

OFFICIAL INSTITUTIONAL WHITE PAPER • POLICY BRIEFING

MONGOLIA THE ECONOMIC CASE FOR DATA CENTER INVESTMENT

Sub-zero cooling economics, 2,600 GW of renewable resources, statutory data sovereignty — and 8.5 points of policy-driven equity return.

Ulaanbaatar,
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ONE EXECUTIVE SUMMARY

Mongolia holds what data centers compete for. The climate, with more than 200 days a year at sub-zero temperatures, supports a design power usage effectiveness below 1.2 against a global average of 1.54, cutting the largest controllable cost in a facility by roughly 40%. Renewable potential stands at 2,600 GW, equivalent to 5,457 TWh a year, against a national system of just under 2 GW. Land is effectively unconstrained, at two people per square kilometer and only about 2% of the territory privately held, so a site can be allocated by direct government decision rather than assembled from private titles. Last but not least, Mongolia sits on a direct land border with the largest compute market in Asia as an independent parliamentary democracy with no bloc alignment on compute or on data.

Building on these strong fundamentals, Mongolia already has a legislative base that makes projects bankable. Investment agreements can stabilize the tax environment at prevailing rates for a fixed term. High technology processing and renewable energy equipment enter free of customs duty anywhere in the country. Equipment entering an economic free zone is further exempt from all customs duty, value added tax and excise, buildings in a zone are exempt from property tax, and there are no land fees for the first ten years of operations. Long-term power purchase agreements and independent generation are provided for in law, the permit set has been consolidated onto a single statutory basis, and the cyber security framework sets a defined compliance baseline. The European Investment Bank and the European Bank for Reconstruction and Development have committed a \$2Bn facility for green, renewable infrastructure at a low interest rate of SOFR plus 1 to 3%.

The Government now proposes to further enhance the package to make Mongolia at the forefront of destinations for data centers. The draft Law on Data guarantees that foreign data hosted in a foreign-operated facility on Mongolian territory is inviolable, with no state access except under ratified treaty; protects transit traffic and requires independent backup routing; and creates a single window for approvals with deadlines set in law. A tax package adds a corporate income tax holiday, relief from withholding tax on distributions and property tax relief, regardless of location. A cooperation framework with local communities is to be settled at the outset rather than negotiated after

commitment. Most consequential of all, and delivered commercially rather than legislatively, dedicated private suppliers can guarantee hybrid power supply within 24 months of a project decision.

Benchmarked against 26 competing jurisdictions across 11 policy levers, Mongolia's proposed package is highly competitive. On tax and customs relief every jurisdiction offers something, and Mongolia does not claim it as a differentiator. The field is weak precisely where commitments are hard, because they require a state to bind itself in a way it cannot quietly reverse: a firm date for grid connection, sovereignty guaranteed by statute, development finance that actually reaches a project, and determination deadlines that bind the government. Mongolia commits on all four, and no other jurisdiction in the benchmark does. Set against connection queues of four to ten years in the established markets, several of which have restricted new connections outright, a guarantee of 24 months is the scarcest thing on offer.

This paper values the potential investment case through a reference project of 100 MW, costed from published international benchmarks at approximately \$33Mn per MW, returns 9.6% to equity on Mongolia's physical advantages alone, with power at the commercial tariff, debt at commercial rates and no fiscal support of any kind. The measures already in force carry that return to 13.5%. The measures proposed carry it to 18.1%. Policy, rather than geography or climate, creates 8.5 percentage points of equity return, and 3.9 of those points are already law.

There also exist two underlying assumptions, that should be highlighted at the outset for a campus in Mongolia, the existing electricity system cannot absorb demand of this scale, which is why any credible project must arrive with its own generation contracted alongside it rather than drawn from the national grid. And the policy framework is not yet finalized, the proposed measures described here require approval by the State Great Khural, and several specific parameters have still to be set. That is a deliberate choice in timing, Mongolia is early enough that investors engaging now can still work with policy-makers to shape the environment they will operate in. If an investor brings the compute, and Mongolia will provide the land, a supportive policy environment and the law that protects what is built here.

TWO PURPOSE, SCOPE AND METHOD

Mongolia is seeking to attract foreign investment for international data centers, and this paper makes the case to investors evaluating various markets why Mongolia is a competitive destination. It sets out what Mongolia offers, prices what the Government's policy framework is worth to a project in basis points of equity return, and distinguishes clearly between the measures that are already law and the measures that are still proposals before the State Great Khural.

The paper is addressed to the investors, operators and lenders considering data center capacity in Mongolia, and to the development finance institutions that would sit alongside them. Chapter 3 establishes the global demand cycle and constraints. Chapter 4 sets out Mongolia's macroeconomic and sovereign position. Chapter 5 assesses the country's physical endowment. Chapter 6 describes the legal and fiscal framework, separating what is in force from what is proposed. Chapter 7 benchmarks Mongolia against the jurisdictions competing for the same capital. Chapter 8 values the opportunity by pricing a reference project. The paper does not model the tax and fiscal revenue accruing to the Mongolian state, which is the subject of the separate economic impact assessment, and it does not address workloads other than data center and compute infrastructure.

Chapter 8 departs from the descriptive method of the chapters before it. It builds a single reference project from the ground up, a 100 MW AI-optimized campus, and costs it from published international benchmarks. A 100 MW load was chosen because it is the standard unit in the published cost literature, which allows every assumption to be verified against an external source. The base case is drawn conservatively, assuming grid power at the prevailing commercial tariff, commercial debt, full tax leakage and no fiscal support of any kind, so that the value attributed to policy

Wherever available, data has been drawn from the most recent available vintage in each case. Market and capacity data comes from JLL's 2026 Global Data Center Outlook (January 2026), CBRE's Global Data Center Trends 2026 (June 2026), Synergy Research Group and Precedence Research; electricity projections from the IEA's Energy and AI (April 2025) and Key Questions on Energy and AI (April 2026); construction costs from JLL, Turner & Townsend, Goldman Sachs Research, Epoch AI and Thunder Said Energy. Macroeconomic data comes from the IMF's World Economic Outlook database (April 2026), the 2025 Article IV consultation and the June 2026 Article IV mission statement, with the National Statistics Office of Mongolia for trade composition and sovereign ratings as at July 2026. Mongolian statutory provisions are cited to the primary law rather than to secondary commentary, and the position is stated as of the date of publication.

Four limitations should be read alongside the findings. First, the benchmark scores are analyst judgments calibrated to statutory and market fact, not a scraped dataset and not a legal opinion on any jurisdiction; they establish the shape of the field. Second, the reference project illustrates how the policy framework transmits into equity return and is not a bankability study for any specific site; Section 8.3 lists the risks deliberately excluded from it, including construction and interconnection delay, offtake concentration, technology discontinuity and currency movement. Third, several policy parameters remain unfixed: the corporate income tax holiday period, the withholding relief period, and the rates and methodology for the benefit sharing regime are all to be set by Government regulation and have not yet been published. The returns attributed to the proposed measures are conditional on those parameters and on approval by the State Great Khural. Fourth, the paper reflects the position of a



THREE GLOBAL CONTEXT: THE DATA CENTER DEMAND CYCLE

The case for building data centers in Mongolia is entwined with the state of global demand. This chapter establishes four features of the current cycle that frame the remainder of this paper: the demand shock is structural and well capitalized; the binding constraint on new supply has shifted from capital to power; the geography of the build-out is dispersing toward markets that can offer energy, land and cooling rather than incumbent digital infrastructure; and the record of the frontier entrants that have gone before shows what happens when commitments outrun generation. Chapter 5 assesses Mongolia against the criteria these features imply.

3.1. A capital cycle of historic scale

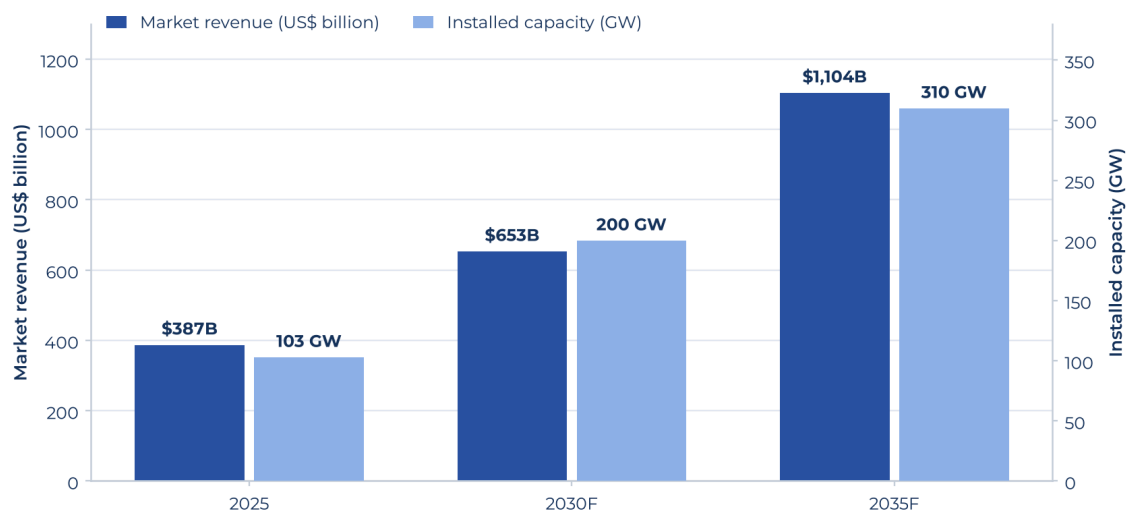
The global data center market generated revenues of roughly \$387 billion in 2025 and is forecast to reach about \$653 billion by 2030 and to surpass \$1.1 trillion by 2035, a CAGR of around 11%.¹ Physical capacity is growing at a comparable pace, global installed data center capacity is forecast to nearly double from 103 GW in 2025 to around 200 GW by 2030 (Exhibit 1).²

The structure of the industry frames where a new entrant can compete. Roughly 10,800 data centers were in operation worldwide as of February 2026, but using pure facility counts

understates the concentration of the asset class, because it weighs a multi-hundred-megawatt campus and a single-megawatt server room equally. Measured by capacity, hyperscale operators accounted for 48% of worldwide data center capacity at the end of 2025, non-hyperscale colocation for 20% and enterprise on-premise for 32% (Exhibit 2). The direction of change is more striking than the level: as recently as 2018 on-premise facilities held 56% of capacity, and Synergy Research projections show hyperscale reaching 67% by 2031. The growth, and the frontier-market opportunity, is concentrated in the hyperscale and colocation segments, whose geographic dispersion Section 3.3 describes.³

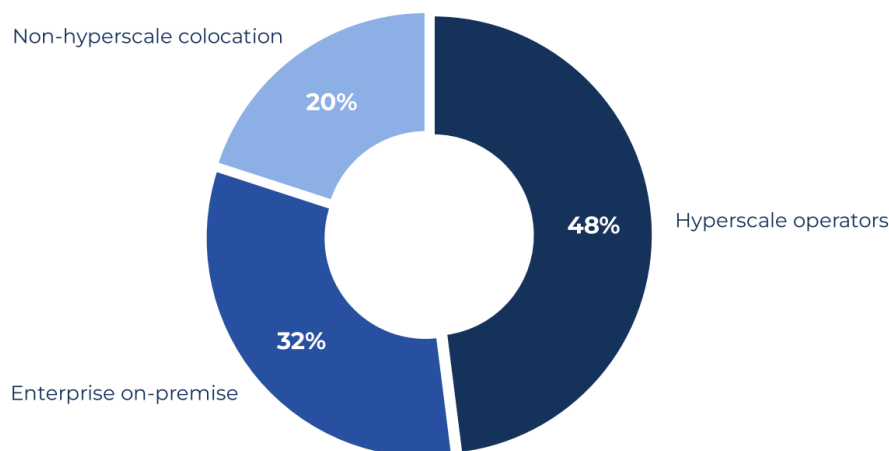
Market revenue understates what is being built. The four largest hyperscale operators (Amazon, Microsoft, Alphabet and Meta) deployed roughly \$410 billion of capital expenditure in 2025 and have guided to approximately \$725 billion in 2026, a 77% year-on-year increase.⁴ The International Energy Agency observes that the capital spending of the five largest technology companies surpassed \$400 billion in 2025, exceeding global investment in oil and natural gas production; it is hard to find a clearer measure of how decisively the center of gravity of infrastructure capital has shifted.⁵

Exhibit 1. The global data center market: revenue (US\$Bn) and installed capacity (GW)



Source: Precedence Research, *Data Center Market Size, Share, and Trends 2026 to 2035* (April 2026), for market revenue; JLL, *2026 Global Data Center Outlook* (January 2026), for installed capacity. 2030F and 2035F revenue and 2030F capacity are forecasts.

Exhibit 2. Global data center capacity by operator type (share of worldwide capacity, Q4 2025)



Source: Synergy Research Group, "Hyperscale Operators to Account for 67% of all Data Center Capacity by 2031" (2026), reporting 1,360 hyperscale facilities and 48% of worldwide capacity at Q4 2025. Global facility count of approximately 10,800 as of February 2026 per Data Center Map, as mapped by Visual Capitalist (February 18, 2026).

Forward estimates run to the same order, with McKinsey projecting that meeting compute demand by 2030 will require \$6.7 trillion of cumulative data center investment worldwide, \$5.2 trillion of it for AI workloads.⁶ JLL puts the investment required to 2030 at roughly \$3 trillion, including some \$870 billion of new debt, an emerging asset class in which development finance institutions and infrastructure funds are already active.⁷ Individual projects have reached sovereign scale: the first phase of the planned 5 GW Stargate campus in Abu Dhabi is by itself a 1 GW commitment.⁸ The implication for a frontier host is straightforward: there is currently more committed capital seeking investable data center sites than there are sites able to absorb it. The scarce input is no longer money.

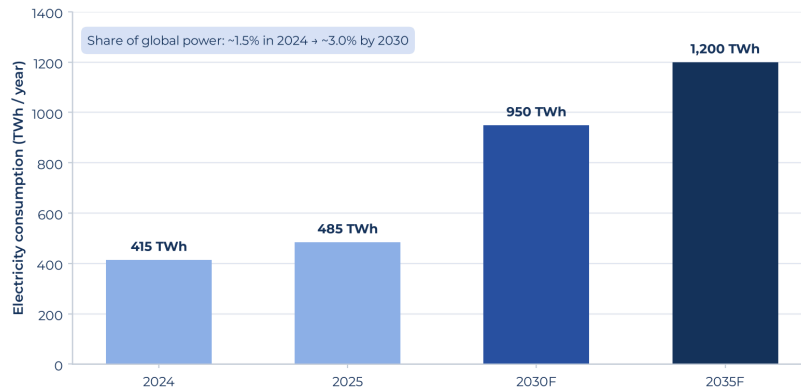
3.2. The binding constraint has shifted from capital to power

Goldman Sachs projects that global power demand from data centers will rise 50% by

2027 and by as much as 165% by 2030, measured against 2023. The IEA's estimates point the same direction: data centers consumed approximately 415 TWh of electricity in 2024 and 485 TWh in 2025, growth of 17% in a single year (roughly six times the growth rate of electricity demand overall), and are projected to reach some 950 TWh, around 3% of global electricity demand, by 2030, with the IEA's base case reaching 1,200 TWh by 2035 (Exhibit 3). Gartner's estimates run on the same track: 448 TWh in 2025 rising 2.2-fold to 980 TWh by 2030, with AI servers accounting for 64% of the increase.^{9,10,11}

The supply side has not kept pace: global occupancy stands near 97%, and 77% of the worldwide construction pipeline is already pre-committed to tenants.¹² Vacancy in Northern Virginia, the world's largest data center market, was 0.3% in the first quarter of 2026; among major global markets only London has slack at 8.6% (Exhibit 4).¹³ Asking rates in North America rose 6.5 to 12.5% year-on-year in 2025, depending on requirement size.¹⁴

Exhibit 3. Global data center electricity consumption, actual and projected (TWh)



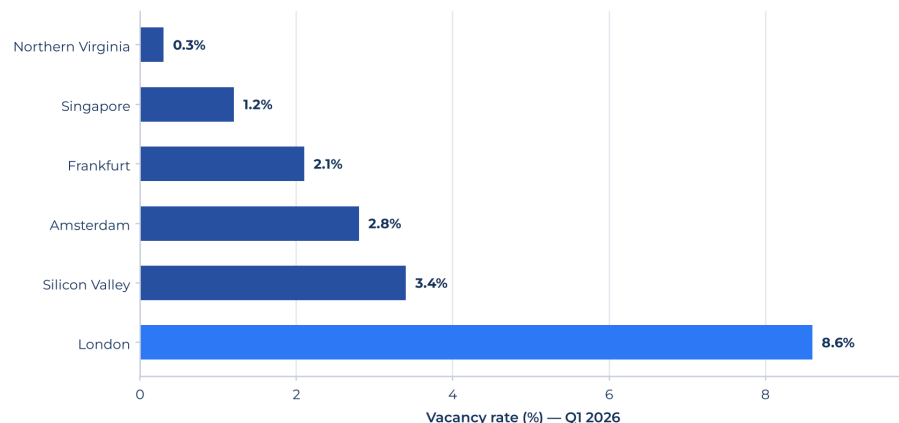
Source: IEA, *Energy and AI* (April 2025); IEA, *Key Questions on Energy and AI* (April 2026). Data centers accounted for ~1.5% of global electricity demand in 2024, rising to ~3% by 2030 on the IEA's projection. 2035 is the IEA base case; the scenario range is 700–1,700 TWh.

