Investing in Energy Transition Infrastructure's **Middle Market**

2025

SUSI PARTNERS

The Middle Market is the Motor of the Energy Transition

While large-scale projects like offshore wind farms and national grid expansions capture headlines, mid-market energy transition infrastructure plays an increasingly crucial role in driving the transition forward.

With energy systems evolving from a centralised, command-and-control model to a more flexible distributed model, the lower end of the infrastructure market segment has become the motor of the energy transition by enabling rapid deployment of distributed projects closer to sources of demand. This decentralisation creates a fertile ground for numerous small- to mid-sized transaction opportunities across production, distribution, and end-use of clean energy.

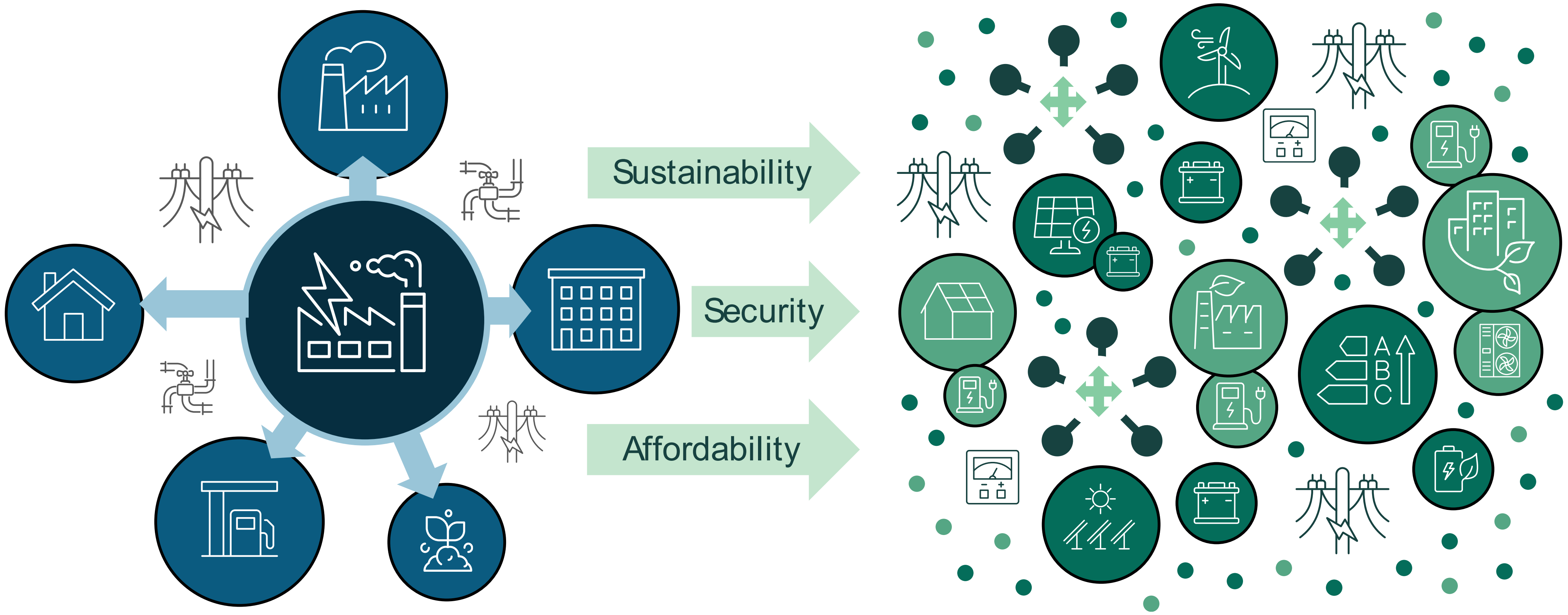
At SUSI, our focus is sharply attuned to this segment, where smaller, more agile companies drive transformational change in energy systems.

Our Focus on the Lower End of the Middle Market

The definition of the middle market varies with different sources applying different thresholds. Where data is presented, we will specify the definition used according to the source materials. At SUSI Partners, our focus lies on the lower end of the mid-market segment. With our equity strategy, we look for exposures to portfolio companies of up to EUR 150 million while our credit platform generally commits between EUR 15 and 25 million to partner companies. This allows us to invest at sufficient scale while avoiding concentration risks.

