

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Data centers underwriting guide

Connect contracted capacity, utilization, power costs and infrastructure commitments to debt capacity.

Data-center underwriting must connect real-estate cash flow to deliverable power, cooling and customer acceptance. Contracted capacity can exceed capacity that is ready to earn revenue today. Prepare a financing case in which engineering milestones, utility obligations, customer commitments and capital payments use the same dates and capacity definitions.

Define the capacity that earns revenue

State whether the schedule measures utility service, critical IT load, commissioned capacity, contracted capacity or occupied/billable capacity. These measures are not interchangeable. Reconcile customer contract dates, acceptance conditions, ramp periods and actual invoices. Digital Realty's issuer disclosure describes power and cooling dependencies; it does not validate this property's engineering capacity or customer commencement assumptions.

Separate power costs and revenue treatment

Identify which electricity, demand, connection or other charges are borne by the owner and which are passed through under customer contracts. Reconcile both the reimbursement and the cost without treating a pass-through as pure margin. Record operating staff, maintenance, insurance and required replacement spending. Technical efficiency and redundancy assumptions need qualified engineering evidence rather than a spreadsheet label.

Fund the delivery sequence

Map utility works, electrical equipment, cooling, commissioning, customer acceptance and revenue commencement to dated costs and loan draws. A signed customer contract may not pay before the site is capable of delivering the promised service. Test a delay in the bottleneck milestone while carrying the costs that continue. Confirm which assets, contracts and infrastructure rights are included in the lender's collateral and consent process.

Use this guide with the matching Excel model. Illustrative assumptions are editable; no lender approval, market quote or universal threshold is represented.

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What the lender needs to understand

Preparation questions and evidence to resolve them. Actual requests and acceptance standards depend on the lender and transaction.

01 / What capacity is presently billable?

Engineering-certified capacity definitions, commissioning evidence and customer acceptance records.

02 / When do customer contracts begin paying?

Executed contracts, ramp schedules, conditions and actual billing.

03 / Who bears power cost and price changes?

Utility and customer contracts with pass-through and demand-charge treatment.

04 / Which milestone controls delivery?

Integrated utility, equipment, commissioning and customer schedule.

05 / What cash is required if that milestone slips?

Monthly construction/operating cash plan with continuing costs and delayed collections.

06 / What rights and assets support the loan?

Collateral map, utility/service rights, equipment ownership and required consents.

Turn the request list into an evidence ledger

For each material question, record the document and date, the responsible owner, the unresolved fact, the party who can accept it, and the financing consequence if it remains unresolved. A file delivered to a lender is not necessarily an accepted answer.

Evidence state: requested / received / reconciled / accepted / still conditional. Preserve the lender response and avoid treating an unanswered question as approval.

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Document checklist: cash flow and collateral

Use a consistent cutoff date. Mark missing items, conflicts and explanations rather than simply counting files.

Cash flow and operations

Document / evidence request	Received / open
Customer contract schedule with capacity unit and billing commencement.	[] _____
Actual invoices, collections, credits and service-related deductions.	[] _____
Utility bills and customer reimbursement reconciliation.	[] _____
Operating expenses for staffing, maintenance, insurance and service contracts.	[] _____
Replacement and major-equipment capital schedule.	[] _____
Monthly capacity ramp and cash-flow bridge with explicit units.	[] _____

Property and collateral

Document / evidence request	Received / open
Engineering report defining power, cooling and usable capacity.	[] _____
Utility interconnection, service and capacity agreements.	[] _____
Commissioning, testing and customer acceptance documentation.	[] _____
Equipment inventory with ownership, liens and maintenance obligations.	[] _____
Title, easements, access and actual-use evidence.	[] _____
Environmental, condition and other third-party reports requested.	[] _____

Reconciliation note

The schedules should agree with the source documents or identify the exact reason for a difference. Keep the source amount, the adjustment and the lender-accepted amount visible as separate fields.

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Document checklist: sponsor and closing

Confirm who provides the money, when it is available and what evidence permits the transaction to fund.

