CFO interview:

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Pure DC is one of the fastest-growing hyperscale and AI data centre platforms across Europe and the Middle East. Backed by Oaktree Capital Management, the company has secured major financing commitments to support development in both established cloud hubs and large-scale next-generation AI campuses. Analysys Mason Partner, Richard Morgan, spoke to Pure DC CFO, Mike Schwartz, about the evolution of data centre financing, the growing role of capital markets including securitisation, and how operators can expand while maintaining disciplined capital deployment, putting as little capital as possible at risk before a project becomes financeable.

The following are edited highlights from their conversation.

Richard Morgan:
You joined Pure DC from CyrusOne: what has been the biggest adjustment in moving from an established global platform to a rapidly scaling business such as Pure DC?

Mike Schwartz:
I spent 6 years at CyrusOne, including during its time as a publicly listed company. At that time, we relied primarily on unsecured corporate financing and ultimately achieved investment-grade status.

One of the challenges in the earlier days of the industry was helping lenders to understand data centres as an asset class. Many banks viewed them through a traditional real-estate lens and were still developing a view on the long-term value and durability of these assets. Over time, that understanding has improved significantly, and the sector now benefits from much broader lender participation.

At Pure DC, the model is different. Our growth has been supported by a combination of sponsor equity from Oaktree and project-level financing. Oaktree provided the early capital needed to secure land, power and permits, and to establish the platform. As we have secured long-term customer contracts and built a track record of execution, project finance raised against specific campuses has become an increasingly important source of capital. As the business has matured, we have announced plans to execute topco financing, leveraging the strength of our contracted future EBITDA with the support of our strong banking syndicate. Attractive financing terms make this an additional source of capital that complements sponsor equity and project-level financing as we continue to expand the platform.

Richard Morgan:

The US market has often been ahead of Europe in adopting new financing structures for digital infrastructure. Which developments do you think are most likely to cross the Atlantic over the next few years?

Mike Schwartz:

We are already starting to see it happen. Vantage has completed a couple of securitisation transactions in Europe, and Yondr has done one as well. Those are good examples of financing structures that first gained traction in the USA and are now finding their way into the European market.

More broadly, investor appetite for digital infrastructure continues to grow. As operators build larger portfolios, establish track records and bring more assets into operation, a wider range of financing options becomes available.

From my perspective, this is just the beginning. As the market continues to mature, I expect capital market solutions, including securitisation structures such as asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS), to play a bigger role alongside traditional bank and project financing.

Richard Morgan:

How does financing a campus in a mature cloud hub such as Amsterdam or Dublin differ from financing a next-generation AI campus such as Pure DC's site in Finland?

Mike Schwartz:

Increasingly, lenders are viewing these opportunities through a similar lens. While cloud and AI may represent different demand segments, from a financing perspective the focus is increasingly on the customer and the quality of the contractual commitment supporting the asset.

At Pure DC, our focus today is on securing long-term leases with investment-grade hyperscale customers. Whether it is a cloud facility in FLAP-D[1] or a large-scale AI campus such as Finland, lenders are ultimately financing the cashflows and the assurance of those cashflows. As a result, banks are becoming increasingly comfortable financing both traditional hyperscale developments and large-scale AI campuses.

More broadly, data centres are increasingly being recognised as critical digital infrastructure. Whether located in an established cloud hub or a next-generation AI campus, these assets are becoming increasingly important to economic growth and digital sovereignty. That recognition is helping drive greater confidence among lenders and investors alike.

[1] This term refers to Frankfurt, London, Amsterdam, Paris and Dublin – the five most established data centre markets in Europe.

Richard Morgan:

As the sector matures, how do you see the balance between debt and equity evolving? What role will future investors continue to play?

Mike Schwartz:

Both debt and equity will remain essential, but I expect debt financing to play an increasingly important role as data centre platforms mature and secure long-term customer contracts.

Equity funding remains critical because it enables developers to secure land, power and permits before projects become financeable. Once those foundations are in place and customer commitments have been secured, lenders are increasingly willing to provide a significant proportion of project funding.

The key is minimising the amount of capital exposed to development risk. At Pure DC, our objective is to align land acquisition, power availability, customer commitments and financing as closely as possible. The closer we can bring those milestones together, the less capital we need to put at risk before a project becomes financeable.

Our Amsterdam and Finland sites are good examples of that approach. In both cases, we worked to bring together the site, power, customer commitment and financing in a very co-ordinated way. The goal is always to minimise the amount of capital at risk while still being able to move quickly when opportunities arise.

As assets become operational and generate stable cashflows, additional refinancing options become available. That creates opportunities to recycle capital and support future growth. Ultimately, the goal is to continue expanding the platform while maintaining a disciplined approach to risk and capital deployment.

Mike Schwartz

Mike Schwartz is CFO at Pure DC, where he leads the company's finance strategy as it scales its hyperscale and AI data centre platform across Europe and the Middle East.

His role includes capital planning, project financing and supporting disciplined investment in large-scale campus developments backed by long-term customer commitments. He previously spent 6 years at CyrusOne, including as Vice President of Finance.

Richard Morgan

Richard Morgan is a Partner at Analysys Mason with expertise in transaction support and experience spanning five continents.

He combines extensive strategic and operational experience with deep expertise in digital infrastructure, including data centres, fibre networks, wireless infrastructure and Internet of Things (IoT) technologies.

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