From centralized, carbon-intensive energy systems with few opportunities for large-cap investors only …

…towards distributed energy systems offering an abundance of small to mid-sized opportunities.



In this landscape, the ability to efficiently deploy capital at scale is critical. At SUSI, we have honed our investment approach to meet this challenge. On the equity side, we leverage controlling equity stakes and a platform approach to build sizeable project portfolios in close collaboration with local management teams. On the credit side, we establish long-term framework agreements with energy service companies and other project originators that enable highly efficient and repeatable deal execution to achieve scale in fragmented markets (see pages 3-4).

With the right approach, the middle market offers significant advantages. The high degree of diversification inherent in this segment provides enhanced downside protection. Moreover, due to lower competition from other capital providers, investments can be executed on a fully bilateral basis and closed at attractive valuations compared to larger transaction segments. Furthermore, portfolio companies have ample room to grow and can be strategically exited at premium valuations. Unlocking this potential for access to superior risk-return profiles requires specialised expertise, which we at SUSI Partners have built and honed for over 15 years.

Platforms & Framework Agreements

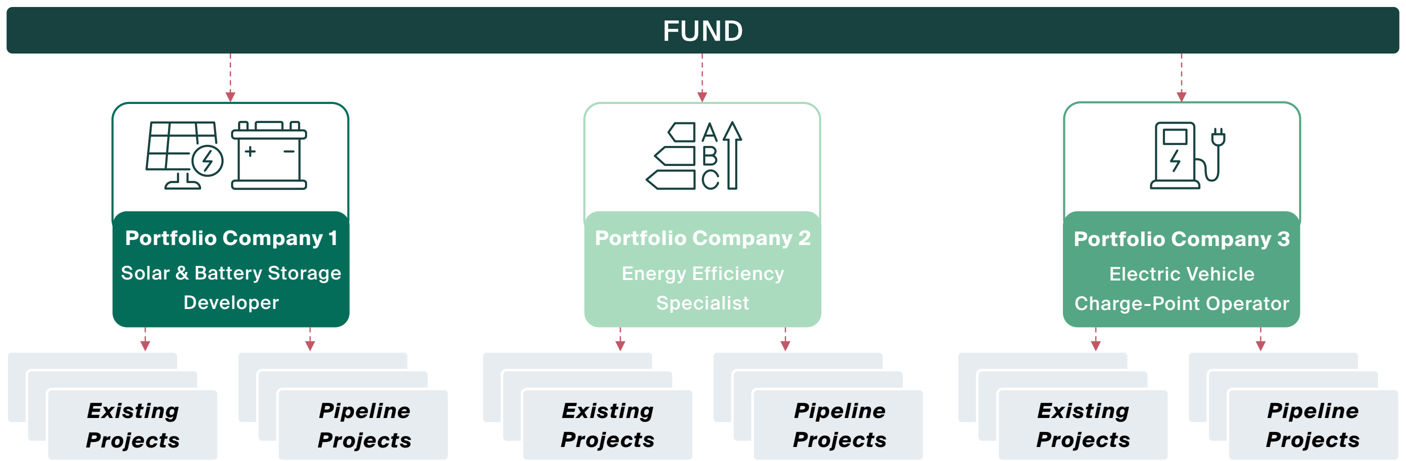
Our investment approach centres on building long-term partnerships with clean energy companies and their management teams by providing structured funding that ensures long-term visibility to support their growth ambitions. A platform approach for our equity strategy and long-term framework agreements for the credit strategy enable us to invest institutional capital at scale despite smaller individual project sizes at the lower end of the mid-market segment.

Equity: Platforms

A platform approach to energy transition infrastructure investing aggregates multiple projects under one portfolio company, making it particularly effective in fragmented markets. Each platform has a dedicated management team staffed by locally rooted experts specialising in the acquisition, development, construction, and operation of clean energy assets.

