SYL
Maas Group	MGH
Intelligent Monitoring	IMB
NRW Holdings	NWH
Mayfield Group	MYG

Third order (enabling infrastructure)

LGI Limited	LGI
Ventia	VNT
Service Stream	SSM
Downer	DOW

Fourth order (thematic optionality)

Alpha HPA	A4N
Advanced Energy Minerals	AEM

Priced as at close on 3 July 2026.

Canaccord Genuity (Australia) Limited and/or its affiliates ("Canaccord") has managed or co-managed a public offering of securities in one or more of these companies in the past 12 months.

Canaccord Genuity, and/or its associates, holds an option position in AEM.AU.

Please refer to the important disclosures section of this report.

Digital infrastructure & the coming investment boom

Whilst it may seem like recent activity is approaching some sort of peak, we believe that Australia's digital infrastructure (DI) sector is just in the foothills of a sustained, long-term phase of investment, driven by AI workloads, hyperscaler expansion, sovereign compute requirements and the emergence of neocloud providers. Australia's positioning is reinforced by its proximity to Asia-Pacific, political stability, renewable energy potential, expanding subsea cable connectivity and growing role as a sovereign data jurisdiction.

We expect significant benefits to local operators in the DI cycle. Typically, electrical systems represent the largest cost component of build capex, and although most critical OEM equipment is supplied by offshore companies, we believe significant benefits will accrue to local companies, especially contractors and some equipment suppliers.

Pipeline remains very robust. With 20GW in data centres (DCs) in Australia's pipeline, we estimate a bare-bones capex of A\$250bn will be required, rising to well above A\$300bn including fit-out. Consistent with this, in a recent update AEMO estimated that DI will utilise 10% of grid power in 2050, compared to 2% today.

Featured ASX-listed exposures across the value chain. We have developed a framework to categorise exposure to the DI thematic according to each company's position in the value chain:

- **First order (operators and connectivity):** NEXTDC, Macquarie Technology Group, DUG Technology and Megaport.
- **Second order (critical suppliers):** SKS Technologies, Tasmea (TEA), Symal, Maas Group, Intelligent Monitoring, NRW Holdings and Mayfield Group.
- **Third order (enabling infrastructure):** LGI Limited, Ventia, Service Stream and Downer.
- **Fourth order (thematic optionality):** Alpha HPA and Advanced Energy Minerals.

Global neocloud demand is accelerating. We calculate that more than US\$140bn of contracts have been announced by the five neocloud companies discussed in this report over the last 15 months, with nearly 30% of that total landing in the last three months, and recent announcements indicate a significant portion of capacity is coming to the Australian market. Planned deployments in Australia by Firmus, IREN, Reset Data and Sharon AI are layering incremental demand onto the domestic DC pipeline, while M&A activity across global DC ownership and ASX-listed contractors continues to demonstrate the attractiveness of the thematic, in our view.

Power is a key consideration. Grid capacity, transmission availability and firming solutions are emerging as front-of-mind issues for the industry. We believe coal retirements, rising AI-driven power density and limited transmission headroom favour scaled developers with secured power access. Victoria continues to attract a disproportionate share of new investment due to faster planning pathways and a less constrained grid, though the establishment of the NSW Investment Delivery Authority could narrow that gap.

Key risks include Social Licence to Operate (SLO), transmission delays, water and noise constraints, and the pace of coal-fired power station retirements. We expect future development to shift increasingly toward locations closer to sources of power generation, like renewable energy infrastructure alongside suitable firming solutions.

Investment view: We believe DI represents one of the most material identifiable capex programs in the Australian market, with AEMO's Integrated System Plan extending the demand profile through to 2050. In our view, the most attractive exposures combine scarce capability, recurring customer relationships and leverage to access to power, the sector's main constraint.

Contents

Executive summary	3
Australian digital infrastructure value chain	4
Categorising exposure to the DI supply chain	5
Companies in the spotlight	7
First order exposure (operators and connectivity)	7
Second order exposure (critical suppliers)	11
Third order exposure (enabling infrastructure)	16
Fourth order exposure (thematic optionality)	17
Stock price performance over the last 12 months	18
Construction lifecycle	19
DC investment environment and pipeline	25
M&A in digital infrastructure	34
Here come the neoclouds	36
Future optionality: Australia's unique and expanding subsea cable network	43
Social Licence to Operate	45

Executive summary

Whilst it may seem like recent activity is approaching some sort of peak, we believe that Australia's DI sector is just in the foothills of a sustained, long-term phase of investment, driven by AI workloads, hyperscaler expansion, sovereign compute requirements and the emergence of neocloud providers. Australia's positioning is reinforced by its proximity to Asia-Pacific, political stability, renewable energy potential, expanding subsea cable connectivity and growing role as a sovereign data jurisdiction.

We expect significant benefits to local operators in the DI cycle. Typically, electrical systems represent the largest cost component of build capex, and although most critical OEM equipment is supplied by offshore companies, we believe significant benefits will accrue to local companies, especially contractors and some equipment suppliers.

Pipeline remains very robust. With 20GW in DCs in Australia's pipeline, we estimate a bare bone of capex of A\$250bn will be required, rising to well above A\$300bn including fit-out. Consistent with this, in a recent update AEMO estimated that DI will utilise 10% of grid power in 2050, compared to 2% today.

Featured ASX-listed exposures across the value chain. We have developed a framework to categorise exposure to the DI thematic according to each company's position in the value chain:

- **First order (operators & connectivity):** NEXTDC, Macquarie Technology Group, DUG Technology and Megaport
- **Second order (critical suppliers):** SKS Technologies, Tasma (TEA), Symal, Maas Group, Intelligent Monitoring, NRW Holdings and Mayfield Group
- **Third order (enabling infrastructure):** LGI Limited, Ventia, Service Stream and Downer
- **Fourth order (thematic optionality):** Alpha HPA and Advanced Energy Minerals

Global neocloud demand is accelerating. We calculate that more than US\$140bn of contracts have been announced by the five neocloud companies discussed in this report over the last 15 months, with nearly 30% of that total landing in the last three months, and recent announcements indicate a significant portion of capacity is coming to the Australian market. Planned deployments in Australia by Firmus, IREN, Reset Data and Sharon AI are layering incremental demand onto the domestic DC pipeline, while M&A activity across global DC ownership and ASX-listed contractors continues to demonstrate the attractiveness of the thematic, in our view.

Power is a key consideration. Grid capacity, transmission availability and firming solutions are emerging as front-of-mind issues for the industry. We believe coal retirements, rising AI-driven power density and limited transmission headroom favour scaled developers with secured power access. Victoria continues to attract a disproportionate share of new investment due to faster planning pathways and a less constrained grid, though the establishment of the NSW Investment Delivery Authority could narrow that gap.

Key risks include Social Licence to Operate (SLO), transmission delays, water and noise constraints, and the pace of coal-fired power station retirements. We expect future development to shift increasingly toward locations closer to sources of power generation, like renewable energy infrastructure alongside suitable firming solutions.

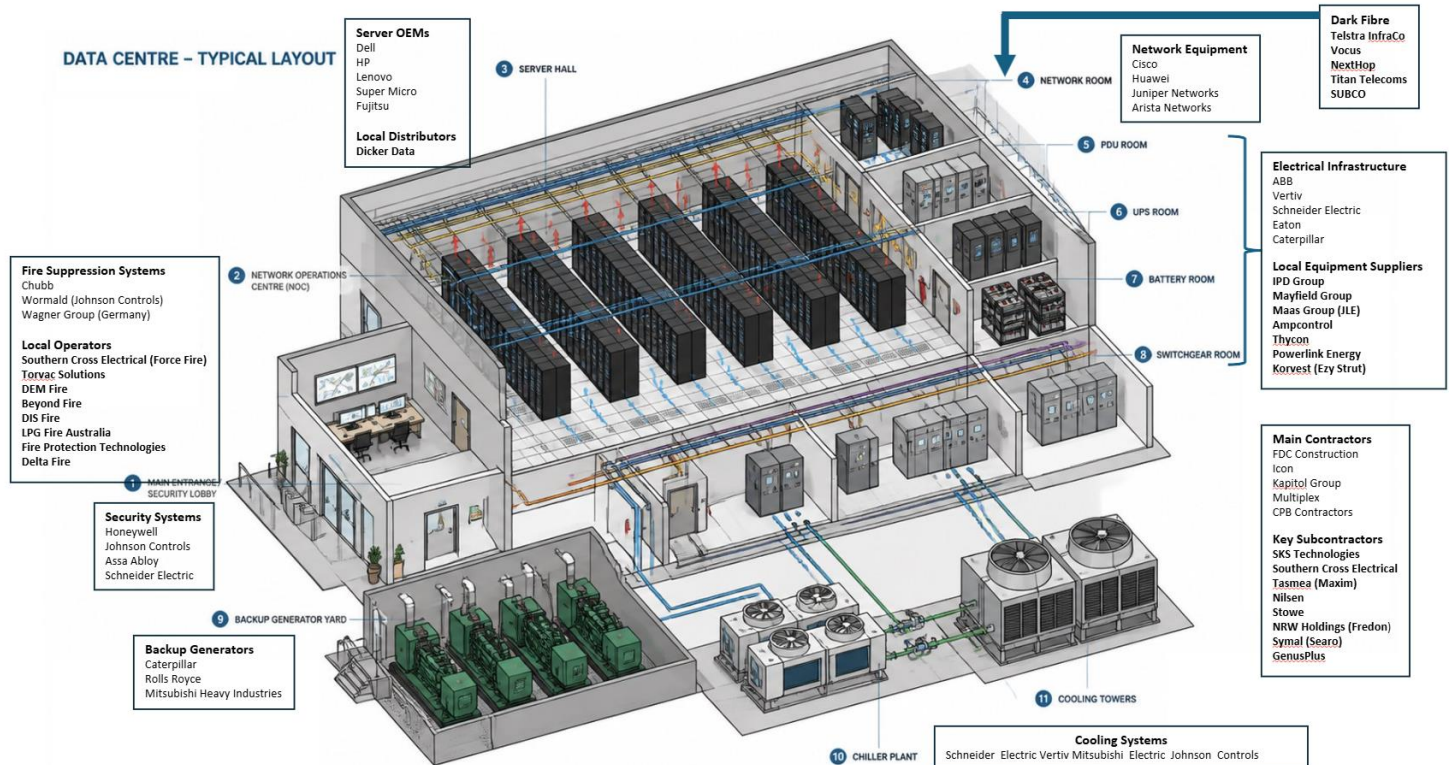
Investment view: We believe DI represents one of the most material identifiable capex programs in the Australian market, with AEMO's Integrated System Plan extending the demand profile through to 2050. In our view, the most attractive exposures combine scarce capability, recurring customer relationships and leverage to access to power, the sector's main constraint.

Australian digital infrastructure value chain

Figure 1 maps the key players, both globally and locally, that are exposed to investment into the DC shell. The diagram is not exhaustive but illustrates the breadth of the supply chain, from electrical infrastructure and cooling systems through to fire suppression, security and back-up power generation.

A lot of the critical capital equipment is supplied by international OEMs, but we believe significant value will flow to domestic firms.

Figure 1: DC value chain overview and selected industry participants



Source: Canaccord Genuity

The degree to which each company could benefit depends on two factors: the share of revenue derived from DC exposure, and the scarcity of its skillset. In electrical contracting and electrical manufacturing in particular, we believe very few companies possess the skills, balance sheet and execution capability to service DC clients at scale, which underpins strong structural demand for those that do.

Categorising exposure to the DI supply chain

We categorise exposure to the DI thematic into four groups, from most exposed (first order) to those where exposure is more thematic than operational today (fourth order). On the following pages, we present a range of stocks in each category.

Figure 2: Definitions of DI exposure

Exposure category	Definition	Key characteristics
First order exposure – operators and connectivity	Companies that own, operate, or directly monetise DI assets or services.	- Revenue directly linked to DCs, AI/HPC infrastructure, connectivity, cloud or DI utilisation. - Beneficiaries of higher rack demand, interconnection demand, cloud adoption, AI workloads and data growth. - DI is core to the investment thesis.
Second order exposure – critical suppliers	Companies supplying essential products and services required to build, equip, commission or expand DI.	- Revenue linked to DC construction and expansion. - Do not own DI assets. - Benefit from DC capex rather than utilisation.
Third order exposure – enabling infrastructure	Companies supplying materials, equipment, labour, specialist services or industrial capabilities that support DI projects.	- Exposure is significant but indirect. - Revenue derived from broader end markets as well as DI. - DC spending provides upside but is not the dominant earnings driver.
Fourth order exposure – thematic optionality	Companies with technologies, products or projects that could benefit from DI growth, but where the link is currently nascent, speculative or long-dated.	- Exposure driven by future adoption scenarios. - Minimal current earnings linkage. - More thematic than operational today.

Source: Canaccord Genuity

Figure 3: Summary of featured companies in DI value chain by class of exposure

Exposure	Company	Description
First order	NEXTDC	Pure-play DC owner/operator. Direct exposure to enterprise cloud, hyperscale, AI and colocation demand.
	Macquarie Technology Group	Owns and operates DCs and provides cloud/managed services. Earnings are directly linked to DI and cloud adoption.
	Megaport	Provides software-defined interconnection services between enterprises, cloud providers and DCs. Direct exposure to cloud connectivity and data traffic growth.
	DUG Technology	Provides high-performance computing and GPU compute infrastructure. Direct beneficiary of demand for compute-intensive workloads.
Second order	SKS Technologies	Provides technology, communications, electrical and infrastructure services including exposure to DC projects.
	NRW Holdings	Following the acquisition of Fredon, NRW has meaningful exposure to electrical, mechanical, communications and commissioning works associated with DCs. Fredon is increasingly participating in large-scale DC projects, making NRW a direct beneficiary of DC capex cycles.
	Tasmea	Following the acquisition of leading electrical contractor Maxim, Tasmea enjoys Second order exposure to DI thematics. TEA also provides specialist engineering, maintenance and industrial services across multiple sectors including data-centre-related projects.
	Symal Group	Major civil infrastructure contractor with growing involvement in DC-related earthworks, site preparation, utilities, roads and enabling infrastructure. Benefits directly from DC construction activity but does not own or operate DI assets.
	Intelligent Monitoring	MG provides security monitoring, access control, video surveillance and integrated security systems that form part of the critical infrastructure stack within modern DCs. Increasing DC construction and expansion activity supports demand for physical security and monitoring systems.
	Maas Group	Through its JLE subsidiary, has the capability to deliver the complete electrical powertrain for AI factories and DCs, from grid connection, high voltage substation and switchyard, custom transformers and switchgear, high voltage testing and commissioning, through to backup power and standby generation.
	Mayfield Group	Supplies electrical and power distribution equipment. Strong leverage to DC electrical infrastructure spending.
Third order	LGI Limited	Energy infrastructure business with indirect exposure through rising power demand from DI.
	Downer	Downer provides telecommunications, power, utilities, engineering and infrastructure services that support the broader DI ecosystem.
	Service Stream	Service Stream provides telecommunications, utility and network services, including design, construction, operations and maintenance across fixed and wireless networks. It benefits from increased data usage, fibre/network investment and connectivity demand.
	Ventia	Ventia provides essential infrastructure services across telecommunications, utilities, energy, defence, transport and social infrastructure. It has indirect exposure to DI through network maintenance, power, utilities, facility services and broader infrastructure support.
Fourth order	Alpha HPA Advanced Energy Minerals	Both companies produce high-purity alumina used in advanced materials and semiconductor-related applications.

Source: Canaccord Genuity

Companies in the spotlight

First order exposure (operators and connectivity)

Macquarie Technology Group – Conor O’Prey
(MAQ-ASX: \$65.31, market cap \$1,683m | BUY, TP \$95.00)

Why are we highlighting Macquarie Technology Group?

Whilst the scale of NXT’s business is large in absolute terms, we believe there is no listed DC operator in Australia with more future growth than MAQ. With its strong presence in the government sector, we regard MAQ as a sovereign DI compounder, with differentiated exposure to government and regulated workloads; AI-driven infrastructure demand in Australia; and high-quality recurring revenue streams.

What are the key investment themes for Macquarie Technology Group?

