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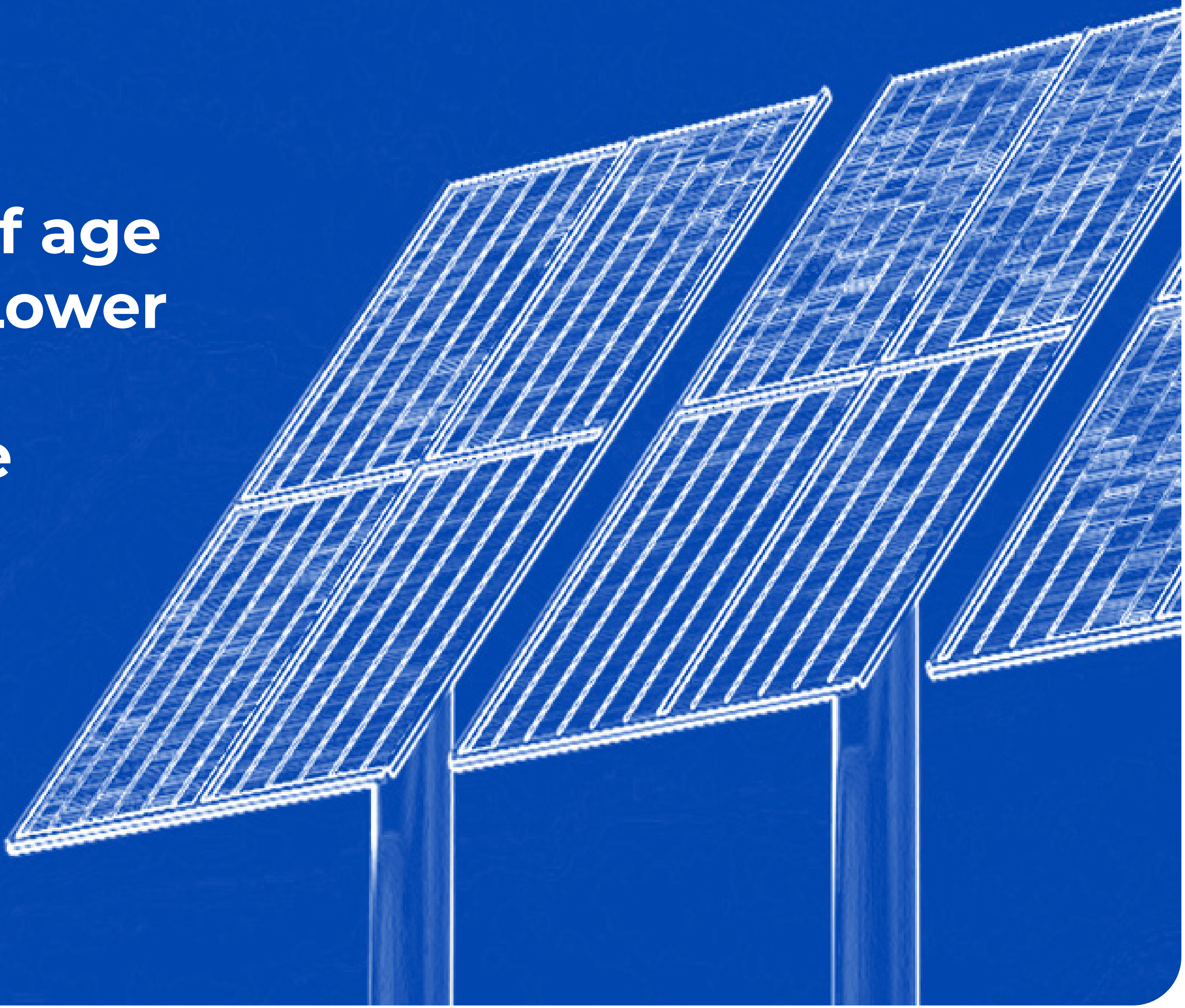
EUROPEAN PRIVATE MARKETS

The coming of age of European Lower Mid-Market Infrastructure



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European infrastructure has entered a new age. Amongst other factors, the emergence of the energy transition supported by industrial policy, renewed sovereignty and security of supply considerations, digitalization, and the need to modernize ageing assets has created unprecedented long-term capital requirements across the continent. These needs are structural, visible, and increasingly urgent, reflecting a crucial shift from optional investment to essential economic transformation.

Yet, much of the investors focus concentrated on large infrastructure assets — regulated utilities, major transport concessions, or flagship renewable platforms. While these assets play an important role in our society, they only represent part of the investment universe. Beneath this highly competitive segment lies a broader, less visible market that is critical to Europe's economic functioning: lower mid-market infrastructure. This segment encompasses the infrastructure assets that directly serve local economies, enable the energy transition at a practical level, and support resilience and growth across regions. Despite its importance, it seems to be underrepresented in institutional allocations, largely due to its fragmentation and the size of the deals.
This requires a specialised expertise and sourcing capabilities in order to access it and unlock value potential. LBP AM European Private Markets has been building a dedicated approach to this segment for 13 years.

