

Ridgeway Data Center Campus – Construction & Lease-Up Proposal (Digital Infrastructure)

Document Type: *Sponsor Proposal Package / Credit Committee Review Draft*

Executive Summary:

Ridgeway Data Center Campus is a proposed 12 MW colocation facility in the Denver Tech Corridor, targeting hyperscale and enterprise tenants. The sponsor, Ridgeway Digital Partners, seeks a \$94 MM construction facility to develop the first 8 MW phase, with an additional 4 MW expansion optionality in Year-4.

Project Overview:

The facility will comprise 118,000 SF of raised floor area, N+1 cooling redundancy, and dual-feed power from Xcel Energy. Construction completion is slated for Q4 2026. The sponsor forecasts absorption of 6 MW by 2027, but no binding pre-leases are currently executed.

Sources & Uses (MM):

Sources	Amount	Uses	Amount
Senior Loan	94.0	Land & Shell	22.0
Sponsor Equity	25.5	MEP / Fit-Out	58.0
–	–	Soft Costs	9.0
–	–	Contingency	2.5
Total	119.5	Total	119.5

Financial Summary:

- **Stabilized EBITDA:** 12.6 MM (Yr-5)
- **Debt Service (fixed):** 9.4 MM / yr
- **DSCR:** 0.84× → 1.34×
- **Cap Rate:** 6.0 % entry vs. 5.3 % peer data
- **IRR (levered):** 10.2 %
- **LTC:** 79 %

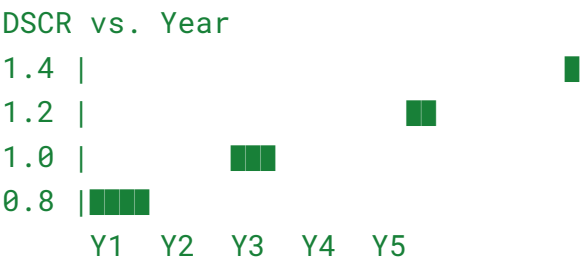
Market Commentary:

Denver’s data center absorption has slowed (58 MW YTD vs. 92 MW 2024). Power pricing remains volatile; sponsor assumes flat utility rate (\$0.067/kWh) despite Xcel’s 2025 tariff escalation notice (5–7 % increase). Comparable stabilized cap rates range 5.0–5.5 %.

Underwriter Observations:

- 1. **Execution Risk:** No pre-leases; modeled 50 % occupancy by Yr-3 unrealistic without anchor tenant.
- 2. **Construction Exposure:** EPC contract fixed-price but excludes transformer procurement, which accounts for 7 % of total cost.
- 3. **Valuation:** Exit modeled at 5.25 % cap, producing inflated terminal value (\$240 MM vs. \$210 MM market realistic).
- 4. **Coverage:** DSCR < 1.0× through Yr-3; reserves inadequate.

Coverage Trend Visualization:



Committee Feedback:

Committee concerned with leverage, unleased exposure, and optimistic absorption. Sponsor equity contribution adequate, but yield insufficient to offset risk.

Recommendation:

Decline as proposed. Revisit if anchor tenant secured pre-closing and exit cap revised ≥ 5.75 %.