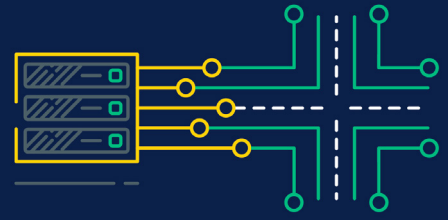


Data Centres

Real Estate, Infrastructure & Energy

February 2024



The data centre market which was long considered a niche market, is now an established and attractive asset class offering investors opportunities which should not be underestimated in a dynamic and rapidly growing market environment.

Whether company data, social media, online transactions, sensor data or other digital information – economic, private and public life works with huge amounts of data. Private individuals, companies and even government agencies are increasingly using cloud services for their IT applications (cloud computing). Innovative technologies such as artificial intelligence and machine learning are developing at breathtaking speed. The Internet of Things (IoT) is shaping complex, data-intensive technology worlds.



All of this actually takes place in data centres which clearly underlines their importance for a functioning digital world. Demand is increasing in Germany, in Europe and worldwide. The rising demand for storage capacity for data and data processing is creating a growing need for data centres which in turn creates a need for suitable real estate.

Data centres are a central pillar of digitalisation, which is becoming an essential part of everyday life in more and more areas and is fundamental to the competitiveness of companies. Sufficient storage capacities and a sufficient number of secure and powerful data centres are an indispensable prerequisite for the maintenance, further development and digitalisation of business models and work processes. The development of digital technologies and the resulting development of new business areas is leading to exponential growth in data volumes and therefore to a dynamic increase in demand for data centre capacities.

Data centres present all stakeholders – be they investors, operators, real estate companies or energy suppliers – with a variety of economic and legal challenges. Comprehensive specific market and specialist knowledge as well as legal expertise are essential. Increasing sustainability requirements, reduced space availability, high demands on the infrastructure and its reliability as well as on the security of data and information make a multidisciplinary team essential to the success of data centre projects.

Taylor Wessing is one of the leading legal advisors for data centres, cloud technologies and digital infrastructures. Our lawyers from all relevant areas of law have many years of in-depth expertise and can support in the development of business models, site selection, planning, development, financing and operation of data centres – in Germany and throughout Europe. We have extensive experience in all core markets (e.g. in the FLAP markets). Whether you intend to buy, sell, finance or build a data centre, supply it with electricity, use the waste heat or develop a suitable operator model – we can advise you based on our experience from over 15 years in the data centre market. Our excellent team of experts makes us your central point of contact for all legal issues relating to data centres across all areas of law.

Our team of experts advises owners, developers, operators, IT service providers, energy suppliers, network operators and users of data centres on a wide range of projects – from construction to use and operation, including IT infrastructure. We work closely with our clients to assess investment risks and opportunities from a legal perspective and find practical solutions for you – be it in traditional project development, strategic investment or financial investment.

We offer comprehensive legal advice in all areas, particularly in the context of contract drafting and negotiation. Our expertise ranges from colocation, enterprise data centres, managed service data centres and cloud computing to hyperscalers and build-to-suit data centres.

The legal challenges are individual to each project. Increasingly important are, for example, the specific provisions for the use and equipment of the space as well as the power supply available on site, electricity costs, grid connection, cooling and the possibility of utilising the waste heat generated. Greater demands on the sustainability of this asset class require legal contracts to be adapted accordingly.

Our multidisciplinary team consists of lawyers specialising in the following areas of law and practice:

- Real estate law
- Energy and infrastructure / energy law
- Projects, energy and infrastructure / plant construction
- Technology, media and communications
- Environment, planning and regulation
- Banking and finance law
- Corporate law / M&A
- Data protection and cybersecurity
- Employment, pensions and mobility
- IP
- Tax law
- Restructuring and insolvency law
- Restructuring & Insolvency

We work with our clients to assess investment risks and opportunities from a legal perspective, to find appropriate and practical solutions and to make even the most challenging data centre projects a success. We regularly advise on the following aspects in particular:

Real Estate and Infrastructure

- Project development
- Financing
- Lease agreements (for existing data centres or built-to-suit)
- Purchase agreements (asset and share deal)
- Forward deals (forward purchase and forward funding)
- Public law, e.g. urban development contracts

Energy

- Regulatory issues and energy supply contracts
- Energy supply / green long-term electricity supply contracts / PPAs
- Reliable energy concepts
- Grid connection contracts
- Waste heat utilisation contracts
- Grid charges
- Liability issues (in the event of a faulty grid connection)

Services

- MSA for data centre services
- Hosting
- Cloud-computing
- Outsourcing
- Colocation

Hardware and Software

- Server and storage systems
- Applications/Apps
- Cloud computing
- Data protection
- Contracts
- Disaster recovery

Finance

- Structuring of complex financing concepts including the integration of subsidies
- Project financing
- Real estate financing
- Corporate financing
- Fund structures

Selected References

World-leading US online company and cloud service provider (Hyperscaler)

Advice on various data centre projects, from colocation to powered shell. In addition, negotiation of capacity reservations, grid connection contracts at different voltage levels, grid charges including unique operating resources with the responsible grid operator.