Electricity availability is limiting supply with average lead times to secure a grid connection now exceeding four years globally, and even longer in constrained markets: up to seven years in Virginia and Germany, and five to seven years in the United Kingdom.¹⁵ Dominion Energy quotes three or more years to energize new campuses in Virginia, some Chicago-area connections are quoted into 2032, and Singapore, which froze new approvals from 2019 to 2022, still allocates capacity under a managed quota.¹⁶ Dublin is the clearest cautionary case. After a de facto connection moratorium from 2022, Ireland's regulator reopened applications in December 2025, but on terms that amount to bring-your-own-power: a large data center must be capable of running entirely on its own dispatchable generation, must source 80% of its electricity from new Irish renewable projects

within six years of energization, and can connect only where the network has spare capacity, which Dublin's, in the near term, does not.¹⁷ The underlying arithmetic explains the caution: data centers consumed 22% of Ireland's metered electricity in 2024 and 23% in 2025.¹⁸

This all shows that time-to-power has become the industry's effective currency. Markets able to deliver large blocks of contracted electricity within roughly 24 to 36 months command a premium irrespective of their maturity as digital hubs. This is the structural opening through which every credible frontier-market pitch, including Mongolia's, must pass, and the standard against which it will be judged. Even where a moratorium lifts, as Dublin shows, the price of re-entry is self-supplied generation: the industry is converging on power-first sequencing.

Exhibit 4. Data center vacancy rates in major global markets (Q1 2026)



Source: CBRE, *Global Data Center Trends 2026* (June 2026). Vacancy is the share of built, leasable capacity not under contract; in these markets nearly everything built is already committed.

3.3. The build-out is dispersing, and frontier markets have entered the race

The power scarcity in core markets discussed in the previous section is redrawing the map. In Turner & Townsend's industry survey, 92% of respondents said access to power is now more important to siting than geographical location, a striking inversion of the industry's historical logic, which put proximity to users and fiber first.¹⁹ CBRE's 2026 global review records the fastest growth not in established hubs but in secondary and emerging markets: Querétaro in

Mexico expanded inventory more than 450% year-on-year, with Johor (Malaysia), Batam (Indonesia) and Lisbon among the fastest-growing markets.²⁰

A further tier of genuinely frontier entrants has emerged, competing on the strength of energy resources and land rather than existing digital infrastructure (Table 1). Their early record, examined in more detail in Chapter 7, carries one consistent lesson: projects paired with dedicated or surplus generation proceed and projects that outrun the host grid stall.

Table 1. Frontier-market data center entrants, 2024–2026

Market	Project and backers	Investment	Data center capacity	Power solution	Status (mid-2026)
Kazakhstan	JMOT04 (UK) Tier IV campus; Pavlodar region expected	\$1.9Bn (\$1.5Bn campus plus \$400Mn power plant)	50–200 MW planned	Dedicated gas-fired plant of up to 250 MW, built alongside the campus	MoU stage; first facilities expected 2027; tied to closing the national power deficit
Kazakhstan	AKASHI Tier IV facility, Astana (first Tier IV in Central Asia)	\$230Mn (including \$90Mn EDB loan)	41 MW IT (3,520 racks); 10 MW first phase	Grid-supplied; generation source not disclosed	Phase 1 financing agreed June 2026; construction starting
Uzbekistan	DataVolt (Saudi Arabia), Tashkent IT Park; further sites planned in New Tashkent and Bukhara	\$150Mn first phase; ~\$3Bn planned across phases	10–12 MW first phase; up to 500 MW planned nationally	Solar and wind with dedicated storage; green-fuel backup	Under construction; first phase targeted for end-2026; financing closed June 2026
Armenia	Firebird "AI factory," Hrazdan; phase 2 announced with US government support	\$500Mn phase 1; \$4Bn total announced	18 MW and 6,000+ GPUs phase 1; ~50,000 GPUs announced (phase 2 MW undisclosed)	Grid-drawn; generation source not disclosed	Phase 1 launch scheduled July 2026; US export approval for NVIDIA chips
Kenya	Microsoft / G42 campus at Olkaria, with local operator EcoCloud	\$1Bn announced	100 MW first phase; 1 GW ambition	Olkaria geothermal complex (~700 MW installed nearby)	Stalled; full build would need roughly a third of national installed capacity (~3 GW); no ground broken
Ethiopia	Surplus-hydro monetization: bitcoin-mining load plus small colocation entrants (Wingu.Africa, Raxio)	~\$55Mn per year of power sales to miners	~600 MW allocated to mining; colocation facilities of 3–10 MW	Existing hydropower surplus (GERD, 5.15 GW)	New mining permits frozen August 2025; phase-out signaled as domestic demand grows

Sources: OilPrice.com and Times of Central Asia (JMOT04); Eurasian Development Bank (AKASHI, June 2026); Data Center Dynamics and DataVolt disclosures (Uzbekistan); Firebird and PR Newswire (Armenia); Data Center Dynamics and Semafor (Kenya, May 2026); industry reporting on Ethiopia (2024–2025). Figures are as publicly announced and vary in vintage.



There needs to be precision around which part of the global capital pool a market like Mongolia is competing for. The World Economic Forum and Bain estimate that more than \$600 billion was invested in AI-dedicated infrastructure between 2010 and 2024, with annual investment projected to exceed \$400 billion by 2030; the United States and China alone, however, capture roughly 65% of aggregate investment in the AI value chain.²¹ Mongolia is not competing for that concentrated core, which is tied to the two AI superpowers' domestic build-outs. It is competing for the distributed, partnership-driven remainder, the same slice now flowing to Central Asia, the Gulf's partner economies, the Caucasus and East Africa. In the WEF's archetype framework, Mongolia enters the race as an emerging collaborator: an economy whose credible path runs through trusted

international partnerships rather than sovereign self-sufficiency in compute.²²

3.4. A cautionary lesson for frontier hosts

Data center commitments cannot outrun generation. Kenya's Olkaria campus, a \$1 billion Microsoft/G42 project announced in May 2024 with a 100 MW first phase and a 1 GW ambition, had stalled by 2026 with no ground broken. President Ruto put the problem plainly in May 2026: *"To switch on that one data center, we would need to shut off power for half the country."*²³ Kazakhstan, by contrast, paired its \$1.9 billion Tier IV program with a dedicated 250 MW gas plant precisely because its national power balance is short.²⁴ The successful frontier cases sequence generation with or ahead of the data center commitment; the stalled ones did not.

FOUR MONGOLIA'S MACROECONOMIC AND SOVEREIGN CONTEXT

A data center is a twenty-to-thirty-year commitment to a jurisdiction. This chapter addresses questions around Mongolian investment stability: is the economy growing; is the sovereign creditworthy, and improving; can the state co-invest credibly; and is the policy commitment durable?

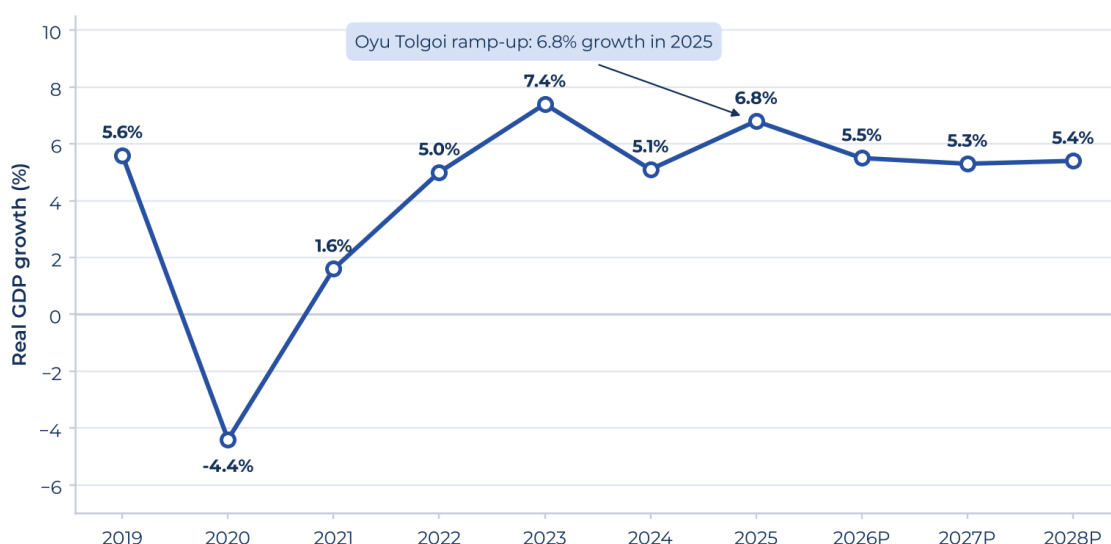
4.1. Growth, prices and the external position

Mongolia enters this cycle as one of Asia's fastest-growing economies. Real GDP grew 6.8% in 2025, driven by the underground ramp-up of the Oyu Tolgoi copper mine and a strong recovery in agriculture. The IMF's June 2026

Article IV mission projects growth of about 5.5% in 2026, with the World Bank and the Asian Development Bank bracketing that estimate at 5.0% and 5.7% respectively (Exhibit 5). Nominal GDP reached approximately \$25.4 billion in 2025, and GDP per capita, at about \$7,100, has nearly doubled since 2020.^{25,26,27}

A \$25 billion economy of 3.5 million people cannot absorb hyperscale digital capacity domestically, so the investment case must ultimately rest on export and anchor-tenant demand. What growth at this pace does provide is fiscal room and a sovereign narrative that credit markets have begun to reward.²⁸

Exhibit 5. Mongolia real GDP growth, 2019–2028F (%)



Source: IMF, World Economic Outlook database (April 2026). 2026–2028 are IMF projections; the June 2026 Article IV mission indicates ~5.5% for 2026. World Bank: 5.0% (2026); ADB: 5.7% (2026), 6.0% (2027).

Table 2. Key macroeconomic indicators, 2022–2027

Indicator	2022	2023	2024	2025	2026P	2027P
Real GDP growth, %	5.0	7.4	5.1	6.8	5.3	5.3
CPI inflation, period avg, %	15.1	10.4	6.2	8.6	8.6	7.9
Fiscal balance, % of GDP	+0.7	+2.7	+1.3	-0.3	-0.7	-2.1
Public debt, % of GDP	64.5	45.9	44.5	46.0	48.4	51.3
Current account, % of GDP	-13.4	+0.6	-10.5	-13.9*	-12.0	...

Source: IMF (2025 Article IV Country Report No. 25/265; WEO April 2026). 2025 fiscal and current-account figures are IMF projections pending the 2026 staff report. *The World Bank estimates the 2025 current-account deficit at 4.4% of GDP, a large divergence to be reconciled when the IMF staff report is published.

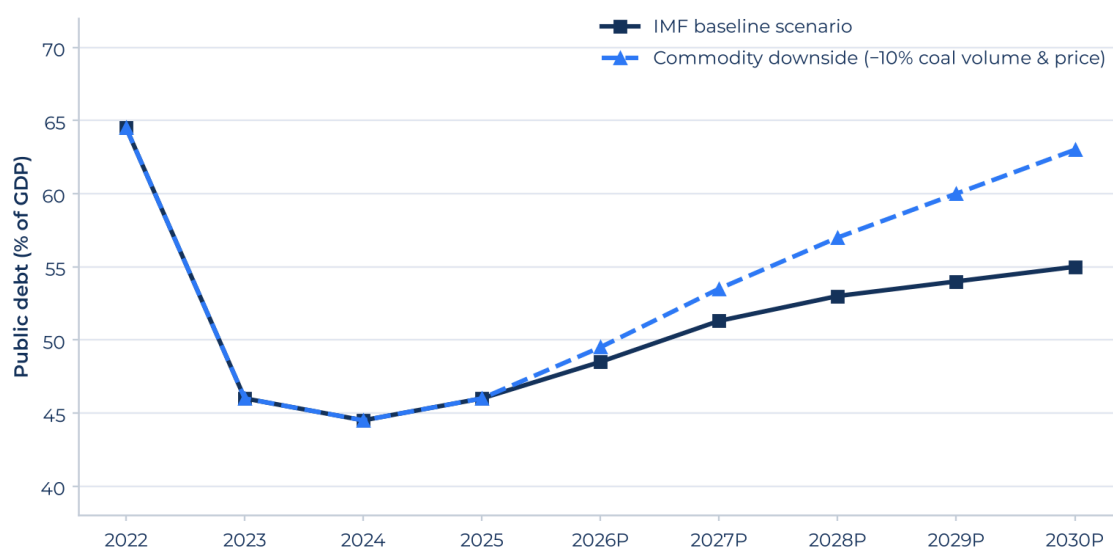
Two qualifications sit alongside that record. Prices are the soft spot: inflation rebounded to 11.2% in May 2026 and 12.0% in June, against the Bank of Mongolia's target band of 5% plus or minus 2 points, and the policy rate has been held at 12% since March 2025. For infrastructure investors the reading is twofold: local-currency financing is expensive and will remain so, reinforcing the case for dollar-denominated project structures, and the authorities have so far chosen orthodox responses over fiscal dominance, which is the more important signal for the durability of the wider framework. Externally, gross international reserves reached a record \$7.4 billion in early June 2026, though still below the IMF's reserve-adequacy metric, and the tugrik has been broadly stable near MNT 3,590 through the first half of 2026. The current account remains structurally in deficit, financed largely by mining-related FDI, and is the channel through which any commodity shock would transmit fastest.^{29,30,31,32}

4.2. Fiscal position, debt and the credit trajectory

Mongolia ran three consecutive fiscal surpluses in 2022 to 2024 and cut public debt from 64.5% of GDP in 2022 to 44.5% in 2024, the consolidation that underpins the sovereign's improving credit story. The stance is now turning: the IMF's baseline projects modest deficits from 2025, widening to about 2% of GDP by 2027 as spending on the mega-projects program is front-loaded, with public debt drifting toward 55% of GDP by 2030 (Exhibit 6).³³

The Fund's downside scenario is the one that matters most for this paper: a 10% fall in both coal export volumes and prices pushes reserves below two months of import cover and public debt toward 63% of GDP by 2030.³⁴ Using the Fund's own stress case rather than constructing a bespoke one is deliberate: it is the scenario a DFI credit committee will run, and Chapter 8 ties the financial model's downside directly to it.

Exhibit 6. Public debt, 2022–2030: IMF baseline vs. commodity downside (% of GDP)



Source: IMF, Mongolia 2025 Article IV Consultation, Country Report No. 25/265 (September 2025). The downside scenario assumes coal export volumes and prices both fall 10% against the baseline; the path shown between 2025 and 2030 is a straight-line illustration of the IMF's stated 2030 endpoint.