Bérénice Arbona,
Head of Infrastructure Debt

Gaëlle Allet,
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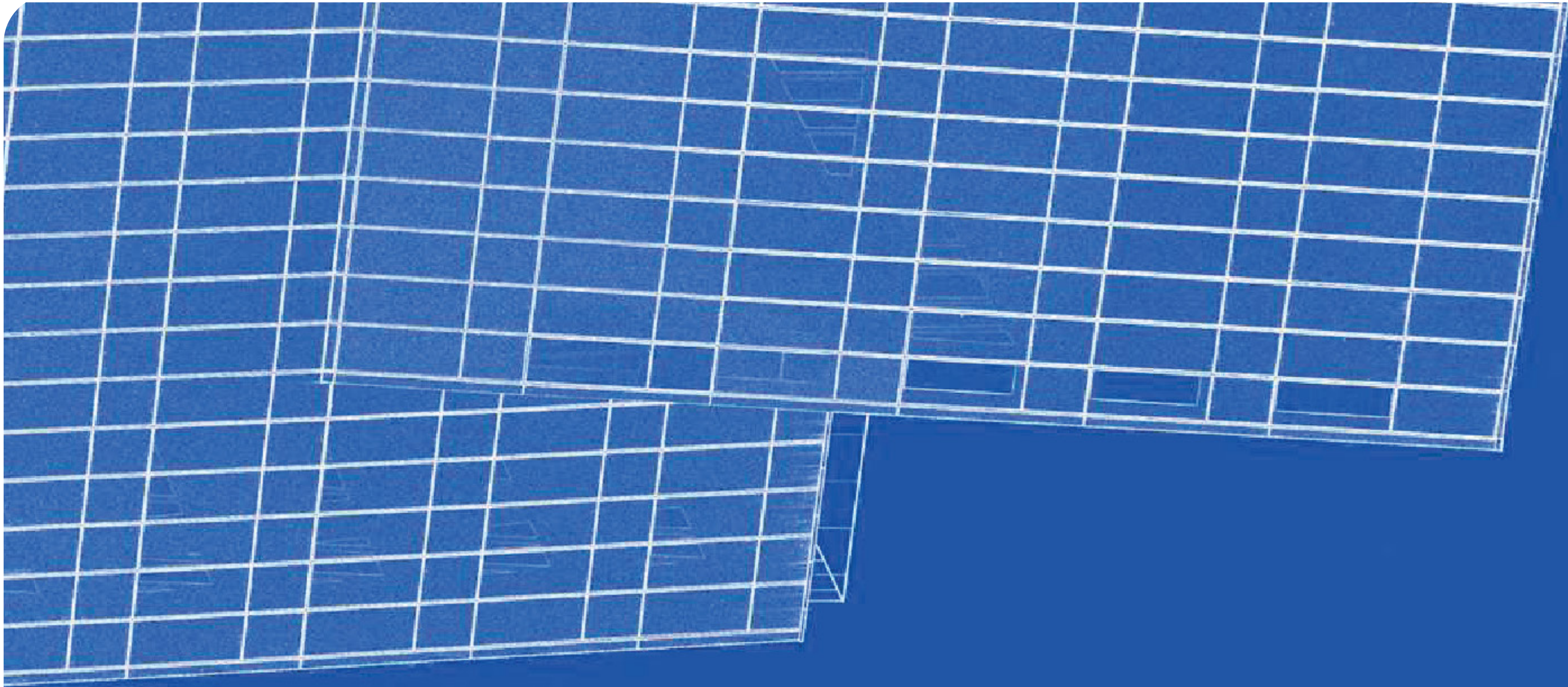
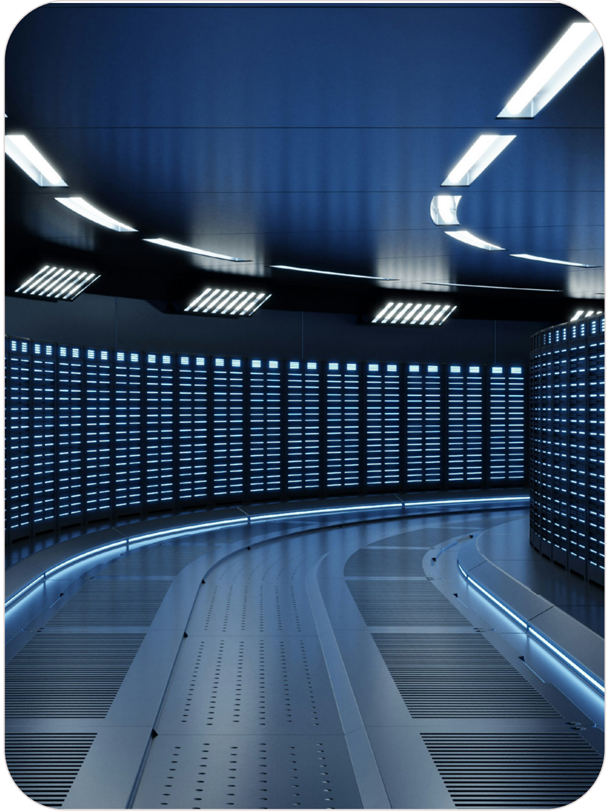
In this piece, **Bérénice Arbona, Head of Infrastructure Debt, and Gaëlle Allet, Senior Product Specialist** get back to the basics of lower mid-market infrastructure, explaining why it matters today and highlighting the investment opportunities emerging from a segment that is now coming of age.



1. What is the Lower Mid-Market Infrastructure?



AT A GLANCE...
THE CASE FOR INFRASTRUCTURE DEBT

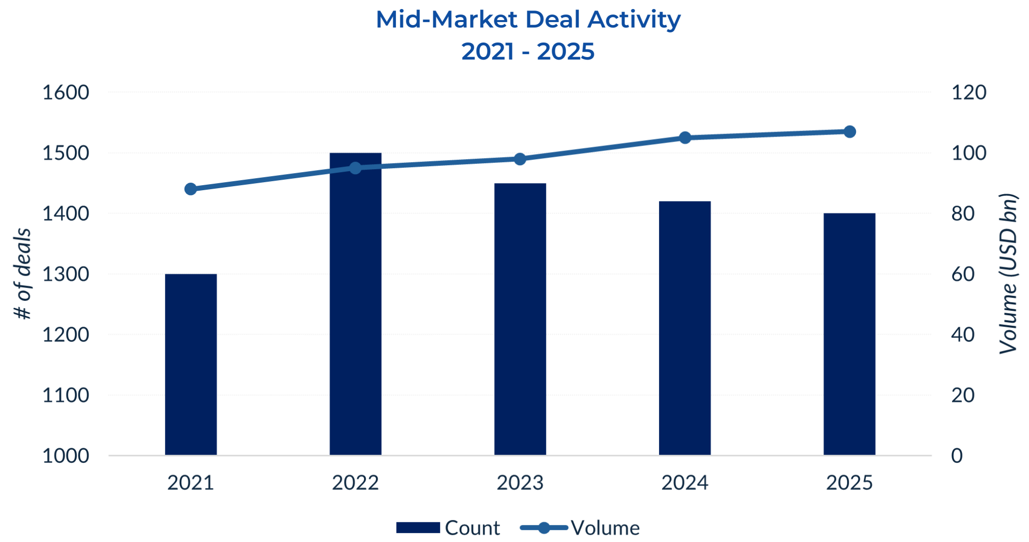
- **Reliable sources of return:** stable and predictable cash flows, supporting portfolio resilience and inflation protection
- **Duration matching assets:** long-term infrastructure assets aligned with long-dated institutional liabilities
- **Attractive risk/return profile:** within risk constraints, infrastructure debt offers spread pick-up and diversification versus public markets

1. What is the Lower Mid-Market infrastructure?

Lower mid-market infrastructure refers to infrastructure assets and platforms that are smaller in scale than traditional large-cap projects but remain economically essential. These investments typically involve regional or local assets, often structured around moderate capital requirements, yet often embedded in long-term contractual or regulated frameworks. Typical Enterprise value is comprised between €10M and €500M.

