

IPI Partners Fund III: Snapshot

Target Size	Target: \$4 Billion	Target Return	15-19% Gross IRR; 12-16% Net Levered IRR Target
Term	12 years + two 1-year extensions With LPAC Approval - 4-year Investment Period	Fees	Starting at 1.5% mgmt. fee on committed capital. 7% Preferred return and 20% carried interest with a 50/50 catch-up.
Investment Style	Value-Add / Opportunistic Real Estate	Closing Schedule	June 2024 – Extension Approved

- Overview:** IPI Partners was founded in 2016 to acquire, develop, own, and operate high-quality technology infrastructure assets to support the growth of the Cloud and technology enabled services platforms. Since inception, IPI has built a large portfolio of data center assets spanning four continents, 29 markets, with 63M+ potential square feet and 4,770+ potential Megawatts of power. The firm has 5 global offices with over 55+ employees and their senior team members average over 13 years of data center experience. IPI Partners focuses on “Hyperscale” partnerships which are strategic partnerships with the largest users of data in the world, such as Microsoft, Apple, Google, Amazon, Facebook, and Oracle, among others. As a result, IPI has grown into the largest private data center owner globally, on par with the two largest REITs in the digital space (Digital Realty and Equinix).
- Investment Strategy:** Consistent with the prior funds, the collective IPI, ICONIQ and Iron Point* networks are expected to provide the Fund with access to proprietary market intelligence, information, and relationships enabling IPI to originate and evaluate opportunities leveraging unique insights and connections, and to selectively execute on attractive transactions. IPI will look to leverage their existing relationships with hyperscale tenants to access proprietary opportunities with those partners. IPI has built turnkey **Build to Suits** (BTS) (~1/3 fund allocation) and **Powered Shells** (~2/3 fund allocation) for some of the largest technology and data companies in the world. IPI will use their captive developer, STACK Infrastructure, to develop these data centers. Hyperscalers also prefer long term leases which creates predictable cash flows. About 90% of IPI’s rent role is from investment grade tenants. IPI owns land parcels which allows them to build data centers quickly when needed.
- Data Center Differentiation:** Data centers have unique operating characteristics which create challenges when sourcing developable land. It is extremely important for data centers to be interconnected to other data centers and internet nodes. Data centers also require a tremendous amount of power which makes cost and availability of electricity a critical component of data center development. IPI currently has developable land in areas that have both power and good connectivity. This gives them a strategic advantage over competitors that do not have this resources.

Fund	Vintage	Committed Capital (\$M)	Multiple (Net)	Multiple Quartile	IRR (Net)	IRR Quartile
Fund I	2016	1,500	1.83x	Q1	19.8%	Q1
Fund II	2020	3,800	0.98x	Q4	N/A	N/A

*ICONIQ Capital functions as the family office of some of the biggest names in Silicon Valley technology scene, and strategic advisor to the IPI series of funds. IPI Partners, LLC was established in 2016 as a Delaware LLC and is jointly owned and controlled by ICONIQ Capital and an affiliate of Iron Point Partners. Iron Point-ICONIQ DC GP III, L.P., a Delaware limited partnership, is the general partner of the Fund. Senior professionals from IPI, ICONIQ and Iron Point comprise the Investment Committee of IPI Data Center Partners Fund III.



Fund Profile: IPI Partners Fund III

Merits

- Highly attractive market opportunity poised for strong growth executed through a pure-play strategy focused exclusively on investments in data centers and synergistic complementary assets.
- Strong relationships with some of the largest tech tenants in the space. The top three players in the cloud market comprise 65% of the market share.
- Has land banked in desirable locations with strong connectivity and available power.
- Strong development capabilities with their captive developer and operator, STACK.
- Robust reputation for developing high quality assets in key markets on time for end users.
- Ability to source deals off market due to existing relationships.
- Diversified in global markets with favorable / growing demand characteristics (Developed Europe and APAC).

Considerations

- Strategy relies heavily on hyperscalers in the market. If these hyperscalers' requirements shift toward self-development, IPI can be negatively impacted.
- Land scarcity, availability and supply of reliable power, supply chain delays, zoning requirements, "NIMBY"ism headline risks can materially delay and impact investment results. These risks are reduced and/or mitigated through IPI's experienced professionals, network of suppliers and operators while maintaining significant lead times of critical inputs/components.
- It takes longer for a development strategy to start generating cash flows. The fund life for this vehicle is marginally longer than other non-core funds at ~12 years, with similar 1-year extension options.
- Due to the size of the assets and non-traditional real estate, there is naturally fewer exit strategies relative to traditional real estate.