LOCATIONS

Macquarie's Big Play in AI and HPC: $17+ Billion Invested Across Two Data Center Titans

In a single week, Macquarie Asset Management has announced two significant investments in Applied Digital and Aligned Data Centers. The deals show how AI and HPC aren't just reshaping technology -- they're rewriting the playbook for data center development.

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Macquarie Park Data Center Campus in Sydney, Australia

Macquarie Asset Management (MAM) is making bold moves to position itself as a dominant force in the rapidly growing sectors of AI and high-performance computing (HPC). In a single week, MAM has made two pivotal investments in Applied Digital and Aligned Data Centers, committing over $17 billion to fuel innovation, growth, and capacity expansion in critical infrastructure markets across the Americas.

Both deals highlight the immense demand for AI-ready and HPC-optimized data centers, underscoring the ongoing digitization of the global economy and the insatiable need for computing power to drive artificial intelligence (AI), machine learning (ML), and other resource-intensive workloads.

Applied Digital Partners with Macquarie Asset Management for $5 Billion HPC Investment

On January 14, Applied Digital Corporation announced what it billed as a transformative partnership with Macquarie to drive growth in HPC infrastructure. This agreement positions Applied Digital as a leading designer, builder, and operator of advanced data centers in the United States, catering to the growing demands of AI and HPC workloads.

To account for the $5 billion commitment, funds managed by MAM will invest up to $900 million in Applied Digital's Ellendale HPC Campus in North Dakota, with an additional $4.1 billion available for future HPC projects. This could support over 2 gigawatts (GW) of HPC data center development.

MAM is a global asset manager overseeing approximately $633.7 billion in assets. Part of Australia-based Macquarie Group, it specializes in diverse investment solutions across real assets, real estate, credit, and equities. With its new landmark agreement with Macquarie, Applied Digital feels it is poised to redefine the HPC data center landscape, ensuring its place as a leader in the AI and HPC revolution.

In terms of ownership structure, MAM's investment here includes perpetual preferred equity and a 15% common equity interest in Applied Digital's HPC business segment, allowing Applied Digital to retain an 85% ownership stake in existing and future HPC assets.

In the area of additional financial benefits, the investment will enable Applied Digital to repay approximately $180 million in project-level debt, recover over $300 million of its equity investment in the Ellendale campus, and fund additional project expenses.

Supporting the Ellendale HPC Campus and Beyond

Under the agreement, MAM will invest $2.25 million for each megawatt (MW) of capacity leased at the Ellendale HPC Campus, which is slated for a 400 MW build-out. Future project financing and MAM's investment will cover the development of this state-of-the-art facility and support Applied Digital's broader pipeline of data center projects.

Applied Digital CEO Wes Cummins highlighted the transformative potential of the partnership:

> "We believe this expanded relationship with MAM positions Applied Digital for significant growth in the industry, establishing us as one of the fastest-growing HPC data center owners, operators, and developers in the United States. At today's build costs, we will have a significant portion of the equity needed to construct over 2.0 GW of HPC data center capacity, including our Ellendale HPC Campus."

Investment Details

The deal's closing conditions specify completion of a hyperscaler lease for the 100 MW Ellendale HPC data center, finalization of operating agreements, and other customary conditions. In terms of minimum equity contributions, Applied Digital will contribute $1 million per MW for the Ellendale campus and $750,000 per MW for other HPC projects.

Anton Moldan, Senior Managing Director of MAM, shared Cummins' enthusiasm:

> "Applied Digital has a differentiated strategy with access to a unique near-term power portfolio across North America, addressing the most demanding AI and HPC applications at scale. We see this as a highly attractive opportunity to help build an industry-leading HPC data center company well-positioned in high-growth market segments."

In the deal, Northland Capital Markets acted as the sole placement agent, with Goldman Sachs & Co. LLC serving as senior financial advisor. Citizens JMP Securities, TD Securities, and Needham & Company provided financial advisory services, while Lowenstein Sandler LLP and Simpson Thacher & Bartlett LLP offered legal counsel to Applied Digital and MAM, respectively.

Strategic Implications

The partnership with MAM underscores Applied Digital's commitment to delivering cutting-edge HPC solutions. With access to stranded power resources and advanced technologies like closed-loop liquid cooling, the company aims to support AI, machine learning, graphics rendering, and other complex workloads.