The most diversified and most active segment of the infrastructure market

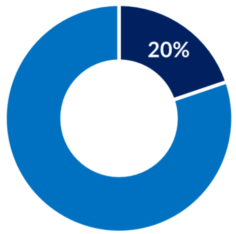
Importantly, lower mid-market infrastructure is not simply a scaled-down version of large infrastructure. It constitutes a distinct investment universe with its own dynamics. It is the most diversified and most active part of the infrastructure universe, with more than 1300 transactions each year in the last 5 years.



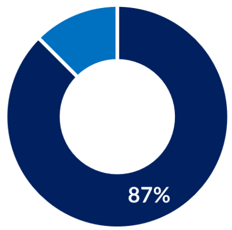
Source: Infralogic, Transactions with a deal value up to $500m, January 2026

1. What is the Lower Mid-Market infrastructure?

Looking at 2025 activity, mid-market transactions represented 87% of infrastructure transactions in Europe with c. 1400 transactions closed.



■ Mid-Market volume of transactions - $107bn

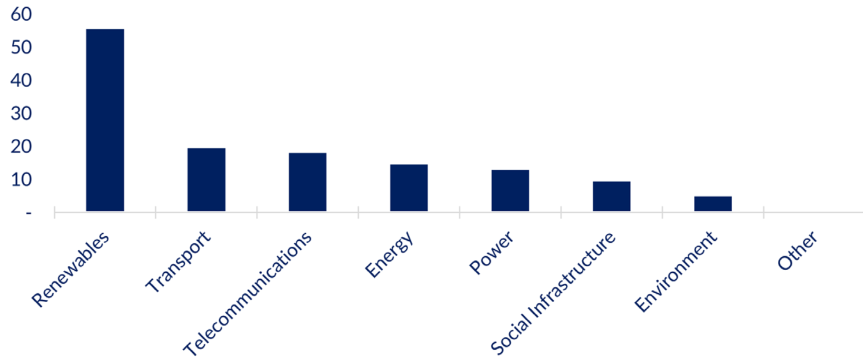


■ Mid-Market transactions - c.1400

Source: Infralogic, 2025 Transactions with a deal value up to $500m, January 2026

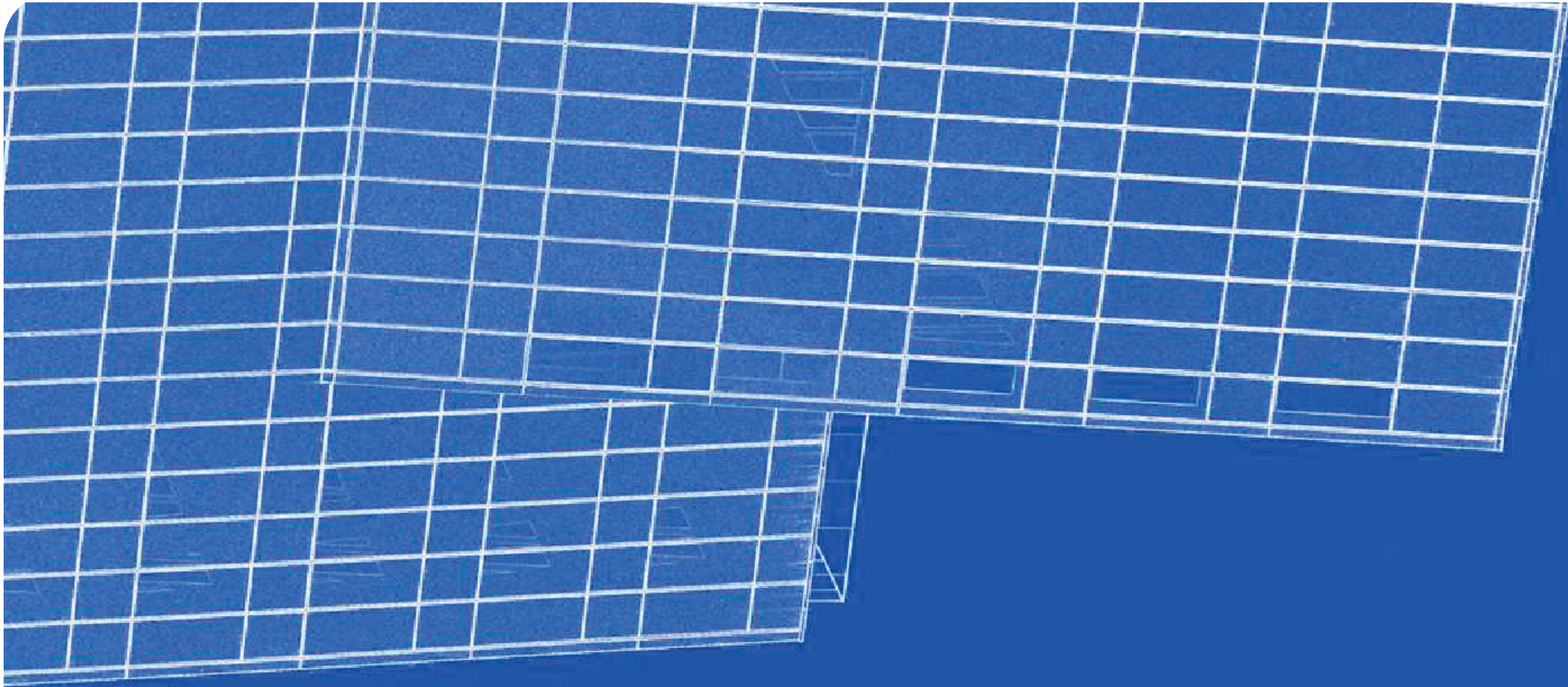
The segment spans a wide range of asset types, including energy, utilities, transport, digital infrastructure, environmental services, and social infrastructure. Sponsors are often industrial players, specialised operators, entrepreneurial platforms, or local authorities.