While platforms may acquire ready-to-build or operational projects, they can also develop projects themselves, offering flexibility to either construct and operate or sell them opportunistically, which helps investors avoid paying high development premia. Additionally, platforms can bundle smaller individual projects into sizeable portfolios that attract project financing on more favourable terms than individual projects could secure on their own. The platform structure thereby enhances scalability, efficiency, and financial optimisation in energy transition infrastructure investments.

We generally secure controlling equity stakes in the companies we acquire or establish from the ground up, which allows us to actively shape our investments.

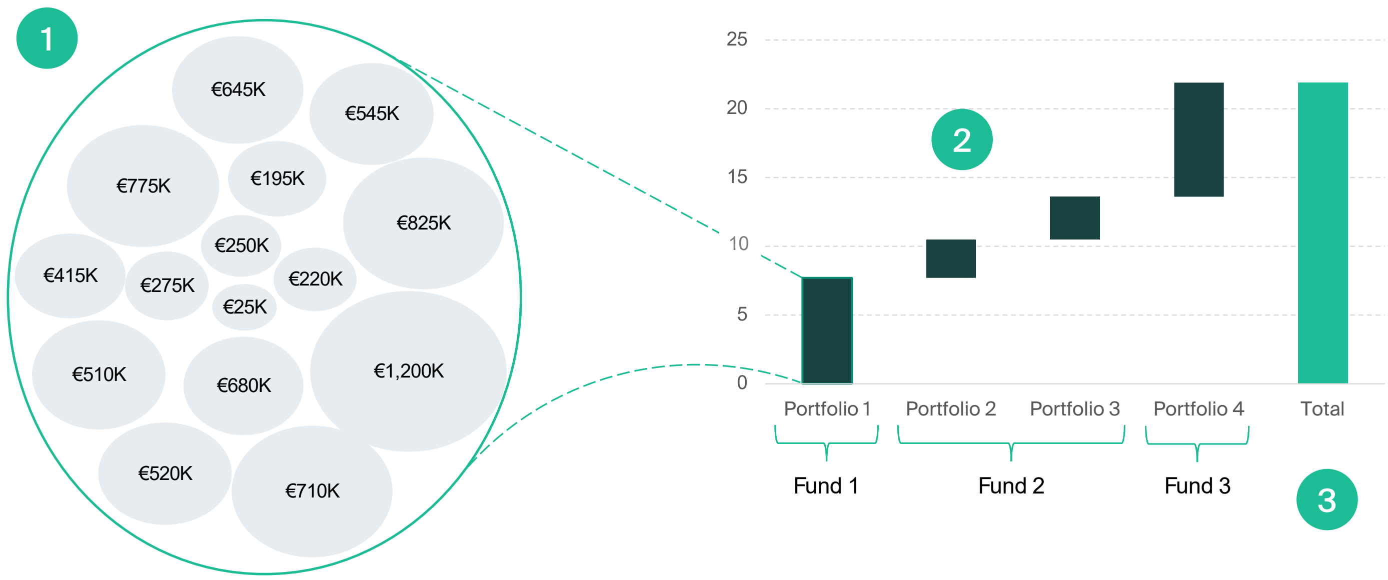


Platforms, i.e. portfolio companies may be acquired or built up in cooperation with local management teams. In addition to constructing and operating projects, platforms often have the capabilities to develop extensive project pipelines in-house to avoid paying high development premia.

Senior Credit: Framework Agreements

To efficiently execute credit investments in fragmented segments of the energy transition, we establish framework agreements with our partner firms, enabling standardised and highly efficient transaction execution. Rather than financing individual projects one by one, we bundle qualifying projects into larger portfolios that meet our underwriting criteria. This approach not only streamlines the investment process but also reduces the need for executing separate transactions for each project, enhancing both scalability and operational efficiency in deploying capital.

1. Projects that meet our underwriting criteria are bundled in sizeable project portfolios and then financed through individual transactions.
2. Framework agreements with our partner firms allow for repeat transactions based on pre-agreed criteria and terms.
3. Being a valuable long-term partner to project originators has allowed us to renew framework agreements for follow-on credit vehicles.



Finding Attractive Value in the Middle Market

Specialised investors with the ability to operate in the lower end of the mid-market segment benefit from less competitive situations and typically more attractive valuations. This benefit is rooted in several key factors that create a unique environment for investment in this segment.