The credit story has inflected in parallel. Moody's upgraded the sovereign to B1 (stable) in October 2025, its second upgrade in 11 months; S&P upgraded to BB minus (stable)

the same month, Mongolia's first rating in the BB category since 2013; Fitch rates the sovereign B+ (stable) (Table 3).³⁵

Table 3. Sovereign credit ratings, July 2026

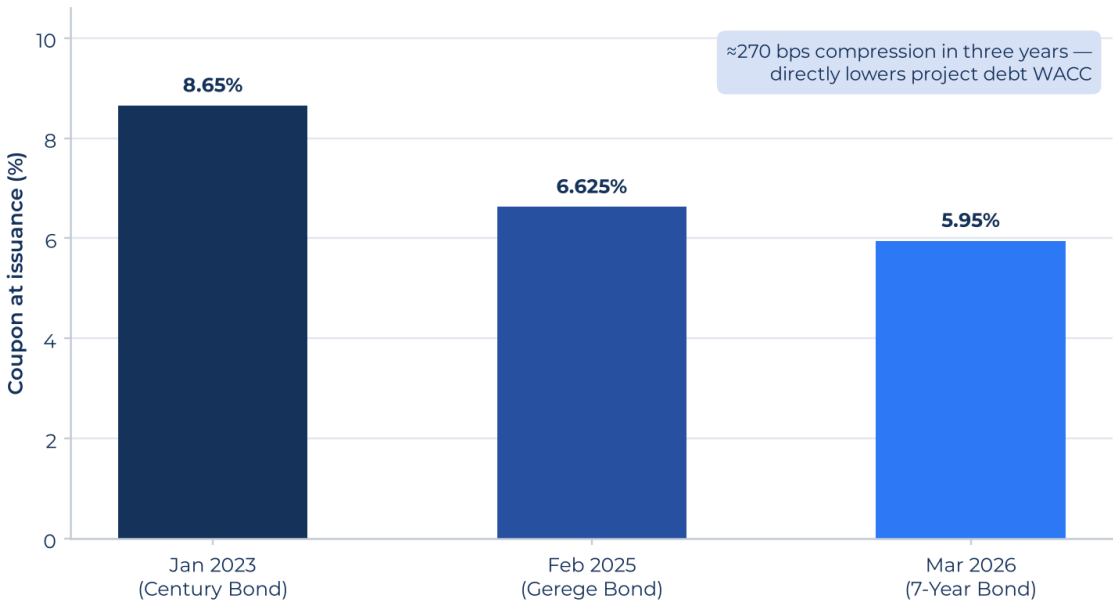
Agency	Rating / outlook	Last action	Rationale (summarized)
Moody's	B1 / Stable	Upgrade from B2, Oct 16, 2025	More stable growth; steps to diversify the commodity mix; improved policy effectiveness and liability management. Second upgrade in a year (B3 to B2 in Nov 2024 was the first improvement in nine years).
S&P	BB- / Stable	Upgrade from B+, Oct 30, 2025	Strong commodity exports and prudent fiscal management; three consecutive budget surpluses; sharply lower debt-to-GDP. First BB-category rating since 2013.
Fitch	B+ / Stable	Upgrade from B, Sep 20, 2024 (affirmed Sep 3, 2025)	Strong growth outlook (5.7% in 2025, ~5.3% 2026–27); government debt below 40% of GDP on Fitch's basis; flags minerals at ~90% of external receipts.

Sources: Moody's Investors Service (October 2025); S&P Global Ratings (October 30, 2025); Fitch Ratings. Agency actions as publicly reported.

The market impact is measurable, and it is the single most direct macro channel into data center economics, because project finance in a frontier market prices off the sovereign curve. Mongolia's US-dollar issuance moved from an 8.65% coupon in January 2023 to 6.625% in February 2025 and 5.95% for seven-year money in March 2026 (Exhibit 7), each issue paired

with liability-management exercises retiring more expensive legacy debt. Compression of roughly 270 basis points in three years flows directly into the weighted average cost of capital of any Mongolian power purchase agreement or data center project financing, and into the returns available to early movers if the trajectory holds.³⁶

Exhibit 7. Cost of market access: Mongolia sovereign USD bond coupons at issue



Source: issue terms per IFR, Montsame, FinanceAsia and Cleary Gottlieb deal announcements (2023–2026). Spreads shown where publicly confirmed.

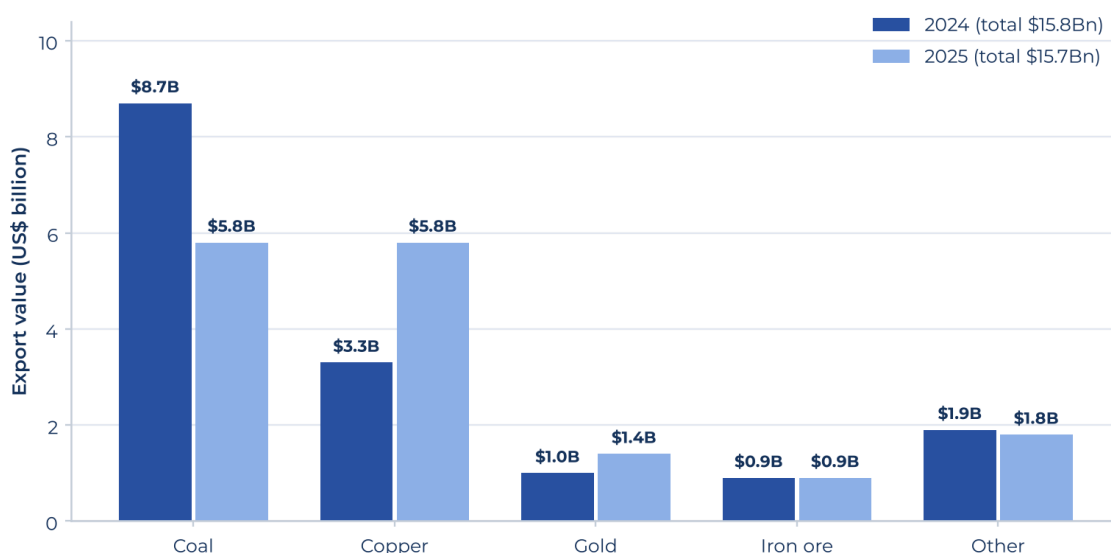
4.3. The structural issue: commodity and single-market concentration

Set against these gains is the concentration that motivates the diversification agenda in the first place. Minerals account for roughly 90% of Mongolia's goods exports, and mining contributes about a quarter of GDP and roughly 30% of government revenue.³⁷ The direction of trade is more concentrated still: China took 91% of exports in 2024 and 93.6% in early 2026, including effectively all coal and copper concentrate.³⁸

The product detail matters as much as the headline (Exhibit 8). Coal and copper together

account for roughly three-quarters of export earnings. 2025 demonstrated both the vulnerability and the partial hedge now emerging: coal export volumes hit a record 90 million tonnes, yet coal earnings fell by a third to \$5.8 billion as average realized prices dropped 38%, while copper earnings rose 75% to \$5.8 billion as Oyu Tolgoi's underground ramp-up lifted production 61%. Copper now cushions coal. But a hedge inside the same sector, sold to the same single customer, is not diversification, a point the government itself makes in pitching data centers, and the reason this paper exists.^{39,40}

Exhibit 8. Goods exports by product, 2024 vs. 2025 (US\$Bn)



Sources: NSO Mongolia totals; Montsame and Mysteel (coal); Rio Tinto and trade data (copper, gold, iron ore); worldstopexports/UN Comtrade (2025 values). 2024 product values other than coal are derived from IMF composition shares applied to the NSO total; 2024 copper estimates range from \$3.3Bn to \$3.6Bn. "Other" includes crude oil, zinc, fluorspar, cashmere and food products.

4.4. The Chinggis Khaan Sovereign Wealth Fund as a potential anchor vehicle

The institutional centerpiece of the diversification agenda is the Chinggis Khaan Sovereign Wealth Fund, established by the National Wealth Fund Law of April 2024 and consolidated through 2025–2026 under the state holding company Erdenes Mongol, with which it was fully merged by cabinet decision in May 2026. The fund operates three sub-

funds: a Future Heritage (savings) fund of roughly \$1.3 billion barred from spending before 2030; a citizen-facing Savings Fund; and a Development Fund that channels windfall mining revenue into domestic projects. Total assets are reported between roughly \$1.7 billion and \$2.3 billion following the merger.⁴¹ A companion amendment to the Minerals Law entitles the state to 34–50% ownership of designated strategic deposits, the fund's long-term capitalization mechanism.⁴²

Data centers are explicitly on the fund's target list. The intended anchor site is Hunnu City, a roughly 31,000-hectare special economic zone about 50 kilometers from Ulaanbaatar, with land specifically designated for data centers. The fund's stated concept is renewables-powered facilities, consistent with the government's target of lifting renewables from about 18% of electricity capacity to 30% by 2030. The state is not starting from zero: the national data center in Ulaanbaatar was built with KT Corporation of South Korea, and a World Bank and Korea Green Growth Trust Fund program has already scoped a green data center strategy for the country.^{43,44}

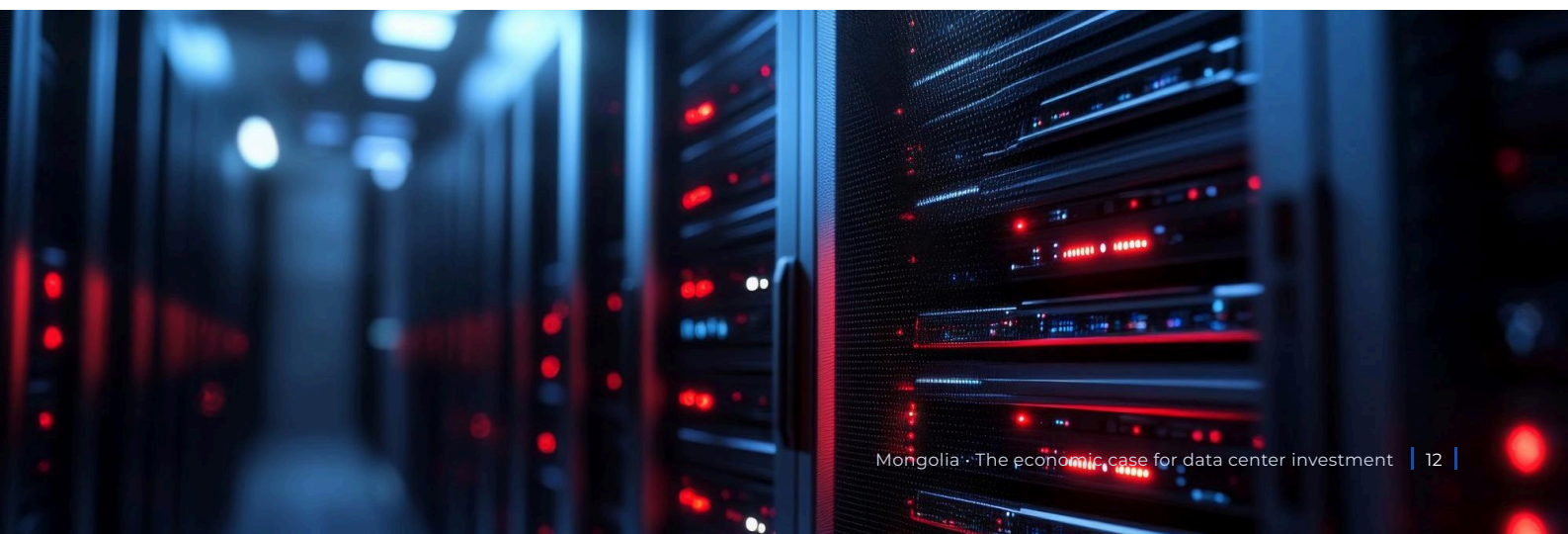
Policy commitment has been durable across successive administrations, with the mega-projects program, the sovereign wealth fund and the digital-economy agenda each sustained, and the government has made the pitch at head-of-government level while pairing it with administrative reform. For investors, the working assumption should nonetheless be that commitments of this duration are underwritten by institutions rather than personalities. The instruments that provide that underwriting, namely stabilization certificates under the Investment Law, a

bankable PPA framework, and the legislative commitments the accompanying Cabinet document is designed to secure, are the subject of Chapters 6 and 9.⁴⁵

4.5. What the sovereign context gives the investment case, and what it does not

The macroeconomic foundation offers more support to the data center thesis than skeptics might assume: growth of 5–7%; a sovereign on an upgrade path with demonstrably cheaper market access each year; record reserves; a sovereign wealth fund with an explicit interest in the sector; and a government making the pitch at head-of-government level. Set against that: an inflation episode testing policy credibility; fiscal buffers that thin materially under the IMF's own coal scenario; exports and fiscal revenue concentrated in commodities sold overwhelmingly to a single customer; and an anchor fund capitalized by the very revenues the strategy is meant to hedge.

The net reading for investors is conditional. The sovereign context can carry a pilot-scale, partnership-structured market entry, particularly one co-financed by development finance institutions and backed by stabilization instruments, but it cannot yet underwrite gigawatt-scale ambition on its own.





FIVE MONGOLIA'S SITE PROPOSITION

Mongolia already has an array of natural advantages before any policy is written, the most impactful being: the climate, the renewable resource, the abundance of land and the country's position between two large markets. This chapter looks at each in turn, quantifying where the evidence allows and then looking at the tangible impact it might have on a prospective project. Legal and regulatory conditions have intentionally been excluded as they are not natural endowments and will be discussed in Chapter 6.

As discussed in previous chapters, siting decisions for data centers have narrowed considerably. A decade ago locations were chosen against a long list of soft criteria: market proximity, tax treatment, labor, political familiarity. Today the list is short, physical and largely non-negotiable. Can the site obtain power at scale, can it reject heat cheaply, can it be connected, and can an investor be confident that the rules will hold across a twenty-year asset life?

The case for Mongolia is not that it is an obvious location. It is that the country holds two physical endowments that cannot be manufactured elsewhere, a third that removes a constraint now binding in the established hubs, and a fourth that is a matter of standing rather than of geography. None of them carries an investment case on its own. These fundamentals make a data center possible in Mongolia; they do not make one happen, and Chapter 6 lays out the measures that move the needle for investors.

5.1. Climate

Mongolia has more than 200 days a year at sub-zero temperatures, with an average annual

temperature of approximately 2°C and mean temperatures remaining below freezing from November through March.⁴⁶ The practical consequence is free cooling for most of the year, and cooling is the largest controllable cost in a data center. It is also the one advantage in this chapter that no competing jurisdiction can legislate away.

Ambient temperature translates into power usage effectiveness, the ratio of total facility energy to IT energy. The industry weighted average has been effectively flat at 1.54 for six consecutive years, constrained by legacy plant and by regional limits on efficient cooling, while the best-run hyperscale fleets operate between 1.09 and 1.15.⁴⁷ The reference project discussed in Chapter 8 assumes a PUE of 1.2 as a conservative benchmark per similar colder climates.⁴⁸

The benefits of a cold climate are not infinite. First, sub-arctic siting imposes its own costs: glycol loops and freeze protection, winterized outdoor plant, heated access and maintenance provisions, and a construction season materially shorter than in temperate markets.

Second, the advantage is narrowing, and it is an advantage of design rather than of geography alone. Direct liquid cooling substantially decouples PUE from ambient temperature, which is precisely why hyperscale operators already achieve 1.10 to 1.15 in temperate locations. Mongolia's thermal advantage is real against the industry average and a well-designed liquid-cooled facility here can be even more competitive.

Third, the advantage really manifests as operating cost saving, not as a capital saving. Lower ambient temperature reduces chiller sizing and run hours, but the AI-optimized shell and core still carries a premium of roughly 7 to 10% over a standard build, and liquid-cooling provisioning adds a further premium of similar magnitude.

5.2. The renewable resource

Mongolia's theoretical energy position is extraordinary. Total renewable potential is estimated at approximately 2,600 GW, concentrated in the solar and wind resource of the Gobi, equivalent to roughly 5,457 TWh of generation a year.⁴⁹ The quality of the resource matters as much as its quantity. Solar radiation runs at 1,200 to 1,600 kWh per square meter a year, with two-thirds of the country receiving 5.5 to 6.0 kWh per square meter a day across close to 300 sunny days,⁵⁰ while wind capacity factors average 35%.⁵¹ The two resources complement each other through the day, with wind carrying load overnight, which is the characteristic that makes a high renewable share achievable at a constant industrial load rather than merely at an annual average.

However, the current operating position is the opposite. Installed generating capacity was approximately 1,814 MW in 2024, of which renewables accounted for 337 MW, or 18.6%. Mongolia generated 8,755 GWh and imported 2,863 GWh in 2024; total consumption was approximately 11.6 TWh, of which imports supplied 24.7%, and the recorded winter peak load was 1,655 MW.

