

NEWS RELEASE

**CapitaLand Investment launches research paper on
'Asia Pacific Data Centre Investment Strategies
in the Age of Digitalisation'**

Strong secular tailwinds drive investors' interest in the region's sector

Singapore, 5 July 2024 - CapitaLand Investment (CLI) has launched its latest research paper on investment strategies for Asia Pacific's (APAC) data centre (DC) industry as part of its 'Perspectives' research series. Leveraging insights from CLI's expertise on the ground, the research paper highlights the demand drivers behind the rapid growth of DCs in the region and strategic investment considerations for investors. The paper also includes a case study on navigating India's DC sector.

Ms Michelle Lee, CLI's Managing Director, Private Funds (Data Centre), said: "Digitalisation is a global mega trend driving the growth of data centres. With the DC sector's strong secular tailwinds, 97% of institutional investors plan to increase their capital allocation into the sector¹, particularly in Asia Pacific. As DCs are more resilient, allocation to this asset class can be an integral part of investors' portfolio diversification strategy."

"CLI has accelerated our growth in the DC sector, adding 22 DCs since 2021. Today, we have 27 DCs with about US\$4.5 billion assets under management and more than 800 megawatts (MW) in gross power across eight countries globally². CLI has vertically integrated DC capabilities spanning across design, development, sales, and operations. With DC domain capabilities, combined with our deep market knowledge, deal-sourcing and investment network in Asia, we are well-positioned to partner with investors to tap into the wealth of opportunities in the sector," added Ms Lee.

APAC as a strong growth market

While cloud computing has been the primary driver for DC demand, the rise of artificial intelligence (AI) is now fuelling a more explosive growth. The revolution in the scale at which data is being used and managed is fundamentally a global phenomenon, but nowhere is it unfolding as rapidly as in APAC markets. On population per MW basis, APAC markets are underserved compared to regions such as EMEA and North America³.

¹ 2024 Global Data Centre Investor Sentiment Survey, CBRE.

² Includes data centres in operation and under development.

³ The World Bank, United Nations, CBRE, CLI PERA Research, June 2024.

APAC economies are not only growing faster, the region's enormous population and swelling internet user base also cement its status as a highly attractive destination for DC investment. Its internet user base has grown seven-fold since 2005, compared to the growth of 1.9 times in the Americas and 1.8 times in Europe over the same period⁴. Going forward, APAC markets should continue to lead, as internet adoption further increases given the lower penetration rates in the region.

DC transactions in APAC rose about 2.4 times to approximately US\$22 billion from 2019 to 2023, compared to the preceding five years, even as markets generally stagnated during the COVID-19 pandemic⁵.

While hyperscalers continue to drive DC demand, APAC colocation market is also expected to double in size to US\$52 billion by 2026⁶, becoming the world's largest colocation DC market.

Key DC markets in APAC

Tokyo, Osaka, Seoul, Singapore and Sydney are key developed DC markets in APAC⁷. These markets have achieved scale and are important DC hubs in the region.

Beijing and Shanghai also show promise due to China's large population, growing digital services sectors, strong government support, and robust long-term economic prospects.

Increasing demand for DCs in India

Highlighting India as a hotspot for DC investment, Mr Sanjeev Dasgupta, CLI's CEO for India, said: "India's DC industry has seen increasing interest from institutional investors and has a long runway for further growth. India has the world's second highest number of mobile subscribers and one of the fastest growing data consumption per user rates. The government's digitalisation drive, data localisation regulation as well as the growth of cloud and AI will generate more demand for DC capacity. With CLI's 30 years of experience in India, we have the capabilities and a deep understanding of the local market. We have a dedicated team of DC experts in India and are currently developing four DCs across the key markets of Mumbai, Bengaluru, Chennai and Hyderabad with a total gross power of 244 MW."

The seven major cities in India – Mumbai, Bengaluru, Chennai, Hyderabad, Delhi NCR, Pune, and Kolkata – are the focal points for new DC development, offering strategic locations with proximity to key business centres. Mumbai stands out as the preeminent hub, hosting more than half of the country's DC capacity⁸ with the other major cities mentioned developing strongly.

Opportunities and strategic considerations

Different DC models offer a spectrum of options for investors, catering to different preferences and risk appetites. However, the lack of stabilised DCs available for sale in APAC means the

⁴ ITU World Communication, CLI PERA Research, June 2024.

⁵ MSCI, Real Capital Analytics, CLI PERA Research, June 2024.

⁶ CBRE, CLI PERA Research, June 2024.

⁷ CBRE, Cushman & Wakefield, DC Byte, CLI PERA Research, June 2024.

⁸ Avendus, "DCs: Powering Digital India", May 2023, DC Byte, CLI PERA Research, June 2024.

most promising opportunities for investors lie in developing new DCs – a strategy that can both satisfy new demand and yield higher returns.

Power availability has taken centre stage as a crucial determinant for DC locations. There is also a growing emphasis on sustainability. Increasingly, DC users and savvy operators are seeking to reduce their carbon footprints by being more energy-efficient and tapping renewable energy sources.

Investors should also be mindful of the geopolitical, regulatory and technological risks associated with DC investments. It is therefore crucial for investors to collaborate with DC partners who have a strong network, local expertise, and specialist domain knowledge.

To read the full research paper on DC investment strategies in APAC, visit: https://www.capitaland.com/global/en/about-capitaland/newsroom/Perspectives/2024/Apac_Data_Centre_Investment_Strategies_Age_of_Digitisation.html

Launched in 2022, Perspectives is CLI's series of thematic and topical research reports aimed at providing proprietary insights on real asset investment trends and strategies, private equity developments, macroeconomy and markets. For more, visit:

<https://www.capitaland.com/en/investment/news-and-events/perspectives.html>

About CapitaLand Investment Limited (www.capitalandinvest.com)

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real asset manager with a strong Asia foothold. As at 31 March 2024, CLI had S\$134 billion of assets under management as well as S\$100 billion of funds under management (FUM) held via six listed real estate investment trusts and business trusts, and more than 30 private vehicles across Asia Pacific, Europe and USA. Its diversified real estate asset classes cover retail, office, lodging, business parks, industrial, logistics, self-storage and data centres.

CLI aims to scale its FUM and fee-related earnings through fund management, lodging management and commercial management, and maintain effective capital management. As the investment management arm of CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm.

As a responsible company, CLI places sustainability at the core of what it does and has committed to achieve Net Zero carbon emissions for Scope 1 and 2 by 2050. CLI contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

[Follow @CapitaLand on social media](#)

Facebook: @capitaland / [facebook.com/capitaland](https://www.facebook.com/capitaland)

Instagram: @capitaland / [instagram.com/capitaland](https://www.instagram.com/capitaland)

Twitter: @capitaLand / twitter.com/capitaland

LinkedIn: [linkedin.com/company/capitaland-limited](https://www.linkedin.com/company/capitaland-limited)

YouTube: [youtube.com/capitaland](https://www.youtube.com/capitaland)

Issued by: CapitaLand Investment Limited (Co. Regn.: 200308451M)

For queries, please contact:

CapitaLand Investment Limited

Media contact

Michele Ng

Head, Group Communications

Tel: +65 6713 2881

Email: michele.ng@capitaland.com

Important Notice

This announcement and the information contained herein does not constitute and is not intended to constitute an offering of any investment product to, or solicitation of, investors in any jurisdiction where such offering or solicitation would not be permitted.