

InvestEU Scoreboard

Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: MML Infrastructure (the “Fund”)

Type of approval: Individual financing or investment operation

Name of Financial Intermediary: MML Infrastructure I SCSp

Country(-ies) of implementation of the operation: The Fund will invest across EU-27, with the core markets being France, Germany, Benelux and the Nordics, with a minority portion invested in the UK.

Short description of the financing or investment operation:

The Fund will make value-added infrastructure investments focusing on distributed infrastructure with visible and stable cash flows driven by the asset base or recurring revenues. No greenfield projects will be targeted.

While investing in these companies with infrastructure characteristics, MML will apply the private equity toolbox for value creation (including internationalization, growth via buy and build and organic expansion inter alia) to create additional value via business transformation.

Public Statement

Eligible area for the Operation in accordance with Annex II to the InvestEU Regulation:

- **Item 1 of Annex II of the InvestEU Regulation:**

the development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, clean energy transition and the commitments taken under the 2030 Agenda for Sustainable Development and the Paris Agreement

- **Item 3 of Annex II of the InvestEU Regulation:**

environment and resources

- **Item 4 of Annex II of the InvestEU Regulation:**

the development of digital connectivity infrastructure, whether physical or virtual

- **Item 7 of Annex II of the InvestEU Regulation:**

financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies

The Fund will make significant equity investments into lower mid-market companies located in EU-27, with value-added infrastructure characteristics.

The use of the EU Guarantee allows EIF to invest in the proposed Fund, which otherwise it would not have been able to do, considering the increased inherent risk resulting from:

- Limited track record of MML in the targeted strategy, which is new to the company.
- The dedicated team constitutes a first-time team.

The Fund held a first closing in January 2023 to execute the Fund’s first investment. The Fund now needs to reach a viable minimum size in a timely manner, to ensure sufficient diversification in the portfolio and deploy the envisaged strategy.

For this, EIF’s investment is critical, as it is expected to generate a strong catalytic effect for the Fund. This is particularly relevant in light of the current fundraising environment, which is very challenging,

especially for first-time teams coming to the market, albeit having the backing of an established Manager. The investment from EIF will provide a seal of approval and institutional support for a new initiative set-up by an established Manager and ensure that good market practices and terms are implemented.

With this new strategy, MML will target the mid-market distributed infrastructure asset segment, primarily Small Mid-Cap companies that are perceived as riskier and thus do not have easy access to funds. As this is a market segment not usually served by the larger infrastructure funds, there are few active investors present with strong appetite for risk, of which some are dedicated infrastructure investors with a specific geographic focus and the rest are opportunistic private equity investors.

The Fund aims at increasing alternative sources of financing for SMEs and Small Mid-Caps across EU-27, especially in the infrastructure sectors key for the green and digital transformation of the EU.

The scale of financing expected to be made available by the financial intermediary to final recipients (i.e. leverage) is estimated at c. 11x, in accordance with the “InvestEU Leverage and Multiplier Effect Calculation Methodology” as approved by the InvestEU Steering Board.

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features: (i) the provision of scarce alternative source of equity financing; (ii) contribution to the diversification of funding sources for final recipients; (iii) the transfer of experience, know-how and network by the financial intermediary to portfolio companies, supporting their further internal & external growth and internationalization.

In relation to the impact of the operation on the ecosystem: the segment of mid-market distributed infrastructure assets suffers from lack of investors, with only a few active players present, of which some dedicated infrastructure investors and the rest being opportunistic private equity investors.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Good**)

Pillar 4 - Financial and technical contribution by the Implementing Partner (**Very Good**)

Pillar 5 - Impact of the financing or investment operation (**Very Good**)

Pillar 7 - Complementary indicators

Operation-specific indicators, estimated based on the “InvestEU Leverage and Multiplier Effect Calculation Methodology” as approved by the InvestEU Steering Board

- (a.1) Leverage effect: Indicatively 11x.
- (a.2) Multiplier effect: Indicatively 33x
 - Estimated number of targeted final recipients: c. 10-12

ESG aspects

MML Infrastructure is a SFDR 8 fund and scores medium-high on EIF’s ESG scoring which is further supported by the systematic approach that MML has taken with respect to implementing relevant KPIs at portfolio level. MML has already reached a satisfactory level in terms of overall compliance with ESG principles, screening criteria in the pre-investment phase and reporting to LPs. On the other hand, MML has still room for improvement on Diversity and integration of ESG matters in the objectives and remuneration scheme at firm and portfolio company level.