- **Sovereign cloud as a structural growth driver.** MAQ is leveraged to one of the most powerful themes in Australian DI, in our view: data sovereignty and national security. The business provides secure cloud, cyber and DC infrastructure to government, defence and critical infrastructure clients, with ~42% of Federal Government agencies as customers. This positioning has been explicitly validated by the Australian Government via a \$200m National Reconstruction Fund investment to scale sovereign cloud, AI and cybersecurity capabilities. Demand is being structurally driven by regulatory requirements (data localisation, critical infrastructure legislation); geopolitical risk (keeping sensitive data onshore); and AI adoption in government and defence.
- **High-quality, recurring revenue model with strong cash conversion.** MAQ reports 95% of its revenue is monthly recurring, leading to high earnings visibility and defensiveness; strong cash conversion; and low churn, driven by an impressive net promoter score (NPS).
- **DC platform expansion leveraged to AI and cloud demand.** MAQ’s core growth engine is Macquarie DCs (MDC), which is scaling into a meaningful AI-ready infrastructure platform: 215MW+ capacity pipeline; IC3 Super West expansion underway, with staged capacity delivery through FY26–FY27; and a new 150MW+ Sydney campus secured via a land option.
- **Significant operating leverage embedded in the build-out cycle.** Similar to other DC operators, MAQ is currently in a heavy investment phase, with large upfront capex (e.g., IC3 Super West ~A\$350m phase 1 and capacity being built ahead of demand). As utilisation ramps up, we expect incremental MW carries high EBITDA cut-through, diluting fixed costs and driving margin expansion. We expect this to create a lagged earnings inflection, where reported growth understates the embedded forward earnings power.
- **Integrated platform (DCs + cloud + cyber).** MAQ differentiates its offering through a fully integrated stack: DCs; Cloud services; Cybersecurity and Telecom connectivity, enabling a higher share of wallet per customer with bundled solutions and the ability to capture full lifecycle IT spend. It also positions MAQ as a hybrid IT enabler, which is increasingly relevant as enterprises adopt multi-cloud architectures.

Megaport – Conor O’Prey
(MP1-ASX: \$19.19, market cap \$4,530m | BUY, TP \$22.50)

Why are we highlighting Megaport?

Megaport was arguably in contention for a position in this group before its pivot towards Compute-as-a-Service as its Networking business offered significant exposure to increasing global data flows. The decisive move towards Compute, in our view, seals Megaport’s position as an important ASX-listed exposure to DI growth.

What are the key investment themes for Megaport?

- **Network remains an important part of the value proposition.** Although now swamped by the impact of Compute in the earnings mix, we believe MP1’s core Networking business is wide-moat, capital efficient play on connectivity and data motion. In a major strategic update last August, management positioned Network for >20% pa revenue growth over a long-term horizon and recent updates have shown improvements in key metrics like ARR and net revenue retention.
- **Leveraging Latitude’s Nvidia Cloud Partnership status has led to significant contract wins** We believe that there was an amount of scepticism when MP1 acquired Latitude.sh towards the end of CY25, both at the capital intensity of the business and also perceived trends away from CPUs, where Latitude mostly specialised, to GPUs. However, a recent discussion with an industry leader highlighted the robustness in demand for CPU as a Service, emanating from some AI inference workloads finding their way onto those chip formats. A string of recent announcements has seen MP1 lean into not only its Compute business but also utilise its Nvidia Cloud Partnership (NCP) to access GPUs to be deployed across the remainder of CY26.
- **Investment in on-demand pool demonstrates confidence in the outlook for GPU pricing.** MP1’s commitment to investing A\$350m capex into GPU servers, eschewing conventional fixed term and defined price contract structures, with the express purpose of creating an on-demand pool of resources which can be rented for a maximum of one month, demonstrates the company’s confidence in the near- and medium-term outlook for product pricing given the stated expectation of a 16-22 month payback period.
- **The balance sheet remains ungeared and therefore in good health** The \$827m entitlement offer which accompanied the June contract announcements means that MP1 has completed a significant round of capex with no additional gearing to the balance sheet. That said, some operators in the neocloud sector have deployed debt to enhance equity returns, as we demonstrate later in this note.

NEXTDC – Conor O’Prey
(NXT-ASX: \$13.41, market cap \$10,197m | BUY, TP \$22.55)

Why are we highlighting NEXTDC?

NEXTDC is Australia's largest pure-play, listed DC-as-a-Service operator and the most direct proxy for the AI-driven DI build-out in the region, in our view. Its April 2026 update represented a transformational step-change: pro forma contracted utilisation jumped ~250MW (+60%) to 667MW, with the Forward Order Book rising 83% to 544MW, and management guiding to contracted EBITDA in excess of A\$1.0bn from existing agreements. The accompanying A\$2.2bn capital plan (A\$1.5bn entitlement offer at A\$12.70 plus an upsized A\$1.7bn La Caisse hybrid commitment) leaves NEXTDC fully funded with ~A\$5.9bn of pro forma liquidity to accelerate S4 Sydney and the broader pipeline. In our view, no other ASX-listed name offers comparable scale, sovereign-grade Tier IV credentials and a 3.5GW development pipeline anchored by hyperscale and AI demand.

What are the key investment themes for NXT?

- **AI-led contracted demand cycle:** 88% of contracted MW is cloud and AI; NXT has added 412MW of contracted capacity FY26 YTD and we expect FY27 alone to convert ~152MW into billing — larger than the entire billing base of the 123MW reported at March 2026. On its published billings ramp, 192MW of new billings are due to follow in FY28E and 148MW in FY29/30E.
- **Operating leverage ahead:** Per the half year outlook statement, operating leverage is due to accelerate from FY26 onwards as the forward order book converts to billing.
- **Pipeline:** Nearly two-thirds of NXT’s planned 1.8GW of power remains to be contracted, despite the large increase in new capacity sales in FY26 and offering significant future growth potential.
- **Capital position:** Following its April 2026 equity raising and proceeds from its hybrid securities offer, NXT reported \$7.4bn of available funding, most of which it plans to deploy over the course of 2H FY26 and FY27. We expect further capital market funding activities over the next twelve months, particularly a diversification of NXT’s debt stack.
- **Sector tailwinds:** A combination of the power scarcity we noted in NSW/VIC, fast-growing neocloud demand and continuing hyperscaler growth all funnel demand to established, scaled-up, top tier certified operators.

**DUG Technology Limited – Allan Franklin
(DUG-ASX: \$2.24, market cap \$304m | BUY, TP \$3.00)**

Why are we highlighting DUG Technology?

We believe DUG provides unique exposure to an operating business leveraging decades-long experience in high-performance computing, immersion cooling and interpreting data. Whilst the majority of its successes have been in the Oil & Gas sector, the expertise is transferrable across many industries. DUG's immersion cooling IP offers medium-term upside optionality, in our view.

What are the key investment themes for DUG Technology?

- **An integrated solution for Oil & Gas providers but not tied to this vertical.** DUG helps O&G customers solve complex computational challenges through their seismic imaging, software and high-performance computing infrastructure. The company also services a range of educational, healthcare and government institutions through its on-demand HPCaaS offering. In addition, the company has two adjacent product offerings in edge computing (DUG Nomad: mobile, high-density DCs) and immersion cooling (DUG Cool: global IP license in place with Baltimore Aircoil).
- **Algorithms improving subsurface imaging.** Advances in models and workflows, for example DUG's 'Elastic Multi-Parameter Full Waveform Inversion' product, are delivering more accurate and higher-fidelity imaging for Oil & Gas providers. This may enable operators to reduce uncertainty in their exploration and production decisions. FWI workflows require materially higher compute but can deliver more rapid insights to customers and have become a significant portion of DUG's Services awards and revenue in recent quarters.
- **Scale through regional expansion.** DUG has six regional offices and over two decades of experience working across the globe; however, it has not had a strong presence in the Middle East nor the growing South American region. Early success in Brazil, Oman and Saudi Arabia suggests scope for incremental scale and growth, in our view. The SaaS and HPCaaS contract with PETRONAS (initial 3-year term, TCV US\$43.3m) is a recent example of regional success.
- **Building operating leverage and free cash flow profile.** DUG delivered record 1H26 performance and looks to be in a position to scale relatively materially into FY27E following ~US\$15m of growth capex during FY26. We see the company delivering around US\$35m EBITDA in FY27E, which suggests the company can deliver in excess of US\$10m FCF pre-growth capex.
- **DUG Cool optionality.** Whilst we don't explicitly value and model DUG Cool, we note DUG has exclusively licensed its immersion cooling IP to Baltimore Aircoil, a leading global designer, manufacturer, and servicer of commercial and industrial cooling equipment. BAC is actively marketing its solution, which incorporates DUG technology ([BAC product](#)) and enables a PUE score of 1.05 for end users. Under the agreement, DUG will receive royalty payments from system sales.

Second order exposure (critical suppliers)

SKS Technologies – Warren Jeffries

(SKS-ASX: \$8.51, market cap \$982m | BUY, TP \$9.05)

Why are we highlighting SKS?

SKS Technologies is a converged audio visual, electrical and communications networking contractor that has emerged as one of the fastest-growing ASX-listed beneficiaries of the DC and DI build-out. SKS landed its first DC contract in 2023 and has since grown its pipeline to circa \$1bn of DC work. It is now looking to establish a NSW offering through the Delta Elcom acquisition, completed late CY25.

What are the key investment themes for SKS?

- **VIC opportunity material for the next 5 years.** Just under 5GW of DC capacity from Tier 1 developers are currently in planning across Victoria (Figure 14). At SKS' historical \$1.5m to \$2m of revenue per megawatt (MW), this represents a meaningful runway over the next 5 years.
- **We expect a c.\$1bn DC pipeline to convert over the next 12 months.** Our expected pipeline captures only SKS' expected share and is predominantly Victoria based across key existing customers Stack Infrastructure, AirTrunk and NextDC. We see a high probability of conversion given these entrenched relationships.
- **New South Wales (NSW) opportunity could prove meaningful over time.** In late CY25 SKS acquired Delta Elcom, sourced through its relationship with Erilyan, which asked SKS to build a NSW presence. Through CY26 SKS is focused on establishing the senior management and capability to win circa \$50m contracts by year-end, positioning it for work at the Stack SYD01 project, currently seeking development approval at 450MW.
- We forecast SKS to generate FY26 revenues of \$344m (+31%) and NPBT of \$35m (+68%), before strong growth over the medium term, with our estimate for FY27 and FY28 NPBT of \$52.2m (+49%) and \$70.1m (+34%), respectively, being underpinned by a current tender pipeline of \$1.25bn (\$1bn DCs) and work on hand of \$355m with \$270m secured for FY27.

NRW Holdings – Cameron Bell

(NRW-ASX: \$7.23, market cap \$3,322m | BUY, TP \$6.80)

Why are we highlighting NRW and Fredon?

NRW acquired Fredon in September 2025 for an EV of \$200m (~5x EBIT multiple), adding a fourth pillar in EMIT (electrical, mechanical/HVAC, infrastructure, technology and maintenance) and broadening the group into more capital-light, services-led end markets including DCs and other DI. Fredon is not a data-centre pure-play, but maintains exposure given its ability to self-deliver both electrical and cooling-related scopes, two critical packages in modern DC builds. Fredon's DC project credentials include Stack MEL01 (HVAC), Stack MEL064 (electrical), and a South Australian DC at RAAF Edinburgh (electrical & HVAC), while management commentary pointed to around five live DC jobs and further bids. Fredon maintains a foothold in a market where increasing value is placed on repeatable delivery, labour certainty, and integrated electrical/HVAC capability. Our forecast earnings from Fredon accounts for ~17% of group EBIT in FY27E.

What are the key investment themes for NRW?

- **Integrated electrical & HVAC capability matters in DCs:** Fredon's offering spans electrical, mechanical/HVAC, infrastructure and technology, which positions it across both power and cooling scopes rather than only one trade package. This is strategically important because DC builds are becoming more complex, denser and more services-intensive, raising the value of contractors that can coordinate multiple mission-critical workstreams.

- **Margin enhancement should add to earnings growth:** As at Apr-26, Fredon WIH is currently \$1.3bn with active tenders totalling \$1.8bn. Management has previously talked of a pathway to 6% EBIT margin, with FY27e visibility around \$1bn revenue and margin building from the mid-5% range toward that level as procurement synergies and operational efficiencies are realised.
- **Recent contract wins continue to prove out capability:** \$280m contracts (of which ~\$70m is DC for Lendlease) announced in 2H26, following \$150m worth of DC contracts announced in Dec-25. Fredon's client list includes NextDC, Stack, Green Square, Amazon and Commonwealth of Australia.
- We expect Fredon to generate FY26 revenue of \$630m and EBIT of \$30m (only part year contribution), with a further step-up expected in FY27 to revenue of \$940m and EBIT of \$53m, along with FY26e-FY29e revenue CAGR of 6% and EBIT CAGR of 13%. Whilst we don't explicitly attribute a value to Fredon, our estimates suggest NWH is trading at ~11.5x FY27e EBIT (noting DC pure-plays trading closer to 18-20x).

Tasmea – Lachlan Woods

(TEA-ASX: \$8.91, market cap \$2,463m | BUY, TP \$10.85)

Why are we highlighting Tasmea?

Tasmea acquired Maxim Group in June 2026, a Victoria-based specialist electrical contractor with strong high voltage credentials and deep exposure to the Victorian DC construction boom. Maxim has a multi-year track record of delivering DC projects for one of Australia's largest DC operators, with more than seven years of forward pipeline visibility in Victoria. Beyond Maxim, the broader Tasmea group holds further high voltage capability that could become a beneficiary of the DC capex cycle over time, including Future Power, Vertex, and Sigma Power.

What are the key investment themes for Tasmea?

- **Maxim is a top tier electrical contractor in Victoria:** Maxim brings a tier one client base including, we understand, Canberra DCs (CDC). Following the acquisition, we expect Tasmea to leverage its staff sourcing capabilities, particularly through WorkPac, to accelerate Maxim's DC customer base and potentially extend it into new geographies including South Australia.
- **We expect CDC to accelerate development:** CDC's pipeline comprises 671MW of operating capacity and 572MW under construction across Australia and New Zealand, circa 1.25GW combined. Following the 555MW contract signed on 5 May, CDC's total contracted capacity rises beyond 1GW by FY29, leaving limited uncontracted headroom across its operating and under construction base. To keep meeting new demand, we expect CDC to bring further capacity forward.
- **Complementary high voltage cross-sell:** Tasmea's high voltage expertise across powerline, testing and substations through Sigma Power Services, Future Power and Vertex provides a complementary cross-sell opportunity into Maxim's DC customer base.

Symal – Lachlan Woods

(SYL-ASX: \$2.80, market cap \$670m | BUY, TP \$3.70)

Why are we highlighting Symal?

Symal is a diversified civil construction and infrastructure services group offering an end-to-end solution across contracting, plant and equipment hire, materials supply, and recycling. We view it as a differentiated way to play the DC build-out thematic via the early works and civil layer. Its Locale business provides direct exposure to DC grid connection; and we believe its expanding electrical contracting arm, Searo, is positioned to benefit from the renewable energy build-out driven by DC power demand. Symal is also pursuing acquisitions across both high and low voltage electrical, each seeing strong demand on the back of DC construction.

What are the key investment themes for Symal?

- **Market-leading position in Victoria:** We believe Symal's earthworks, piling and contracting capability positions it to win DC work in its home state, which has become Australia's location of choice for DCs given a supportive legislative backdrop and a less constrained grid than NSW. To date, Symal has delivered \$330m of DC work across 18-plus stages on 11 projects. It has historically averaged \$0.5m to \$1m per MW, with its largest order being \$80m for 50MW (\$1.3m per MW) spanning bulk works, piling, concrete slab and service trenching.
- **Grid connection via Locale:** Locale connects properties to the transmission network across VIC. It recently won a \$50m trenching contract for a DC provider at the Port of Melbourne.
- **Electrical contracting optionality via Searo:** Searo is Symal's recently established electrical contracting business. As it builds scale, its initial focus is on less technically complex end markets such as renewables, where we see a strong growth opportunity should the Australian Government legislate a requirement for DCs to fund their own renewable projects. Symal is also targeting acquisitions in high voltage electrical for substation and grid connection work, and in low voltage electrical for in-data-centre fit-out.

Maas Group – James Ferrier

(MGH-ASX: \$5.34, market cap \$1,930m | BUY, TP \$4.91)

Why are we highlighting Maas Group?

Maas Group, through its JLE subsidiary, has the capability to deliver the complete electrical powertrain for AI factories and DCs, from grid connection, high voltage substation and switchyard, custom transformers and switchgear, high voltage testing and commissioning, through to backup power and standby generation.

What are the key investment themes for Maas Group?

- **On-trend competitive strengths:** We believe manufacturing and modularisation capability places Maas Group in a strong competitive position because it improves project site congestion, increases safety and quality outcomes, and improves project delivery sequencing.

Upstream high voltage capability (i.e. grid connection) also places Maas Group in a strong competitive position, in our view, because that is increasingly becoming the pinch-point in project delivery.

- **Firmus:** To date, JLE's primary exposure is to Firmus through the supply, delivery and installation of modular "PowerCube" solutions and associated high voltage electrical infrastructure.

Given JLE's existing relationship with Firmus and Maas Group's equity investment in Firmus, we expect it is likely to be a beneficiary of future Firmus AI factory developments.

- **Capital to deploy:** Proceeds from the planned divestment of the Construction Materials business provide Maas with significant funding capacity for investment in electrification, DI and industrial services.

Mayfield Group – Warren Jeffries
(MYG-ASX: \$2.81, market cap \$327m | BUY, TP \$3.60)

Why are we highlighting Mayfield Group?