1 Abundance of Deal Opportunities

There is an abundance of projects spearheaded by dedicated and ambitious mid-sized companies. These firms generate a diverse and plentiful deal flow by identifying and developing projects, leveraging their local networks and intricate knowledge of the local energy landscape. Such a vibrant ecosystem means investors have a rich selection of projects available.

2 Less Investor Competition

The mid-market segment is characterised by less competition among capital providers, allowing specialised investors to secure attractive terms. Larger funds, where a majority of available capital is concentrated, typically require higher transaction values to justify their investment of clients' capital and therefore often bypass these opportunities. In addition, highly effective aggregation strategies that require specialisation are essential to manage transaction costs efficiently. This dynamic allows specialised investors to negotiate better terms, as the capital intensity and operational demands of aggregating smaller projects naturally filter out larger players who might otherwise drive up prices.

Investors can further reduce competitive pressure by gaining exclusive access to companies' project pipelines through contractual partnerships with mid-sized companies. These proprietary channels not only preclude bidding wars but also ensure that investors are introduced to opportunities that may not be widely marketed. This access to off-market deals further enhances the potential for acquiring assets at a favourable cost basis.

3 Competitive Advantage for Experts

Among capital providers that are able to operate in the mid-market segment, investors can gain a significant competitive advantage by offering target companies not just capital but hands-on expertise (more on pages 9-10). As a pure mid-market financial investor with a sole focus on energy transition infrastructure, we are often able to edge out other competitors based on our longstanding experience in this theme.

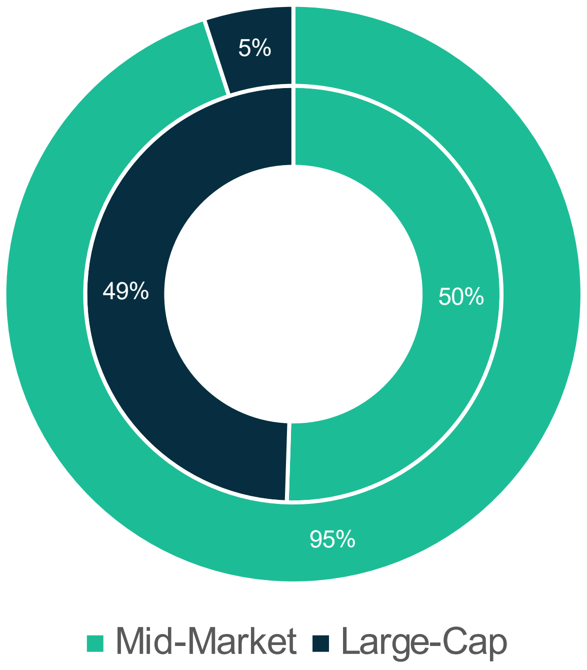
More deal opportunities and fewer investors who can effectively operate in the lower end of the middle market create a highly attractive investment environment for those with the necessary specialisation to be successful in this segment.

Mid-market transactions account for the vast majority of executed deals, reflecting the much vaster opportunity pool in these segments.

Source: Hamilton Lane (2024). The Infrastructure Middle Market Is Ripe with Opportunity.

Notes: Mid-Market ≤ USD 2.5 billion enterprise value; Large Cap > USD 2.5 million enterprise value

% of Number of Deals (Outer Donut) and % of Transaction Value (Inner Donut) by Deal Size in 2023



Sector Split of Recorded Mid-Market and Large-Cap Transactions in 2022

Ranking	Mid-Market (%)	Large-Cap (%)
1	**Solar Power (24)**	Telecommunications (18)
2	**Wind Power (10)**	**Renewable Energy (11)**
3	Telecommunications (9)	Natural Resources (10)
4	Energy (6)	Energy (7)
5	**Clean Technology (5)**	Internet (7)
6	Power Distribution (5)	Economic (7)
7	**Renewable Energy (5)**	Railroads (5)
8	Internet (4)	Airports (3)

Source: Patrizia (2023). The Path to Promotion for Mid-Market Infrastructure (based on Preqin data).
Note: Mid-Market < EUR 1 billion in enterprise value at entry.

