VALUE BRIDGE PARTNERS · PERSPECTIVE · NOVEMBER 2026

Powering Europe's AI build-out: who really carries the risk?

How European data centers and GPUs are being financed, where the risk actually sits, and where mid-market capital fits.

Sources: company releases and press reports to November 2026; VBP analysis

WHY EUROPE, WHY NOW

Europe’s AI build-out has become a financing question

€30bn+

Target for seven EU AI gigafactories: up to €10bn of public money, at least €20bn private

7–10 yrs

Typical grid connection wait in Frankfurt, London, Amsterdam, Paris and Dublin

63%

Share of Europe’s new capacity in Q2 2026 built outside those five hubs

Capital is available. Power and bankable contracts are scarce. So the risk ends up wherever the documents leave it, and that is rarely with the strongest balance sheet.

Source: eWeek (Jul 2026); Interface via Euronews (May 2026); The Next Web (Aug 2026)

VBP FRAMEWORK

Four layers, four clocks

LAYER	WHAT IT IS	ITS CLOCK	WHO FUNDS IT	EUROPEAN EXAMPLE
Power	Grid offer, permits, on-site generation	Years to connect, up to 13 in core hubs	Sponsor equity, utilities, public money	Loughton, Dublin
Building	Land, shell, cooling, electrical fit-out	Asset life of 15–20+ years	Bank construction loans, then ABS or bonds	Vantage UK and Germany ABS
Compute	GPUs, servers, networking	A few years before it is outclassed	GPU-backed loans, private credit	Nscale $1.4bn, Nebius $775m
Contract	Capacity or lease deal with a hyperscaler or AI lab	Often five years or less for compute	The credit everyone else borrows against	Microsoft at Narvik and Loughton

> Risk concentrates where the clocks don’t match: debt drawn today, against a contract that only starts paying once a grid connection arrives, on chips that age faster than the building around them.

VBP analysis; examples from company releases and press reports (2024–2026)

THE BINDING CONSTRAINT · EUROPE

Power, not capital, sets the pace

GRID WAIT IN FLAP-D HUBS

7–10 years

Typical grid wait in Frankfurt, London, Amsterdam, Paris and Dublin (up to 13), against 18–24 months to build the data center itself

- **Dublin:** a de facto moratorium from 2021, replaced in Dec 2025 by rules that can cut a site's grid access if it misses its targets.
- **Frankfurt and Amsterdam:** core-area grid upgrades unlikely before the 2030s. Denmark paused new large connection agreements in March 2026.
- **Capital is moving:** only 37% of Q2 2026 new European capacity went to the five core hubs; the Nordics and southern Europe take the rest.

Source: Interface via Euronews (May 2026); CBRE (Jul 2026); CRU and William Fry; The Next Web (Aug 2026); Capacity

EUROPEAN CASE · NSCALE LOUGHTON, ESSEX

When the grid date slips, the tenant walks

THE PROMISE

£2bn

50 MW, 23,040 GPUs for Microsoft from Q1 2027, its only named customer

2030s

Revised grid date (first planned for 2026)

- March 2026: the site is reported to still be a scaffolding yard.
- July: the grid date moves to the early-to-mid 2030s; Nscale looks at alternative power.
- October: Microsoft terminates its contract for the site, weeks after Nscale files for a US IPO. Its November filing values the contract at $3.22bn.

Nearby, OpenAI's Stargate Norway never closed and Stargate UK was suspended. Termination rights tied to delivery dates are not a theoretical risk.

Source: The Telegraph via Reuters; DCD; Capacity; Data Centre Magazine (Mar–Oct 2026); Nscale S-1/A (Nov 2026)

WHO BUILDS IN EUROPE

Four kinds of player, very different credit

HYPERSCALERS

Microsoft, Amazon, Google, Meta, Oracle

Europe's strongest credit is American. Most large European campuses ultimately lean on a US contract.

DEVELOPERS

Vantage EMEA, Data4, Pure DC, PolarDC, Green (CH)

Own land, power and shell, and lease to tenants. Mostly backed by infrastructure or PE sponsors.

NEOCLOUDS

Nebius (NL), Nscale (UK), Fluidstack

Own and finance the GPUs, rent out compute. Few large customers, heavy borrowing.

SOVEREIGN & PUBLIC

Mistral, EU gigafactories, Phoeniqs (Basel)

Strategic capacity, with public money, national banks or a sovereignty case behind it.

For any lender, the first question is simple: whose balance sheet actually stands behind the rent?

Source: company websites and releases; VBP analysis

THE BUILDING LAYER

Finished, leased buildings are now bankable in Europe's bond market

- **2022 · Switzerland:** Green refinances with a CHF 480m bank package to grow from 33 MW to 81 MW.
- **Jun 2024 · UK:** Vantage closes Europe's first data center ABS, £600m on its Cardiff campus.
- **Jun 2025 · Germany:** the first euro data center ABS, €640m on Vantage's German assets.
- **2026:** a £254m tap of the UK deal; at least five issuers, including CyrusOne, Stack and EdgeConneX, weigh €3–5bn of European ABS or CMBS.

Investors still flag obsolescence, power prices and regulation. Securitisation works for buildings that are finished, powered and leased. It does not fund construction.

Source: Green.ch; Vantage Data Centers; Clifford Chance; Latham & Watkins (Jan 2026); Bloomberg via swissinfo.ch (Jan 2026)

EUROPE · THE CREDIT MARKET

Europe’s data center bond market is testing its limits

MAY 2026 · PRICED

PolarDC

H.I.G.-backed developer raises a record €800m in the Nordic high-yield market, where unrated issuers can move fast.