Sector breakdown of Mid-Market transactions (USD bn)

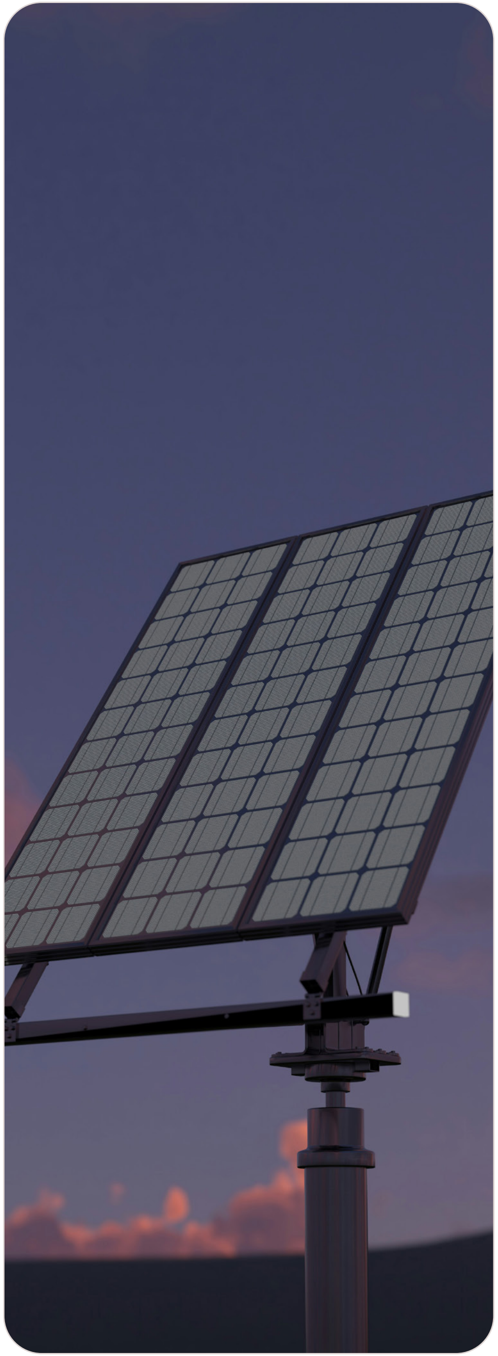


Source: Infralogic, 2025 Transactions with a deal value up to $500m, January 2026

> **This complexity is precisely what creates opportunity for investors with the right expertise and access.**



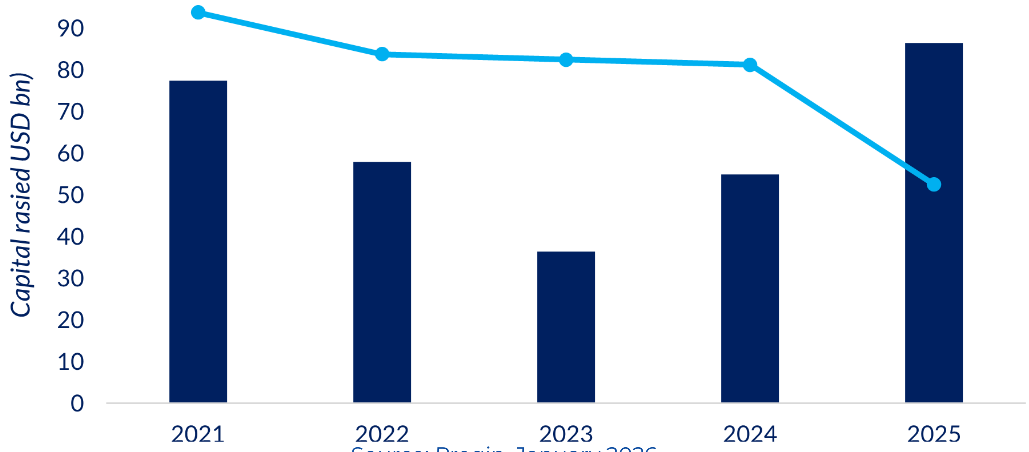
2. Why does Lower Mid-Market Infrastructure matter today?



2. Why does Lower Mid-Market Infrastructure matter today?

Infrastructure fundraising has expanded sharply in recent years, with managers raising more than $80 billion in Europe in 2025, according to Preqin. This growth has been largely driven by large-scale vehicles, resulting in a significant increase in average fund size to approximately $2.9 billion, while the total number of funds raised has declined.