As a result, a grid-connected AI data center at a meaningful scale is not something Mongolia's existing system can absorb. Any credible project is therefore additive by construction: it must arrive with its own generation, contracted and built alongside it. Sections 3.4 and 7.4 show what happens otherwise, in a market where powering a single announced campus would

have required switching off a large section of the country.

The competitive claim that survives from this is not price. It is time. Average lead times to secure a grid connection now exceed four years globally and run to seven years in Virginia and Germany, and Dublin reopened applications in December 2025 only on bring-your-own-power terms.⁵² Mongolia's proposition is a contracted block of power provided by private sector players inside 24 months. Section 6.3.4 further expands this advantage.

5.3. Land, siting and water

Mongolia's land position requires little explanation. The country covers roughly 1.56 million square kilometers with a population of approximately 3.5 million, giving a population density of about two people per square kilometer, the lowest of any country in the world. Only about 2% of the territory is privately controlled, so the allocation of a site is a government decision rather than a multi-year assembly of private titles, and 86% of the land is classified as agricultural pastureland or open steppe of the kind suitable for a campus.⁵³

Water is the constraint that sits alongside land, and could be the most credible objection to Mongolia. Mongolia is among the world's most land-degraded countries. The sixth national assessment places 81.9% of the territory under some degree of desertification and land degradation, of which 0.9% is very severe, 6.2% severe and 42.9% moderate.⁵⁴ Groundwater supplies the large majority of national water use, and the annual average air temperature has risen by 2.5°C between 1941 and 2025. Any industrial proposal that arrives in Mongolia carrying a significant water footprint will, correctly, face resistance, and the objection should be met directly and structured into the project from the outset.

However, an AI data center of the type modeled in this paper does not carry this type of water requirement. Industry average water usage effectiveness is roughly 1.8 liters per kilowatt-hour of IT load, against 0.19 to 0.20 liters for the best evaporation-free designs, which is what is assumed here.⁵⁵ The strategic significance of water costs being low to the operator is that binding water commitments are easier to implement from a policy perspective without materially affecting the economics.

5.4. Neutral position

The fourth condition is not just physical but also geopolitical. Mongolia shares a direct land border with China, the largest compute and data market in Asia. Mongolia is also a parliamentary democracy with an independent, non-aligned foreign policy. It

holds no bloc alignment on compute or on data, and it has taken no side in the alignment of AI policy now forming between the major jurisdictions.

Connectivity is also more interesting than it first appears. Mongolia is landlocked and has no submarine cable access; all international traffic transits China or Russia. But the country sits on one of the shortest practical terrestrial routes between East Asia and Europe. The Europe–Russia–Mongolia–China terrestrial system runs on two parallel routes of roughly 1,000 kilometers each along the Mongolian rail corridor and offers a Hong Kong to Frankfurt latency of approximately 146 milliseconds, materially better than the submarine alternatives.⁵⁶ Additionally, as discussed in Section 6.3.1, the policy places no restrictions on transit and allows for independent back-up routing.



SIX REGULATORY AND INVESTMENT FRAMEWORK

6.1. Overview

Mongolia has been developing a robust legal and fiscal framework for data centers, making it an attractive destination for investors. There are a range of existing supportive regulatory measures covering land rights and fees, customs duty and value added tax exemptions for equipment, and consolidated project permitting and licensing. Further measures are being added to put Mongolia at the forefront of the market, including the recent submission to Parliament of the Law on Data that will make Mongolia one of the first countries in the world to guarantee by law the sovereignty of foreign data.

The measures described here cover three different instruments: enacted legislation, proposed or submitted legislation, and government coordination measures. Mongolia has moved particularly fast in coordination measures relative to other markets, including making low interest financing available and offering short wait times for power from private energy providers.

This chapter sets out the support framework in two parts: Section 6.2 describes what is in force and available today and Section 6.3 describes what is being added.

6.2. What is available today

Mongolia already has a number of supportive measures in place that investors can take advantage of today. This subsection delves into four key areas: the legal environment, the fiscal environment, financing, and power, land and procedure.

6.2.1. The legal environment

OPEN ENTRY

The Investment Law of 2013 permits foreign investment in any sector without prior approval. It eliminated most sectoral restrictions and treats foreign and domestic investors on equivalent terms. The single screening trigger, under Article 21.1, applies where a foreign state owned enterprise acquires 33% or more of a Mongolian entity in mining, banking and finance, or media and communications. A data center project falls outside of these sectors in the ordinary case. Sovereign linked investors, and any structure that bundles a facility with telecommunications licensing, should confirm the position early, and the Ministry can provide that confirmation in advance of an investment decision.⁵⁷

LOCKING THE TERMS: STABILIZATION CERTIFICATES AND INVESTMENT AGREEMENTS

Mongolia offers two instruments for fixing the terms on which a project is underwritten, and a project of this scale qualifies for both.

The stabilization certificate, under Article 14.1, locks the rates of corporate income tax, customs duty, value added tax and royalties for a defined period. Tenors are set by investment size, sector and region under Article 16.2, running to 18 years for infrastructure projects of MNT 500 billion and above in the Western region, and to 15 years for other sectors above MNT 200 billion. Article 16.3 extends these by half again where a project exceeds MNT 500 billion, has a build period beyond three years, and produces import substitute or export oriented output of long term significance to Mongolia.⁵⁸

The investment agreement, under Article 20.1, is available at investments of MNT 500 billion and above, roughly USD 145 million, a threshold a campus of the scale contemplated here exceeds many times over. It is the broader instrument, and it is the route through which project specific terms, including utility tariffs held for the life of the project, are documented directly with the Government.

INVESTOR PROTECTIONS AND POLITICAL RISK COVER

Mongolia's international investment architecture is extensive for the size of its economy. Mongolia has concluded investment protection agreements with more than 40 countries and maintains double taxation treaties with 26. It is a Contracting State to the ICSID Convention and a member of MIGA, which opens access to coverage against transfer restriction, expropriation, political violence and, in qualifying circumstances, breach of contract by the host government.⁵⁹

A DEFINED CYBER SECURITY BASELINE

The Law on Cyber Security establishes requirements for critical information infrastructure, security audits, incident response and international cooperation. Operators know their compliance position before capital is committed, and it is broadly consistent with quality international standards.⁶⁰

6.2.2. The fiscal environment

Mongolia's existing fiscal treatment is strongest where a data center's costs are largest: the import and capital stage. Three reliefs operate independently and combine at a given project level.

EQUIPMENT: THREE RELIEFS THAT STACK

Computing equipment enters at zero customs duty. Automatic data processing machines, electrical machinery and their parts are zero rated under the general customs tariff. This applies throughout the country, inside a free zone or outside one.⁶¹

Renewable energy equipment is exempt from both customs duty and value added tax, under Article 38.1.18 of the Law on Customs Tariff and Customs Duty and Article 13.1.28 of the Law on Value Added Tax. The exemption covers production and research equipment, accessories and spare parts on a list approved by Government resolution and extended most recently in 2024.⁶²

Free zone treatment exempts imports from customs duty, value added tax and excise under Article 16.1 of the Law on Free Zones, removes value added tax on goods produced or sold and services rendered within the zone, and under Article 16.5.2 fully exempts buildings registered in the zone from immovable property tax.⁶³

THE FREE ZONE REGIME

Mongolia has established four free zones under the Law on Free Zones, at Altanbulag, Zamiin-Uud, Tsagaannuur and the Khushig Valley Free Economic Zone near Ulaanbaatar's international airport. A free zone is treated as outside the customs territory for tax and customs purposes and operates its own regime for customs, visas, corporate registration, currency regulation, inspection, employment and taxation.

Beyond the import and property tax reliefs above, Article 23.2 grants a full land fee exemption for the first ten years to entities engaged in infrastructure or production, including communications networks. That ten year period runs from the date operations commence rather than the date land is granted, so a three year construction program does not consume the relief.⁶⁴

The zones were originally developed for cross border trade and logistics, and site works to hyperscale standard remain to be built. Article 24 of the Law on Free Zones provides the delivery mechanism through public private partnership, budget funding or foreign loans, and Section 6.3.6 addresses how the Government intends to use it.

THE VIRTUAL ZONE

The Law on Supporting Information Technology Production of 2024 created a virtual zone, which is a registration regime rather than a physical location. Applications are submitted electronically through the unified state services system and determined within three working days under Article 12.1. Registration is open to entities engaged in information technology production, a definition that at Article 4.1.3 expressly includes the storage, processing, transmission and exchange of digital data and the provision of related services using computers and communications networks.⁶⁵

The support it provides is set out at Article 13.3 and is financed from the state budget rather than delivered through the tax code. It includes reimbursement of social insurance contributions paid, credit guarantees through the Credit Guarantee Fund, subsidy of a portion of interest on loans taken to implement information technology projects, grants toward international certification for export oriented products, and, at Article 13.3.9, accelerated depreciation for startup companies engaged in information technology production. The last of these is confined to startups as defined by the Innovation Law and is unlikely to reach a data center project.

The two provisions most relevant to a data center investor are therefore the interest subsidy and the credit guarantee, both of which apply to a registered entity irrespective of size, and the three working day determination, which is discussed in Section 6.2.4 as a domestic precedent for binding decision timetables.

6.2.3. Financing: USD 2 billion already committed

The European Investment Bank and the European Bank for Reconstruction and Development have committed a facility of USD 2 billion to finance green, renewable infrastructure in Mongolia, at SOFR plus 1 to 3% depending on project specifics. The facility is committed rather than indicative, and it is available now for projects that clear the

approval and credit underwriting processes of the relevant financial institutions.⁶⁶

Chapter 8 identifies the cost and tenor of debt as a key driver of equity returns in the reference model, ahead of every fiscal measure. A committed source of long tenor capital at these margins is significant.

6.2.4. Power, land and procedure

POWER

The Law on Energy and the Law on Renewable Energy provide for long term power purchase agreements with state owned and private generators, as well as independent generation. Article 13.2.1 of the Law on Energy places generation for a producer's own needs outside Energy Regulatory Commission approval of prices and terms, which allows a campus to fix its own internal cost of power rather than take a regulated tariff.⁶⁷

LAND

Land use and possession rights are granted for long terms and are renewable, at stable and low cost. More than 90% of Mongolian land is state property outside private title and only around 2% is under private control, so site allocation is a government decision rather than an assembly of private holdings. Land acquisition cost and community displacement, which are becoming binding constraints in North American and European markets, are not constraints here.⁶⁸

PERMITTING

The Law on Permits has consolidated and reduced the permit set across the economy, providing a single statutory basis for the licenses a project must obtain and removing significant duplication.⁶⁹

Mongolia has also already demonstrated that it will bind itself to determination deadlines where the sector warrants it. Registration in the information technology virtual zone is determined within three working days, electronically. Section 6.3 sets out how that precedent is being extended to data center permitting.

COMMUNITY AGREEMENTS

Mongolian law already requires operators in other capital intensive sectors to agree environmental, infrastructure and employment commitments with local authorities, on a model form approved by the Government. For a data center investor this means the mechanism is established and understood domestically, so the framework can be adapted rather than negotiated from first principles, and Section 6.3 describes how the Government intends to strengthen it for this industry.⁷⁰

6.3. What the Government is adding

Everything in Section 6.2 remains in place. The measures below are additional proposed measures, some already submitted to Parliament in the draft Law on Data, and others through government coordination of relevant stakeholders.

6.3.1. Sovereignty

STATUTORY INVIOABILITY

Article 14 of the draft Law on Data establishes that data belonging to foreign persons hosted in a foreign operated data center on Mongolian territory is inviolable. Mongolian authorities are prohibited from accessing, physically or electronically inspecting, seizing or suspending the operations of such facilities, except as provided under international treaties, with carve outs confined to genocide, crimes against humanity, terrorism, crimes against children and international cybercrime conventions.⁷¹

The draft further contemplates foundational international agreements for cases of exceptional strategic importance, non interference with transit data flows, and diplomatic engagement with neighboring states to protect transit routes.

This is a legislated host state framework for digital embassies, the model pioneered by Estonia's 2017 agreement with Luxembourg

and since developed in Saudi Arabia's draft Global AI Hub Law and Bahrain's host law approach. What distinguishes Mongolia's version is that it would be conferred by general statute rather than negotiated treaty by treaty, so that any qualifying operator receives it rather than only those able to secure a bilateral instrument.

CONNECTIVITY GUARANTEES

The draft law protects the connectivity around that guarantee. Transit data flows may not be controlled or restricted, and operators are required to maintain independent backup routing so that no single route or neighboring country is a point of failure. Article 17 adds a requirement that low and medium earth orbit satellite data export services operate through ground stations located in Mongolia, usable as shared infrastructure, and establishes a regulatory sandbox for cross border data flow and connectivity technologies.⁷²

BENEFIT SHARING

The special regime is accompanied by a benefit sharing agreement between the operator and the state, covering a regulatory fee for the inviolability guarantee, a fee on data exported via satellite networks that bypass Mongolian terrestrial infrastructure, an energy independence fee on self generation, defined access for Mongolian government, research and educational institutions to a share of facility capacity, and commitments on investment, workforce development and technology transfer.⁷³

Rates are to be set by Government regulation. The Government's intention is to settle the methodology transparently and in consultation with prospective investors, and to publish binding rate corridors alongside enactment so that the obligation is quantified before an investment decision is required. Investors with a view on where those corridors should sit are encouraged to engage now, while the framework is being designed.



6.3.2. Fiscal: completing the package

With the tax reform package before Parliament, the remaining fiscal agenda is narrower than it appears and each item has a clear path.

Corporate income tax. The virtual zone provides the registration route for qualifying technology operations, and the Government proposes a corporate income tax holiday for data center projects, for a period to be defined.⁷⁴

Withholding tax. The Government proposes relief on outgoing equity cash flows, with a period to be defined.

Property tax. Full exemption is available today inside a free zone. The Government proposes to extend equivalent treatment to qualifying projects wherever sited, which matters because it decouples the fiscal benefit from zone location and allows a project to be sited where the power and fiber are.

6.3.3. Financing: extending access

Beyond the currently committed facility of USD 2 billion, the Government is working to widen access to development finance for projects in this sector. It will facilitate preparation of projects, resolve eligibility and classification questions in advance rather than during appraisal, and convene lenders around a defined pipeline.

6.3.4. Power: supply guaranteed within 24 months

Power connection date is the most commercially significant element of the package, and Mongolia is delivering it commercially rather than legislatively.

Private sector developers are deploying dedicated hybrid generation, combining

renewable sources, storage and rapid response reserve and backed by the central grid, and are in a position to commit to reliable supply to a data center within 24 months of a project decision. Estimated tariffs from new designated generation sources are in the range of 3 to 5 US cents per kilowatt hour.

Set against grid connection queues of four to ten years in the established hubs, this is the single largest advantage in the Mongolian proposition. It is available because generation is developed alongside the campus rather than sought from an existing system afterwards. The generation build runs in parallel with construction of the data center rather than sequentially after it, so time to power ceases to be the critical path.⁷⁵

GREEN DATA CENTER STATUS AND THE BENEFITS ATTACHED

Article 15 of the draft requires new data centers to adopt a green technology and energy efficiency strategy, with a renewable share rising to at least 30% of consumption within five years of commencing operations and a net zero trajectory by 2045. Compliance criteria cover energy efficiency standards, on site generation, storage and management systems, eco or liquid cooling or heat reuse, and greenhouse gas accounting.⁷⁶

Qualifying green data centers receive priority grid connection for co-located renewable generation, first tier supply security classification, priority offtake of surplus self generated renewable power into the central grid during the capital recovery period, and state guarantees and concessional terms for green credit. The requirements align closely with what a quality international operator would implement in any case, so for most investors these benefits are obtained against a compliance standard they already meet.

TARIFF CERTAINTY AND LAND

Water tariffs can be fixed for the full life of a project through an investment agreement under Article 20.1 of the Law on Investment, and the Government intends to apply the same approach across the elements of the cost base a project cannot control, so that the terms underwritten at financial close apply 20 years later.⁷⁷

Article 16 of the draft provides for land allocation outside the normal free zone auction provisions, first tier power supply guarantees, simplified and time bound licensing for telecommunications networks, radio frequency and independent power sources, unobstructed permitting for self generation, and grid supply sized to the project's pre feasibility study.