Mayfield is an Australia-based manufacturer of electrical infrastructure products for Australian DC customers. Its products include switchboards, panel controls and busbars, and its past customers include NextDC and Stack Infrastructure among others. With Australia seen as a Tier 1 DC market given its close proximity to Asia, supportive legislative backdrop and opportunity for significant renewable development, we believe Mayfield has become a key second-derivative beneficiary given its DC customer relationships and ability to produce products to Australian electrical standards. This has resulted in a position where demand for its products vastly exceeds its ability to supply - a dynamic we expect to continue for at least the next few years.

What are the key investment themes for Mayfield?

- **DC development is a material opportunity for Mayfield.** DCs are among the most electrically intensive built assets, requiring high-voltage switchgear, uninterruptible power supply (UPS) systems, generator infrastructure, complex busbars and extensive low-voltage fit-out. This sits within Mayfield's core capabilities, with its addressable market at \$1.5-\$2m per MW.
- **Strong positioning in the Australian DC electrical manufacturing market.** It has proven itself with over \$60m of disclosed DC awards over the last 18 months, with key relationships including NextDC and Stack Infrastructure.
- **Modularisation of DCs could be a medium-term structural demand driver.** DCs are shifting an increasing amount of work towards modularisation given the benefit of allowing electrical equipment to be built simultaneously with the DC shell. Electrical manufacturers also test products before shipment, reducing the risk of faults passed to DC developers. This expedites developments and potentially results in a higher quality product offering.
- **Upcoming expanded manufacturing footprint should be easily filled.** Mayfield is expanding its manufacturing footprint from 58,000sqm and is targeting 74,000sqm by the end of CY26, lifting its maximum revenue capacity to roughly \$240m excluding offshore work. With industry lead times for switchboards at 18 months due to DC demand, we think it should comfortably fill the capacity.

Intelligent Monitoring Group – Richard Harrisberg
(IMB-ASX: \$0.65, market cap \$266m | BUY, TP \$1.05)

Why are we highlighting Intelligent Monitoring?

IMB is a leading provider of monitored security squarely in the critical infrastructure layer of supporting DCs and neo-cloud environments. IMB operates A1/R1A graded monitoring facilities that underpin the physical security, access control, and fire and safety systems relied upon by enterprise, government and infrastructure customers, including those running and housing data-centre assets. Through its Commercial Security division (CGe FY26e revenue: \$100m), IMB generates one-off installation revenue followed by long-term contractual recurring maintenance and monitoring revenue. IMB counts NextDC as a customer, while ~25% of its Commercial installation secured pipeline (3Q26: \$63m) comes from DC customers.

What are the key investment themes for IMB?

- **Video-guard is gaining traction, with +16% qoq growth in video monitoring lines in 3Q26.** Traditional alarm monitoring is signal-based using telecom infrastructure. IMB has introduced a video-based alternative that improves the value-offering for customers by using AI to enable security cameras to act as alarm systems for real-time video monitoring, eliminating false alarms and improving first responder times. Video-guard represents a ~3x uplift in Gross Profit Per User (GPPU) compared to traditional monitoring lines and is a key part of our investment thesis. The company launched the product in 3Q25 and expects to accelerate its go-to-market strategy in FY27 with ~14% qoq average growth rates.
- **Commercial installation pipeline growth of +27% in 3Q26 to \$63m, a record high for the company and with a ~25% contribution from DCs.** Strong installation revenue growth is in-line with the company's strategy of returning installation revenue to 2013 levels of \$130m (prior to acquiring the business from JCI, installation revenue was \$2m). Management's measurement of its pipeline reflects work already won and to be commenced within 12 months.
- **Increasing recurring revenue.** Commercial installation work is a lead for recurring monitoring and maintenance revenue over multi-year contracts. IMB's recurring Monitoring, Maintenance and Services revenue sits at ~71% on a pro-forma basis following its acquisition of ADT UK, while we expect pipeline execution to drive this higher over time.
- **Strong cash generation.** Based on our estimates, IMB is approaching an important inflection point of FCF breakeven in FY26e (CGe +\$9m), increasing to +\$38m in FY28e off the back of strong operating leverage and its recent transformational acquisition of ADT UK, which has doubled its business and sees the company trading on a CGe pro-forma P/E multiple of 6x.

Third order exposure (enabling infrastructure)

LGI Limited – Conor O’Prey

(LGI-ASX: \$2.73, market cap \$282m | BUY, TP \$4.55)

Why are we highlighting LGI?

This may seem left-field for the DI space but, as we discuss later, power procurement looms as a key consideration for DC development and LGI is an emerging operator of Battery Energy Storage Systems (BESS) in Australia. Whilst there are significant BESS capacity projects in development, many are owned by unlisted or international operators or by large cap Australian businesses, limiting the opportunity for small cap investors to access the thematic. Australia curtailed 7.2TW hours – equivalent to ~50% of SA’s annual power requirements – of renewable electricity in 2026. Curtailment is due to the intermittent nature of some types of renewable energy, notably solar & wind. There is potential to harness this curtailed energy to meet growing DC needs but its requirement for constant availability means intermittent renewables must be “firmed” with other sources of electricity. One potential solution is implementation adjacent to the renewable asset to provide a component of the firming requirement, so we see opportunities for businesses, like LGI, which have demonstrated capabilities in BESS.

What are the key investment themes for LGI?

- **A growing portfolio of battery assets.** LGI recently flagged the completion of commissioning of its 12MW BESS array at Mugga Lane in Canberra. Further BESS projects are underway at Belrose in NSW (12MW) and at Nowra (8MW), which would bring LGI’s total battery capacity to 33MW.
- **Growing portfolio of electricity generation assets.** Whilst we do not expect LGI’s fleet of generating assets to solve Australia’s energy requirements, we believe long-term solutions to the challenges will be the sum of many different parts. To that end, LGI has a growing portfolio of generation assets which, over the medium, the company expects to quadruple to more than 80MW of capacity in a combination of new battery and generation assets.

Ventia, Service Stream and Downer EDI – Warren Jeffries

(VNT-ASX: \$6.16, market cap \$5,038m | BUY, TP \$6.28)

(SSM-ASX: \$2.59 market cap \$1,602m) | BUY, TP \$2.70)

(DOW-ASX: \$7.90, market cap \$5,206m) | BUY, TP\$8.65)

Why are we highlighting VNT, SSM & DOW?

We regard VNT, SSM and DOW as third order beneficiaries of DI growth with all three having significant and established telecommunications infrastructure services capabilities that we believe provides a strong foundation to capture meaningful DI opportunities around connectivity, compute and storage and enabling infrastructure.

What are the key investment themes for VNT, SSM & DOW?

- **DI a logical extension for Telco infrastructure services providers:** DI and the physical assets required to move, store and process data securely and at scale represent a logical extension to existing telecommunications infrastructure around connectivity (fibre, wireless & subsea), compute (Data Centers), enablement (power, cooling & civils) and operate (O&M, Lifecycle services).
- **Dominant market positions support DI opportunity:** VNT is the largest telecommunication infrastructure services provider across ANZ with revenues of ~\$1.7bn in FY25. SSM (\$1.2bn) and DOW (~\$0.8bn) are also significant and we believe well positioned to leverage existing telco capabilities into DI opportunities.
- **VNT market opportunity significant; relevant:** In May 2026, VNT highlighted a TAM for DI of \$2.6bn (FY25; 4% VNT share) and forecast it to reach \$5.9bn (2030) representing a 5-year CAGR of 18%. While we deem VNT to have a broad exposure to the immediate DI opportunity, the opportunity remains as relevant to SSM & DOW, with all three having existing DI exposure which represents a key opportunity for growth within their existing Telecommunications operations, in our view.

Fourth order exposure (thematic optionality)

Alpha HPA and Advanced Energy Minerals – Conor O’Prey
(A4N-ASX: \$0.65, market cap \$936m | SPEC BUY, TP\$1.20)
(AEM-ASX: \$0.41; market cap \$239m) | SPEC BUY, TP\$1.15)

Why are we highlighting AEM and A4N?

We regard AEM and A4N as fourth order, currently more thematic than operational, beneficiaries of DI growth through their exposure to High Purity Alumina (HPA), which is finding increasing uses in semiconductors, which ultimately find their way into the CPU and GPU servers and on into DC racks.

What are the key investment themes for AEM and Alpha HPA?

HPA is considered a useful material for semiconductor applications for a number of reasons:

- **Chemical and mechanical polishing:** As demands on semiconductor performance increase, the specification of materials of construction has become more stringent. In that context, HPA’s ranking high on the Mohs scale means that it is an ideal material to polish materials like silicon carbide and gallium nitride.
- **Thermal packing:** Zero alpha (radiation) product, comprising undetectable levels of uranium and thorium, is required to minimise errors within chips. Combined with increased requirements for heat removal as the power density of GPU chips, in particular, increases with each new release. HPA exhibits suitable such heat conductivity characteristics and product which can be produced with the requisite level of purity and impurities, as has been reported by both AEM and A4N, is finding increasing applications in this space.
- **Manufacturing equipment:** A4N has reported increasing adoption of higher purity versions of HPA (>99.99%) for the manufacture of advanced nodes semiconductors, which are increasingly sensitive to impurities during manufacture.

Stock price performance over the last 12 months

Figures 4-8 show the price performance of our highlighted stocks relative to the ASX All-Ordinaries Index.

First order: MP1 (+51% outperformance) and DUG (+53%), both Compute as a Services businesses, have outperformed the more DC-focussed operators in MAQ (+4%) and NXT (+2%).

Second order: SKS (+386%), MYG (+189%), NWH (+148%) and TEA (+133%) are the outperformers in this group. IMB (+4%) is showing potential hidden value among the second order beneficiaries.

Third order: we would expect the correlation with the thematic to loosen as we go down the order of exposure, and we think that is the case with LGI (-9%) as the market would not, at this stage, consider its potential role in DI thematic. The large contractors have performed well relative to the index: DOW (+25%), SSM (+32%) and VNT (+15%)

Fourth order: both A4N (-26%) and AEM (-23%) are pre-production but we expect that their exposure to higher performance semiconductor products will emerge in due course.

Figure 4: First order stock performance LTM

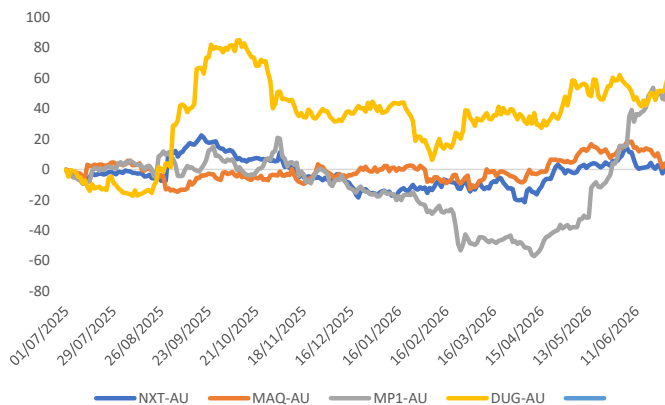


Figure 5: Second order stock performance LTM

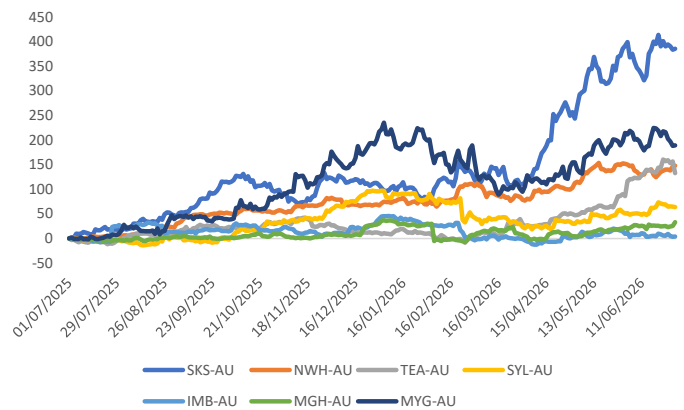


Figure 6: Third order stock performance LTM

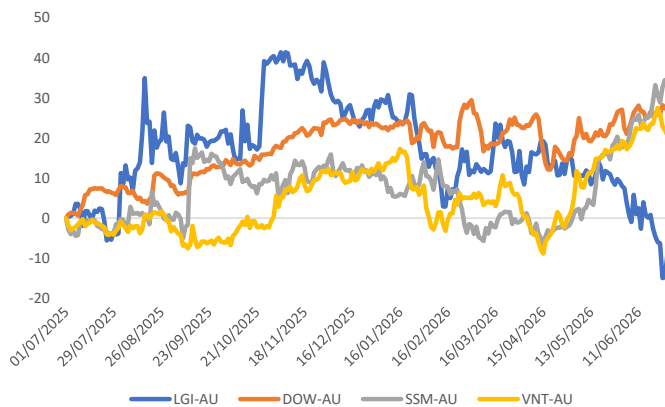
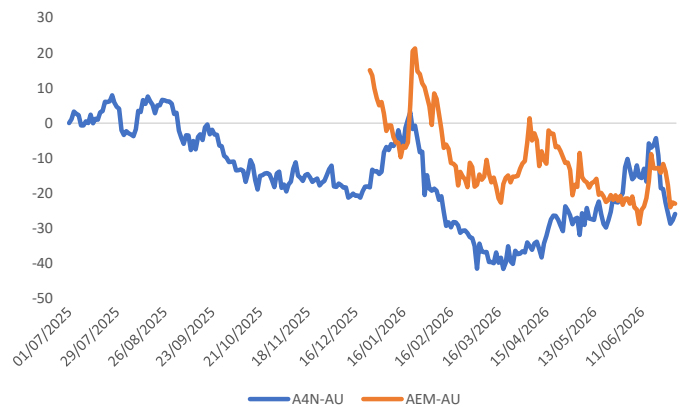


Figure 7: Fourth order stock performance LTM



Source: FactSet; performance relative to ASX All Ordinaries index

Construction lifecycle

Indicative timeline summary

Figure 8 shows an indicative timeline for a DC development in Australia. Discussions with industry contacts indicate that construction schedules are compressing as a result of greater urgency from customers to deploy workloads. DCs also typically do not open with full capacity ready on day 1, unless contracted to do so by a customer.

The most recent public announcement of a DC development moving from very early stage to first customer billings came from NEXTDC, which announced 250MW of new contracted capacity at S4 in Sydney in late April 2026. The schedule for billings on that capacity is due to start in FY28E (115MW) with the remaining 135MW landing in FY29/30E. With ground broken on early works in March 2026, the billing schedule indicates c.24 months for the first 115MW of capacity. On that basis, an indicative schedule for a 100-125MW execution might be as shown below.

Figure 8: Indicative schedule for DC construction

Phase	Duration	Cumulative
Site/earthworks	3 months	M4
Substructure	3 months	M7
Superstructure	5 months	M12
MEP rough-in	6 months	M19
Fit-out (can overlap with rough-in)	3 months	M22
Commissioning (can overlap with fit-out)	3 months	M23-25

Source: Canaccord Genuity

Cost of construction

A wide array of cost estimates has been published in the industry, covering a range of bases for the calculation; for example, powered shell, inclusive or exclusive of land costs, etc. A recent conversation with an industry contact regarding the cost of construction highlighted that there is no single standard \$ per MW figure that applies because each DC construction and its associated cost is impacted by:

- Rack densities (higher density means lower capex as less building to construct).
- Redundancy and back-up (more redundancy and back-up means more capital equipment is required and therefore cost).
- Cooling solution (immersion is cheaper than direct to chip).
- Power price and availability.

These costs vary by customer specification, thereby widening the range of cost outcomes. However, in May 2024, Infratil reported that built costs for its CDC DCs were \$13-16m per MW.

If we allow for inflation over the intervening period, we believe an updated range of \$14-18m per MW might be a plausible estimate of current build costs.

As a cross-check, according to the AFR, Anthropic has issued an RFP for 1.4GW of DC capacity in Australia, which the AFR indicates would cost "as much as US\$15bn (A\$21.6bn) to build", equating to \$15.4m per MW.

Figure 9 shows an estimate of the components of the cost of a DC development in Australia published by Cushman & Wakefield, with Electrical Systems comfortably the most important element.

Many of the critical equipment OEMs are international firms such as ABB, Schneider, Siemens, Vertiv, Cummins and Johnson Controls. In the capex cycle, we believe ASX-listed sector exposure is mostly concentrated in installers, contractors, materials suppliers and distributors.

Figure 9: Cost components of an Australian DC

	Proportion of cost	US\$ per MW	A\$ per MW
Electrical systems	27%	3.3	4.9
Interior fit out	14%	1.7	2.5
Base building	13%	1.6	2.3
Mechanical systems	13%	1.6	2.3
IT Rack equipment, cabling etc	12%	1.4	2.1
Cooling systems	10%	1.2	1.7
Professional fees/ Soft costs	7%	0.9	1.3
Fire suppression	1%	0.1	0.2
Security systems	1%	0.1	0.2
Furniture & fixtures	1%	0.1	0.2
Total DC	100%	12.1	17.8

Source: Cushman & Wakefield

Examples of exposure to DI among ASX-listed contractors and equipment suppliers:

- **SKS Technologies (SKS):**

DC revenue of A\$140.7m in FY25, representing just over half of group revenue (vs ~22.8% in FY24). 1H26 DC revenue of A\$66.5m; DCs now ~81% of open tenders (pipeline A\$1.25bn); A\$270m of FY27 work secured including A\$210m Microsoft and A\$90m Amazon contracts.

