Linklaters

Powering Asia's Digital Infrastructure:

Linklaters at the Forefront of Data Centre Securitisation



Asia's data centre build-out is accelerating; driven by cloud migration, AI workloads, and rising enterprise demand. At the same time data centre leasing operations across the region are maturing, with stabilised assets increasingly underpinned by long-term contracted cash flows from investment-grade and creditworthy tenants.

The combination of growth momentum and operational maturity is reshaping the financing landscape. As the cost (and scale) of power, land, construction and fit-out continues to climb, sponsors and operators are increasingly looking beyond traditional bilateral and syndicated bank debt to asset-backed financings, including data centre ABS / CMBS-style securitisations, to finance and / or refinance stabilised assets and recycle capital into new capacity.

Asia's data centres are built for the future and so should the financing structures underpinning them. Whether you're looking at commercial real estate financing or receivables-backed securitisation, Linklaters has the expertise to structure your deal, end to end.

Bricks, Bytes, and Bankable Cash Flows.

For many operators, the strategic financing question is simple: **how do you fund multi-year growth without permanently trapping the balance sheet?** Asset backed financing and securitisation models can be compelling because it can:

- **Finance stabilised, contracted cashflows** freeing equity and bank capacity for new builds.
- **Reduce refinancing risk** through longer maturities and structural protections.
- **Diversify funding** away from relationship bank markets.
- **Support "green" financing narratives** where structures and use of proceeds align to recognised frameworks.

Mind the Gap: The Critical Issues Shaping Asia's Data Centre Securitisation Market.

The first widely distributed data centre securitisation in Asia will need to be more than just technically feasible. It will need to be **repeatable** and that means anticipating issues that can derail ratings, execution and investor confidence.

Mind the Gap: The Critical Issues Shaping Asia's Data Centre Securitisation Market (continued).

Asset perimeter

Data centres straddle **real estate** and **operating infrastructure**. A workable structure must clearly define and legally control the revenue-generating asset package (land / leasehold interests, buildings, infrastructure and the contractual revenue stream). The US / Europe experience shows transactions can be executed as ABS-style cashflow structures or CMBS-style mortgage structures; Asia will need to pick the structure that best matches local property and security regimes.

Ratings process and disclosure "firsts"

Even with methodologies now emerging, ratings remain sensitive to asset obsolescence and capex requirements, tenant rollover, location competitiveness, sponsor manager track record, and cashflow volatility assumptions. Methodologies are evolving rapidly so early engagement and a "ratings-friendly" data pack are critical.

Contract standardisation and "cashflow mapping"

Investors and rating agencies will scrutinize tenant credit quality, tenant concentration, lease tenor, renewal economics, termination rights, service levels, pass-through of power costs, and remedies for outages. Where Asia portfolios include a mix of hyperscale and colocation contracts (and varying local law forms), normalising this into an investable "contract stack" can be one of the biggest gating items.

Tax, withholding and structural efficiency

Asia-first deals often face complexity around withholding taxes on interest, stamp duties, REIT-style constraints (where applicable), and SPV / tax residency choices, especially if the investor base is global and the collateral spans more than one jurisdiction.

Regulatory and data governance friction across jurisdictions

Many Asian markets impose **data localisation, cybersecurity obligations, and sector-specific requirements** that can affect tenant portability and re-leasing assumptions. For multi-country portfolios, a securitisation must also manage cross-border enforceability, recognition of security interests, and operational continuity planning.

Your Deal. Our Roadmap.

Identify securitisable assets

Build the ratings and investor data pack early (remember to include operating history, capex profile, outage history, tenant KPIs)

Choose the legal structure that fits the jurisdiction (ABS cashflow, CMBS mortgage, hybrid structures; single site versus portfolio transactions)

Pre-wire execution (hedging, covenants, cash traps, servicing and asset management reporting and ESG positioning)

The Perfect Blend: Securitisation Depth, Asian Reach, One Trusted Adviser.

One team across the whole problem

The first Asian data centre securitisation will require joined-up advice across: structured finance, banking, real estate, projects and energy, regulatory, and data and cyber. Linklaters is set up to deliver this as a **single, integrated workstream**, giving you one trusted team from start to finish.

Band 1 securitisation capability – across Asia and globally

Linklaters is consistently recognised for top-tier securitisation strength, ranking Band 1 in Chambers for derivatives, structured products and Securitisation in Greater China, APAC, UK and Europe. We are also a Firm to Watch for Securitisation in US by Legal 500, reflecting our depth across ABS, CMBS and complex structured products from the world's most established data centre ABS markets.

Proven digital infrastructure financing experience in Asia

Data centre securitisation blends structured finance with real estate and infrastructure-style risk allocation, and Linklaters' recent APAC track record – including advising on AirTrunk financings after Blackstone's acquisition (including a Singapore greenfield capex financing) and GIP's flagship greenfield data centre financing in Thailand – demonstrates that combined capability.

Track record on data centre capital markets transactions in APAC

Linklaters has top-rated experts for unlocking institutional capital in Asia. We have advised ING and other managers on Vantage Data Centers' inaugural Singapore dollar and Hong Kong dollar bond issuances, regarded as Asia's first investment-grade local currency bonds in the data centre sector. We also advised on Chindata's debut high-yield issuance and the structured equity financings for GDS Holdings, underscoring our expertise in introducing data centre assets to deep and diversified capital pools.

Specialist TMT advisory capability across Asia's digital infrastructure landscape

Our transactional capability is enhanced by Linklaters' strong TMT expertise, delivered by specialists who understand the full lifecycle of major commercial contracts and regulatory requirements shaping Asia's digital infrastructure sector. Our role on DigitalBridge's US$6bn acquisition of Yondr Group and Blackstone lenders' acquisition of AirTrunk (deal value of A$24bn) spanned the review of material tenancy and customer agreements, data protection considerations and comprehensive due diligence. This ability to create a common understanding of data centre businesses and regulatory expectations gives you a real advantage in the market.

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