6.3.5. Procedure and community

ONE WINDOW, ON A STATUTORY CLOCK

Article 14 of the draft establishes a single window for foreign data center applications. The Government's intention is that determinations be made within deadlines set

in law, and that specialist visas and work permits be fast tracked.⁷⁸

Mongolia has already legislated a three working day determination for virtual zone registration, so this extends established domestic practice.

COMMUNITY PARTNERSHIP

The Government proposes a framework for cooperation with local communities set out at the outset, covering areas including waste heat reuse, skills development and local supply, with consultation with affected community residents.

Setting the terms before commitment converts an open ended social obligation into a defined and priceable one, and it produces a consultation record that satisfies the social safeguards that development finance institutions and international lenders apply. In a sector where community opposition has delayed or stopped projects in several established markets, a framework agreed in advance is a material de-risking measure.

6.3.6. The framework in summary

Mongolia has legislated quickly and is continuing to do so. The table below

summarizes where each element of the package stands.

Table 4. Summary of policy and regulatory measures

Measure	Status	Instrument
Zero customs duty on computing equipment	In force	General customs tariff
Customs and VAT exemption, renewable equipment	In force	Customs Tariff Law art. 38.1.18; VAT Law art. 13.1.28
Property tax exemption	In force within a free zone	Law on Free Zones art. 16.5.2
Ten year land fee exemption	In force within a free zone	Law on Free Zones art. 23.2
Fiscal and tariff stabilization	In force	Law on Investment arts. 14.1 and 20.1
USD 2 billion financing facility	Committed and available	EIB and EBRD
Power supply within 24 months	Deliverable now	Private generation, convened by Government
Statutory data sovereignty	Submitted to Parliament	Draft Law on Data art. 14
Connectivity guarantees	Submitted to Parliament	Draft Law on Data arts. 14 and 17
Green data center incentives	Submitted to Parliament	Draft Law on Data art. 15
One window with statutory deadlines	Submitted to Parliament	Draft Law on Data art. 14
Corporate income tax holiday	In preparation	Amendment to tax legislation
Withholding tax relief	In preparation	Amendment to tax legislation

*Status as of the date of publication.*⁷⁹

In addition to the above measures, four things will complete the framework, and the Government has committed to each.

1. **Confirm classification:** Confirm expressly that a data center is infrastructure for the purposes of Investment Law Article 16.2.1 and the extended loss carry forward, falls within Free Zone Law Article 23.2, and constitutes information technology production for virtual zone purposes. Three determinations, no fiscal cost, and together they convert reliefs that are available in principle into reliefs an investor can rely on at financial close.
2. **Publish rate corridors:** Publish binding rate corridors for the benefit sharing regime alongside enactment of the draft Law on Data, so the obligation is quantified before an investment decision.

3. **Statutory clock:** Attach statutory determination deadlines to the single window provision, following the precedent already set for virtual zone registration.
4. **Serviced site:** Deliver a serviced, data center ready site with substation capacity, redundant fiber and site works, using the public private partnership mechanism Article 24 of the Law on Free Zones already provides.

The decisive point for an investor is not the headline rate, which Mongolia has already brought to a competitive level, but whether the Government can state the full treatment in advance, administer it consistently and preserve it through the investment period. Mongolia has built the instruments to do all three, and the Ministry is available to work through them project by project with investors who engage now.



SEVEN MARKET LANDSCAPE: COMPARABLE MARKET REVIEW

7.1. The benchmarking and how it was built

Jurisdictions competing for data center investment say they are open for business, but they vary widely on the instruments they offer investors. This chapter benchmarks Mongolia against 26 data center jurisdictions, scored across 29 sub-dimensions grouped into 11 policy instruments.

The set spans the established European hubs of Ireland, the Netherlands, the United Kingdom, Poland and Greece; the Nordic countries Sweden, Norway, Finland, and Iceland; the Asian markets of Singapore, Malaysia, Thailand, Indonesia, India, Japan, Korea, Vietnam, and Inner Mongolia; Virginia and Quebec in North America; the Gulf states of the United Arab Emirates, Saudi Arabia, Bahrain and Qatar; and Mongolia's Central Asian neighbors Kazakhstan and Uzbekistan.

Each instrument was decomposed into its constituent parts, because most bundle more than one thing and a jurisdiction can be strong on one and weak on another. Power price, for example, is scored as a price level question and a price certainty question separately, since a low tariff that can be revised is not the same product as a higher one fixed for 20 years. Sovereignty is scored across statutory limits on state access, localization burden, transfer framework and geopolitical neutrality. Every jurisdiction was scored from zero to 100 on each sub-dimension, rolled up by weight, and normalized across the field so that the weakest

observed jurisdiction sits at zero and the strongest at one.

The scores are analyst judgments calibrated to statutory and market fact rather than a scraped dataset and they establish the shape of the field, rather than serving as a legal opinion on any jurisdiction.

7.2. What the field looks like

7.2.1. Policy generosity is inversely related to incumbency

The jurisdictions offering the most supportive policy packages are not the ones hosting the most data centers. They are the ones seeking to attract them. Table 5 sets out the composite score for all 26 benchmarked jurisdictions.

Ireland, the Netherlands, the United Kingdom and Japan together host a very large share of global capacity while sitting in the bottom five of this benchmark. They did not attract that capacity with policy. They attracted it with fiber, proximity to users, and grid capacity that existed before the artificial intelligence cycle began.⁸¹

This confirms that policy support is what a jurisdiction offers when it is competing rather than harvesting, and that the generous packages are found precisely where new capacity is actually being built. It defines Mongolia's real competitive set: Mongolia is not competing with Dublin or Amsterdam, both of which are now supply constrained and have in recent years restricted new connections outright. It is competing with the Gulf, with Uzbekistan and Kazakhstan, and with Malaysia.

Table 5. Composite policy support, all 26 benchmarked jurisdictions

Rank	Jurisdiction	Composite	Principal features
1	United Arab Emirates	0.80	Free zone regimes at zero corporate and withholding tax; administrative power allocation
2	Bahrain	0.73	Statutory host state jurisdiction for foreign data; no general corporate income tax
3	Saudi Arabia	0.73	30 year regional headquarters exemption; state directed power
4	Uzbekistan	0.71	Exemptions to 2040; development finance syndication achieved
5	Qatar	0.69	Free zone regime; 20 year holidays
6	Malaysia	0.62	Johor special economic zone; effective single window
7	Kazakhstan	0.56	Special economic zone relief; dedicated generation paired with the program
8	Thailand	0.52	Board of Investment holidays to eight years; established one stop service
9	Indonesia	0.50	Long holidays with subsequent partial relief; sectoral data localization
10	China (Inner Mongolia)	0.49	National computing hub policy; lowest power price in the set; no jurisdictional neutrality
11	Poland	0.45	Investment zone decision of support; defined term relief
12	Greece	0.44	Strategic investment regime with a statutory determination period
13	India	0.43	State level stamp duty and land incentives; sectoral localization requirements
14	Singapore	0.40	Highly capable investment agency; capacity constrained since 2019
15	Sweden	0.40	Low power cost; sector electricity tax relief withdrawn in 2023
16	Vietnam	0.40	High technology incentives; extensive data localization
17	Norway	0.39	Low power cost; no sector specific regime
18	Finland	0.38	Low power cost and heat reuse framework; full tariff applied from 2026
19	Iceland	0.35	Lowest power cost observed; investment agreements under Act 41/2015; capacity filling
20	United States (Virginia)	0.33	Sales and use tax exemption to 2035; connection queues to seven years
21	Canada (Quebec)	0.25	Low power cost; ministerial authorization above 5 MW; dedicated tariff proposed
22	United Kingdom	0.22	No sector regime; business rates among the highest burdens observed
23	Netherlands	0.22	No sector regime; municipal restriction and transmission congestion
24	Ireland	0.22	No sector holiday; connection restricted until December 2025
25	Korea, Rep.	0.21	No sector regime; limited fiscal support
26	Japan	0.20	No sector regime; highest observed corporate rate in the set

Composite is the unweighted mean of the 11 normalized instrument scores. A higher score denotes more policy support offered to a new entrant, not a larger or better developed market.⁸⁰

7.2.2. The field clusters on tax and scatters on instruments that are hard to deliver

The spread of the field varies enormously by instrument, and the widest dispersions are on corporate income tax holidays and on licensing,

where the field runs from nothing to 30 years at zero, and from no statutory deadline to 45 days. The narrowest is on sovereignty, where 26 jurisdictions occupy a band of less than 15 points, almost all clustered in the middle.

Table 6. Where the field sits, by instrument

Instrument	Median	Middle half	What the distribution shows
Withholding tax	0.24	0.11 to 0.48	The weakest median in the set. Most jurisdictions apply full rates and rely on treaty networks
Community partnership	0.25	0.17 to 0.42	No jurisdiction in the set has a data center specific framework
Concessional finance	0.27	0.09 to 0.53	Concentrated in frontier markets; mature markets score low because development finance does not lend where commercial capital is abundant
Licensing and approvals	0.31	0.20 to 0.74	Most have neither a single window nor a binding deadline
Customs and VAT on equipment	0.39	0.31 to 0.77	Widely available in some form; the spread is narrower than it appears because no duty applies to IT equipment across the European Union
Corporate income tax holiday	0.42	0.16 to 0.72	The widest spread in the set. Where offered, 8 to 15 years is typical
Property tax	0.44	0.24 to 0.64	Gulf free zones carry effectively none; the United Kingdom sits at the bottom on burden
Power price	0.53	0.25 to 0.75	Level and certainty diverge sharply. Iceland and Inner Mongolia lead on level; almost none guarantee it holds
Power connection date	0.54	0.28 to 0.63	Bimodal. Administrative allocation markets score high; the established hubs score at the floor
Sovereignty	0.56	0.47 to 0.62	The narrowest band in the set, and the clearest opening
Land tenure and tariffs	0.59	0.44 to 0.82	Tenure is widely available; stability of fees and tariffs is not

Normalized scores across 26 jurisdictions. Middle half is the interquartile range.⁸²

The structure of the opportunity becomes clear when reading the table from bottom to top. The instruments where the field is strong: land tenure, sovereignty, power price level, are ones where a new entrant can at best match. The instruments where the field is weak: withholding tax, community frameworks, development finance access and licensing certainty, are ones where a new entrant can lead outright.

7.2.3. Four instruments where almost nobody commits

Four instruments stand out because the whole field is bunched at the weak end, and in each case for the same reason: they are hard. They

require primary legislation, or they require a state to bind itself in a way it cannot quietly reverse.

A firm date for grid connection. The median jurisdiction offers no commitment at all. In the established hubs the position is worse than neutral: Dublin ran a connection moratorium until December 2025, replaced by a conditional regime requiring operators to bring their own generation; Amsterdam and Singapore both paused new connections outright; and in Virginia the incumbent utility has quoted up to seven years. Only jurisdictions that allocate power administratively score at the top.⁸³

Sovereignty guaranteed by statute. This is the narrowest band in the entire benchmark, which tells its own story. Only Bahrain gives hosted foreign data the exclusive jurisdiction of its home state. At the other end, China and Vietnam impose extensive localization, and the United States scores low on statutory limits because of the CLOUD Act. The great majority of the field sits in an undifferentiated middle where hosted data is subject to ordinary domestic process.⁸⁴

Development finance that actually reaches a project. Uzbekistan is the benchmark, and the detail is worth noting: financing closed on 12 year non recourse debt syndicated among four development finance institutions. That, rather than the tax exemptions marketed alongside it, is what made the project bankable.⁸⁵

Determination deadlines that bind the government. Greece sets 45 days for strategic investment determinations and is the strongest observed. Malaysia and Singapore run effective single windows without a binding deadline. Most jurisdictions have neither.⁸⁶

These four are where Mongolia has chosen to concentrate, and Section 7.4 sets out where that places it.

7.3. The comparators that matter

Five groups within the benchmark bear directly on how an investor should evaluate Mongolia.

7.3.1. The Gulf: the standard the package must meet

The United Arab Emirates, Bahrain, Saudi Arabia and Qatar occupy four of the top five positions and set the standard for fiscal generosity. Qualifying free zone persons in the United Arab Emirates pay zero corporate tax and zero withholding. Saudi Arabia's regional headquarters regime offers 30 years at zero. Bahrain levies no corporate income tax at all and has legislated the strongest sovereignty guarantee observed.⁸⁷

On fiscal terms the Gulf cannot be beaten, and Mongolia does not attempt to. However, Mongolia offers a cool climate and geopolitical

neutrality, both of which are fundamental sizable advantages.

7.3.2. Central Asia: the closest structural comparators

Uzbekistan and Kazakhstan are the jurisdictions most similar to Mongolia in economic structure, credit standing and resource endowment, and both rank in the upper half of the benchmark.⁸⁸

Uzbekistan's achievement is instructive and directly relevant. It exempts qualifying projects from land and property tax to 2040 and carries one of the most generous packages in the set. Kazakhstan has moved faster on announcement, with substantial land allocations and a program ambition in the billions, and it has done so from an acknowledged national electricity deficit. Its record confirms that a power constrained country can attract capital when the institutional signal is unambiguous. Kazakhstan's response, pairing its program with dedicated generation, is the same sequencing logic Mongolia has adopted in Section 6.3.4.

7.3.3. Inner Mongolia: the comparator on cost

Inner Mongolia most closely matches Mongolia's physical endowment, at greater scale, lower cost and inside the destination market. Its composite score of 0.49 understates its commercial position, because it benefits from China's national computing hub policy and from administrative power allocation that places it at the top of the field on connection date.⁸⁹

This paper does not claim Mongolia will beat Inner Mongolia on power price or on latency to the Chinese market. What Inner Mongolia structurally cannot offer is jurisdictional neutrality. It scores at the floor of the benchmark on sovereignty, because hosted data falls under the Cybersecurity Law, the Data Security Law and the Personal Information Protection Law. For any customer whose requirement is that data be held outside Chinese jurisdiction, Inner Mongolia is not a comparator at all.

7.3.4. Southeast Asia: the administrative benchmark

Malaysia, Thailand, Indonesia and Singapore illustrate what mature investment promotion looks like. Malaysia ranks sixth overall on the strength of the Johor special economic zone and an effective single window; Thailand offers eight year holidays through its Board of Investment; Singapore runs the most capable investment agency in the set.⁹⁰

This offers two lessons for Mongolia: their advantage is administrative rather than legislative. Singapore is a cautionary case on power. It paused new data center capacity in 2019 at around 7% of national electricity consumption, then in 2022 released a limited allocation awarded on efficiency and economic contribution rather than price. The direct consequence was the Johor build out across the strait. A jurisdiction that runs out of power loses the investment regardless of the quality of its incentives.

7.3.5. The established hubs: where the demand is being displaced from

Ireland, the Netherlands, the United Kingdom, Japan and Korea sit in the bottom five of the benchmark, and Virginia and Quebec are not far above. This is not a judgment on those markets as places to operate, but rather a measurement of how little policy support they offer new entrants, because for two decades they did not need to.

What has changed is that several can no longer offer capacity on any terms. Dublin, Amsterdam and Singapore have each restricted new connections. Quebec has proposed a dedicated data center tariff at roughly double the large power rate, a reminder that a favorable position can be withdrawn where the state has not bound itself. Virginia combines a strong sales and use tax exemption with connection queues of up to seven years and localities that apply a specific tax to computing equipment.⁹¹

For an investor, these markets define the problem rather than the solution. The capital seeking a home in Mongolia is capital that cannot be deployed in Dublin or Amsterdam on any reasonable timeline.

7.4. Where Mongolia lands

Mongolia's package sits above the median on every instrument across the 26 comparators,

and it leads the field on those where the field is weakest.

Table 7. Mongolia against the field

Instrument	Field median	Mongolia	Basis
Withholding tax	0.24	1.00	Relief on outgoing equity cash flows for the project life, in preparation
Community partnership	0.25	0.90	Defined framework set at the outset, with consultation required, proposed
Customs and VAT on equipment	0.39	1.00	Zero rated computing equipment and dual exempt renewable equipment, in force
Licensing and approvals	0.31	0.92	Single window in draft; statutory determination deadlines to be added
Property tax	0.44	1.00	Full exemption in a free zone, in force; extension outside a zone in preparation
Concessional finance	0.27	0.83	USD 2 billion committed facility, available now
Sovereignty	0.56	0.96	Statutory inviolability under the draft Law on Data
Land tenure and tariffs	0.59	0.90	Long tenure at low cost, ten year fee exemption from commencement of operations, tariffs fixed by investment agreement
Corporate income tax holiday	0.42	0.50	Holiday in preparation; two year IT equipment depreciation available under ordinary rules
Power price	0.53	0.58	Estimated 3 to 5 US cents per kWh from new designated generation, fixed by agreement
Power connection date	0.54	Leading	Supply guaranteed within 24 months against queues of four to ten years

Field median is the median normalized score across the 26 benchmarked jurisdictions.⁹²

Mongolia's largest advantages are on instruments the field neglects. The gap to the median is widest on withholding tax, community frameworks, customs treatment and licensing certainty. These are not the

instruments most jurisdictions market, which is precisely why they are available to be led on. Of these, the customs treatment is the one already fully in force.