"With hard-to-find access to stranded power and advanced technologies, our purpose-built data centers are tailored for the most complex AI and HPC workloads," Cummins said. "We believe Applied Digital's innovative approach will enable clients to excel in a rapidly evolving technological landscape."

Aligned Data Centers Secures Over $12 Billion to Accelerate Growth

Just one day later on January 15, Aligned Data Centers announced it has successfully raised more than $12 billion in new capital to fuel its rapid expansion and innovation efforts, addressing the surging demand for AI and cloud services. The capital raise was led by funds managed by Macquarie Asset Management, alongside several prominent global investors specializing in digital infrastructure.

The financing includes over $5 billion in primary equity and over $7 billion in debt commitments, solidifying the company's position as a leading provider of adaptive, sustainable data center solutions. The new funding will support the development of Aligned's planned 5+ GW of future data center capacity across the Americas, positioning the company to meet the growing needs of hyperscale and enterprise customers seeking AI-ready infrastructure.

Andrew Schaap, CEO of Aligned Data Centers, expressed his gratitude and optimism over the deal:

> "We appreciate the commitment of our esteemed investors as we capitalize on the significant growth opportunities presented by the increasing demand for AI and cloud services. With a world-class team, history of successful deployments in strategically selected, scalable locations, and over a decade of deploying innovative cooling solutions optimized for the demands of the most powerful GPUs, Aligned is uniquely positioned to meet this market opportunity. This investment will fuel our continued growth, enabling us to deliver cutting-edge solutions that meet the evolving demands of our customers today and in the future."

Investor Confidence and Market Opportunity

MAM's Moldan highlighted the significance of the investment:

> "We are excited to continue to support the impressive growth of Aligned Data Centers. The partnership and strong demand from some of the world's leading digital infrastructure and technology investors is a true testament to the Aligned team's track record of successful delivery, customer-centric culture, innovation, and growth. With the underlying trends of digitization, cloud adoption, and evolving needs of high-performance compute and AI applications, we see significant opportunity to provide Aligned's customers with world-leading data center solutions."

The new capital reflects Aligned's strong momentum, strategic execution, and its aggressive pursuit of growth opportunities. The funding will accelerate the development of the company's innovative data center platform, which is tailored to meet the demands of AI, machine learning, and cloud computing workloads.

Macquarie's Strategic Vision

Macquarie Asset Management's aggressive moves this week illustrate how the investment community is doubling down on AI and HPC as the future of digital infrastructure. As a calculated bet on the future of AI and HPC, these investments also showcase the evolving landscape of data center design, with a clear focus on sustainability, scalability, and performance.

Macquarie Group has significantly expanded its presence in the data center sector over the past several years, engaging in numerous strategic investments and partnerships. Two of the firm's more notable recent deals include the following:

- In 2022, Macquarie Asset Management acquired a significant minority stake in ST Telemedia's Virtus Data Centres, a leading data center provider in Europe. This investment aimed to support Virtus's expansion and strengthen Macquarie's position in the digital infrastructure sector.
- In 2021, Macquarie Capital formed a strategic partnership with and made an equity investment in Prime Data Centers, a California-based wholesale facility developer and operator. This collaboration was designed to accelerate Prime's development pipeline and drive long-term growth in the Americas and Europe.

Perspective

The global appetite for AI training, deep learning models, and advanced analytics is pushing the limits of existing data center infrastructure. Its moves this week with Applied Digital and Aligned Data Centers show how, by investing heavily in two more companies with complementary strategies and innovative designs, MAM is creating a robust portfolio poised to capitalize on this tectonic shift in technology.

The deals also spotlight the growing importance of specialized infrastructure for AI and HPC. Traditional data centers are no longer sufficient to handle the energy density and cooling requirements of modern AI workloads. Companies like Applied Digital and Aligned are pushing the boundaries with cutting-edge cooling technologies, stranded power strategies, and designs optimized for GPU-driven workloads.

Both Applied Digital and Aligned now appear to be well-positioned to thrive, thanks to their innovative approaches and strong backing from a financial powerhouse like Macquarie.

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