How We Generate High-Quality Deal Flow in the Fragmented Middle Market

We gain access to consistent deal flow at attractive value through a thesis-driven investment approach and a focus on bilaterally sourced partnerships that allow us to secure proprietary deal opportunities.

1 Thesis-Driven Approach

At SUSI Partners, we employ a research- and thesis-driven approach to deal origination, ensuring that our investment decisions are based on in-depth market analysis and focus on market fundamentals. By proactively identifying themes and markets within the energy transition infrastructure space, we target opportunities that offer attractive relative risk-return profiles.

2 Focus on Bilaterally Sourced Opportunities

With over 15 years of experience in the energy transition infrastructure market, we have built strong networks that enable us to source investment opportunities bilaterally, often partnering with independent local management teams. This approach is particularly suited to the lower end of the mid-market segment, where companies are typically still independent, i.e. are not controlled by sophisticated financial investors.

Over the last 15 years, we have built a reputation as a value-adding financial partner, having supported today well-established clean energy companies in their early days. This makes us a preferred financial partner for clean energy companies because we offer not just capital but also deep sector expertise and access to valuable industry networks that help businesses achieve their growth objectives.

Furthermore, with our ability to invest across the capital stack through both equity and credit, we provide tailored capital solutions that address the specific needs of each company, ensuring optimal support for their development.

3 Securing Continuous, Proprietary Deal Flow

Our locally anchored portfolio and partner companies act as extensions of our in-house deal origination capabilities, allowing us to concentrate on finding the right partners rather than sourcing individual projects. These partners, deeply embedded in their respective communities and industry networks, play a crucial role in identifying high-quality deals that align with our investment criteria.

Through our platform approach on the equity side and framework agreements on the credit side, we secure proprietary access to consistent pipelines of attractive investment opportunities. This model not only enhances deal flow but also ensures that we gain exposure to high-value transactions at favourable terms. By maintaining close, long-term partnerships, we can effectively establish a strong presence in key markets without requiring a dedicated on-the-ground team, reinforcing our ability to drive the energy transition across Europe and beyond.

Cross-Strategy Origination w/ GENERA

In early 2021, we acquired a majority stake in Italian energy service company and energy efficiency specialist GENERA. Our relationship with GENERA began in 2014 through our credit platform, and the success of this partnership ultimately allowed us to transition from credit partner to majority shareholder through bilateral channels. Crucially, GENERA's management valued our deep sector expertise and trusted us as the right equity partner to support their continued growth.

Value Creation: Leveraging Specialised Expertise

Mid-market clean energy companies are often primed for growth but may still lack in operational maturity. This gap in operational robustness creates an opening for us to leverage our deep sector expertise based on 15 years of activity in the energy transition infrastructure space, thereby contributing far more than just capital but creating sustainable value on behalf of our clients.

1 Equity: Building Best-In-Class Companies

Our focus on attaining controlling stakes through our equity strategy allows us to actively shape the future of our portfolio companies by guiding their strategic orientation, enhancing operational efficiency, and supporting the management of individual assets.

Our dedicated in-house experts across investment, portfolio services, and ESG teams work very closely with our portfolio companies on establishing robust governance structures, upholding high environmental and social standards, and facilitating technological and geographical expansions. Additionally, we provide technical and commercial management expertise on an asset level and support them in executing bolt-on acquisitions and debt raises.

The symbiosis of our longstanding experience in the energy transition infrastructure space with their local embeddedness and technical capabilities positions these companies for sustainable growth and attractive exit opportunities when larger funds or strategic buyers are ready to step in.

2 Increased Transaction Liquidity

Larger funds and strategic buyers, where the bulk of available capital resources are concentrated, are typically drawn to investments that are more substantial in size and proven in terms of operational success. Due to their mandate to deploy larger capital sums, these funds seek opportunities with sizeable ticket sizes, as smaller investments would limit their ability to generate optimal returns.

Investors, therefore, stand to realise strong exit opportunities once the company reaches a scale that appeals to these potential acquirers, at which point they are well positioned to benefit not only from the value they have added during ownership but also from the increased demand and liquidity in the transaction market. This dynamic creates a favourable environment for exits and maximises the potential for returns on investment.