Mongolia aims to be competitive rather than leading on corporate income tax, while the Gulf offers zero rates indefinitely and Uzbekistan exempts CIT until 2040. Mongolia's sector holiday is in preparation and requires amendment to the tax code.

On power, Mongolia is close to the median on price, because Iceland, Inner Mongolia, Saudi Arabia and Kazakhstan all deliver cheaper power. However, Mongolia intends to lead on connection date with a 24 month guarantee from private sector energy providers. This is the scarcest measure in the benchmark set, against a field in which the median jurisdiction offers no connection commitment at all, and in which several major hubs have restricted new connections entirely.

7.5. Implications

The benchmark supports four conclusions an investor can act on.

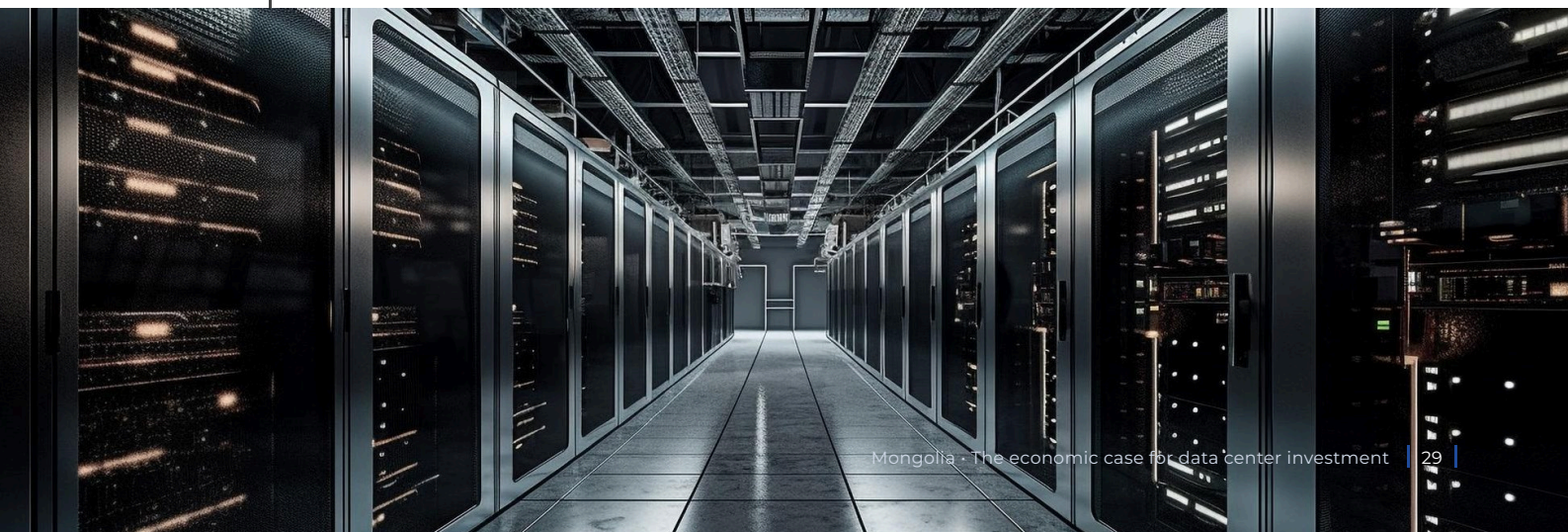
First, the correct comparison set for Mongolia is the Gulf, Central Asia and Southeast Asia, not the established European or North American hubs. Those hubs are supply constrained and in several cases closed. An investor evaluating Mongolia is comparing it against jurisdictions that are actively competing, and Mongolia's package is competitive within that group and leading on several instruments.

Second, the differentiation is real rather than rhetorical. On the four instruments where the

field is bunched at the weak end, Mongolia commits on all four. No other jurisdiction in the benchmark does. Bahrain leads on sovereignty but not on the rest; Uzbekistan leads on concessional finance but not on sovereignty; Greece leads on determination deadlines alone. Mongolia offers a combination.

Third, the fiscal package should be understood as sufficient rather than decisive. Mongolia's import and capital stage treatment is already strong and unconditional, and the sector holiday under preparation would bring the operating stage into line with the field. It will not win a project on tax alone, and the strategy does not depend on it doing so.

Fourth, and most importantly for an investor weighing execution risk, the comparators demonstrate that this class of project succeeds or fails on power and financing rather than on incentives. Uzbekistan closed on development finance. Kazakhstan paired its program with dedicated generation. Kenya's stalled campus lacked both. Singapore lost capacity to Johor when it ran short of power. Mongolia has addressed both variables ahead of the investment decision: a committed USD 2 billion facility, and dedicated private generation ready to deliver within 24 months. On the evidence of this benchmark, those are the two things that most reliably determine whether a data center project in a frontier market is built.⁹³



EIGHT PROJECT ECONOMICS: THE OPPORTUNITY

The preceding chapters set out what Mongolia can offer a prospective project. The climate removes much of the cooling load, the renewable resource stands far in excess of current national demand, land is over 90% state owned and is allocated by government decision, and the country occupies a neutral position between two of the world's largest compute markets. These conditions make a data center possible in Mongolia, but they do not by themselves make one immediately bankable.

This chapter will explore the economics of a single reference project, a 100 MW AI-optimized campus. There are countless permutations that a data center in Mongolia can take, but there are a number of valuable conclusions to be derived from analyzing just one such project from the ground up. We will discuss the inputs shaping this project in the following sections, but on Mongolia's physical advantages alone, with power purchased at the prevailing commercial tariff, debt raised at commercial terms and no fiscal support of any kind, the reference project returns 9.6% to equity. At this level, the project is not necessarily bankable for the sponsor, but the next layer of analysis looks at the impact of the various policy measures discussed above and the relative magnitude of this impact.

The measures already enshrined in Mongolian law lift that return to approximately 14%, and the measures proposed in the Draft Law on power and other amendments lift it beyond 18%. Around 900 basis points of equity return are therefore created by policy rather than by geology or climate.

A couple points worth highlighting, first, the base case has intentionally been drawn conservatively, since it assumes grid power at today's commercial tariff with no long-term price protection, an 11% cost of debt with no concessional participation, full tax leakage and no free-zone treatment. A sponsor holding firm offtake and enjoying access to development finance would already begin from a higher returns number. The second follows from the first, which is that the uplift rather than the absolute return is the figure that transfers between sponsors, because every investor will substitute their own assumptions on rate, occupancy and cost of capital. What Mongolia offers is not necessarily a 9.6% project turned into an 18% project, but approximately 900 basis points of policy-created return applied to whatever baseline a given sponsor brings.

8.1. The reference project

As mentioned above, the reference project is a 100 MW AI campus located in Mongolia. Key baseline assumptions of the project can be seen below in Table 8.

Table 8. Key parameters of the reference project

Parameter	Assumption
Critical IT load	100 MW
PUE	1.20
Site area	400,000 m ²
Construction period	3 years (40 / 40 / 20 facility capex profile)
Operating horizon	20 years from energization
Capacity allocation	25% colocation, 75% GPU rental (compute-as-a-service)
Utilization ramp	75% / 90% / 95% / 100% over the first four operating years
Currency	USD, nominal

Source: reference project financial model. Assumptions are set out in Sections 8.1.1 to 8.1.4.

A 100 MW load has been chosen because it is the standard unit in the published cost literature, which allows every assumption that follows to be verified against external sources.

The colocation and GPU-rental allocations are mutually exclusive uses of the same capacity rather than additive revenue lines. Capacity let as colocation carries no compute capital expenditure, because the tenant installs and owns the silicon, while capacity operated as GPU rental carries both the full fit-out cost and the full refresh obligation that follows from it. The 25%/75% allocation therefore describes a facility built principally to sell compute, with a colocation component providing contracted, real-estate-like cash flow alongside it.

8.1.1. Capital expenditure

Facility capital expenditure has been costed from published international benchmarks as Mongolia specific metrics are not widely available.

The shell-and-core benchmark (everything in the facility outside of the computing equipment) is \$11.3Mn per MW, which is JLL's 2026 global figure and stands against \$10.7Mn in 2025 and \$7.7Mn in 2020, an increase that indicates how quickly the denominator in every data center return calculation is moving.⁹⁴ To that figure we have added an 8.5% premium for AI-optimized design and a further 8.5% premium for liquid cooling, both of which are midpoints of the 7–10% ranges published by Turner & Townsend,⁹⁵ along with a 10% contingency. The result is \$14.54Mn per MW for the GPU rental capacity and \$12.43Mn per MW for the colocation portion, which does not carry the liquid-cooling premium. Technology fit-out covering GPUs, servers, networking, storage and racks is costed at \$25Mn per MW and is applied only to the 75 MW operated as GPU rental.⁹⁶

The resulting all-in cost sits inside the published international band rather than below it.

Table 9. Global data center building cost benchmarks

Benchmark	All-in cost	Source
Conventional hyperscale (non-AI)	~\$10Mn/MW	Goldman Sachs Research
Next-generation AI facility	\$15–20Mn/MW	Goldman Sachs Research
Reference project	~\$33Mn/MW	This paper
AI-optimized, 2026 global benchmark	\$37.3Mn/MW	Axis Intelligence
1 GW AI data center, upfront capex	~\$38Mn/MW	Epoch AI
Compute-heavy AI data center	~\$40Mn/MW	Thunder Said Energy

Sources: Goldman Sachs Research, cited in Core Insights Review (June 2026); Axis Intelligence, “Data Center Construction Cost Statistics 2026” (last updated June 28, 2026); Epoch AI, “Total Cost of Ownership of a One-Gigawatt AI Data Center” (May 2026); Thunder Said Energy, “Economic Costs of Data-Centers?” (2026). The reference project figure is this paper's own estimate.

Land has been costed at a nominal \$1 per m². Mongolia's advantage in this respect is so large that at 400,000 m² the entire site represents \$0.4Mn against a \$3.7Bn build. The advantage is not just one of price. It is that allocation is a

government decision taken over land that is 98% publicly controlled, and it is therefore measured in months rather than in the multi-year assembly of private titles that constrains siting in every established hub.

The base case applies a 5% import duty to the dutiable half of facility capital expenditure, applies no duty to compute and renewable power equipment under the existing tariff

schedule, and applies 10% VAT with an 80% recovery factor that reflects the export of compute services. The full sources and uses table is shown below.

Table 10. Sources and uses

Uses	\$Mn	Sources	\$Mn
Land	0.4	Equity (construction)	1,039
Facility capital expenditure	1,465	Debt principal drawn	2,364
Silicon (initial fleet)	1,913	Capitalized interest	278
Capitalized interest	278		
Opening operating cash	25		
Total	3,681	Total	3,681

Source: reference project financial model. Debt is sized at 70% of initial capital expenditure.

Debt is sized at 70% of initial capital expenditure. The construction-period equity requirement of \$1,039Mn does not represent the total equity commitment, because a further \$1,317Mn is called after energization to fund silicon refresh. The model currently models these expenditures as equity but further returns can be unlocked through funding these investments as debt, assuming debt is available at rates that would make the trade-off valuable.

Were the sponsor to build dedicated generation rather than contracting for supply, the model costs that generation at \$8.56Mn per MW of IT load, comprising 333 MW of solar at \$1.04Mn per MW, 171 MW of wind at \$2.30Mn

per MW and 720 MWh of battery storage at \$160 per kWh.⁹⁷ The sun figure is derived from one of the more recent projects in Mongolia, the Serven solar farm.⁹⁸ Similarly, the wind figure is derived from Mongolian actuals at Salkhit, Tsetsii and Sainshand, which fall between \$2.21Mn and \$2.46Mn per MW,⁹⁹ or approximately 2.1 to 2.3 times the IRENA global weighted average, and the premium is driven by turbine and blade logistics into a landlocked country.¹⁰⁰ Dedicated generation has been treated as an option rather than as part of the base case, because including it changes the question from what a data center costs to who is responsible for building the power, which is the subject of the most consequential lever discussed in Section 6.3.4.

8.1.2. Revenue model

The colocation and GPU rental models are mutually exclusive, and their revenue profiles are modeled on the following parameters.

Colocation capacity is let at \$150 per kW per month in year one, escalating at 3% annually, at 90% occupancy of allocated capacity, and electricity is passed through to tenants at cost plus a 5% administrative recharge under the conventional “+E” structure. GPU rental is priced at \$1,000 per kW per month equivalent in year one, at 95% occupancy, which reflects contracted take-or-pay anchor offtake.

A fixed generation of silicon does not hold its price, and the model assumes that the market rate for any given generation declines at 11% per year. Against that decline the operator refreshes on a five-year cycle, with each new tranche delivering 2.3 times the capability of the tranche it replaces at 95% of its cost. One fifth of the fleet is replaced each year once the initial fleet reaches the end of its life, so the price the facility realizes is the capability-weighted blend across tranches of differing ages rather than a single declining curve.

The consequence of this mechanic is visible in the revenue profile. Total revenue reaches \$686Mn in the first operating year and rises to \$740Mn as the ramp completes, before declining to a trough of \$603Mn in year 8 as the initial fleet ages against a falling rate and before replacement capacity is in service. From year 9 the rolling refresh takes hold and GPU rental revenue grows by an average of 6% year over year. The trough is a structural feature of a single-generation initial fleet rather than a temporary weakness in demand.

8.1.3. Operating cost

Power is the largest operating line and the one on which Mongolia's climate acts most directly. The base case assumes \$0.078 per kWh at the prevailing commercial tariff, escalating at 2%

annually. At a PUE of 1.20 the facility draws 1,051,200 MWh per year at full load, whereas at the global average PUE of 1.54 the same IT load would draw 1,349,040 MWh.¹⁰¹ The difference of 297,840 MWh is worth approximately \$23Mn per year at the base tariff, it recurs for the life of the asset, and it requires no legislation to secure.

Water usage effectiveness of 0.2 L/kWh, priced at \$0.98 per m³, implies annual consumption of approximately 175,200 m³ at an annual cost of roughly \$0.2Mn. In cost terms this is immaterial, and its significance lies elsewhere. At this level of efficiency the facility's draw is a small fraction of that of an evaporatively cooled equivalent, which matters in a water-stressed region and matters equally to the international standards against which new capacity is now assessed.

Fixed facility operating costs run at 3% of facility capital expenditure per year, covering mechanical and electrical maintenance contracts, security, insurance and property cover, and a further \$155,000 per MW per year covers approximately 100 fully loaded staff, connectivity and international transit, and monitoring software, with both lines escalating at 2%. General and administrative expense is taken at 3% of service revenue, and silicon support and spares at 2% of the rolling gross compute book, which steps down at each refresh as the book turns over. A land fee of 1% and real estate tax of 1.3% per annum apply at the property level, and although these are small percentages they are applied to a very large asset base, so their effect on equity return is materially greater than their headline rates suggest.

The reference project achieves an EBITDA margin of 71% in the first full operating year, rising to approximately 80% by exit as revenue compounds against a largely fixed cost base, which is consistent with the margins reported by listed operators in the sector.

8.1.4. Tax, financing and terminal value

Per Mongolian tax law, corporate income tax applies at the prevailing 25% rate and tax losses carry forward for four years, and their utilization in any year is capped at 50% of taxable profit.¹⁰² Depreciation is taken over 20 years for the facility and power assets and over 5 years for silicon, matched to the refresh cycle.

Debt is raised at 70% of initial capital expenditure and at an 11% commercial cost of debt, with a one-year grace period following energization, and interest during construction is capitalized, which adds \$278Mn to the funding requirement.