Historical fundraising of Infrastructure in Europe



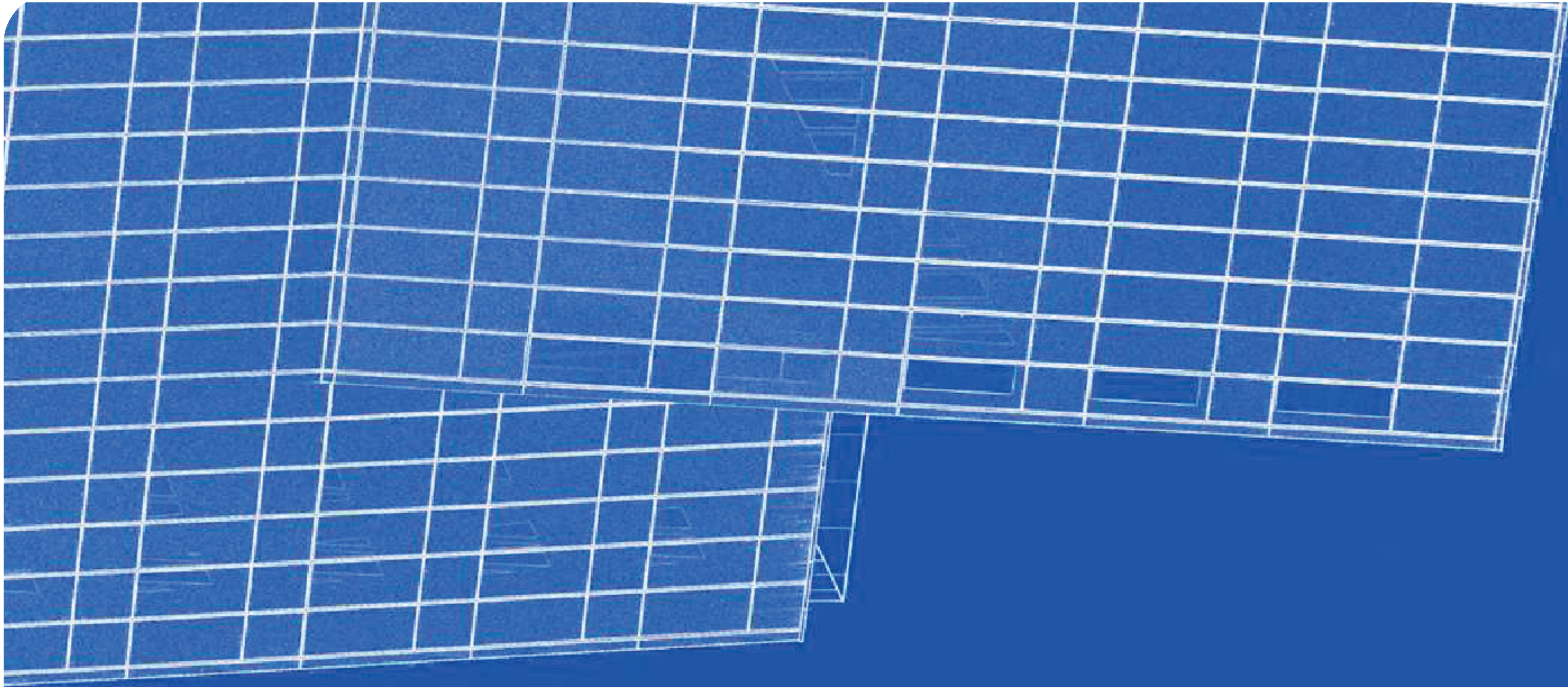
Source: Preqin, January 2026

As average fund sizes have grown from around $1.2 billion to $2.9 billion over recent years, managers are structurally compelled to shift to larger assets and larger ticket sizes to deploy the capital raised. This has led to a concentration of capital at the upper end of the market, intensifying competition for a limited pool of large assets - more capital chasing fewer large transactions.

The Mid-Market blind spot

Despite it representing the majority of actual deal flow and economic activity, the lower mid market infrastructure segment remains comparatively underserved. When combined with the significant breadth and diversity of opportunities across geographies and sectors, this under allocation creates a compelling environment for investors seeking meaningful diversification and enhanced relative value.

As a result, the lower mid-market offers the potential to invest in transactions with improved economics and negotiated terms and documentation.
This asymmetry between capital flows and underlying market activity positions the lower mid market as a source of opportunity, for those who can effectively access it.



3. How can investors access the Lower Mid-Market Infrastructure space?

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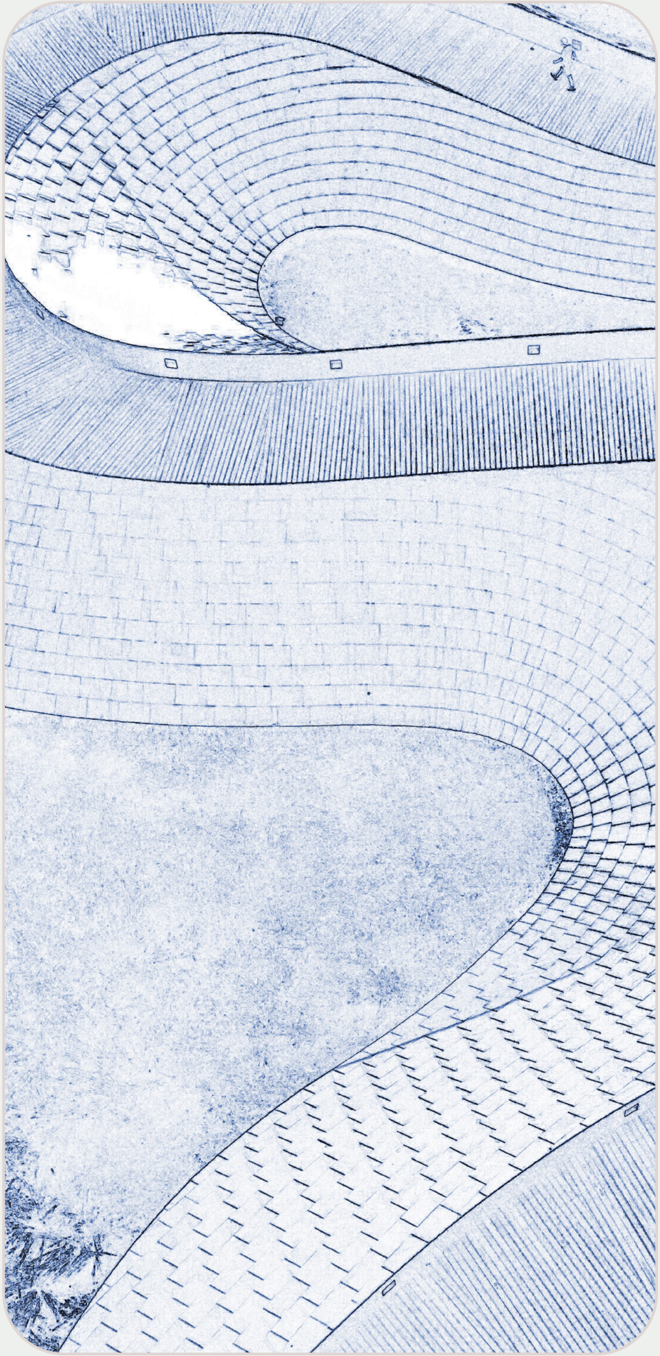
In the lower mid market infrastructure segment, Access is the key differentiating factor, as the most attractive opportunities are rarely accessible through traditional, broadly intermediated channels. This is a market where relationships, local presence, and long standing credibility with sponsors and market players matter far more than in larger and syndicated markets. Because opportunities frequently emerge before they reach intermediaries, investors without established on the ground sourcing capabilities simply do not see a significant share of the deal flow. Access is not only a differentiator — it is a precondition for deploying capital efficiently and securing transactions with an attractive risk/return profile.