- **Mayfield Group Holdings (MYG)**

H1 FY25 disclosed sector mix: DCs ~12.0% (anchored by NEXTDC M2 contract); Natural Resources 63.8%; Infrastructure 20.2%. FY25 result described DCs as "major revenue contributors" within manufacturing (which grew +54%), but management has not published an FY25 % split. Pipeline of A\$954m (A\$104m order book + A\$850m near-term prospects) is skewed heavily to DC/AI infrastructure.

- **Maas Group Holdings (MGH)**

FY25 group revenue A\$997.4m underlying; DC revenue not separately broken out in segment reporting (Construction Materials ~half of group EBITDA dominates). Step-change announced 19 Dec 2025: wholly owned subsidiary JLE Group signed a ~A\$200m contract with Firmus for turnkey modular electrical infrastructure for the 100MW Launceston AI Factory, delivered over CY26. Potential staged rollout of a further 500MW+ with Firmus targeted by end-2028 — material future DC exposure but not yet reflected in disclosed historicals.

- **Symal Group (SYL)**

FY25 normalised revenue A\$901.7m, normalised EBITDA A\$106.1m, WIH A\$1.76bn. DCs are explicitly listed as one of Symal's "resilient sectors" alongside infrastructure, power & renewables, defence and buildings and we expect it will become a meaningful growth opportunity over the medium term as a result of Victoria being the current state of focus for DC development. However, no specific DC revenue % is disclosed in the FY25 reporting — the bulk of the WIH continues to be civil infrastructure (e.g., Victoria's Big Build, Moonee Valley, etc.).

- **Tasmea (TEA)**

Tasmea acquired Maxim Group in June 2026 a specialist in Victorian DCs, BESS and infrastructure markets. Maxim is the electrical contractor for CDC's Victorian developments with Maxim seeing itself having 7+ years of DC pipeline visibility in Victoria. DCs makes up ~55% of Maxim's FY26 revenue and we expect the share to increase over the coming year as a result of the expected strong development plans for CDC. The relationship with CDC and its proposed development plan gives it strong earnings visibility with Tasmea having line of sight on 100% of Maxim's FY27 forecasted revenue and ~85% of its FY28e forecasted revenue.

- **Southern Cross Electrical Engineering (SXE-ASX | Not rated)**

FY25 DC revenue ~A\$120m on A\$801.5m total = ~15%, up from A\$50m in FY24 and an average of ~A\$20m p.a. between FY19–23. Sits within the Infrastructure segment (64% of group revenue). Tender pipeline of DC projects >A\$500m to be awarded over the next two years.

- **IPD Group (IPG-ASX | Not Rated)**

FY25 DC revenue of A\$56.5m on A\$354.7m total = ~16%, up 33% YoY. H1 FY26: DC revenue A\$32.8m (+16% YoY) on group revenue of A\$192.7m (~17% of mix). FY26 guidance flagged DC revenue +25% YoY across the period.

Construction lifecycle

The following section outlines the lifecycle for the construction of a DC, broken down into discrete parts by activities, key materials capital equipment and trades required to complete the section.

Stage 0: Pre-Construction Readiness

Before breaking ground, the following must be secured:

- Site selection (proximity to fibre, grid, water),
- DA/CDC approvals,
- EPBC referral if required, grid connection agreement with the relevant NSP (e.g., Ausgrid, Endeavour, Powercor, Energex),
- Water authority MoU,
- Detailed design at IFC (Issued for Construction) stage,
- Long-lead procurement (transformers, switchgear, chillers, gensets) should be on order — we estimate lead times in 2026 remain 60–110 weeks for HV transformers and 40–70 weeks for 2.5MW+ gensets.

Figure 10: DC development (stages 1-3)

Stage 1 Site Establishment & Earthworks	
Activities	Site survey, environmental controls, bulk earthworks, piling, retention systems, service relocations, temporary site facilities.
Key Materials	Crushed rock, sand, geotextile fabric, sediment fencing, shotcrete, sheet piling, dewatering wellpoints
Capital Equipment	Excavators (30–80t), bulldozers, articulated dump trucks, piling rigs (CFA/bored), rollers, water carts, site dewatering pumps
Key Trades	Surveyors, civil engineers, plant operators, pilers, dogmen/riggers, environmental scientists, traffic controllers
Stage 2 Substructure & Foundations	
Activities	Pile caps, footings, ground beams, slab-on-grade for the main hall (typically 12–15 kPa live load for white space), plinth construction for generators and chillers.
Key Materials	Reinforced concrete (40–50 MPa), reo bar (N12–N32), waterproof membranes, structural steel anchor bolts, vapour barriers, conduit stub-ups
Capital Equipment	Concrete pumps, tower crane (initial erection), mobile cranes (250–500t), formwork systems (Peri/Doka), rebar benders, laser screeds
Stage 3: Superstructure & Building Envelope	
Activities	Structural steel frame erection, precast/tilt-up panels, roofing, façade, blast-rated walls where required for Tier IV resilience.
Key Materials	Structural steel (300–350 grade), precast concrete panels, EPS/PIR insulated sandwich panels, Colorbond/Kingspan roofing, EPDM membranes, fire-rated plasterboard, FM Global-approved roofing systems
Capital Equipment	Tower cranes, mobile cranes, EWPs (scissor lifts, boom lifts to 40m), welding plant, panel lifters
Key trades	Structural steel erectors, boilermakers/welders, precast installers, roofers, façade installers, scaffolders, riggers

Source: Canaccord Genuity

Figure 11: DC development (stages 4-8)

Stage 4: HV & Electrical Infrastructure

Activities	This is the single largest cost and risk centre — typically 38–45% of total project capex for AI-ready facilities.
Key Materials	HV cables (11kV/33kV XLPE), LV busways (Schneider Canalis, Eaton, Legrand), copper bars, cable trays/ladders, fire-rated cable wraps, earthing conductors
Capital Equipment	HV transformers (2.5–10 MVA); MV switchgear (ABB, Siemens, Schneider); diesel rotary or static UPS (1.25–3 MW — Piller, Hitec, Vertiv, ABB); diesel gensets (2.5–3.25 MW Cummins/MTU/Caterpillar); PDUs and busway tap-offs; STS/ATS switches; lithium-ion or VRLA battery strings; fuel polishing systems
Key trades	HV electricians (Cat A/B licensed), LV electricians, switchboard fitters, cable jointers, commissioning engineers, protection & control engineers, fire/electrical certifiers

Stage 5: Mechanical & cooling systems

Activities	The cooling design is increasingly hybrid air + liquid to support AI workloads (40–130kW/rack for GB200/GB300 deployments).
Key Materials	Stainless and carbon steel chilled water pipework (DN50–DN500), pre-insulated pipe, refrigerant (R1234ze, R513A), glycol, CDU manifolds, EPDM gaskets, copper for liquid cooling loops
Capital Equipment	Air-cooled or adiabatic chillers (Trane, Carrier, Vertiv — 1–2 MW units); CRAH/CRAC units (Stulz, Vertiv Liebert); rear-door heat exchangers; CDUs for direct-to-chip liquid cooling (Motivair, CoolIT, Vertiv); cooling towers; thermal storage tanks; pumps and VSDs; BMS sensors
Key trades	Mechanical services contractors, refrigeration mechanics (ARC licensed), pipefitters/welders (coded TIG welders for stainless), insulation ladders, BMS controls technicians, balancing engineers

Stage 6: Hydraulic, Fire & Life Safety

Activities	
Key Materials	Copper and PEX water pipework, PVC drainage, FM-200 / Novec 1230 / Inergen gas suppression cylinders, VESDA aspirating smoke detection, fire-rated penetrations (Hilti/Promat), sprinkler pipework (pre-action systems for white space)
Capital Equipment	Fire pumps (diesel + electric, jockey), water storage tanks, gas suppression skids, EWIS panels, fire indicator panels (FIPs) to AS 1670
Key trades	Hydraulic plumbers, fire sprinkler fitters, fire systems technicians (FPAS accredited), gas suppression specialists

Stage 7: White Space Fit-Out & ICT

Activities	
Key Materials	Raised access flooring (Tate, Kingspan — 1500kg/m ² UDL), hot/cold aisle containment, structured cabling (Cat 6A, OS2 single-mode fibre, MPO trunks), copper busbar overhead distribution
Capital Equipment	Server racks (45–52RU, 800×1200mm), in-row coolers, overhead busway, lighting (LED with DALI), CCTV/ACS systems, leak detection cabling
Key trades	Data cabling technicians (ACMA registered), access flooring installers, security systems integrators, ICT commissioning engineers

Stage 8: Commissioning

Level 1	Factory Acceptance Testing (FAT): Witnessed at OEM facilities for transformers, switchgear, UPS, gensets, chillers.
Level 2	Site Acceptance Testing (SAT): Equipment inspected and tested on arrival before installation.
Level 3	Pre-Functional/Start-Up: Point-to-point checks, megger testing, pressure testing, refrigerant charging, controls power-up.
Level 4	Functional Performance Testing: Each system tested in isolation — generator load bank tests, UPS battery rundowns, chiller capacity tests, BMS sequences.
Level 5	Integrated Systems Testing (IST): The critical milestone. All systems tested together under simulated load (load banks delivering full IT load), simulating utility failure → genset start → UPS ride-through → cooling continuity. Includes black-building tests and 24–96 hour reliability runs

Source: Canaccord Genuity

Figure 12: ASX-listed companies with exposure to DI capex, by stage of development

Stage	Sub-stage	Company	Comment
Stage 1	Early works	Service Stream (SSM)	Utilities relocation
	Civil contractors & earthworks	Symal (SYL)	Bulk earthworks, piling and ground engineering
	Aggregates / quarry	Seven Group Holdings (SVW)- Boral	Crushed rock & quarry products
Stage 2	Concrete & cement	Boral	Ready-mix NSW/VIC;
	Reinforcing steel & structural steel	Sims Limited (SGM)	Scrap inputs to mills
Stage 3	Modular DC providers	DXN (DXN)	Modular DC manufacture
	Builders	Lendlease (LLC)	DC construction
Stage 4	Electrical contractors and equipment suppliers	Southern Cross Electrical (SXE)	Electrical contracting and manufacturing
		SKS Technologies (SKS)	Electrical contracting
		Tasmea (TEA)	Electrical contracting
		Maas Group (MGH)	Electrical contracting and manufacturing
		IPD Group (IPG)	Small electrical manufacturing business
		Korvest (KOV)	Manufactures cable support systems
	Utility infrastructure & grid connection	Mayfield Group (MYG)	Manufactures switchboards, switchrooms etc
		Service Stream (SSM)	Utility connection and enabling works
		Downer (DOW)	Utility connection and enabling works
		Ventia (VNT)	Utility connection and enabling works
	Power generation & PPA partners	AGL Energy (AGL);	Power supply and PPAs
		Origin Energy (ORG);	Power supply and PPAs
		Meridian Energy (MEZ-NZ)	Power supply and PPAs
		Mercury NZ Limited (MCY-NZ);	Power supply and PPAs
		LGI Limited (LGI);	Battery energy storage systems
Stage 5	Chip cooling	Alpha HPA (A4N)	HPA as key component of heat removal
		Advanced Energy Minerals (AEM)	HPA as key component of heat removal
Stage 6	Fire systems	Southern Cross Electrical (SXE)	Force Fire subsidiary active on DC fire packages
		Service Stream (SSM)	Fibre rollout and communication infra
		Aussie Broadband (ABB)	Fibre and connectivity services
	Structured cabling & ICT integration	Superloop (SLC)	Fibre and connectivity services
		Megaport (MP1)	Cloud interconnection platform
		Superloop (SLC)	Internet transit and dark fibre
	Connectivity / interconnection / Network as a Service	Telstra (TLS)	Fibre connectivity and telco
		IPD Group (IPG)	Distributes ABB electrification products
Stage 7	Distribution of electrical/ ICT components	Mayfield Group (MYG)	Distributes electrical infrastructure products from Schneider, ABB etc
		Dicker Data (DDR)	Distributes servers, storage, networking
	Asset Management/ O&M	Ventia (VNT)	Asset maintenance and facilities management
		Downer (DOW)	Asset maintenance and technical services

Source: Company Reports, Canaccord Genuity

Modular DCs - a quick, reliable route to first token

Whilst the current framework for constructing DCs in Australia is well-established, we believe that an increased focus on time to first token means that modular executions will become more prevalent over the next few years as DC customers and developers seek access to power and shorten time to compute.

Modular facilities will not be favoured by all customers, especially those with specific design standards (Build to Suit). Therefore, the modular model does not replace hyperscale development, but it provides operators with a faster, more flexible and increasingly AI-ready deployment architecture at a time when traditional construction cycles are becoming a constraint on growth. Key drivers of increasing interest in modular deployments include:

- AI is compressing the deployment window
- Some operators are looking for capacity in smaller, repeatable, scalable increments
- Power availability is becoming a site-selection constraint
- AI workloads require denser and more specialised infrastructure
- Edge computing is making smaller distributed facilities more relevant
- Prefabrication reduces onsite construction risk
- Supply-chain constraints favour standardisation
- Sustainability and social licence are becoming more important
- Sovereignty, compliance and micro-regional cloud are emerging use cases
- Operators are looking for optionality, not just lowest upfront cost

DXN: exposure to modular DC thematic

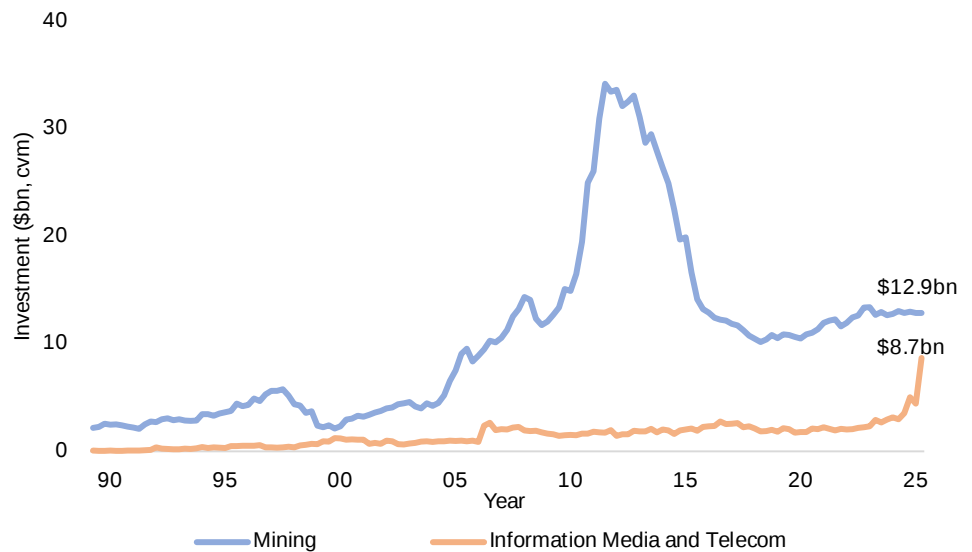
DXN Limited (DXN-ASX | Not Rated) is an Australian manufacturer of prefabricated modular DCs and telecommunications infrastructure. Historically, the company has delivered mission-critical facilities for telecommunications networks, defence applications and submarine cable landing stations, establishing expertise in rapidly deployable, resilient infrastructure. More recently, DXN has expanded into the AI and high-performance computing (HPC) market, leveraging its modular construction capabilities and liquid-cooling expertise. The company's June 2026 A\$8.8 million contract with an unnamed US-listed neocloud operator to deliver a 1.36MW AI HPC modular DC represents a material strategic milestone, according to the company, and validates its technology in a new, faster-growing market. Subject to successful delivery, DXN believes the pilot project could lead to a broader campus-scale deployment worth more than US\$200 million in follow-on revenue opportunities.

DC investment environment and pipeline

Sydney and Victoria DC investment propositions

Given Australia's proximity to Asia-Pacific, political stability, land availability, and renewable energy potential, it has emerged as a top five global DC market. This interest has accelerated over the past 12 months, with market sources indicating that several Tier 1 U.S. markets are increasingly facing grid constraints, slowing developments and pushing out timelines. The growth of investment in Australian DCs over the past few years can be seen in Figure 13.

Figure 13: Australia's DC investment boom rivals the mining capex cycle



Source: ABS

We expect interest in Australia to continue over the medium term, with NSW and VIC the key regions of focus due to the concentration of sub-sea cable landings and corporate headquarters. NSW, in particular, is by far the largest DC market in Australia, with installed megawatts 2x that of VIC, the second-largest region.