Terminal value is calculated on segmented multiples of 16.0x colocation EBITDA and 5.0x GPU EBITDA. Contracted colocation is a real-estate-like cash flow, and listed data center landlords and infrastructure funds transact in the high teens to mid-twenties, so 16.0x has been applied conservatively. A compute-rental operator carries technology risk and continuing re-investment obligations and trades well below landlord multiples. At terminal value, the reference project generates \$43Mn of colocation EBITDA and \$1,131Mn of GPU EBITDA, which produces a terminal enterprise value of \$6,351Mn.

8.2. Returns analysis

8.2.1. The base case

The base case returns 9.6% equity IRR, which is below what most sponsors would consider bankable, and three factors account for this

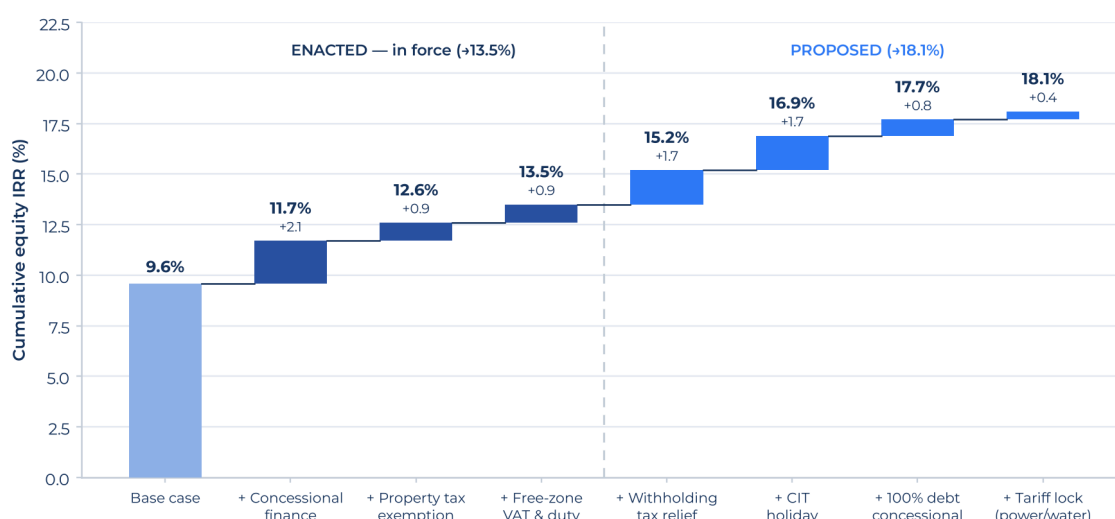
shortfall. The first is capital intensity, since at approximately \$33Mn per MW all-in, and with a refresh program costing a further \$5.1Bn across the horizon, the project's return is highly sensitive to the cost of the capital funding it. The second is the cost of debt, because at 11% interest consumes \$291Mn in the first operating year against EBITDA of \$491Mn, so that debt service rather than operating performance suppresses early equity cash flow. The third is tax leakage, since cash tax begins in year 9 while \$627Mn of accumulated losses expire unused, and a 20% withholding tax applies to distributions thereafter.

None of these factors are Mongolian in origin. They describe the economics of AI infrastructure in any jurisdiction, and what differs between jurisdictions is the response of the state.

8.2.2. Impact of existing and proposed measures

This section prices the policy uplift available to the reference project. The bridge below carries the equity IRR from the 9.6% base case to 18.1% under the full policy package, a total of 8.5 percentage points, and separates that uplift into two parts. The darker steps are measures already in force under Mongolian law, which together carry the return to 13.5%. The lighter steps are the incremental measures proposed, which carry it from 13.5% to 18.1%. Each step is measured against the running total to its left, so the bridge is cumulative rather than a set of independent contributions.

Exhibit 9. Equity IRR bridge: base case to the full policy package (%)



Source: reference project financial model. Steps are cumulative and each is measured against the running total to its left; the darker steps are measures already in force and the lighter steps are measures proposed.

EXISTING MEASURES

Mongolia's statutory framework is not a blank page, and a material portion of the required uplift is available today without further legislative action. The measures already in force are set out in Chapter 6. Three of them carry a separately priced step in the bridge, and together they account for 3.9 of the 8.5 percentage points of total uplift.

The largest of the three is access to concessional financing, worth 2.1 points and lifting the return from 9.6% to 11.7%. This reflects the \$2Bn facility for green, renewable infrastructure at SOFR plus 1–3% which the European Investment Bank and the European Bank for Reconstruction and Development have committed,¹⁰³ drawn as a capped first tranche against a residual funded at commercial terms. Property tax exemption is worth a further 0.9 points, to 12.6%, as buildings within an economic free zone are exempt from property tax. Economic free zone duty treatment is worth 0.9 points more, to 13.5%, through exemption from VAT and excise on imported equipment and the absence of land fees for ten years counted from the commencement of operations.

Two further features of the existing framework carry no separate step in the bridge but underpin the case throughout. High-tech processing equipment enters at zero customs duty under the general tariff schedule, whether inside an economic free zone or outside one, and renewable energy equipment is exempt from both duty and VAT, so that relief is already embedded in the 9.6% base case rather than added to it. The Law on Investment permits the fiscal environment to be stabilized at prevailing rates for a defined term, and the Law on Energy and the Law on Renewable Energy provide for long-term purchase agreements with state and private generators and for independent generation; these govern the durability of the assumptions on which every step in the bridge rests rather than moving any one of them.

Just around half of the total policy uplift is therefore already law. An investor is not asked to underwrite passage of the entire package

before committing capital, but rather to price the 4.6 points of incremental measures set out below.

PROPOSED MEASURES

The proposed package as drafted comprises eight levers, which are a corporate income tax holiday, removal of withholding tax on distributions, property tax relief, land fee relief, land provided at no cost, economic free zone treatment of import duties and VAT, power and water tariffs locked for the project life, and access to concessional financing at approximately 500 basis points below commercial terms. Four of these are wholly or partly captured in the darker steps above: property tax relief, free zone treatment and land fee relief are already available under existing law, and concessional financing is already available up to the committed tranche. Land provided at no cost carries no separate step, its effect on a project of this capital intensity being subsumed within free zone treatment. Four priced steps therefore remain, and they account for the 4.6 points between 13.5% and 18.1%.

Removal of withholding tax on distributions is the first, worth 1.7 points and lifting the return from 13.5% to 15.2%. The corporate income tax holiday is worth a further 1.7 points, to 16.9%. Extending concessional terms to the full debt quantum, rather than to a capped first tranche, adds 0.8 points, to 17.7%. Locking power and water tariffs for the project life adds the final 0.4 points, bringing the return to 18.1%.

These increments are sequential and should not be read as independent contributions. A tax holiday granted to a project already sheltered by depreciation delivers little, and the 1.7 points attributed to it here reflect its position in the bridge after the withholding exemption and against a base case in which cash tax does not begin until year 9. The 0.4 points attaching to the tariff lock likewise reflect the power price already assumed in the base case, and the same commitment is worth more to a project purchasing grid power than to one building its own generation. Reordering the steps would redistribute the increments between them without changing the 18.1% endpoint.

8.3. Limitations of this analysis

The model is deliberately narrow, and a number of matters fall outside it. Construction and interconnection delay is not sensitized here, since the model assumes a three-year build and energization on schedule, although delay remains the most common and most damaging risk in this asset class. Offtake concentration is likewise not modeled, because the 95% GPU occupancy assumption reflects contracted anchor offtake without capturing counterparty concentration or renewal risk on that contract. Technology change beyond the modeled cadence falls outside the analysis, as the refresh engine assumes a stable five-year cycle with predictable capability and cost progression and does not capture a

discontinuity in either direction. Currency movement and repatriation restrictions are excluded, since the model is denominated in USD throughout and assumes the free repatriation of distributions net of withholding tax.

Legislative risk should also be mentioned here. The measures described in Section 6.3 are proposals, they require approval by the State Great Khural, and several require amendment to tax legislation that has not yet been drafted. The returns attributed to them are conditional on that approval, which is why the distinction drawn in Section 8.2.2 between measures already in force and measures still proposed is material to any investment decision.

NINE CONCLUSION

The global build-out of computing capacity is no longer constrained by capital but by power, land, and the willingness of a jurisdiction to give a firm answer within a timeframe an investor can plan around. The established hubs have run into all three limits at once, while Mongolia has built a framework to address where commitment is hardest: a firm date for power, sovereignty guaranteed in statute, financing that reaches a project, and deadlines

that bind the Government rather than the investor.

The framework is not finished, and Mongolia is early enough in this sector that those who come now will help shape the investment environment. The Government of Mongolia invites investors, operators and lenders considering where to place the next generation of computing capacity to engage and shape the industry together.

The Ministry of Digital Development, Innovation and Communications is available to work through the framework project by project with investors who engage now, while the policy environment is still being designed.



REFERENCES & NOTES — COMPLETE CITATIONS 1–103

Citations are stated as of the date of publication; figures are as publicly announced and vary in vintage.

- Precedence Research, Data Center Market Size, Share, and Trends 2026 to 2035 (April 2026): \$386.71Bn (2025), \$653.39Bn (2030), \$1,103.7Bn (2035). Narrower market definitions run lower: Fortune Business Insights (March 2026) sizes the data center market at \$270Bn (2025) rising to ~\$700Bn by 2034. This paper uses the series the Government of Mongolia presents to investors.
- JLL, 2026 Global Data Center Outlook (January 2026).
- Synergy Research Group (2026), Q4 2025 capacity shares: hyperscale 48%, non-hyperscale colocation 20%, enterprise on-premise 32%; 1,360 hyperscale facilities. Global facility count of ~10,800 (February 2026) per Data Center Map via Visual Capitalist. Facility counts and capacity shares are not interchangeable; this exhibit reports capacity.
- Company disclosures and 2026 capital-expenditure guidance for Amazon, Microsoft, Alphabet and Meta; aggregation per Jefferies (April 2026). Amazon's 2025 figure is approximately \$100Bn on a cash-capex basis (higher including finance leases); definitions should be confirmed against 10-K filings before publication.
- IEA, news release accompanying "Key Questions on Energy and AI" (April 16, 2026), [iea.org](https://www.iea.org).
- McKinsey & Company, "The cost of compute: A \$7 trillion race to scale data centers" (April 2025).
- JLL, 2026 Global Data Center Outlook (note 2).
- OpenAI / G42 / Oracle, "Introducing Stargate UAE" (May 2025); first 200 MW scheduled live in 2026.
- Goldman Sachs Research, "AI to drive 165% increase in data center power demand by 2030" (February 4, 2025). Both figures are measured against a 2023 baseline.
- IEA, Energy and AI (April 2025); IEA, Key Questions on Energy and AI (April 2026). The 2030 projection (~950 TWh, ~3% of global electricity demand) is from the 2026 update; the 1,200 TWh figure is the 2035 base case from the April 2025 report.
- Gartner, press release, November 17, 2025; note Gartner's July 2026 upward revision to above 1,200 TWh by 2030.
- JLL, 2026 Global Data Center Outlook (note 2).
- CBRE, Global Data Center Trends 2026 (June 2026). Vacancy figures are Q1 2026.
- CBRE, North America Data Center Trends H2 2025 (February 2026). Rate growth of 6.5% refers to 250–500 kW requirements; 12.5% to 3–10 MW requirements.
- JLL (note 2) for the global average; country-level connection waits per IEA-based analysis compiled by the Ministry of Digital Development, Innovation and Communications from energy.gov.mn, Data Center Dynamics, electricalreview.co.uk and businesspost.ie (2024–2025).
- CBRE (note 13); Dominion Energy disclosures; Singapore quota regime per industry reporting.
- Bloomberg, "Ireland Ends Moratorium on New Power Links to Data Centers" (December 12, 2025); CRU Large Energy User Connection Policy (DCCOPP3), as summarized by William Fry and Arthur Cox (December 2025). A legal challenge to the policy is scheduled for 2027.
- Central Statistics Office (Ireland), Data Centres Metered Electricity Consumption, 2024 release and 2025 release (July 2026).
- Turner & Townsend, Data Centre Construction Cost Index (2023 and 2025–26 editions). The 92% figure is from the 2023 survey and has framed siting discussions since.
- CBRE, Global Data Center Trends 2026 (note 13).
- World Economic Forum & Bain & Company, "Rethinking AI Sovereignty: Pathways to Competitiveness through Strategic Investments" (January 2026).
- World Economic Forum & Bain & Company, "Rethinking AI Sovereignty" (note 21).
- Data Center Dynamics, "Microsoft and G42 to build geothermal-powered data center in Kenya" (May 2024); Semafor, "Energy shortfall problem scuppers Kenya's \$1Bn Microsoft data center" (May 6, 2026), including President Ruto's quotation.
- OilPrice.com, "Power Shortages Threaten Kazakhstan's \$1.9 Billion Data Center Push" (May 2026); Eurasian Development Bank release on the AKASHI Tier IV facility (June 26, 2026).
- IMF, World Economic Outlook database (April 2026 vintage); World Bank, Mongolia Economic Update: Maintaining Stability and Resilience (April 2026). The 2024 outturn is reported at 4.9–5.1% across IMF and World Bank publications.
- IMF, "Mongolia: Staff Concluding Statement of the 2026 Article IV Mission" (June 26, 2026); figures attributed to the mission should be verified verbatim against the statement before publication. ADB, Asian Development Outlook (April 2026), Mongolia chapter.
- IMF, World Economic Outlook database (note 36); Government of Mongolia 2024–2028 Action Program ("14 mega-projects"); Invest Mongolia Agency. The GDP-per-capita target of \$10,000 by 2028 is the coalition program's stated goal.
- DataReportal, Digital 2026: Mongolia (data as of October 2025): population 3.53 million; median age ~27; internet penetration 83%; Ulaanbaatar ~1.7 million residents (~48% of the population).
- National Statistics Office of Mongolia CPI releases (May–June 2026), via state media; Bank of Mongolia target band of 5% ±2pp. June 2026 headline inflation of 12.0% was the highest since March 2023, with food prices up 24.8% year-on-year; the IMF's June 2026 statement cites 11.2% for May.
- Bank of Mongolia, Monetary Policy Committee decision (June 25, 2026); credit-growth figures per IMF Country Report No. 25/265 (September 2025).
- IMF, Staff Concluding Statement of the 2026 Article IV Mission (note 37).
- Bank of Mongolia reference rates and market data (July 2026). The tugrik averaged ~MNT 3,487/USD in 2025, touching a low of ~3,614 in September 2025.
- IMF, Mongolia: 2025 Article IV Consultation, Country Report No. 25/265 (September 2025); source of the baseline fiscal and debt projections and of the coal downside scenario. Whether the June 2026 mission restated the scenario should be confirmed when the 2026 staff report is published.
- IMF, Country Report No. 25/265 (note 44).
- Moody's Investors Service (October 16, 2025); S&P Global Ratings (October 30, 2025); Fitch Ratings (September 20, 2024; affirmed September 3, 2025). Rationales per the agencies' published rating actions.
- Issue terms per IFR, Montsame, FinanceAsia and Cleary Gottlieb deal announcements (2023–2026). The March 2026 issue's final order book and re-offer spread were not publicly confirmed at the time of writing and should be verified against IFR before publication.
- Mongolia EITI (mining ~25% of GDP, ~90% of exports, >30% of budget revenue, 2022 data); Fitch Ratings (~30% of government revenue; minerals ~90% of external receipts); IMF Country Report No. 25/265. Some government statements cite ~40% of budget revenue; this paper uses the verified ~30%.
- Xinhua/NSO trade data: China took 91% of exports in 2024 and 93.6% in January–May 2026; minerals were 97.6% of goods shipments in H1 2026.
- NSO Mongolia export totals (\$15.8Bn in 2024; \$15.7Bn in 2025); Montsame and Mysteel (coal values and volumes); worldstopexports/UN Comtrade (2025 product values); East Asia Forum (February 2026). 2024 product-level values other than coal are derived from IMF composition shares applied to the NSO total; 2024 copper estimates range from \$3.3Bn to \$3.6Bn across sources.
- Rio Tinto fourth-quarter 2025 production results and Oyu Tolgoi mine-plan update (June 2025); Mysteel and Montsame coal export data (January 2026).
- Global SWF, Chinggis Khaan SWF profile and GSR 2026 Special Feature (July 2026); svf.gov.mn; SWF Institute on the May 2026 merger with Erdenes Mongol. Reported asset figures span \$1.4Bn (October 2025) to ~\$2.3Bn (post-merger, mid-2026).
- April 2024 amendment to the Minerals Law, as summarized by GRATA International and DP Law; state entitlement of 34–50% in designated strategic deposits, partly free-carried.