3 Credit: Proactive Risk Management & Stewardship

In credit investments, value creation lies in effective risk mitigation. Our focus is on avoiding downside through a deep understanding of risks, built on over a decade of experience, specialised expertise, and sophisticated risk control tools. We achieve broad diversification across numerous smaller projects via our proven aggregation strategy and implement robust investment structuring, including cross- and cash-collateralisations, first-loss guarantees, and other protective measures. Our dedicated asset management team actively monitors investments, and we maintain close relationships with our partner firms, enabling early identification and mitigation of potential risks.

While the scope for influence on our partner firms might be more limited on the credit side, we can still act as stewards. By negotiating contractual obligations that mandate certain operational policies and standards, we ensure that the companies maintain discipline and quality throughout their development. In addition, having access to scalable capital sources can help these businesses transform an asset-heavy business into a deleveraged structure that facilitates their further scale-up and may as a result attract further capital from equity investors. As a consequence, resulting improvements to their credit standing can further improve the risk-return profile of our credit investments.

Technological Expansion w/ ReFeel New Energy

We set up ReFeel New Energy ("RNE") in early 2022 as a solar PV development platform led and co-owned by a highly experienced local management team. Later in the same year, we expanded the business plan to also pursue the development of battery energy storage projects, leveraging RNE's development capabilities and our longstanding experience in investing in this technology.

Geographical Expansion w/ Elaway

In the summer of 2023, we acquired a majority in electric vehicle charging ("EV") operator Elaway. At this point mainly present in the Norwegian market, we identified Germany and Sweden as key European markets to expand into and have since supported Elaway in conquering these markets to become the leading charging provider for housing communities.

Conclusion

Investing in small- to mid-market transactions within the energy transition infrastructure space presents a unique opportunity for specialised investors with the right expertise and connections.

This segment offers attractive entry valuations due to lower competition, the potential for significant value creation through professionalisation and scaling, and strong exit opportunities driven by large-cap investors' demand for scaled-up businesses. As a result, mid-market investments provide the opportunity to access more attractive risk-return profiles compared to large-cap transactions. However, given the higher variability of returns, specialised expertise is crucial to achieving consistently strong outcomes.

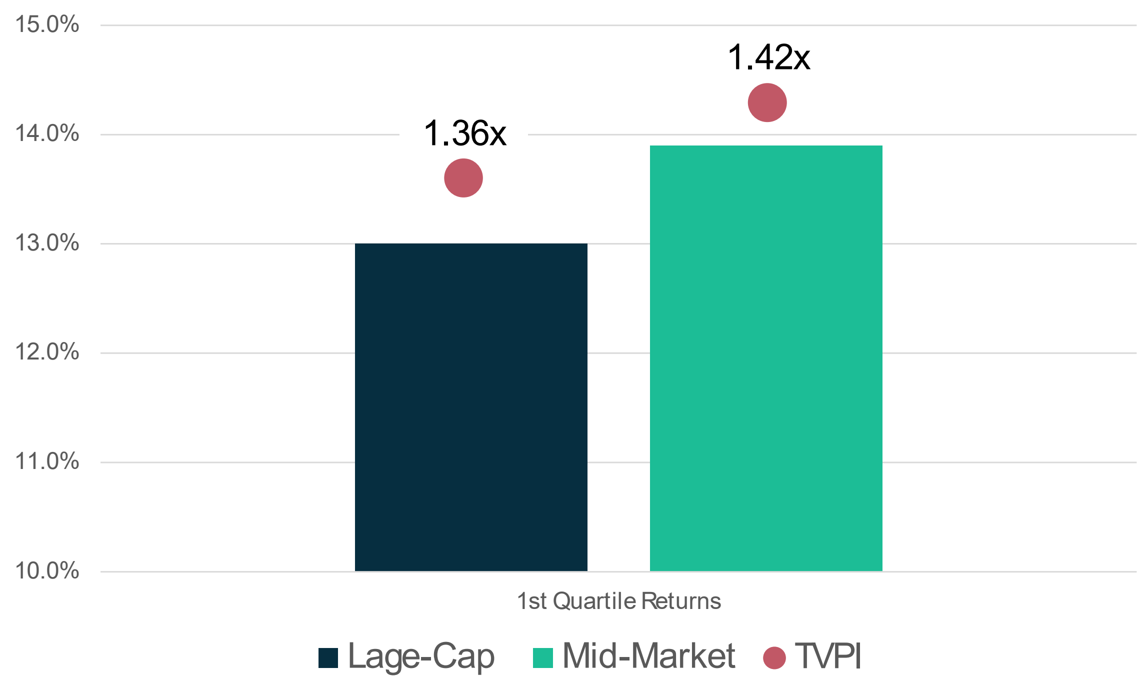
At SUSI Partners, we focus on this market segment because it allows us to leverage our deep sector expertise as a dedicated energy transition infrastructure investment manager. Our approach is built on several key pillars.