> At LBP AM European Private Markets, we have built a dedicated sourcing model based on a pan European footprint established since 2012, supported by long term relationships with sponsors, operators, developers, and industrial counterparties. These relationships have been cultivated over decades by senior investment professionals with extensive local market knowledge. Our presence across Europe allows us to originate opportunities at an early stage, cast a wide sourcing net, and access a diverse pipeline of investable assets across geographies and sectors.

Asset Selection is equally critical as the mid-market is characterized by significant depth and heterogeneity. While many assets may appear "infrastructure like," careful selection is required to ensure that investments genuinely exhibit key infrastructure characteristics—namely essentiality, high revenue visibility, and strong barriers to entry. Some assets labeled as infrastructure can in fact embed substantial merchant or volume risk that undermines revenue visibility. This disciplined approach ensures the selection of high quality infrastructure assets with resilient downside profiles.

Our teams combine sector specific expertise with in depth technical, legal, and structuring capabilities, enabling a rigorous assessment of business models, cash flow sustainability, risk allocation, and documentation. Our ability to originate and underwrite transactions is evidenced by a 13 year track record of investing across European infrastructure markets, delivering consistent exposure to assets that meet strict infrastructure and credit standards.

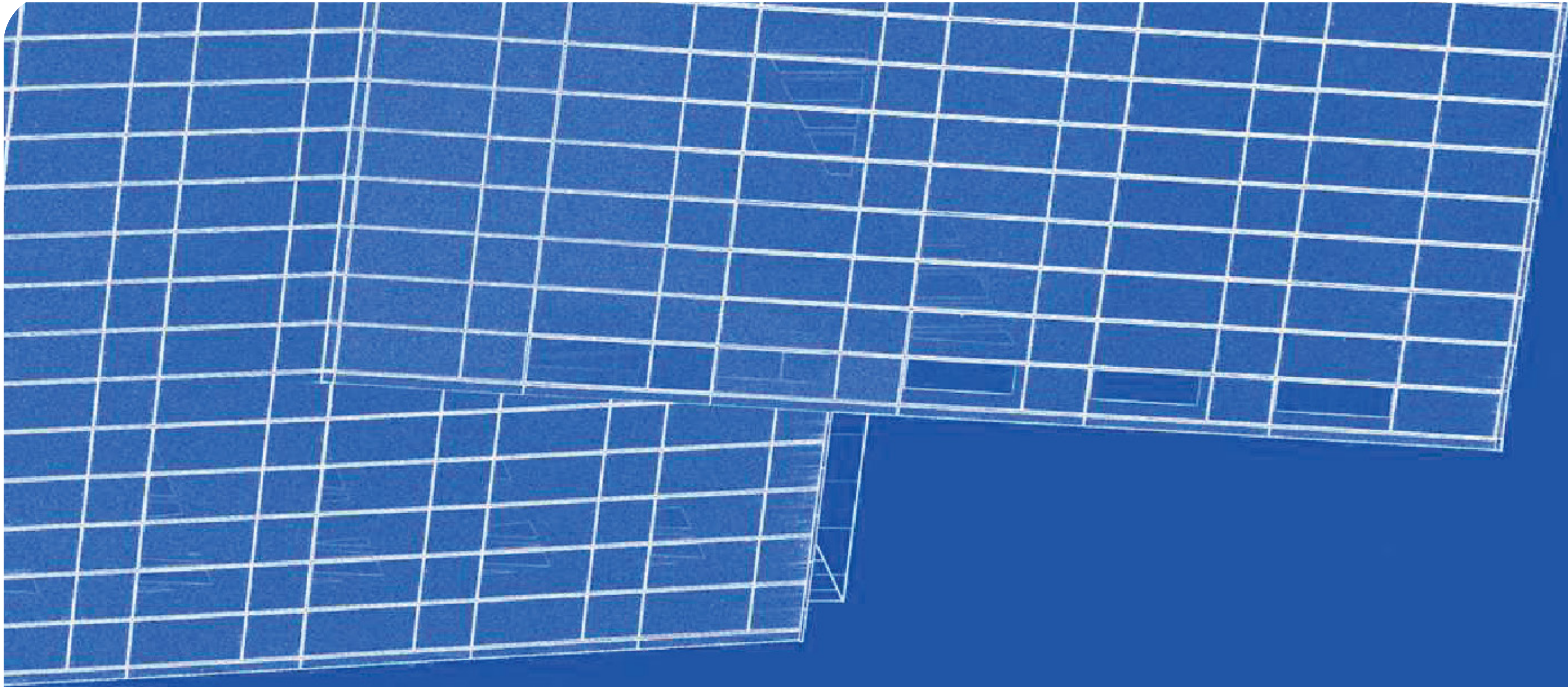
Each investment involves risks, including but not limited to the risk of capital loss