JUL 2026 · PULLED

Pure DC

Drops a €1bn unsecured holdco bond for bank loans. Investors asked where the AI revenue was, and worried about subordination to project debt.

JUL 2026 · SHELVED

Prime Data Centers

Cuts a Norwegian-law bond from $600m to $500m, then shelves it after pushback on terms.

At the same time, at least five issuers were weighing European data center ABS or CMBS. Demand is there for finished, leased assets. Holdco risk on unbuilt capacity is a much harder sell.

Source: Bloomberg via swissinfo.ch (Jul 2026 and earlier in 2026)

GPU LENDING · HOW IT WORKS

A GPU loan is a loan against a contract, secured on chips

CUSTOMER

Contract

Hyperscaler or AI lab pays for reserved capacity

→

BORROWER

Cluster SPV

Owns the GPUs and the contract; cash runs through controlled accounts

→

LENDERS

Term loan

Repaid within the contract term; secured on chips and SPV shares

Contract

Who pays, for how long, and can they leave?

Delivery

Power date, site readiness, installation

Collateral

What the chips fetch in two or three years

Recourse

The SPV only, or the parent group too?

VBP analysis

GPU LENDING · EUROPEAN DEALS

Who has lent against chips in Europe

BORROWER	DEAL	WHAT LENDERS RELY ON	STAGE
Nscale (UK) Feb 2026	$1.4bn delayed-draw term loan led by PIMCO, Blue Owl, LuminArx	GPUs; draws for clusters with signed contracts in Norway, Portugal, Iceland, UK	Pre-delivery
Nscale, Narvik May 2026	$790m + $790m accordion: ABN AMRO, DNB, Eksfin, Nordea, SEB	Microsoft capacity contract at the Norwegian campus	Build-out
Mistral AI (FR) Mar 2026	$830m limited-recourse loan, seven banks incl. BNP Paribas, Crédit Agricole CIB, HSBC, MUFG	13,800 GB300s at Eclairion's site south of Paris; Europe's first limited-recourse GPU financing	Owner-user
Nebius (NL) Jul 2026	$775m senior secured, S+2.50%, to Oct 2030	GPUs in service plus an IG customer contract; covers >100% of the capex	Operating

Source: Nscale (Feb and May 2026); Tech.eu; DCD; Linklaters (Mar 2026); Nebius (Jul 2026)

GPU LENDING · VBP READING

Three lending models, three risk profiles

1 · OPERATING-ASSET LOAN

Lend once chips are live

Nebius: the contract is already paying, and the loan priced at S+2.50%. Delivery risk is gone; renewal and resale value remain.

2 · PRE-DELIVERY FACILITY

Lend as clusters are signed

Nscale's $1.4bn delayed draw. Private credit takes power, site and installation risk, and is paid for it.

3 · OWNER-USER LOAN

Lend against the lab's cluster

Mistral's $830m, limited recourse. No third-party offtaker: lenders rely on the chips and the lab's own demand for its compute.

The same chip is a very different credit before and after it is switched on. Price the stage, not the hardware.

VBP analysis; deal data from company releases (2026)

GPU LENDING · WHERE IT BREAKS

Four ways a GPU loan goes wrong

The customer walks before go-live

Microsoft's exit from Loughton shows delivery-linked termination rights get used. A loan sized on that contract loses its repayment source.

The collateral ages fast

A new chip generation every year or so pushes resale values down, and forced sales happen when everyone else is selling too.

One or two customers

European neoclouds often depend on a single hyperscaler. Microsoft was Nscale's only named client at Loughton.

Recourse creep

Parent guarantees turn one cluster's problem into a group claim, and loss-making parents make that support thin. Nscale's amended IPO filing estimates a $1.69bn loss for the first nine months of 2026.

Source: DCD and Capacity (Oct 2026); Nscale S-1/A (Nov 2026); VBP analysis

VBP VIEW

Six questions to put to any European data center credit

1	**Is the power date bankable?**	Grid offer, permits, backup generation
2	**When does the contract start paying?**	Signing, delivery or go-live
3	**Can the customer walk?**	Delay triggers, termination rights and fees
4	**Does the debt outlive the contract?**	Amortisation profile against contract term
5	**What are the chips worth in three years?**	Redeployability, next-generation pricing
6	**Where does a shortfall land?**	Inside the SPV, or up at the parent

GPU LENDING · COLLATERAL ECONOMICS

What the chips are worth decides the loan

$38–46M vs $17.6M per MW

B300 servers and network against a modern greenfield building. The collateral is the equipment, not the shell.

$8 to $1–2 an hour

H100 rental rates within a year. Lenders underwrite a 2–3 year take-or-pay contract, never the spot price.

A 25% insured floor at month 36

Residual value insurance caps fall from 50% of cost at 12 months to 25% at 36. Operators put in 30–50% equity.

80–100% vs 37–65% recovered

2022–24 bitcoin-mining defaults: lenders whose borrower kept the cluster running, against those who seized the machines or sold fast.

Source: American Compute, GPU Financing Structures (Nov 2026), citing Cushman & Wakefield; VBP analysis

VBP VIEW · MID-MARKET CAPITAL

Where we see the opportunity

SCARCE ASSET

Grid-ready land and power

Sites with a firm grid offer or credible on-site power earn a premium when connections take most of a decade.

LOWER RISK

Operating-asset debt

Senior loans and ABS on finished, powered, leased capacity: the part of the stack where delivery risk has gone.

M&A ANGLE

The supply chain

Electrical contractors, cooling, grid equipment and specialist maintenance: order books that grow with every campus, with no GPU risk.

Be most careful with holdco and pre-delivery debt for single-customer platforms. That is where Europe's 2026 stress has shown up.

LET'S TALK

Substance over signatures: read the structure, not the sponsor's name

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