Over the past 18 months, VIC has been the key state of focus for Australian DC developments, supported by a favourable planning regime, abundant large industrial sites in Melbourne's west, a relatively less constrained power network and reduced community opposition compared to NSW.

In response, NSW established the Investment Delivery Authority (IDA) in June 2025, a project prioritisation and coordination body designed to assist large developments in navigating government processes. The first round of expressions of interest (EOI) focused on DCs, renewable energy and hotels, with 15 DC projects endorsed from 23 applications in early 2026, representing an estimated 3.2GW of future capacity. Endorsed projects receive access to a dedicated planning assessment team, multi-agency coordination, and assistance in resolving infrastructure and agency-related issues.

While the IDA does not alter the underlying planning approval process, it should improve coordination between government agencies and increase confidence around project delivery timelines. Importantly, the endorsement process also provides a useful signal regarding the maturity and credibility of proposed developments. As a result, we expect the IDA to support increased investment confidence in NSW and help narrow the perceived development advantage that VIC has enjoyed in recent years.

Figure 14: Victoria and NSW: DC investment environments compared

Category	Victoria – why DC investment is surging	NSW – why investment has been constrained
Planning and Approvals	• DFP ministerial pathway: ~3-4-month approval • Minister is decision maker – bypasses council • No 3rd party VCAT challenge risk	• SSD process average 12-24 months • Local planning involvement as residential housing is a consideration • NSW IDA first round only launched Mar-26
Land Availability	• Abundant large industrial sites: Truganina, Craigieburn, Brooklyn, Laverton, Derrimut • 10-Year Industrial Land Plan aligns supply with DC demand • Industrial Land Gateway accelerates rezoning	• Macquarie Park, Lane Cove have banned DC developments • Land bank highly sought – limiting available parcels
Power	• Lower electricity prices • More available capacity at Melbourne terminal stations and less grid congestion	• Grid capacity constrained excl. western corridor • Higher electricity prices than VIC • Longer lead times for grid connections than VIC
Water	• State government working proactively with utilities	• Community opposition to DC water use – Hume City Council
Community and Political	• State government actively champions DC investment • Focus on industrial corridor minimises complaints	• Higher density of residential neighbours near key precincts limiting local interest in DCs given affordability crisis

Source: Canaccord Genuity

Industry growth forecasts

Industry body DCs Australia (DCA) recently published estimates for pipeline and operational capacity for NSW and Victoria, the two largest states.

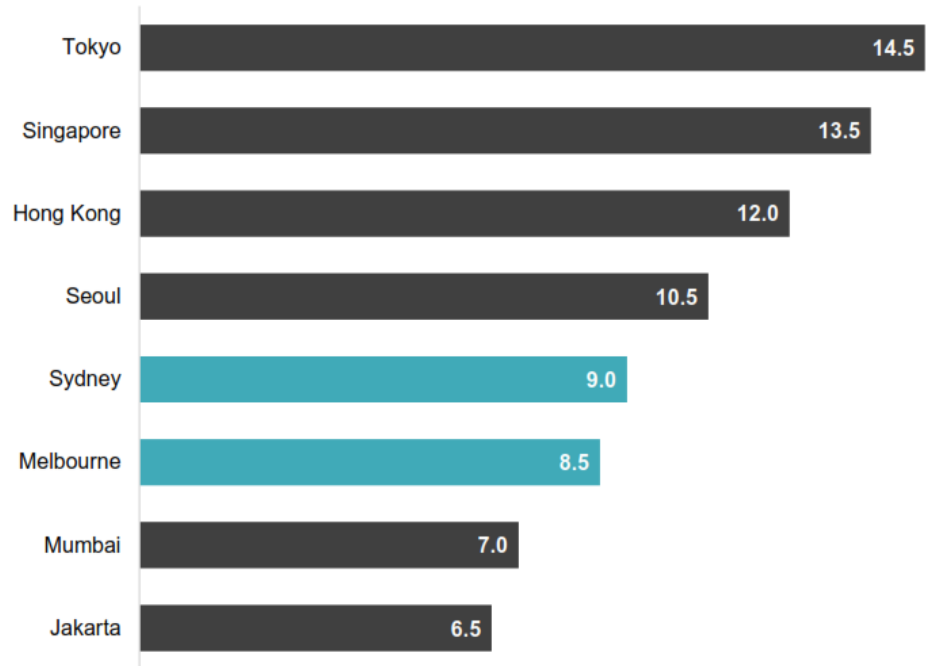
Figure 15: Australia DC industry profile (GW)

	NSW	VIC	Rest of Australia	Total
Operational	0.8	0.4	0.3	1.5
Under construction	0.1	0.1	0.0	0.2
Committed	1.9	1.0	0.2	3.1
Early stage	8.6	7.5	0.7	16.8
Pipeline* total	10.6	8.6	0.9	20.1

Source: DCs Australia; * excludes operational capacity

In terms of the capex required to build out the entirety of this pipeline, taking into account industry feedback that final capex is dependent on customer preferences, we use the construction of the basic powered shell as a floor figure and estimate that the NSW/ Victoria blended average cost per MW to be c.US\$8.8m per MW (A\$12.5m per MW), leading to total capex of c.A\$250bn to build out the 20GW DCA-estimated pipeline.

Figure 16: APAC DC powered shell build cost estimates (US\$m per MW)



Source: Centuria Group investor presentation

We estimate a further A\$2-6m per MW in capex to move from powered shell to server-ready applications, adding a further 17-50% to the A\$250bn powered shell figure, for a total of A\$290-375bn.

DCs Australia forecasts that there will be 3.2GW of operational capacity in Australia by the end of 2030, with approximately 400MW being added each year. We believe these forecasts to potentially be quite conservative based on newly contracted capacity which has been announced so far in CY2026, notably NXT with 250MW across several separate announcements, contributing to a total of 544MW of contracted but not yet billing. In addition, in May, CDC announced 555MW of newly contracted capacity, which was a single contract record in the ANZ market. Together, those NXT and CDC figures total to almost 1.1GW of contracted capacity.

All of that near 1.1GW of capacity is scheduled to come online by mid-CY2030 and does not include any contribution from any other operators in the market.

Figure 17: Operational forecasts for Australian DCs

	NSW	VIC	Rest of Australia	Total	Incremental operating capacity
2025	0.8	0.4	0.2	1.4	
2026F	1.0	0.5	0.2	1.7	0.3
2027F	1.2	0.6	0.1	1.9	0.2
2028F	1.5	0.7	0.1	2.3	0.4
2029F	1.7	0.9	0.1	2.7	0.4
2030F	2.0	1.1	0.1	3.2	0.5

Source: DCs Australia

NSW and VIC DC development outlook

Figure 18 shows a bespoke breakdown of assets currently under development by Australia's largest DC developers. The table excludes hyperscaler-owned facilities and covers only assets we can track via development applications or company websites. Given these constraints, the 10GW pipeline in Figure 18 is some way below DCs Australia's published pipeline of 20GW in Figure 15 which would have a more granular view of the industry. That said, not all sites listed will necessarily receive development approval, and some may take several years to secure grid connections or the power desired. But, given these are Tier 1 developers with established track records, we view the pipeline as relatively de-risked.

NSW currently holds approximately twice the operating capacity of Victoria, though this gap has narrowed from roughly three times a few years ago (Figure 18), reflecting the shift by developers toward Victoria given its faster development approval timelines and power availability. Looking ahead, we expect NSW to remain the largest market, with 7.1 gigawatts (GW) of planned capacity tracked, while Victoria remains significant at 4.8 GW.

The increasing scale of each successive DC generation highlights the complexity, balance sheet requirements and relationship depth needed to win work; as a result, only a select group of contractors/suppliers can credibly execute at this size, in our view. This dynamic reinforces recurring relationships between developers and the contractors/suppliers who have demonstrated the requisite skill base, workforce depth and financial capacity.

As the pipeline continues to grow, however, we expect a divergence to emerge between the contractors/suppliers engaged by Tier 1 developers, who maintain multi-site long-dated pipelines, and those working with Tier 2 developers on more isolated single-site projects. The ideal development relationship from a contractor's perspective is one anchored to a Tier 1 developer with a long forward pipeline, allowing crews to roll directly from one data hall or site to the next. This provides labour continuity and supports consistent margin delivery.

We note this pipeline excludes developments that are pre-planning or outside NSW and Victoria and therefore, notably, announced plans by IREN (800MW in South Australia) and several hundred MW reportedly in Firmus's plans across Tasmania and South Australia.

Figure 18: New South Wales (NSW) and Victoria (VIC) aggregate supply by company and by asset (in MWs)

Company	NSW				VIC				TOTAL		
	Asset	Planned	Built	Built as a % of Planned	Asset	Planned	Built	Built as a % of Planned	Planned	Built	Built as a % of Planned
NextDC	S1	16	16	100%	M1	15	15	100%			
	S2	30	30	100%	M2	120	51	43%			
	S3	80	60	75%	M3	225	40	18%			
	S4	350	10	3%	M4	150	-	-			
	S5	80	-	-	G1	4	-	-			
	S6	14	3	22%	-	-	-	-			
	S7	550	-	-	-	-	-	-			
	Total	1,120	119	11%	Total	514	106	21%	1,634	225	14%
Macquarie Technology	IC1	3	3	100%	-	-	-	-			
	IC2	6	6	100%	-	-	-	-			
	IC3 - East	12	12	100%	-	-	-	-			
	IC3 - Super West	47	-	-	-	-	-	-			
	Total	68	21	31%	Total	0	0	0%	68	21	31%
Equinix	SY1	3	3	100%	ME1	8	8	100%			
	SY2	8	8	100%	ME2	16	16	100%			
	SY3	20	20	100%	ME3	20	5	25%			
	SY4	30	30	100%	-	-	-	-			
	SY5*	70	45	64%	-	-	-	-			
	SY6	Undefined	Undefined	-	-	-	-	-			
	SY7	Undefined	Undefined	-	-	-	-	-			
	SY8	Undefined	Undefined	-	-	-	-	-			
	SY9x	-	-	-	-	-	-	-			
	SY10x	56	-	-	-	-	-	-			
	Total	187	106	57%	Total	44	29	66%	231	135	58%
AirTrunk	SYD1	130	130	100%	MEL1	276	>100	19%			
	SYD2	158	>100	-	MEL2	354	0	0%			
	SYD3	330	n/a	-	-	-	-	-			
	Total	618	230	37%	Total	630	100	16%	1,248	330	26%
Canberra Data Centres	Eastern Creek 1	7	7	100%	Brooklyn	155	155	100%			
	Eastern Creek 2*	20	20	100%	Laverton	450	26	6%			
	Eastern Creek 3*	42	42	100%	Future Build	214	-	-			
	Eastern Creek 4	54	54	100%	-	-	-	-			
	Marsden Park	504	114	23%	-	-	-	-			
	Future Builds	839	-	-	-	-	-	-			
	-	-	-	-	-	-	-	-			
	-	-	-	-	-	-	-	-			
	-	-	-	-	-	-	-	-			
	Total	1466	237	16%	Total	819	181	22%	2,285	418	18%
Stack Infrastructure (Hickory)	SYD01	380	-	-	MEL01	180	72	40%			
	-	-	-	-	MEL02	250	-	-			
	-	-	-	-	MEL03	864	-	-			
	Total	380	0	0%	Total	1294	72	6%	1,674	72	4%
Digital Realty	Sydney 10	6	6	100%	MEL10	-	-	-			
	Sydney 11	19	19	100%	MEL11	-	-	-			
	Western SYD Campus	250	-	-	MEL12	-	-	-			
	Total	275	25	9%	Total	8.5	0	0%	284	25	9%
DigiCo (GlobalSwitch)	SYD1	26	26	100%	-	-	-	-			
	SYD1 Upgrade	88	20	23%	-	-	-	-			
	Total	114	46	40%	Total	0	0	0%	114	46	40%
DCI Data Centers	SYD01	18	11	61%	-	-	-	-			
	SYD02	36	Undefined	-	-	-	-	-			
	Total	54	11	20%	Total	0	0	0%	54	11	20%
Green Square	SYD1	189	0	0%	MEL1	240	0	0%			
	Total	189	0	0%	Total	240	0	0%	429	0	0%
Stockland	Mpark	116	40	34%	Cheery Lane	250	0	0%			
	Wetherill Park	Undefined	Undefined	-	Brooklyn Distrib	250	0	0%			
	Kemps Creek	254	-	-	-	-	-	-			
	Project A	76	-	-	-	-	-	-			
	Total	446	40	9%	Total	500	0	0%	946	40	4%
Goodman	SYD01	61	-	-	-	-	-	-			
	Project Mars	90	-	-	-	-	-	-			
	Project Apollo	90	-	-	-	-	-	-			
	Project Duke	120	-	-	-	-	-	-			
	Project Pluto	126	-	-	-	-	-	-			
	Project Atlas	500	-	-	-	-	-	-			
	Total	987	0	0%	Total	0	0	0%	987	0	0%
IFM	Mamre Road	1,000	-	-	-	-	-	-			
	Julius Avenue	170	-	-	-	-	-	-			
	Total	1170	0	0%	Total	0	0	0%	1,170	0	0%
Keppel	-	-	-	-	Hazelwood	720	-	-			
	Total	0	0	0%	Total	720	0	0%	720	0	0%
Aggregate Supply	Total	7,074	835	12%	Total	4,770	488	10%	11,843	1,323	11%

Source: Company websites, Town planning websites, Canaccord Genuity

Power as an important consideration

Power availability is a key factor in the growth of DI as DCs are power-intensive facilities that monetise electrons as compute cycles and data throughput, with heat as a primary by-product.

A senior Nvidia executive has described the company's enthusiasm for Australia as a location for DI based on the country's high energy potential (extensive energy resources spread over a relatively small population). Other considerations for international operators would be Australia's political stability, adherence to property rights and even its low geotechnical risks.

On the other hand, Australia does face challenges around deploying significant amounts of new DI, which we examine in detail below; this includes management of an energy transition from fossil-fuel generation to renewables and the firming of those renewables.

In its widely-anticipated Integrated System Plan, AEMO makes 34 references to DCs, noting that it has been working closely with the Energy and Climate Change Ministerial Council (ECMC) and other energy market bodies since March 2025 on the energy implications for DCs and that "AEMO is preparing a rule change for Operational Integration and Visibility of large inverter-based loads (including DCs). These reforms respond to the current reliance on bespoke, case-by-case arrangements, which limit efficient investment signals and system operation. The proposed changes will introduce consistent operational requirements and streamline connection processes".

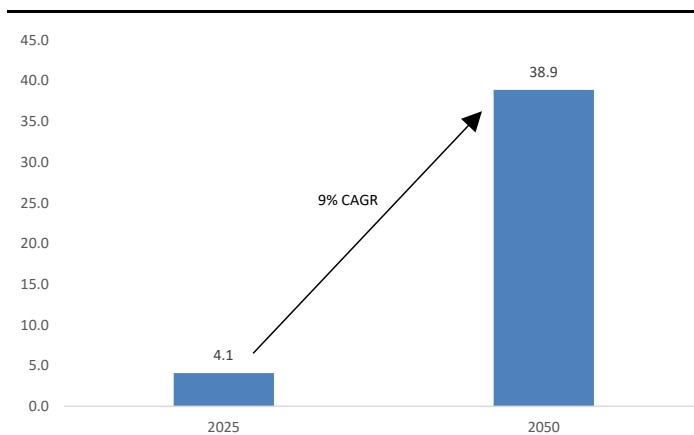
AEMO forecast for DC electricity demand

AEMO estimates there are 160 operational DCs in Australia. At the end of the March 2026 quarter, 11 large DCs representing more than 5GW of maximum demand were in the connections pipeline. AEMO notes that connections have taken about two years from application to energisation, similar to battery projects, and ramp to full demand over 5-10 years, although recent disclosures from NXT, in particular, indicate faster uptake of contracted capacity.

If we cross reference AEMO's estimate of DC electricity consumption in 2025 with DCs Australia's view of installed capacity, and extrapolate that to the 2050 AEMO consumption estimate, we estimate it would imply c.13GW of installed capacity, which is around 65% of DCA's current 20GW pipeline. Industry feedback suggests the AEMO estimate may be conservative.

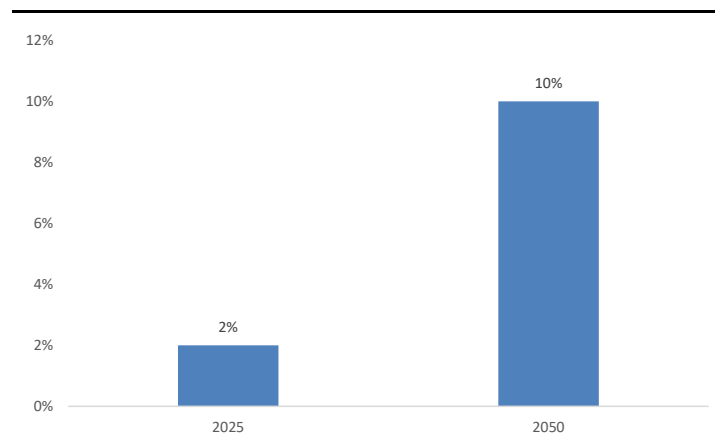
If that 13GW installed capacity does come to pass, we would still estimate powered shell capex of more than A\$100bn, rising to more than A130bn with fit-out.