43. CNBC, "Mongolia to join data center frenzy with Chinggis Khaan sovereign wealth fund" (October 6, 2025).
44. Data Center Dynamics, "Mongolia's sovereign wealth fund looks to bring in data center development" (October 2025); Montsame, "National Strategy on Big Data and Artificial Intelligence" (May 19, 2025); Data Center Knowledge, "Mongolia Wants Data Centers" (KT Corporation government facility); World Bank / Korea Green Growth Trust Fund, "Green Data Center Strategy in Mongolia" (technical assistance, 2021–2022).
45. Remarks at the World Economic Forum Annual Meeting of the New Champions, Dalian, June 2026 (panel "No Power, No AI"), as reported in independent coverage of the session.
46. Average annual temperature per worlddata.info; sub-zero period and frequency per WeatherOnline.
47. Uptime Institute, Global Data Center Survey 2025. The global average PUE is given as 1.54 and has been effectively unchanged since 2020. Hyperscale fleet figures are per operator disclosures.
48. The reference project applies a PUE of 1.2 as a cold-climate, liquid-cooled design assumption rather than an observed figure. The facility capital expenditure in Chapter VIII carries the liquid-cooling premium that assumption requires.
49. Asian Development Bank. The 2,600 GW combined solar and wind potential, and its 5,457 TWh annual generation equivalent, are the figures the Government presents to investors.
50. Solar radiation, daily irradiance and sunny days per Scaling-up Renewable Energy Programme Investment Plan for Mongolia (Climate Investment Funds, 2015).
51. Harrucksteiner et al. (2023), Sustainable Energy Technologies and Assessments. Corroborated by Mongolian plant actuals: Salkhit at 49.6 MW producing 168,500 MWh a year, a 38.8% capacity factor, with Tsetsii and Sainshand in the same range, per Stockholm Environment Institute, Solar and Wind Power in Mongolia: 2024 Policy Overview, Table 1.
52. Connection lead times and the Dublin position are set out at notes 15 to 17.
53. Land classification and ownership per General Agency for Land Administration, Geodesy and Cartography, Land Fund Report 2023. Territory and population per National Statistics Office of Mongolia.
54. Ministry of Environment and Climate Change, sixth national assessment of desertification and land degradation (August 2026), drawing on data collected between 1991 and 2025. The assessment supersedes the 76.9% figure previously reported by UNDP for 2020. Drought intensity is increasing across 53.5% of the territory.
55. Industry average water usage effectiveness per Shehabi et al., Lawrence Berkeley National Laboratory (2016), the source of the widely cited 1.8 liters per kWh figure. The lower bound is Amazon's reported fleet WUE of 0.19 liters per kWh. The reference project assumes 0.2 liters per kWh.
56. The Europe-Russia-Mongolia-China (ERMC) terrestrial system is operated by TransTeleCom, the Mongolian rail operator (RailCom, now GEMNET) and China Unicom, crossing at Erenhot. In Mongolia it runs over two parallel routes of approximately 1,000 km each along the Sukhbaatar to Zamyun-Uud rail corridor, with a quoted Hong Kong to Frankfurt latency of 146 ms. Per TransTeleCom system data.
57. Law on Investment (2013), Articles 3.1.11 and 21.1. The screening requirement applies to a legal entity 50% or more of whose shares are held directly or indirectly by a foreign state.
58. Law on Investment (2013), Articles 14.1, 16.2, 16.3 and 20.1. Article 16.3 requires all three conditions to be satisfied together: investment above MNT 500 billion, a build period exceeding three years, and production of import substitute and export oriented output of long term significance to Mongolia's socio economic development. The MNT 500 billion threshold is approximately USD 145 million at prevailing exchange rates.
59. Mongolia acceded to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) and is a member of the Multilateral Investment Guarantee Agency. Coverage remains subject to MIGA's own eligibility, development, environmental, social and approval requirements, which the investor, the investment structure and the project must independently satisfy.
60. Law on Cyber Security, establishing requirements for critical information infrastructure, information security audits, incident response and international cooperation.
61. Automatic data processing machines, electrical machinery and equipment and their parts are zero rated under the general customs tariff schedule. Mongolia applies a general customs tariff of 5% to most goods, so this is a specific carve out rather than the absence of a tariff regime. Import value added tax at 10% continues to apply outside a free zone, recoverable as input tax.
62. Law on Customs Tariff and Customs Duty, Article 38.1.8, and Law on Value Added Tax, Article 13.1.28. The list of exempt renewable energy equipment, accessories and spare parts is approved by Government resolution and was most recently extended in 2024. Eligibility is determined by the approved list and by tariff classification.
63. Law on Free Zones (2015 revision), Articles 16.1 and 16.5.2. Article 16.1.7 additionally provides that no value added tax is charged on goods produced or sold, work performed or services rendered within a zone by a registered entity. The corporate income tax exemption for innovation and high technology production formerly at Article 16.5.1 was repealed on 22 March 2019.
64. Law on Free Zones (2015 revision), Articles 23.2 and 24. Article 23.2 grants the ten year full exemption to entities engaged in infrastructure or production, the enumerated list including energy and heat sources, networks, water supply, treatment facilities, roads, rail, airports and core telecommunications networks. Whether a data center falls within this category rather than the services category at Article 23.1, which carries materially weaker relief, is a matter of classification addressed in Section 6.3.6.
65. Law on Supporting Information Technology Production (2024), Articles 4.1.3, 12.1, 13.2, 13.3 and 13.3.9. Article 13.2 provides that tax support for registered entities is given in accordance with the relevant tax laws and confers no relief of its own. Article 13.3 support is financed from the state budget. The accelerated depreciation at Article 13.3.9 applies to startup companies as defined by Article 3.1.8 of the Law on Innovation.
66. Financing framework agreed between the Government of Mongolia and the European Investment Bank under the European Union Global Gateway Initiative, together with cooperation frameworks agreed with the European Bank for Reconstruction and Development. Access remains subject to each institution's appraisal, environmental and social safeguards and approval processes.
67. Law on Energy, Article 13.2.1. Construction and generation licensing continue to apply under Articles 20 and 13.1 of the Law on Energy, and under Articles 6.1 and 7.1 of the Law on Renewable Energy for renewable sources.
68. General Agency for Land Administration, Geodesy and Cartography, Land Fund Report 2023. Land held in private ownership by citizens totals approximately 62,000 hectares against a national territory of approximately 156.4 million hectares. Land allocated to any private party in any form, whether ownership, possession or use, totals approximately 1.96% of the territory.
69. Law on Permits (2022), consolidating and reducing the permit set across the economy. The Law establishes what is required and by which authority; it does not in its general form establish a single window for a project of this kind or bind authorities to determination deadlines.
70. Minerals Law, Article 42.1, requiring a license holder to conclude an agreement with the soum or district Governor on environmental protection, mine exploitation, infrastructure development and employment, on a model form approved by Government. Article 42.2 provides that public consultation may be held jointly with the local administration.
71. Draft Law on Data, Article 14, before the State Great Khural. Estonia concluded the first data embassy agreement with Luxembourg in 2017. Comparable host state approaches include Bahrain's Legislative Decree No. 56 of 2018 and Saudi Arabia's draft Global AI Hub Law.
72. Draft Law on Data, Articles 14 and 17.
73. Draft Law on Data, Article 14. The special regime of protection and inviolability applies upon conclusion of the benefit sharing agreement. Fee methodologies and rates are delegated to Government regulation, to be approved following enactment.
74. Corporate income tax relief cannot be delivered through free zone designation, the free zone exemption having been repealed in 2019, nor through virtual zone registration, the virtual zone statute deferring the question to the tax code. It requires a provision in the tax code or in the sector specific provisions of the draft Law on Data. A comprehensive tax reform package amending the Corporate Income Tax Law, Personal Income Tax Law, Value Added Tax Law and General Tax Law was submitted to Parliament in December 2025 for implementation from 1 January 2027.

75. Connection queues of four to ten years in established markets per International Energy Agency commentary, November 2025, and market reporting on Dominion Energy Virginia, August 2024.
76. Draft Law on Data, Article 15.
77. Law on Investment, Article 20.1, and draft Law on Data, Article 16. A stabilization certificate under Article 14.1 covers tax rates only and cannot fix a utility tariff; the investment agreement is the instrument through which a tariff term is documented.
78. Draft Law on Data, Article 14, requiring a pre feasibility study in support of an application. Law on Supporting Information Technology Production (2024), Article 12.1, providing a three working day determination for virtual zone registration.
79. Measures shown as submitted to Parliament are contained in the draft Law on Data and are subject to legislative approval. Measures shown as in preparation are not yet reflected in any draft.
80. Principal sources by jurisdiction. United Arab Emirates: Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses, qualifying free zone person regime. Bahrain: Legislative Decree No. 56 of 2018. Saudi Arabia: Regional Headquarters Program tax incentives, effective 2024. Uzbekistan: presidential decrees on the digital economy and data center investment. Qatar: Qatar Free Zones Authority regime. Malaysia: Johor-Singapore Special Economic Zone incentive framework, 2024. Kazakhstan: Law on Special Economic and Industrial Zones. Thailand: Investment Promotion Act, Board of Investment incentive framework. Indonesia: Government Regulation 78/2019 on income tax facilities. China: National Development and Reform Commission integrated computing network hub policy, 2022. Poland: Act on Supporting New Investments, 2018. Greece: Law 4864/2021. India: state industrial and data center policies of Gujarat, Maharashtra and Tamil Nadu. Singapore: Economic Development Board and Infocomm Media Development Authority data center call for application, 2022. Sweden and Finland: withdrawal of reduced electricity tax for data centers, 2023 and 2026 respectively. Vietnam: Law on Investment 2020, high technology incentives. Norway: Ministry of Local Government and Regional Development data center strategy. Iceland: Act No. 41/2015 on incentives for initial investments. United States: Code of Virginia section 58.1-609.3(18). Canada: Hydro-Quebec rate applications and ministerial authorization framework for loads above 5 MW. United Kingdom, Netherlands, Ireland, Korea and Japan: no data center specific fiscal regime identified; ordinary corporate tax and property regimes apply.
81. Capacity distribution per JLL, Global Data Center Outlook (2026) and CBRE, Global Data Center Trends (2026). This benchmark measures policy support offered to a new entrant. It does not measure installed capacity, operating quality or market maturity, on which several of the lowest ranked jurisdictions lead the world.
82. Median and interquartile range calculated across the 26 benchmarked jurisdictions on normalized instrument scores.
83. Ireland: Commission for Regulation of Utilities, decision on data center connection policy, December 2025, replacing the connection restriction in place since 2021 with a conditional regime requiring additional generation. Netherlands: municipal moratorium on new data center development in Amsterdam and Haarlemmermeer, 2019, and subsequent transmission congestion in North Holland reported by TenneT. Singapore: moratorium on new data center capacity, 2019, and pilot call for application releasing approximately 80 MW to four operators, 2022. Virginia: connection timelines of up to seven years reported for Dominion Energy Virginia, Bloomberg, August 2024. Queue ranges of two to ten years, and seven to ten years in principal hubs, per International Energy Agency commentary, November 2025.
84. Bahrain: Legislative Decree No. 56 of 2018, conferring on data held in Bahrain by a foreign state or entity the exclusive jurisdiction of the state of origin. United States: Clarifying Lawful Overseas Use of Data Act, 18 U.S.C. sections 2523 and 2713. China: Cybersecurity Law (2017), Data Security Law (2021) and Personal Information Protection Law (2021). Vietnam: Decree No. 53/2022/ND-CP implementing the Law on Cybersecurity.
85. Financing of the flagship Uzbek data center program was syndicated among four development finance institutions on 12 year non recourse terms, as reported by the participating institutions at financial close. The tax exemptions marketed alongside the project were not the determinative factor in reaching close.
86. Greece: Law 4864/2021 on strategic investments, providing a 45 day period for determination of applications for strategic investment status.
87. United Arab Emirates: Federal Decree Law No. 47 of 2022, qualifying free zone person regime, zero rate on qualifying income. Saudi Arabia: Regional Headquarters Program, providing a 30 year exemption from corporate income tax and from withholding tax on approved activities, effective 2024. Bahrain: no general corporate income tax, together with Legislative Decree No. 56 of 2018. Qatar: Qatar Free Zones Authority incentive regime, including corporate income tax holidays of up to 20 years.
88. Uzbekistan: exemption of qualifying digital economy and data center projects from land and property tax to 2040 under presidential decree. Kazakhstan: Law on Special Economic and Industrial Zones, together with the national data center program and paired generation. Comparisons of delivered against announced first phase capacity are drawn from public statements of the implementing authorities.
89. China: National Development and Reform Commission and associated ministries, national integrated computing network and hub node policy, 2022, commonly described as the East Data West Computing initiative. Composite electricity price for computing centers in Inner Mongolia of approximately CNY 0.33 per kWh, equivalent to approximately USD 0.048 per kWh, and single digit millisecond latency to the Beijing-Tianjin-Hebei cluster, per regional government and operator disclosures.
90. Singapore: moratorium on new data center capacity, 2019, imposed at approximately 7% of national electricity consumption, and pilot call for application, 2022, awarded on efficiency and economic contribution criteria rather than price. Malaysia: Invest Malaysia Facilitation Centre Johor, established 2024. Thailand: Investment Promotion Act and Board of Investment incentive framework, providing corporate income tax exemption of up to eight years.
91. Canada: Hydro-Quebec rate applications proposing a dedicated tariff for data center loads, and ministerial authorization required for loads above 5 MW. United States: local taxation of computing equipment applied by certain Virginia localities alongside the state sales and use tax exemption under Code of Virginia section 58.1-609.3(18).
92. Mongolian positions are drawn from Chapter VI of this paper, which identifies for each measure whether it is in force, before Parliament, in preparation, or delivered through government coordination. Positions shown here as leading include measures that are proposed and subject to legislative approval.
93. Kenya: geothermal linked data center project reported as stalled in May 2026, pending resolution of generation and transmission sequencing. Singapore: displacement of demand to Johor following the 2019 moratorium, per Malaysian Investment Development Authority and operator announcements.
94. JLL, 2026 Global Data Center Outlook (January 2026). The global shell-and-core benchmark is given as \$11.3Mn/MW, against \$10.7Mn/MW in 2025 and \$7.7Mn/MW in 2020.
95. Turner & Townsend, 2025–2026 Data Centre Cost Index. AI-optimized shell and core runs 7–10% above standard builds, and the liquid-cooling premium is 7–10% over air-cooled shell and core. Midpoints have been applied in both cases.
96. JLL, 2026 Global Data Center Outlook (January 2026). AI-specific technology fit-out is given as up to \$25Mn/MW in addition to shell and core.
97. The BESS installed cost is derived from the IRENA weighted-average utility-scale cost of \$192–197/kWh (Renewable Power Generation Costs in 2024, July 2025) together with Ember's estimate of approximately \$125/kWh for long-duration projects outside the US and China using Chinese-sourced equipment ("How Cheap Is Battery Storage?", April 2026).
98. Serven Solar Power Plant, Altai City, Gobi-Altai, commissioned September 2023: 10 MW of installed capacity at a construction cost of USD 10.4Mn, financed by the Asian Development Bank, which gives \$1.04Mn per MW.
99. Stockholm Environment Institute, Solar and Wind Power in Mongolia: 2024 Policy Overview, Table 1. Salkhit is recorded at 49.6 MW for \$122.1Mn, Tsetsii at 50 MW for \$120.7Mn and Sainshand at 55 MW for \$121.7Mn.
100. IRENA, Renewable Power Generation Costs in 2024 (July 2025). The global weighted-average onshore wind total installed cost is given as \$1,041–1,066/kW.
101. Uptime Institute, Global Data Center Survey 2025 (note 47).
102. Under Mongolian corporate income tax, losses carry forward for four years and loss relief in any year is capped at 50% of that year's taxable profit.
103. These are commitments of the European Investment Bank and the European Bank for Reconstruction and Development for green and renewable infrastructure finance at SOFR plus 1–3%.

The image shows a close-up, low-angle view of a modern building's exterior at night. The building is illuminated with vibrant blue neon lights that trace its geometric lines and corners. The facade features a complex, grid-like pattern of small, glowing points, possibly representing a digital or data-driven architecture. The overall atmosphere is high-tech and futuristic.

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