Sponsor and execution

Document / evidence request	Received / open
Sponsor and operator experience delivering comparable infrastructure.	☐ _____
Ownership chart connecting real estate, equipment and operating entities.	☐ _____
Key contractor and technical-management responsibilities.	☐ _____
Verified liquidity after infrastructure and other commitments.	☐ _____
Customer concentration and sponsor contingent obligations.	☐ _____
Equity authority for delay, cost overruns and replacement equipment.	☐ _____

Closing and funding

Document / evidence request	Received / open
Lender acceptance of capacity, collateral and customer-contract assumptions.	☐ _____
Utility, customer and material contract consents required for financing.	☐ _____
Draw conditions tied to actual work and commissioning evidence.	☐ _____
Payoff, lien, insurance and title requirements.	☐ _____
Funding plan for costs outside lender-eligible scope.	☐ _____
Milestone register with a stop decision for unfunded delivery dependencies.	☐ _____

Before committing the next dollar

- ☐ Reconcile capacity units across contracts, engineering and billing.
- ☐ Identify the delivery bottleneck and fund its delay scenario.
- ☐ Obtain evidence of the actual utility and customer rights before relying on them.

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Use the model and reconcile the result

data-center-underwriting-model.xlsx | Summary, Assumptions, Power and Contracts, Operations, Debt and Funding, Review

- 1. Use Assumptions!D5 for Base (1) or Downside (2), and the labeled scenario input rows. Enter source data in Power and Contracts!D10:L21; preserve formula cells and an untouched workbook copy.
- 2. Billing is limited to commissioned capacity. Energy assumes continuous full billed load, calendar hours and the entered PUE; change these for actual utilization. Contracted load, power delivery and customer acceptance require independent evidence.
- 3. Reconcile Operations to Summary. Apply the entered lender adjustment separately to the modeled cash flow. Sizing uses amortizing debt service, while first-year payments reflect the entered interest-only period.
- 4. In Assumptions, replace illustrative value, LTV, DSCR, debt yield, rate, amortization and requested ceiling with the intended scenario. Review capacities in Debt and Funding. The smallest modeled capacity does not establish eligibility or approval.
- 5. Closing equity includes the entered opening cash and restricted reserves. Additional operating cash need is measured after that opening cash, so do not add it twice. Inspect monthly cash and remaining principal at maturity.
- 6. Read Review for model conventions and limitations. Save each scenario with its supporting evidence and date; actual lender definitions, legal rights and professional findings control the transaction.

Worked example: editable teaching assumptions

Illustrative Base / Downside inputs: Property value \$20,000,000 / \$17,000,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$5,747,866	\$5,197,907
NCF after reserve	\$1,718,246	\$983,739
NCF used for sizing	\$1,718,246	\$958,739
Modeled loan	\$13,000,000	\$7,962,724
Binding sizing constraint	LTV	DSCR
First-year debt service	\$949,162	\$687,255
Required closing equity	\$6,250,000	\$11,287,276
Equity left / (closing gap)	\$3,750,000	-\$1,287,276
Additional operating cash need	\$0	\$346,972
Equity left / (combined gap)	\$3,750,000	-\$1,634,248
Principal at modeled maturity	\$11,914,426	\$7,420,648

Base NCF used for sizing is \$1,718,246. The modeled loan is \$13,000,000, with LTV binding. Closing uses of \$19,250,000 less that loan require \$6,250,000 of equity. Available equity is \$10,000,000; the signed combined surplus/gap is \$3,750,000 after any additional operating cash need. Downside changes the loan to \$7,962,724 and the combined result to -\$1,634,248.

Dollar results rounded to the nearest dollar; the workbook retains precision. Signed funding surplus is negative for a shortage. A positive funding surplus remains subject to actual source availability.

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Review the risks and the evidence

- Contracted capacity is not automatically commissioned or billable capacity.
- Do not treat electricity reimbursement as margin without its matching cost.
- A forecast revenue date must follow the controlling technical and customer acceptance conditions.
- A real-estate model cannot certify engineering performance, redundancy or service-level compliance.

Sources and applicability

These references support the stated asset and risk context. The questions and document lists are preparation tools, not a statement that every lender requires or accepts the same package. Actual contracts, applicable rules and the chosen lender determine the transaction requirements. The cited source passage was rechecked in the retained official source file from same-day library research; direct web retrieval was restricted or incomplete during PDF preparation.

1. Digital Realty 2025 Form 10-K | Risk discussion of electrical capacity, power and cooling obligations | Checked 2026-10-21

Issuer example; engineering capacities, prices and cost margins here are hypothetical.

<https://www.sec.gov/Archives/edgar/data/1297996/000110465926015365/dlr-20251231x10k.htm>

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Education and analysis do not establish a financing offer, appraisal, legal opinion or program eligibility. Confirm the current source, actual contract terms and professional advice relevant to the transaction.