First, we access less competitive investment opportunities by utilising our extensive industry networks to source deals bilaterally. Second, we work closely with locally rooted clean energy companies, gaining proprietary access to high-quality project pipelines while prioritising long-term partnerships over individual transactions. Third, we actively create value beyond capital by contributing our expertise to help portfolio and partner companies professionalise and grow.

By bringing these elements together, we generate attractive risk-adjusted returns for our clients while driving the energy transition forward in a meaningful and sustainable way.

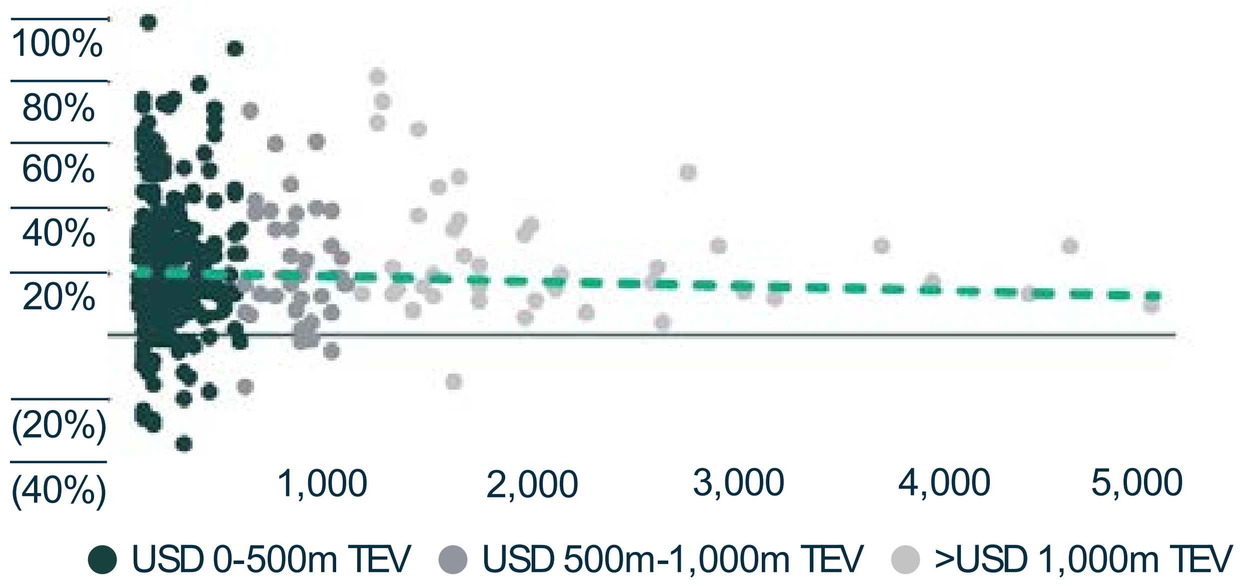
> *The middle market offers greater upside potential than the large-cap segment but also higher variability, highlighting the need for specialised expertise to unlock more attractive risk-adjusted returns.*

Net IRR & Total Value to Paid-In (TVPI) Performance



Source: Hamilton Lane (2024). The Infrastructure Middle Market Is Ripe With Opportunity.
Note: Data sourced from Cobalt, as of September 2023.

Gross IRR and Entry Enterprise Value for Realised Deals



Source: Stepstone (2023). Infrastructure's Middle Market: An Emerging Opportunity.
Note: Data sourced from SPI Research, as of June 2023.

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