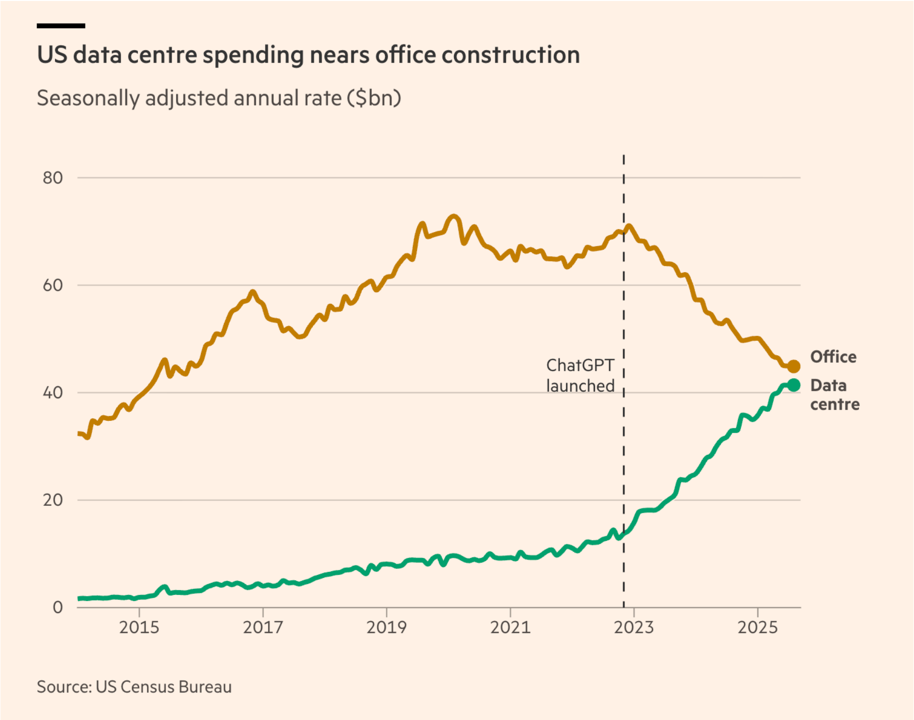
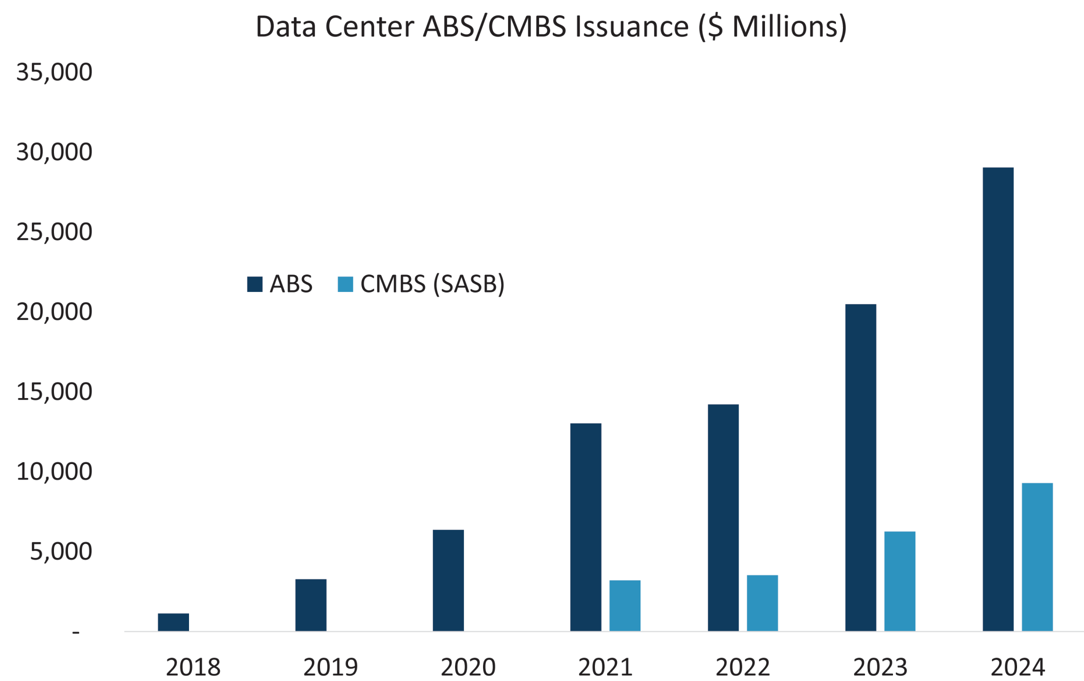
Data Centers

Data Centers as an Asset Class



Investing in Data Centers



Source: Sage, Wells Fargo Securities
SASB: single-asset, single-borrower
**Excludes Private Issuance*

Investing in Data Centers

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Financing Data Centers

NEW YORK, Jan 14 (Reuters) - Oracle (ORCL.N) was sued on Wednesday by bondholders who say they suffered losses because the company chaired by billionaire Larry Ellison failed to disclose it needed to sell significant additional debt to build out its artificial intelligence infrastructure.

The proposed class action was filed in a New York state court in Manhattan on behalf of investors who bought $18 billion of notes and bonds that Oracle issued on Sept. 25, two weeks after Oracle announced a $300 billion, five-year contract to supply OpenAI with computing power.

The Leverage Ratchet Effect

ANAT R. ADMATI, PETER M. DEMARZO, MARTIN F. HELLWIG, and PAUL PFLEIDERER*

ABSTRACT

Firms' inability to commit to future funding choices has profound consequences for capital structure dynamics. With debt in place, shareholders pervasively resist leverage reductions no matter how much such reductions may enhance firm value. Shareholders would instead choose to increase leverage even if the new debt is junior and would reduce firm value. These asymmetric forces in leverage adjustments, which we call the *leverage ratchet effect*, cause equilibrium leverage outcomes to be history-dependent. If forced to reduce leverage, shareholders are biased toward selling assets relative to potentially more efficient alternatives such as pure recapitalizations.

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Financing Data Centers

Feb. 11, 2026 12:33pm ET

Meta Auditor EY Raised Red Flag on Data-Center Accounting

By Jonathan Weil, Reporter

Meta moved the data-center project, called Hyperion, off its books in October into a new joint venture with Blue Owl Capital. Meta owns 20% of the venture; funds managed by Blue Owl own the other 80%. A holding company called Beignet Investor, which owns the Blue Owl portion, sold a then-record $27.3 billion of bonds to investors.

The joint venture is known in accounting parlance as a variable interest entity, or VIE. Meta said it isn't the "primary beneficiary" of this entity and so didn't have to put the venture's assets and liabilities on its own balance sheet.

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Which companies will benefit the most?