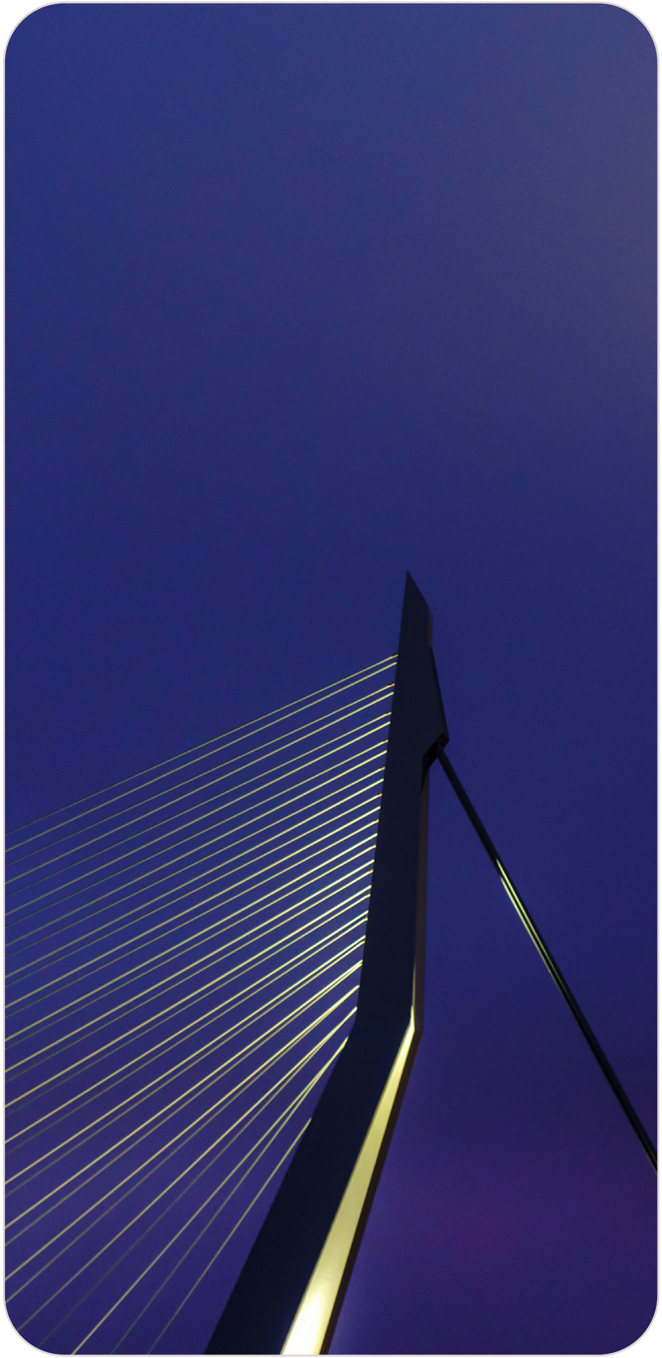
Navigating complexity to unlock value

Finally, investors in this segment must be able to navigate the complexity inherent in lower mid market infrastructure, spanning business models, financing structures, and heterogeneous borrower needs. These assets often involve non standard revenue frameworks, bespoke contractual arrangements, and multi layered capital structures, requiring a tailored and highly disciplined investment approach. Our investment team is well versed in managing this complexity and entering niche markets, applying a rigorous underwriting process focused on asset level fundamentals. For example, LBPAM was among the first asset managers to finance digital infrastructure in Europe, notably closing a landmark French broadband concession in 2016.

> **Today, we are a one stop shop partner, capable of supporting borrowers across the full capital structure and accompanying them over the long term in their growth and development. From a borrower's perspective, we provide comprehensive debt solutions ranging from senior to subordinated financing. From an investor's perspective, we strive to deliver tailored strategies that reflect evolving market needs, while consistently identifying high quality opportunities aligned with client objectives.**



4. Where do the most compelling investment opportunities lie within the Lower Mid-Market?



4. Where do the most compelling investment opportunities lie within the Lower Mid-Market ?

1. Climate Infrastructure:

Opportunities exist across the full infrastructure spectrum, focusing on low-carbon and decarbonising assets that contribute directly to climate change mitigation, including renewable energy, clean transport, energy efficiency and transition-enabling local infrastructure.

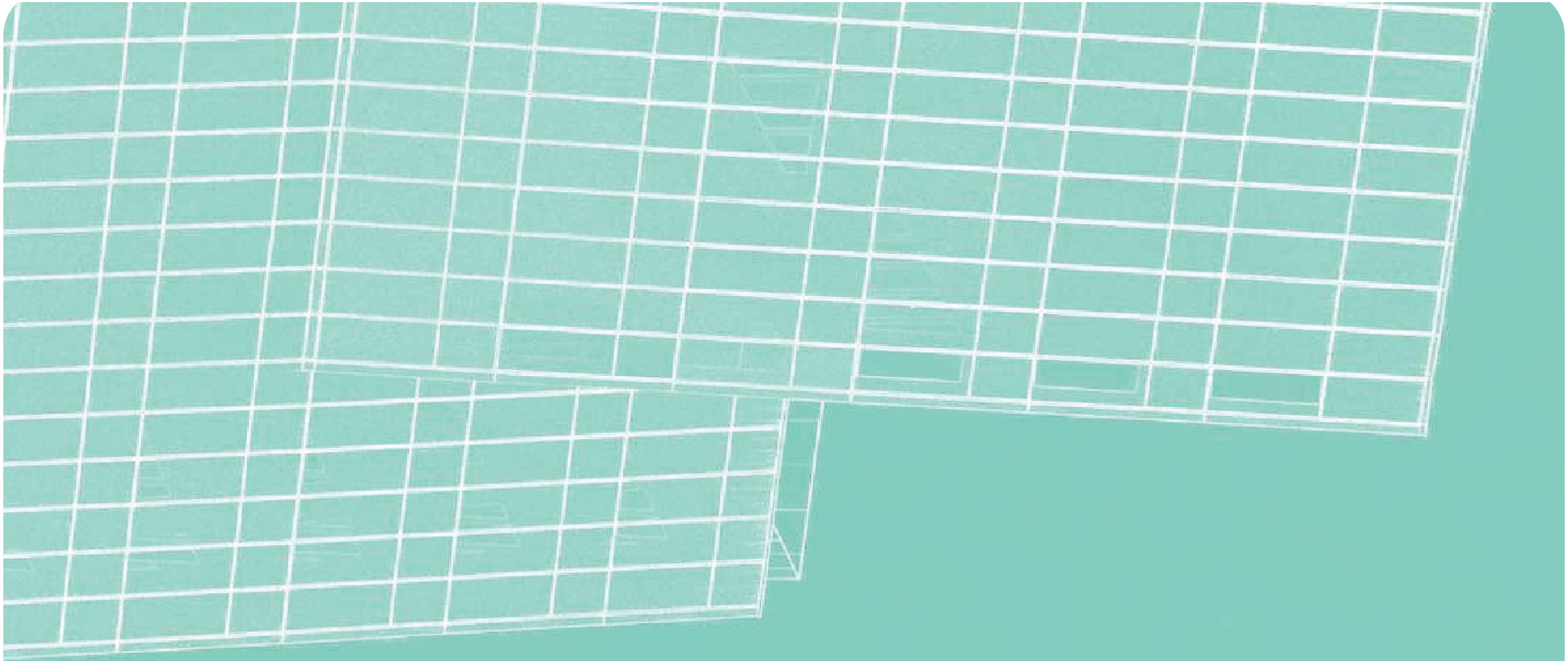
These sectors are supported by strong structural drivers, including regulatory alignment, long-term climate policy commitments and increasing demand for resilient, sustainable infrastructure at the local level.