Figure 19: DC electricity demand, 2025-50E (TWh)



Source: AEMO 2026 Integrated System Plan

Figure 20: DC share of NEM, 2010-50E

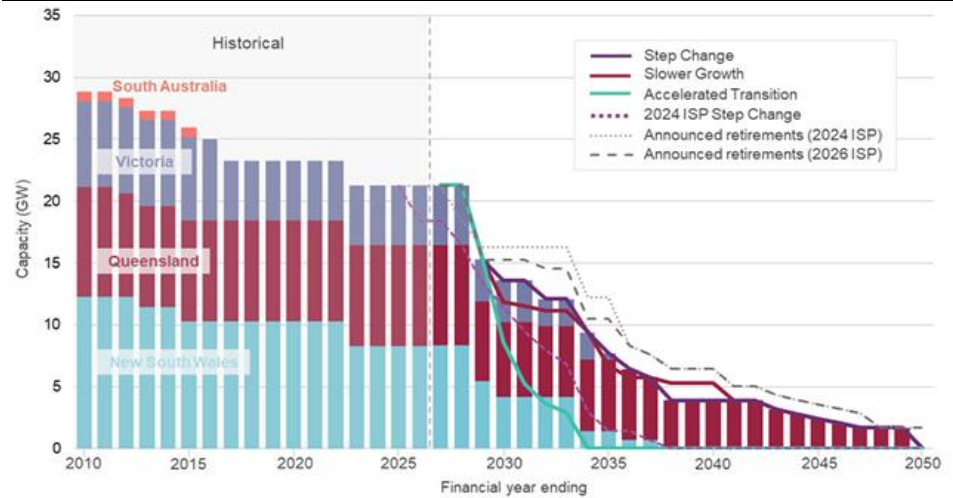


Source: AEMO 2026 Integrated System Plan

Coal-fired generation decommissioning

Over the next 15 years, a significant amount of power generation in New South Wales and Victoria is scheduled to be decommissioned in the form of retiring coal-fired power stations. Figure 21 shows the retirement schedules for plants which, in 2025, contributed to coal providing 55% of NSW power generation and 50% in Victoria.

Figure 21: Coal Capacity, NEM, 2010-2050 (GW)



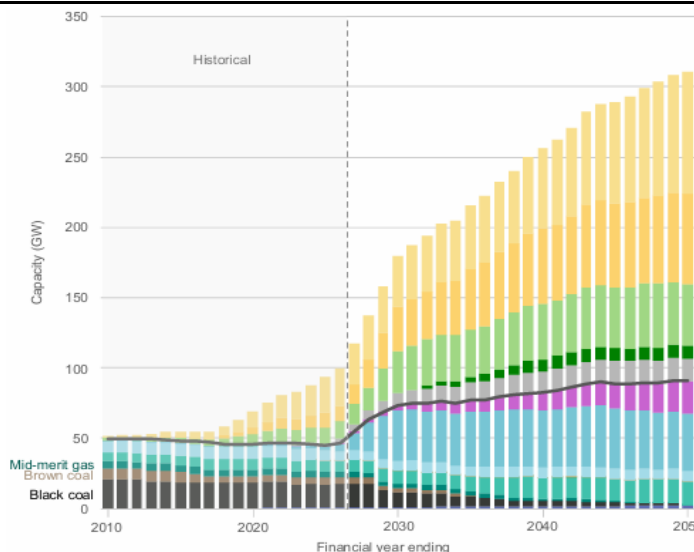
Source: AEMO 2026 Integrated System Plan

What replaces coal in the generation mix?

Replacing the power generation from coal will be a combination of renewables, BESS and gas peaker plants. Within renewables, rooftop solar has been a key source of growth, aided by subsidies but a significant amount of wholesale renewables will still be required, in our view.

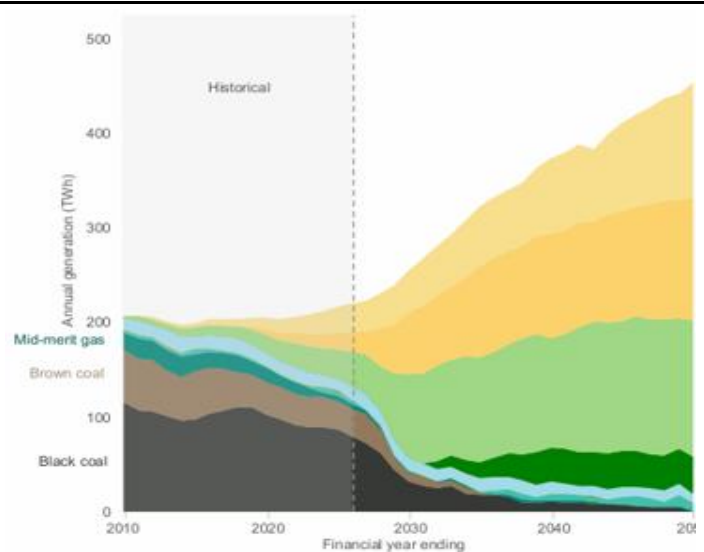
By 2050, AEMO projects that renewables will represent around 68% of installed capacity, with solar the largest component at 49% of the mix, followed by wind at 17%. It projects total storage in the system will represent around 25% of installed capacity- required to firm the intermittency of renewable sources of generation.

Figure 22: NEM capacity, 2010-50 (GW)



Source: AEMO 2026 Integrated System Plan

Figure 23: NEM annual generation, 2010-50 (TWh)



Source: AEMO 2026 Integrated System Plan

Based on the estimates above, solar is predicted to provide more than 50% of total power generation while higher wind generation relative to its installed capacity reflects higher assumed capacity factor and the principal use for BESS in the system.

Figure 24: AEMO 2050E estimates for capacity (GW) and generation (TWh)

	Capacity (GW)	Generation (TWh)
Rooftop and small scale solar	28%	27%
Utility solar	21%	29%
Onshore wind	14%	32%
Offshore wind	3%	9%
Hydro	2%	2%
Flexible gas	5%	2%
Demand side participation	1%	
Storage	25%	
Total	100%	100%

Source: AEMO 2026 Integrated System Plan

Overall, it is clear to us from AEMO's update that DCs are high on its agenda in terms of the increasing growth in demand and how that will be managed in the future with more standardised and efficient processes.

Key points from industry discussions

We have recently had discussions with industry experts on the topic of the DI industry's ambitions and how the sector can manage its power procurement requirements. We highlight our key findings below.

Grid & transmission

- The transmission backbone has not kept pace with renewables investment, creating systemic constraints across the market - an issue which is addressed in AEMO's 2026 update, with its \$6bn estimate for capital investment in transmission.
- The industry practitioners commented that Renewables investment has plateaued as the easy-to-develop locations have already been taken up. The grid needs to resolve itself before a new wave of investment can follow.
- AEMO recognises this trend by noting that the next 5-10 years are critical to the energy transition, with meeting the Optimal Development Path (ODP) requiring infrastructure to be delivered at a faster rate than has been achieved to date. Our industry contacts agreed – believing that the next 5-6 years are critical. Snowy Hydro 2.0 coming online is a significant event that we will reshape the grid's capacity profile.
- In relation to the impact of coal plant closures, Hazelwood's retirement in 2018 was cited as an example of a significant market price shock.
- The industry leaders believe that the coal retirement programme will continue to be delayed because transmission infrastructure needs to be built first, and DC demand is putting further pressure on available capacity.

DC power & location

- Locations with sufficient grid capacity for large-scale DC development are becoming increasingly constrained.
- There are potential challenges relating to headroom in the grid to absorb incremental gigawatts of DC load while simultaneously phasing out coal, which would align with their view that coal closures will be stretched out.
- For the next 3-4 years, DC development will remain focused on metro NSW, Victoria and WA (which has fibre infrastructure). Brisbane and Newcastle are more challenged due to limited fibre. After that, the focus will likely shift to locations with excess transmission capacity where latency can be managed. Queensland has grid space but lacks the subsea cable infrastructure needed to support DC development.

- Grid access is largely first-come-first-served in a simple sense, but the operator does prioritise applicants who strengthen the grid and cause the least disruption.
- Building a 1 GW DC facility in a metro location is increasingly hard to achieve, with key sites already taken up and well progressed in terms of planning. Going forward, developers will need to identify sites with available transmission and bring fibre to them.
- Co-locating with renewables or adopting a bring-your-own-power model could reduce regulatory hurdles and accelerate approvals. Other considerations here include AEMO's view of behind the meter operations and their impact on grid stability, noting US regulators have recently taken a dim view of some of these initiatives.
- The industry experts believe government will push DC developers to demonstrate they are bringing genuinely additional renewables to the market and not just consuming existing capacity.

Firming & gas

- The experts expressed the opinion that gas is a key part of the firming profile in a grid dominated by renewables.
- Most batteries being built today are 4-hour duration. Even if this extends to 8–12 hours, batteries alone are unlikely to provide sufficient overnight firming for DCs.

Load flexibility & pricing

- DCs cannot flex demand down when spot prices spike — which is what energy retailers, such as Origin, need from large customers.
- AI workloads that can flex based on pricing signals could therefore be highly valuable to the grid and to energy retailers. This flexibility premium will become an increasingly important differentiator for DC operators.

M&A in digital infrastructure

Over the last ten years, the DI sector has seen significant M&A activity, initially concentrated among the DC operators, with several listed companies taken private as well as asset and private-to-private transactions.

Figure 25: M&A transactions in DI and associated sectors (global DC operators)

Acquirer	Target	Date	Valuation (\$m)	Valuation multiple	Strategic rationale
Global DC operators					
Equinix	Verizon DC portfolio	Dec-2016	3,600	~11x EBITDA	Expanded Equinix's global interconnection and colocation footprint by acquiring a large carrier-grade enterprise colocation portfolio; broadened customer and metro coverage.
Digital Realty	DuPont Fabros Technology	May-2017 / Sep-2017	7,800	~19x EBITDA	Accelerated Digital Realty's hyperscale and wholesale DC exposure, particularly; added development pipeline and scale.
Peak 10 / GI Partners	ViaWest	Jul-2017	1,700	~12x EBITDA (rep/implied)	Created a larger North American hybrid IT / colocation platform by combining Peak 10's managed services and colocation footprint with ViaWest's DC and cloud services base; later formed Flexential.
Brookfield Infrastructure	AT&T DC colocation assets	Sep-2018	1,100	n/d	Provided Brookfield with an operating DC platform and recurring enterprise colocation cash flows.
Macquarie Asset Management / PSP Investments	AirTrunk (initial majority stake)	Oct-2018 / 2020 recap	2,100	n/d	Provided Macquarie/PSP with exposure to a fast-growing APAC hyperscale platform at an early stage; supported AirTrunk's expansion across Australia, Japan, Singapore, Hong Kong and Malaysia.
Digital Realty	Interxion	Oct-2019 / Mar-2020	8,400	~23x EBITDA (mkt est)	Expanded Digital Realty's European colocation and interconnection presence, creating a leading pan-European platform.
Blackstone	QTS Realty Trust	Jun-2021 / Aug-2021	10,000	~25x EBITDA (mkt est)	Blackstone sought exposure to data proliferation and hyperscale demand through a scaled operating platform with development potential; private ownership provided long-duration capital for growth and expansion.
KKR + Global Infrastructure Partners	CyrusOne	Nov-2021 / Mar-2022	15,000	~25.5x 2021E EBITDA; ~23.0x 2022E EBITDA	KKR/GIP acquired a scaled hyperscale DC REIT to support expansion across key global digital gateway markets, backed by long-term infrastructure and real estate capital.
American Tower	CoreSite Realty	Nov-2021 / Dec-2021	10,100	~29.4x Q3'21 annualised Adj. EBITDA	Aimed to create a converged communications real estate platform spanning towers, edge compute and highly interconnected core DCs, positioned for 5G, cloud and low-latency applications.
Switch	Data Foundry	May-2021	420	~19x 2021E Adj. EBITDA incl. synergies	Switch added Austin and Houston colocation assets to expand its Texas presence and customer base, while capturing cost and operating synergies within its DC platform.
DigitalBridge + IFM Investors	Switch, Inc.	May-2022 / Dec-2022	11,000	~31x 2022E EBITDA; ~27.5x 2023E EBITDA	DigitalBridge / IFM took private a US colocation campus platform with renewable-power credentials, expansion land and strong enterprise demand, aiming to scale domestically and internationally.
Brookfield Infrastructure + OTTP	Compass Datacenters	Jun-2023 / Oct-2023	5,500	n/d; high-teens to ~20x frequently cited mkt est	Brookfield / Ontario Teachers acquired a purpose-built hyperscale development platform to capitalise on large-scale cloud and AI demand, with management retained to accelerate campus development.
Amazon Web Services	Cumulus Data campus from Talen Energy	Mar-2024	650	n/a asset deal	AWS secured a large, powered DC campus adjacent to nuclear generation, improving access to reliable low-carbon power for future cloud / AI infrastructure needs.
Blackstone + CPP Investments	AirTrunk	Sep-2024 / Dec-2024	16,100	n/d; reported >30x EBITDA in mkt comment	Blackstone + CPP Investments
AIP / MGX / BlackRock GIP consortium	Aligned Data Centers	Oct-2025 / exp. H1-2026	40,000	n/d	AIP / MGX / BlackRock GIP consortium
SoftBank Group	Ampere Computing	Late-2025 exp. close	6,500	n/d	SoftBank Group
KKR + Singtel	STT GDC	Q1-2026		n/d	KKR + Singtel
Equinix + CPP Investments	atNorth	Q1-2026		n/d	Equinix + CPP Investments

Source: Company Reports, Canaccord Genuity

Recently, M&A has picked up in the contractor space, with a number of deals completed in the last 12 months as operators position themselves for the capex cycle. In the Australian market, acquisition multiples have generally been in the mid-single digit range.

MP1's acquisition of Latitude.sh in November foreshadowed a significant shift in the business towards Compute as a Service.

Figure 26: M&A transactions in DI and associated sectors (domestic contractors and others)

Acquirer	Target	Date	Valuation (\$m)	Valuation multiple	Strategic rationale
Domestic Contractor transactions					
Tasmea (TEA)	Maxim Group	Jun-2026	\$254m	~5.4x FY26e EBIT, ~31% EPS accretive	Adds ~600 staff, A\$1.3bn pipeline, ~55% DC revenue, VIC electrical scale
SKS Technologies (SKS)	Delta Elcom	Nov-2025	\$13.75m	5.0x normalised NPAT	Accelerates entry into the Sydney electrical market
Mayfield (MYG)	SMEC Power & Technology	Feb-2026	\$30m	5.0x EBITDA	Adds ~100 staff, WA mining electrification and manufacturing capacity in a constrained market
Mayfield (MYG)	BE Switchcraft	Jun-2025	\$7m	Undisclosed	Switchboard manufacturing capacity in a constrained market
NRW Holdings (NRW)	Fredon (electrical)	Sep-2025	\$200m	5.0x EBIT	DC electrical contracting access via Fredon
Southern Cross Electrical (SXE)	Heyday	March-2017	\$41m rising to \$54m post earnout	4.0x FY17 EBIT (base valuation) 3.7x assuming full earnout	
Dycom (US, NYSE: DY)	Power Solutions	Nov-2025	11-13x EBITDA	US\$1.95bn, ~2,800 staff	US analogue, scale DC electrical platform in Virginia
Others					
Megaport (MP1)	Latitude.sh	Nov-25	US\$150m	8.3x EBITDA	Accelerates MP1's transition from a connectivity enabler to a broader DI platform with direct exposure to AI compute demand

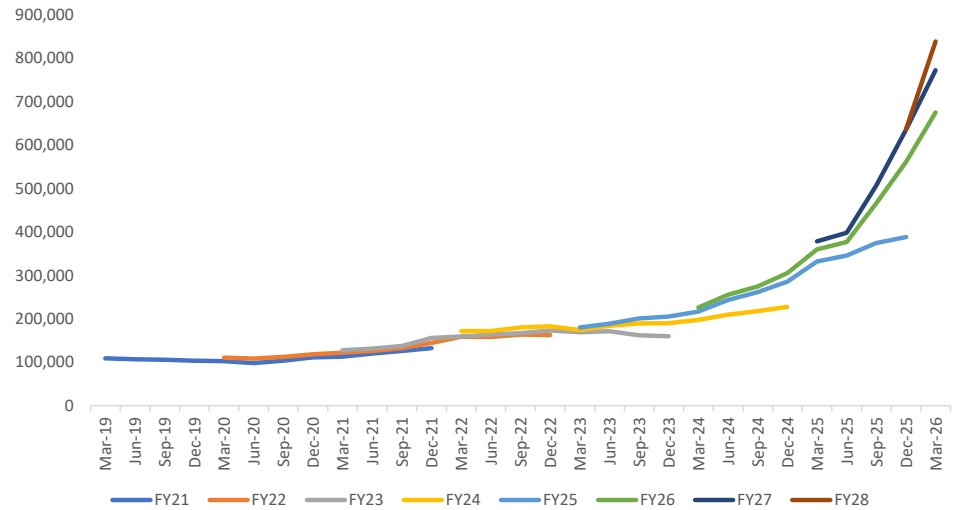
Source: Company Reports, Canaccord Genuity

Here come the neoclouds

Hyperscale capex continues to trend upwards

AI continues to be a major driver of the DI industry. Figure 27 shows the progression of capex estimates for a group of five US hyperscalers, based on Visible Alpha consensus, with an increasing and steepening profile over the last 2-3 years. We believe these consensus capex estimates represent a combination of server purchases as well as direct investment into DI.