World-leading US online company (Hyperscaler)

Advice and support for various large data centre projects, e.g. renting a "powered shell" data centre, construction of built-to-suit data centres, colocation, etc.

World-leading US software and cloud service provider (Hyperscaler)

Advice on the strategic data centre for the rollout of cloud services, in particular new leasing and operation.

Telefónica

Advising on setting up a JV structure for an investment in digital infrastructure (FTTH) totalling several billion EUR.

World-leading US software and cloud service provider (Hyperscaler)

Advising on the conclusion of a long-term partnership for the introduction of sovereign cloud solutions (essentially: management of data centres).

Global Investment Firm

Advising EQT on the sale of a minority stake in Global Connect, a provider of fibre-based data communications and data centre services, to Mubadala.

Data centre developer

Legal advice to the Norwegian data centre company Green Mountain, owned by Azrieli Group Ltd on an agreement with Kraftwerke Mainz-Wiesbaden AG on the construction of a new 54 MW data centre site in Mainz. In particular, negotiating the construction/expansion of a closed distribution network, grid utilisation agreements and electricity supply concept as well as waste heat utilisation agreements.

Nationwide distribution network operator

Advising a nationwide distribution system operator as industrial park grid operator for a data centre project: In particular advice and negotiation of grid usage contracts with the operators as well as drafting and negotiation of contracts with the upstream grid operators including construction contracts for an industrial park power grid as well as advice on waste heat usage contracts

Germany's largest public transport company

Advice on outsourcing the data centre infrastructure (primary data centre and emergency data centre).

Distribution network operator

Legal advice to a distribution grid operator operating in the Griesheim Chemical Park (in future WESTSIDE) on the grid connection of a data centre and a significant increase in capacity as well as the associated negotiations with the upstream grid operator in the form of production and grid connection contracts.

Leading German IT service provider for data centres

Contract law advice to the IT service provider of the North German administrations on the construction of two new data centres, including drafting and negotiating lease agreements, IT operating agreements and SLAs.

Selected References

German international project developer and data centre operator

Advising on the construction of several edge data centres in Germany.

Multinational information technology services and consulting company

Comprehensive advice in all legal areas, including the establishment of smaller local data centres; M&A advice regarding data centre in Fürth.

International asset manager

Advising a multinational investment company focused on sustainable investments on the drafting of contractual documentation for this business unit and on a first data centre project in Spain.

Multinational provider of payment card services

Advising Visa on a bespoke data centre agreement with one of the largest acquirers, developers and operators of data centres with a focus on the provision of a data centre, colocation and networking solutions to domestic and international clients.

German telecommunications services provider

Advising T-Mobile and other telecommunications providers on various environmental issues relating to the telecommunications providers' data centres.

Planners and operators of data centres

Legal advice to a leading data centre developer and operator on a contract for the construction and management of a fibre optic network for a large data centre park.

Leading British company for the construction and operation of data centres

Legal advice to a leading UK data centre developer and operator on the acquisition and development of four large data centres.

Real estate company

Legal advice on the energy concept and asset structuring for two large data centres powered by renewable energy.

Operator of data centres

Legal advice and due diligence support for the acquisition of data centre infrastructure in Amsterdam.

German private bank

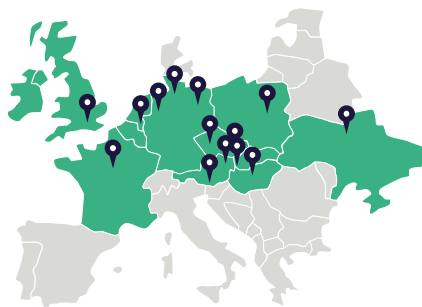
Legal advice on various financing projects, including fibre-to-the-home projects and related investments in fibre infrastructure.

Largest mobile network operator in the world

Legal advice to the world's largest mobile network operator on various data centre acquisitions in the UK.

Multi-channel bank insurer

Legal advice on the planning and construction of two data centres (twin data centres).



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