2. Strategic Infrastructure:

Europe faces a €12 trillion infrastructure financing gap by 2040, requiring a more than doubling of annual infrastructure investment to sustain competitiveness, resilience and the green transition. Public funding alone will not be sufficient, making private capital a critical enabler to close this gap. Senior infrastructure debt plays a key role in channeling long-term capital into essential sectors such as energy transition, transport, digital and social infrastructure.

3. Sub-IG infra debt to finance growth opportunities:

This opportunity is underpinned by a structural imbalance between capital supply and demand, as rising investment needs outpace the capacity of equity financing alone. This creates a growing need to optimize capital structures, with intermediary capital between senior debt and equity increasingly required to enhance returns without diluting sponsors—a gap traditional banks struggle to fill due to regulatory constraints.



Conclusion

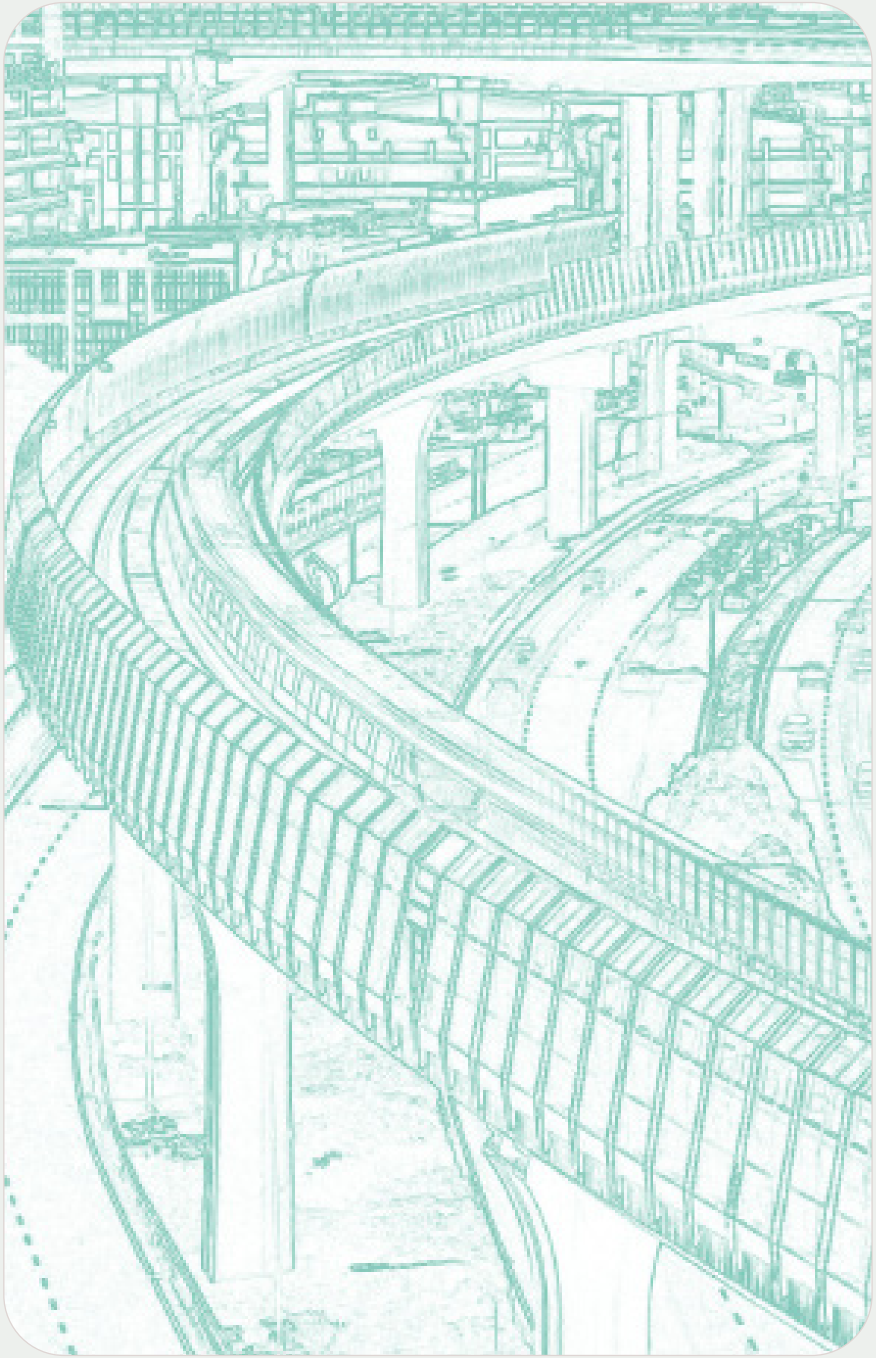
From niche exposure to strategic allocation: a true coming of age

European lower mid market infrastructure is moving from niche exposure to strategic allocation within private markets portfolios.

> "What was once considered as a fragmented, specialist segment has turned into a core gateway to essential assets, stable long term cash flows, and tangible real economy impact."

For investors, it can offer diversification not only within an institutional portfolio but also within the infrastructure asset class itself.

As the energy transition accelerates, digital connectivity deepens, and Europe needs to strengthen its competitiveness and sovereignty, the lower mid market is increasingly where these transformations take place. For investors with the right partner—one equipped with sourcing capabilities, technical expertise, and genuine on the ground access—this segment represents a compelling opportunity to capture value where the market is structurally underallocated. Its coming of age is not just underway: it is reshaping how infrastructure capital will be deployed in the decade ahead.



About Infrastructure Debt at LBP AM

8

Funds

€3,5

bn Amounts invested

74

Financed transactions

€2,1

bn Low-carbon projects

Source: LBP AM as of end of December 2025.
Each investment involves risks, including but not limited to the risk of capital loss.

Disclaimer

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