

A curse on your SPACtastic debt

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As All Hallows' Eve looms and the infra lending community cowers from a horror that's holding the industry in its thrall, there's only one thing to do... face your fears.

This week's Friday Editorial is not suited to infra purists of a gentle disposition as it unmask a fearsome beast that one source labels "the SPACification of infra lending".

If you're of the school of thought that infra debt should be raised against an individual project to finance its construction and operation in good old fashioned, PF-style cashflow lending... look away now.

We're entering the hell dimension that is platform / portfolio-level debt where the borrower wants your money to do a little bit of this, a little bit of that, and – maybe – a little bit of something else... once they've made their minds up.

Basically – give us your money on infra terms against an ill-defined group of assets... and when we've done that, we'll look around for something else to deploy the leftovers on.

We're living through the ongoing evolution of the sector in an environment where the borrower has the whip hand and a strong arm to wield it. And – as is always the case in finance – if you've got the whip in your hand... what else are you gonna do but lay about with gruesome abandon?

It was bad enough when lenders started insisting that acquisition debt is actually PF debt, but when it comes to portfolio debt it's reaching the point where the founding principles of project finance are being entirely shunned.

Let's just take a look at a few recent deals from around the globe that fit this profile.

In the US, we have the [CyrusOne Warehouse Credit Facility](#) that closed in July 2024 at \$7.9 billion. This "PF" package is destined to fund existing and future development projects (say no more).

Sticking with the US, the \$7.5 billion [CoreWeave loan](#) that closed in May 2024 will be used by the cloud computing company to develop its data centres (vague much?).

Switching across the pond to France, but staying in data centres, you have the [Data4 debt raise](#) and incremental capex financing of €3.8 billion (\$3.9bn) that closed in December 2024 to refinance capex and pay for reorganisation.

Again in France, but switching to renewables (the other primary perpetrator) and we have the EDF Renewables-led consortium in July (2025) closing a €3.3 billion (\$3.9bn) facility for [Calvados Offshore Wind Farm](#). This "PF" financing is to cover issues from the construction the 448MW of [Courseulles-sur-Mer](#), and deal with overruns and delays... yet it's sold as PF.

There are so many more. They are chunky and they are not restricted to data centres and renewables, it's spreading

across all sectors and all markets.

But is this just evolution or is it really corruption of the model?

The SPACman cometh

Not everyone spoken to this week is worried by the normalisation of platform debt in the project finance arena. Some positively welcome it. But the majority are of the view that it – at the very least – has pushed the boundaries.

One who favours the model, points out: “It’s not all bad news. Classic PF is concentrated risk to one project, which can be a bit binary. A platform relies on a sensible owner but diversifies the exposure for the lenders.”

Another adds: “Portfolio level gearing – done sensibly – is a good strategy to extract cash early from a performing portfolio of assets. The purpose of the debt raise could be to extract a return for investors or raise capital for the fund manager to make further investments where investors may not want to contribute more or markets are tight.”

However, this infra veteran goes on to caution: “That being said, gearing portfolios that have underlying heroic assumptions about future growth in demand is dangerous. I worry right now about that in data centres and renewables. Often the debt at portfolio level is debt on debt as the projects themselves are often geared and then TopCo debt is layered on top, basically gearing up the equity returns.”

Those against portfolio level debt outnumber those in favour with one luminary insisting: “It’s an extension of the SPAC phenomenon, driven in the infra space by the strongarming of very big sponsors. Infra financing has been steadily moving more towards relationship lending with less structuring.”

The luminary illuminates further: “Given a world of excess senior debt liquidity, smart structuring is pretty limited. Instead, it becomes a market driven by advisers searching for the last \$ of dumb money to clear the deal.

“All this is done with arms-length negotiation by those advisers, with each lender told they are the only one raising concern XYZ.

“The ultimate culmination of this is the SPACification of infra lending. Thereafter banks prioritise relationships over structuring nuance, further driving the size and effectiveness of the super infra sponsors.”

One infra purist says: “PF was based on long-term financing for long-contracted cashflows for assets of public utility. Now we have short-term financing for data centres sucking resources used for basic rights – water and electricity – to run Netflix and porn sites... unless these rank higher now in terms of basic rights than water and electricity.”

The purist pursues the point: “In addition, project finance was based on SPV financing with one single purpose, now we have platforms with looser covenants on what the debt is used for, including expected and undefined pipelines.

“There is no limit in sizes and complexity – multi technology, multi geographies, multiple types of contractual structures. One of the reasons is that these sectors are mature, another one is that there are mega sponsors who can push things through.”

And when it comes to the devil in the detail, one senior lender of the infra persuasion warns: “The platform flavour Kool-Aid is delicious. Just don’t read the ingredients.”

When it boils down to who carries the blame, most folk are of one voice. It’s them there pesky private equity people.

One chum says: “I wouldn’t blame data centres as much as the increase in private equity names playing in the infra space and dragging historically LevFin businesses into the infra realm.”

And as with all the worst things, they start with the very best of intentions – laying that first slab on the road to hell.

One lender of note says: “It all started with renewable energy platforms. They are refinanced from a combination of original assets but the borrower allows very flexible additional indebtedness to allow future growth, possibly different technology and geographies. It’s a borrower’s market after all.”

But here we are. As the market matures and banks continue lending to portfolios – it’s just become the way of things.

“After all,” opines one grandee, “one might go wrong, but surely not all of them at once.”

Coz that’s never happened before.

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