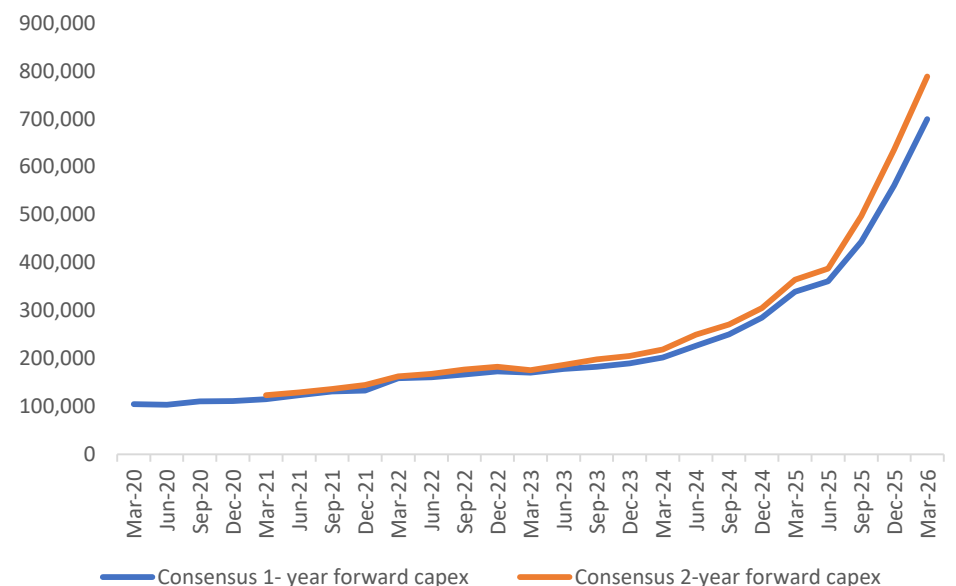
Figure 27: Capex estimates for US hyperscalers



Source: VA consensus

Figure 28 shows the one- and two-year forward consensus estimates for capex and shows the same steepening profile, with the two-year forward estimate representing +13% yoy growth over the one-year forecast.

Figure 28: One- and two-year forward capex estimates for US hyperscalers



Source: VA consensus

Neoclouds and their contribution to DI growth

A neocloud company is a cloud infrastructure provider focused on delivering specialized, GPU-centric computing platforms tailored to AI/ML and advanced data workloads, typically operating as a focused alternative or complementing traditional hyperscale cloud providers.

Figure 29 shows the differences between neoclouds and hyperscalers in terms of their product and service offerings.

Figure 29: Characteristics of neoclouds compared to hyperscalers

Feature	Hyperscaler	Neocloud company
Scope	Broad (compute, storage, SaaS, etc.)	Narrow (compute-focused)
Infrastructure	General-purpose	GPU-optimised
Target users	Enterprises, developers	AI companies, labs
Pricing	Bundled, complex	Transparent, usage-based
Speed to deploy	Slower for niche workloads	Faster for AI clusters

Source: Canaccord Genuity

Examples of prominent neoclouds are CoreWeave, Nebius and Lambda Labs, while examples in Australia include Firmus, Reset Data and SharonAI. All are designated Nvidia Cloud Partners, status which provides the following:

- Preferential access to GPUs
- Validated high-performance reference architecture
- Faster time-to-market
- Technical support and software integration
- Go-to-market capability and credibility

Four neocloud businesses have announced plans to utilise DC capacity in Australia to deploy GPU servers.

- **Firmus (private)**

Firmus has announced a partnership with CDC (51% owned by Infratil | IFT-NZX | Not Rated), for 18,400 GPUs, which represents 40-70MW of its DC capacity, by our calculations. In addition, Firmus has expressed long-standing ambitions to develop its own DC capacity in Tasmania with its most recent reporting estimating 288MW of planned capacity as part of its broader strategy to deploy 1.6GW of capacity across a national network of AI DCs. The company has also acquired sites at Port Augusta and Tailem Bend in South Australia - a further aspect of that strategy.

In terms of contracts, Firmus has announced one contract, for 18,400 NVIDIA GB300 GPUs, for deployment at CDC in Melbourne, with an undisclosed global hyperscale customer worth several billion dollars in revenue.

- **IREN – Joseph Vafi (IREN-NASDAQ: US\$43.32 | BUY, TP US\$79.00)**

IREN, which has transitioned from Bitcoin miner to neocloud, has developed its own DI in Canada and the US. It recently announced its entry into the Australian market with a planned 800MW DC in Bunday, South Australia, with energization scheduled to commence from 2028.

In its recent Q2 FY26 earnings release, IREN reported that it is guiding to US\$3.7bn ARR across 480MW of owned and operated DC capacity exiting CY26.

- **Reset Data (50%-owned by Centuria Group | CNI-ASX | Not Rated)**

Reset Data has deployed a 1.1MW GPU server array in a Melbourne DC utilising an immersion cooling deployment. Reset Data has identified its target market for early sales as Australian enterprise and government customers, leveraging channel partnerships with NVIDIA, Dell and Dicker Data. Subsequent to a recent investor event showcasing Reset Data, CNI raised \$300m, part of which was to support the growth of its neocloud business.

- **Sharon AI (SHAZ-NASDAQ | Not Rated)**

Sharon AI has announced three contracts to date with a total contracted value (TCV) of at least US\$7,080m across 5-6 terms and the potential for customer extensions. Sharon has reported total DC allocation of 132MW across Australia and New Zealand, of which its three contracts are planned to occupy 102MW.

And one final company, which is not particularly Australia-focussed and even as recently as two months ago we would not have considered it a neocloud:

- **Megaport (MP1)**

Over the last three months, MP1 has undergone a major pivot in its business, from a predominantly Network as a Service operator to one whose revenue and earnings we expect to be dominated by Compute-as-a-Service arising from its acquisition of Latitude.sh in late CY25. The transition in the business has been driven by three, ever-increasing contract announcements, culminating (so far) in \$877m of announced capex of US\$518m (A\$750m) in June 2026 and funded by an \$827m entitlement offer. Whilst we do not expect much, or any at all, of MP1's deployments to occur in Australia, we believe it is currently the predominant way for Australian investors to gain direct exposure to neoclouds on the ASX.

Neocloud unit economics

Figure 30 (which is based on Visible Alpha consensus numbers and CG estimates for Megaport) shows the unit economics of a selection of neocloud and Compute-as-a-Service businesses to illustrate the growth profile in the sector and some important aspects of the unit economics:

- On a blended basis, we calculate an FY26-28 revenue and gross profit CAGR of more than 100% p.a.
- We observe gross margins increasing across the period, suggesting that gross profit growth is expected to outpace revenue growth.
- Combined capex expectations for these five companies alone across the three-year period is nearly US\$220bn.
- IREN generally exhibits higher gross margins than the other operators, based on consensus forecasts, which we attribute to its Build, Own, Operate (BOO) model, with the approximately 10-percentage-point higher gross margin driven by the absence of payments to third-party DC operators.
- MP1's Compute business exhibits higher gross margins, on our estimates, than other colocation neoclouds because a meaningful part of its revenue mix is in CPUs as opposed to GPUs. Also, its contracts tend to be shorter duration (c.3 years or less, compared to 5+ for the others), leaving less time to achieve a suitable payback period.

Figure 30: Unit economics for selected neocloud and Compute-as-a-Service companies

DC mode	CoreWeave	Nebius	Sharon AI	IREN Limited	Megaport*
	Colocation	Colocation	Colocation	BOO	Colocation
Currency	USD	USD	USD	USD	AUD
FY26E					
Revenue	12,746	3,408	159	754	46
Gross profit	8727	2424	111	525	35
Margin	68%	71%	70%	70%	75%
Capex	33,300	22,979	1,466	3,473	25
FY27E					
Revenue	25,535	12,107	1,363	3,105	332.6
Gross profit	18689	8703	874	2574	255
Margin	73%	72%	64%	83%	77%
Capex	38,289	25,814	3,539	10,090	877
FY28E					
Revenue	39,511	22,795	2,471	6,894	679.5
Gross profit	29094	16444	1754	5772	556
Margin	74%	72%	71%	84%	82%
Capex	40,221	26,517	3,106	8,977	400
CAGR					
Revenue	76%	159%	294%	202%	315%
Gross profit	83%	160%	297%	232%	339%

Source: VA consensus for CoreWeave, Nebius and IREN; FactSet consensus for SharonAI and Canaccord Genuity estimates for Megaport; * Compute segment;

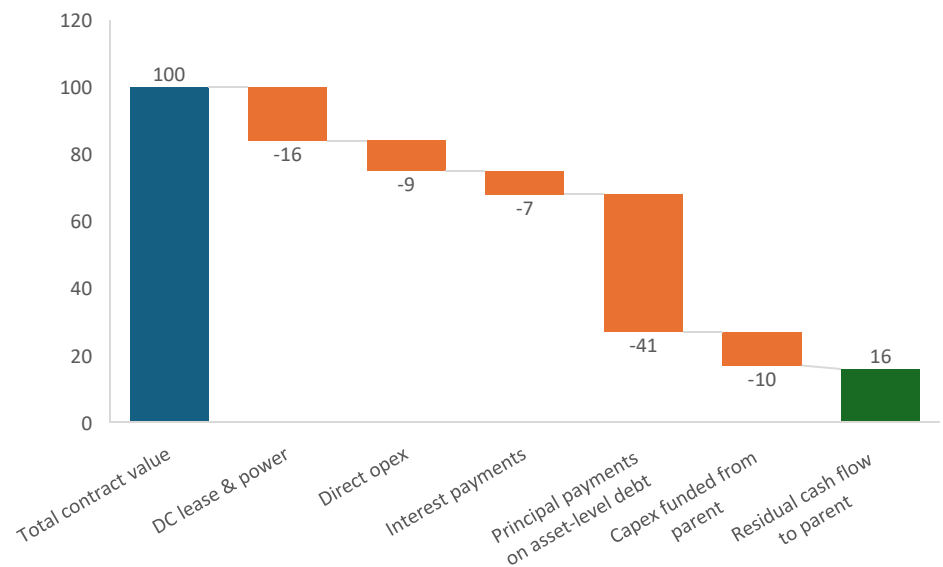
USD except where stated

Contract structures and capital returns

CoreWeave (CRWV-NASDAQ | Not Rated) recently published an indicative profile of the cash flows for a 5-year contract. Its key assumptions included:

- 5-year contract.
- No customer pre-payment.
- 75% EBITDA margin on contract.
- 80% LTV borrowing on contract capex with a 5-year maturity.
- 6.5% borrowing rate.

Figure 31: Unit economics of an illustrative 5-year contract



Source: CoreWeave investor presentation, March 2026

From the data presented in Figure 31, we calculate the following:

- Contract gross margin 75%.
- Contract EBIT margin 24%.
- Payback on capex c.3.4 years.
- Pre-tax return on equity of 21% p.a.

Key conclusions:

- The five-year residual parent company cash flows are sufficient to fund a further 5-year DC lease term, as an option.
- Any contract renewal or extension generates cash unencumbered by debt and drives an increase in operating leverage and returns.
- Returns are highly sensitive to interest rate.

IREN's contract with Microsoft

Figure 32 shows the key elements of a landmark contract announced by Microsoft in November 2025 and illustrates a number of the key components of neocloud contracts, including capex and unit economics like ARR and margin, which taken together imply an unlevered payback period of 3-4 years and a levered IRR of 25-30% with zero assumed residual value over the contract duration.

Figure 32: Summary of key elements of IREN's contract with Microsoft

Metric	Detail
Total Contract Value	US\$9.7 billion
Expected Annualised Revenue	US\$1.9 billion
Contract Duration	5-Year Average Term
GPU Capex (Including Ancillaries)	US\$5.8 billion
Customer Prepayment	20% (US\$1.9 billion)
Estimated GPU Financing	US\$2.5 billion
GPU Specifications	76,000 NVIDIA GB300 (Blackwell)
Dedicated Power Capacity	200MW (Critical IT Load)
Deployment Location	Childress, Texas (Horizon 1,2,3,4)
Estimated Project EBITDA Margin	~85%
Estimated Levered IRR	~25-30% (assumes 0% GPU Residual Value)

Source: Company Reports

Neocloud contracts announced to date

Figure 33 shows a summary of a group of 24 contracts announced by neoclouds or neocloud-style businesses.

We calculate, based on company disclosures, that c.US\$140bn of contracts have been announced by this group of six neocloud businesses, with a median tenure of 5 years and total value of US\$4.8bn.

In that context, MP1's entry into the market is much smaller than the rest of the group (the median TCV rises 29% when MP1's contracts are excluded). Its contracts also tend to be shorter than the median contract (c.2.5 years compared to the median of 4.8 years).

Figure 33: Key metrics from announced neocloud contracts

Metric	Contract duration (years)	Contract value (US\$B)
Median	5.0	4.8
Range (Min – Max)	2.3 – 7.0	0.025 – 27.0
Mean	4.9	7.4
Total disclosed	n/a	~140.0

Source: Company Reports, Canaccord Genuity estimates

Summary of contract structures announced by neoclouds

Figure 34: Select contracts announced by neoclouds and Compute-as-a-Service operators

Neocloud provider	Date announced	Customer	Contract duration	Total contract value (US)
CoreWeave	Mar-2025	OpenAI	5 years	\$11.9bn
CoreWeave	May-2025	OpenAI (expansion)	Through Apr 2029	\$4.0bn
Nebius	Sep-2025	Microsoft	5 years (through 2031)	\$17.4–19.4bn
Lambda	Sep-2025	Nvidia (leaseback)	4 years	\$1.5bn
CoreWeave	Sep-2025	Nvidia (backstop)	Through Apr 2032 (~7 years)	\$6.3bn
CoreWeave	Sep-2025	OpenAI (expansion)	—	\$6.5bn
CoreWeave	Sep-2025	Meta	Through Dec 2031 (~6 years)	\$14.2bn
IREN	Nov-2025	Microsoft	5 years	\$9.7
Lambda	Nov-2025	Microsoft	Multi-year	Multi-billion (undisclosed)
Nebius	Nov-2025	Meta	5 years	\$3.0bn
Sharon AI	Q1 2026	Canva	Not disclosed	Not disclosed
Sharon AI	Q1 2026	GMI Cloud	Not disclosed	Not disclosed
Nebius	Mar-2026	Meta (expansion)	5 years	Up to ~\$27.0bn
Sharon AI	Apr-2026	ESDS Software Solutions	5 years (+2yr option)	\$1.25bn
CoreWeave	Apr-2026	Meta (expansion)	Through Dec 2032 (~6 years)	\$21.0bn
CoreWeave	Apr-2026	Anthropic	Multi-year	"Multi billion dollars"
CoreWeave	Apr-2026	Jane Street	Multi-year (~5 years)	\$6.0bn
MegaPort	Apr-26	Unlisted high growth technology company	3 years	US\$25m
IREN	May-2026	Nvidia	5 years	\$3.4bn
Sharon AI	May-2026	Global tech, major APAC presence	5 years	\$0.95
MegaPort	May-26	US-based technology providers	2.8 years	US\$183m
MegaPort	Jun-26	US-based technology providers	2.3 years	US\$330m
MegaPort	Jun-26	On-demand GPU pool		
Sharon AI	Jun-26	Nvidia	6 years	US\$4.80

Source: Company reports

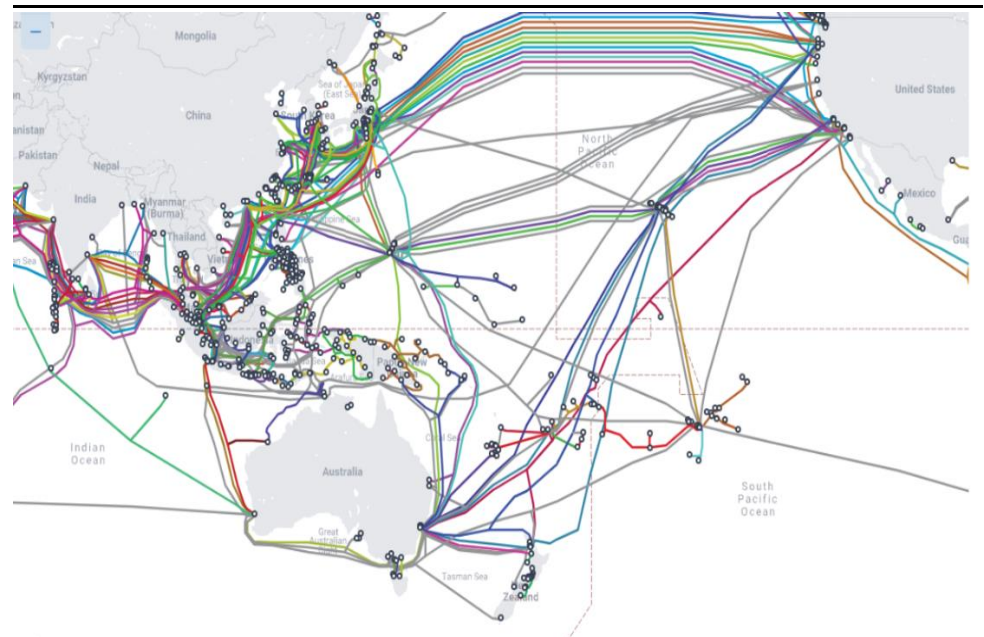
Future optionality: Australia's unique and expanding subsea cable network

Today, the vast majority of subsea fibre cables passing from the US to Asia transit through the South China Sea. This region is obviously facing heightened tensions politically and militarily as a result of incremental tensions between China and Taiwan and the West more broadly. Therefore, we believe the increasing geo-political tensions in the region puts Australia in a favourable position for further subsea cable investment and, subsequently, heightened DC demand. Figure 35 provides an overview of the US-Asian subsea cable network.

Lastly, disruption to subsea data cables occurs, with some 'incidents' being labelled 'sabotage'. Some examples from the Baltic Sea include 'significant damage' to an underwater data cable between Sweden and Latvia (January 2025), a Chinese-registered vessel reportedly (per Reuters) passing close to both the Swedish-Lithuanian and Finnish-German cables around the time each was cut (November 2024) and a Chinese container ship reportedly (per Reuters) cut a gas pipeline between Finland and Estonia with its anchor (late 2023).

With the majority of Australia's subsea cables laying in deeper waters than in many other locations in the world, the rate of disruption to subsea cables has been lower historically, and hence we believe both the reliability of the cables is relatively higher and the overall cost of ownership is lower than many other jurisdictions, making Australia a highly favourable location for DCs over the medium to long term.

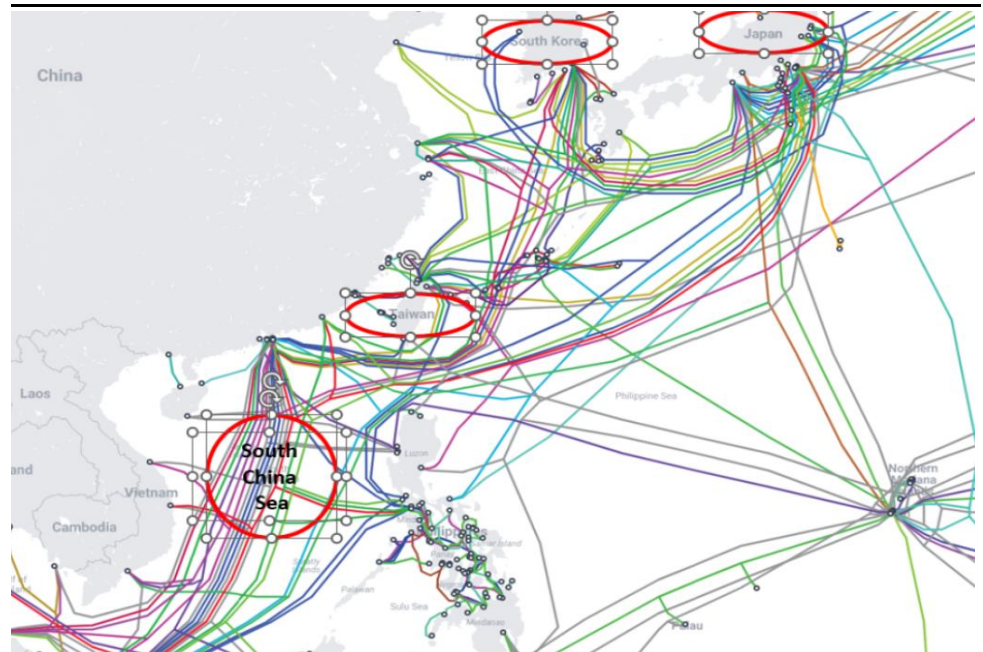
Figure 35: Submarine cables from the Americas to Asia



Source: TeleGeography

Figure 36 shows the Asian submarine cable landscape.

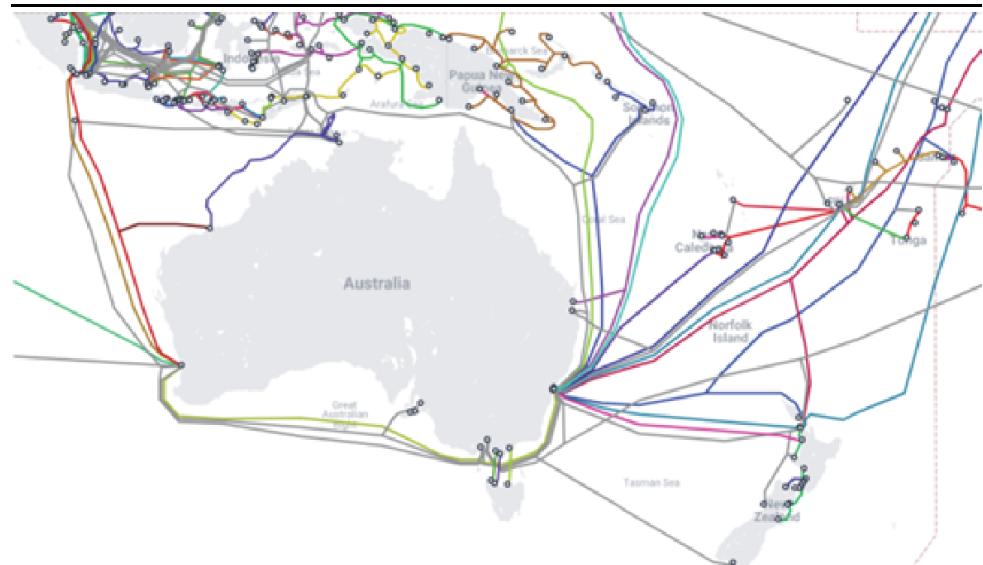
Figure 36: Submarine cables in select Asian markets



Source: TeleGeography

Figure 37 shows the submarine connectivity in Australia, with a few submarine cables coming in via Asia from the north, but a greater number coming into Australia via the Pacific Ocean (Hawaii and Guam, both US-controlled locations).

Figure 37: Submarine cables near Australia



Source: TeleGeography

Social Licence to Operate

Whilst we do not think the pipeline of developments we identified in Section 5 (Figure 18), will be particularly impacted, we believe that Social Licence to Operate (SLO) is becoming increasingly relevant to the next generation of DC developments. Industry feedback suggests earning the SLO is increasingly important for DCs and could become more significant as more facilities move closer to realisation.

What "Social Licence to Operate" means in this context

The concept was imported from extractive industries (mining/energy) in the 1990s: regulatory approval is no longer sufficient — projects also need ongoing, informal consent from the communities that host them, conferred through trust, transparency and a perceived fair balance of costs and benefits. It is not granted by government, can be withdrawn, and has now become a "prerequisite" rather than a peripheral concern for AI infrastructure. DCs find themselves in this debate because, although they do not extract minerals, they rely on shared finite resources — power, water and land.

The scale of US pushback

- **Capital at risk:** As of June 2026, global technology consultancy [Axis Intelligence calculates](#) community opposition has disrupted more than US\$228bn of US DC projects — US\$18bn blocked outright and ~US\$130bn delayed in Q1 2026 alone, matching the entire 2025 disruption total. Research firm [Data Center Watch estimates](#) that more than 140 local groups have blocked or delayed ~US\$60bn+ in investment in the period May 2024 to March 2025.
- **Organised opposition:** [Axis Intelligence estimates](#) there are 188 active opposition groups across 49 states (up from 53 groups in 17 states in Q2 2025 — a 255% rise). Virginia alone has 42 activist groups.
- **Public sentiment:** A [March 2026 Gallup poll](#) found 71% of Americans oppose local DC construction (48% strongly) — for the first time exceeding opposition to nuclear plants (53%). Pew finds more Americans see DCs as net-negative for environment, energy costs and quality of life. Separate reporting indicates that opposition does not split along partisan lines.

The core issues driving US opposition

In the course of this research, we have seen the following issues cited as important matters relating to DCs' social licence to operate in the US:

- Electricity prices and ratepayer cross-subsidy
- Water consumption in stressed catchments
- Tax incentives perceived as corporate welfare
- Limited local jobs vs heavy local externalities
- Electoral consequences

In the Australian context

Microsoft Lane Cove

Microsoft withdrew an application for a 40MW DC in Lane Cove, Sydney, in February 2023. The project encountered community and planning opposition, including objections relating to building height, scale and amenity impacts, and Microsoft subsequently withdrew the proposal. While community opposition may have contributed to the project's challenges, Microsoft did not publicly attribute the withdrawal to local opposition.

GreenSquare Perth

In May 2026, GreenSquare withdrew an application for a \$1.1bn DC in Perth after the local council rejected the application and widespread community disquiet around noise concerns and environmental concerns.

Katoomba DC application

In June 2026, an application for a DC in central Katoomba, NSW, was withdrawn following community concerns around “significant demands on power and water, and they [DCs] can raise serious questions about noise, amenity, air quality, fire risk and environmental impact”.

Cloud Carrier DC and Gas Plant, Southern Highlands

An application to build a 673MW gas-fired power plant in the Southern Highlands of NSW by an operator called Cloud Carrier has begun to attract community and press attention. Advisory firm Nexa estimates that the proposed gas plant would represent c.16% of the emissions from two of NSW largest coal-fired power stations, Bayswater or Earaiing.

DigiCo divests its proposed Los Angeles DC site

Whilst not an Australian issue, ASX-listed DigiCo announced the withdrawal of its development application for its LAX1 DC in Los Angeles, following advice from the city council that planning approval for the site was uncertain. DigiCo subsequently announced the sale of both its LAX1 and LAX2 sites in June 2026.

Western Sydney has sold out of grid connectivity, for now

In June 2026, Transgrid announced on its website that there is limited scope to accommodate additional large connections beyond those reflected in current forecasts for Western Sydney, where c.1.5GW of new DC connections have recently been signed, until there is greater clarity over new transmission projects.

What does this mean for further DC development in Australia?

Two years ago, we attended an industry conference where the discussion was mainly focused on real estate. However, the main takeaway for us was the need for DCs to move to the source of the power, reversing the paradigm to that point.

On its website Transgrid also suggested DC operators seek locations in regional areas where there may be more access to power and transmission line upgrades. Should this eventuate, we would regard this as very much being in the spirit of taking the DC to the power. We see seven issues as increasingly important in addressing SLO issues:

- **Energy: net-additive, not net-extractive:** Proponents are increasingly expected to fund their own generation, network upgrades and take-or-pay tariffs to avoid household price spillover.
- **Water: efficient, transparent, ideally recycled:** Water use is one of the top US opposition drivers (18% of opponents); Victoria is mapping greenfield DC sites against recycled-water supply, and closed-loop cooling can cut water draw 50–75%.
- **Noise and amenity (especially diesel backup):** This was a decisive factor in ending GreenSquare's A\$1.1bn Perth DC (88 diesel generators, ~1,900 mostly opposed submissions); worst-case acoustic modelling and BESS/gas hybrid backup now appear to be increasingly important.
- **First Nations and cultural heritage:** The Hazelmere application withdrawal was supported by local First Nations leaders who expressed concern about its proximity to two Aboriginal heritage sites.
- **Land-use trade-offs (housing and employment land):** We see increasing friction between government strategies around residential housing and property affordability and the desire to build DCs in similar areas. In our view, this could be a significant driver of DC developments further towards regional areas.
- **Real local economic benefit:** Generic “jobs” claims now invite scepticism; credible DAs need Local Industry Participation Plans, TAFE/apprentice pathways and Community Benefit Agreements with measurable targets.
- **Transparent, enforceable sustainability reporting:** Commonwealth Expectations and NSW Principle 4 require reliable, verifiable data; we expect public annual disclosure of PUE/WUE/Scope 1–3 emissions and NABERS Energy for DCs certification to become the de facto SLO baseline.

Appendix: Important Disclosures

Analyst Certification

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: July 06, 2026, 16:30 ET

Date and time of production: July 06, 2026, 04:18 ET

Compendium Report

This report covers six or more subject companies and therefore is a compendium report and Canaccord Genuity and its affiliated companies hereby direct the reader to the specific disclosures related to the subject companies discussed in this report, which may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx>; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@cgf.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

Distribution of Ratings:

Global Stock Ratings (as of 07/06/26)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	730	71.22%	27.81%
Hold	120	11.71%	5.83%
Sell	1	0.10%	0.00%
Speculative Buy	171	16.68%	61.99%
	1025*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate returns greater than 10% during the next 12 months.

HOLD: The stock is expected to generate returns from -10% to 10% during the next 12 months.

SELL: The stock is expected to generate returns less than -10% during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

Given the inherent volatility of some stocks under coverage, price targets for some stocks may imply target returns that vary temporarily from the ratings criteria above.

*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

Risk Qualifier

SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

General Disclaimers

See "Required Company-Specific Disclosures" above for any of the following disclosures required as to companies referred to in this report: manager or co-manager roles; 1% or other ownership; compensation for certain services; types of client relationships; research analyst conflicts; managed/co-managed public offerings in prior periods; directorships; market making in equity securities and related derivatives. For reports identified above as compendium reports, the foregoing required company-specific disclosures can be found in a hyperlink located in the section labeled, "Compendium Reports." "Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity LLC, Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 80%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity LLC, a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Investment Banking activities, or to recommendations contained in the research.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

From time to time, Canaccord Genuity salespeople, traders, and other professionals provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses also from time to time make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

Research Distribution Policy

Canaccord Genuity research is posted on the Canaccord Genuity Research Portal and will be available simultaneously for access by all of Canaccord Genuity's customers who are entitled to receive the firm's research. In addition research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Canaccord Genuity's customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

Short-Term Trade Ideas

Research Analysts may, from time to time, discuss "short-term trade ideas" in research reports. A short-term trade idea offers a near-term view on how a security may trade, based on market and trading events or catalysts, and the resulting trading opportunity that may be available. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks. A short-term trade idea may differ from the price targets and recommendations in our published research reports that

reflect the research analyst's views of the longer-term (i.e. one-year or greater) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. It is possible, for example, that a subject company's common equity that is considered a long-term 'Hold' or 'Sell' might present a short-term buying opportunity as a result of temporary selling pressure in the market or for other reasons described in the research report; conversely, a subject company's stock rated a long-term 'Buy' or 'Speculative Buy' could be considered susceptible to a downward price correction, or other factors may exist that lead the research analyst to suggest a sale over the short-term. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm does not intend, and does not undertake any obligation, to maintain or update short-term trade ideas. Short-term trade ideas are not suitable for all investors and are not tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your salesperson for more information regarding Canaccord Genuity's research.

For Canadian Residents:

This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canaccord Genuity Corp. is registered and regulated by the Canadian Investment Regulatory Organization (CIRO) and is a Member of the Canadian Investor Protection Fund. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United States Persons:

Canaccord Genuity LLC, a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity LLC. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For United Kingdom and European Residents:

This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited or its Wealth Management affiliated company, Canaccord Genuity Financial Limited ABN 69 008 896 311 holder of AFS Licence No 239052. This report should be read in conjunction with the Financial Services Guide available here - [Financial Services Guide](#).

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited which is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong) Limited. (Contact Tel: +852 3919 2561) in respect of any matters arising from, or in connection with, this research.

Additional information is available on request.

Copyright © Canaccord Genuity Corp. 2026 – Member CIRO/Canadian Investor Protection Fund

Copyright © Canaccord Genuity Limited. 2026 – Member LSE, authorized and regulated by the Financial Conduct Authority.

Copyright © Canaccord Genuity LLC 2026 – Member FINRA/SIPC

Copyright © Canaccord Genuity (Australia) Limited. 2026 – Participant of ASX Group, Cboe Australia and of the NSX. Authorized and regulated by ASIC.

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Corp., Canaccord Genuity Limited, Canaccord Genuity LLC or Canaccord Genuity Group Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.

None of the material, nor its content, nor any copy of it, may be altered in any way, reproduced, or distributed to any other party including by way of any form of social media, without the prior express written permission of the entities listed above.

This report is intended for TYoung@cgt.com. Unauthorized distribution prohibited.