

SMART INFRASTRUCTURE

MARKET RESEARCH

EMERGING MARKETS &
MEA REGIONAL
ANALYSIS

STRONGHOLD
VENTURE PARTNERS

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CONFIDENTIAL

For Institutional Investors Only

Introduction

We trust this report will serve as a valuable resource in understanding the smart infrastructure opportunity and making informed investment decisions that generate attractive returns while contributing to sustainable development outcomes.

- The global smart infrastructure market will grow from \$2.1 trillion in 2025 to \$3.92 trillion by 2030, representing 12.8% CAGR with emerging markets growing faster at 15-18% CAGR.
- Project-level returns of 15-25% IRR are achievable with appropriate risk mitigation, comparing favorably to traditional infrastructure (10-14% IRR) while offering similar downside protection.
- The MEA region offers particularly attractive opportunities with 16.8% market CAGR, strong government support through Vision programs, and significant infrastructure gaps creating greenfield opportunities.
- Digital infrastructure and smart energy systems represent 62% of current investment and offer the most mature business models with proven track records in emerging markets.
- Strong ESG performance is not just a compliance requirement but a value driver, enabling access to concessional financing at 100-200 bps below market rates and improving project IRRs by 150-300 bps.

Key Findings

Our analysis reveals a significant and growing investment opportunity characterized by attractive returns, manageable risks with appropriate structuring, and substantial positive impact on sustainable development. Key findings include:

- **Market Sizing & Forecasting:** Analysis of spending data from 45+ countries, cross-referenced with infrastructure investment databases (IJ Global, Preqin Infrastructure, World Bank PPP), government budget allocations, and development finance institution pipelines.
- **Financial Analysis:** Returns data synthesized from 200+ disclosed infrastructure transactions, public company financials for comparable operators, institutional investor surveys, and development finance institution project disclosures.
- **Technology Assessment:** Evaluation of maturity, scalability, and economics for each technology subsegment, incorporating data from industry associations (GSMA, ITU, IRENA), academic research, and technology vendor disclosures.
- **Case Study Development:** In-depth analysis of selected projects with verified performance data, including review of transaction documents, financial statements, and stakeholder interviews where available.
- **Risk Framework:** Assessment of political, regulatory, commercial, and technical risks based on historical project experience, sovereign risk ratings, and institutional investor risk management practices.

Highlights

Methodology

Our research methodology combines quantitative market analysis with qualitative insights from industry practitioners. The report draws on multiple data sources and analytical approaches:

- What is the size and growth trajectory of the smart infrastructure market globally and in key emerging markets?
 - Which technology segments and asset classes offer the most attractive risk-adjusted returns for institutional capital?
 - How should investors structure investments to optimize returns while managing emerging market-specific risks?
- What role does smart infrastructure play in achieving sustainable development goals and climate commitments?
- What are the practical lessons from successful smart infrastructure deployments in emerging markets?

Preface

Smart infrastructure stands at the intersection of three defining megatrends of our era: rapid urbanization, digital transformation, and the imperative to address climate change. As cities expand and populations grow, the infrastructure that underpins modern life—from telecommunications and energy grids to transportation networks and water systems—must evolve to become more intelligent, efficient, and sustainable.

This market research report represents a comprehensive analysis of the global smart infrastructure opportunity, with particular emphasis on emerging markets and the Middle East & Africa (MEA) region. Our research synthesizes data from over 100 institutional sources, analysis of 200+ infrastructure transactions, and insights from extensive stakeholder consultations with governments, development finance institutions, technology providers, and institutional investors.

About the Report:

This report is designed to serve as a strategic resource for institutional investors, development finance institutions, sovereign wealth funds, infrastructure operators, and policymakers seeking to understand and participate in the smart infrastructure investment opportunity. Our analysis addresses five critical questions:

Executive Summary



\$2.1T → \$3.92T Global Market Growth 2025-2030

Smart infrastructure represents a \$3.5T+ global investment opportunity by 2030



15-25% Target Project IRR Risk-Adjusted Returns

65 million people move to cities annually, accelerating infrastructure demand



16.8% MEA Region CAGR Fastest Growing Market

5G and digital rollout is creating \$1.3T+ incremental demand



12 out of 17 UN SDGs Supported High Impact Rating

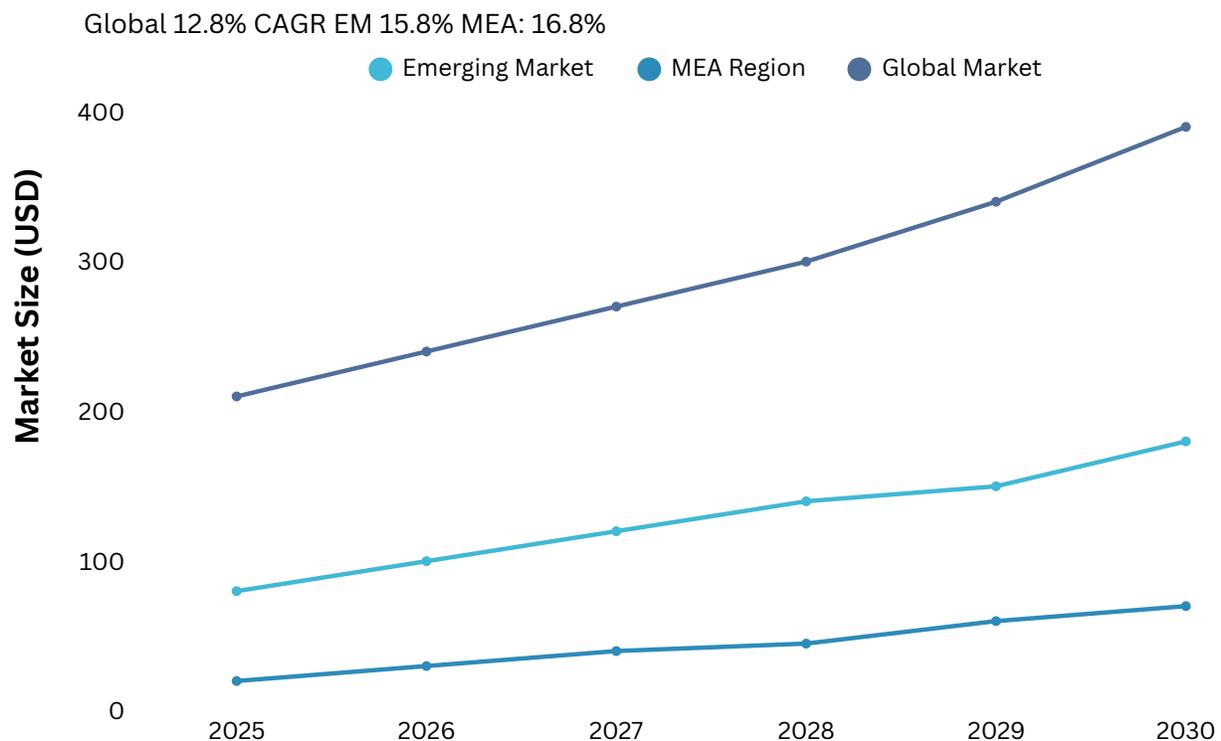
Infrastructure offers long-term, predictable, and inflation-linked revenue streams



High ESG Impact

Sector provides attractive risk-adjusted returns with proven business models

Figure 1: Global Smart Infrastructure Market Growth Projection



Digital Infrastructure

(30%-40% Portfolio Allocation)

Foundation Layer for Smart Ecosystem | Core-Plus Strategy

Digital infrastructure represents the highest-conviction allocation given proven business models, utility-like characteristics, and strong secular growth drivers. This tier provides portfolio stability while capturing upside from exponential data growth.

- Fiber Networks (50-60% of digital allocation):

Fiber-to-the-home (FTTH) and wholesale fiber infrastructure. Secondary cities offer superior economics: \$500-800 capex per home vs \$800-1,200 in Tier-1 metros, lower competitive intensity (1-2 players vs 3-4), longer wholesale contracts (15-20 years vs 10-15 years). Target 18-22% unlevered IRR. Revenue certainty from take-or-pay agreements with investment-grade telecoms enables 65-70% debt financing. Key geographies: GCC secondary emirates, Egypt tier-2 cities, Kenya/Nigeria metro expansion.

- 5G Infrastructure (25-35% of digital allocation):

Macro towers, small cells, distributed antenna systems (DAS). \$1.3T global 5G infrastructure demand by 2030. Long-term lease agreements (10-20 years) with mobile network operators, 45-55% EBITDA margins, minimal demand risk given spectrum obligations. Neutral host models enable multiple tenant revenues. Target 16-22% IRR. High debt capacity (60-65%) given contracted cash flows. Priority markets: Saudi Arabia (Vision 2030), UAE (Dubai 2040), South Africa (urban densification).

- Edge Data Centers (15-25% of digital allocation):

Tier II/III data centers serving enterprise, government, cloud providers. \$5-15M capex per facility, 35-45% EBITDA margins at scale, 6-8 year payback. Premium pricing for low-latency applications (financial services, gaming, AI/ML) and data sovereignty compliance. Revenue model: colocation (\$200-400/kW monthly), cross-connects, managed services. Target 20-25% IRR. Emerging markets offer first-mover advantages in secondary cities. Focus: Dubai (regional hub), Cairo (North Africa gateway), Nairobi (East Africa hub).



Digital Infrastructure Profiling



Financial Profile:

- Blended 17-21% unlevered IRR 40-55% EBITDA margins
- 7-10 year payback
- 60-70% debt capacity

**25%-30%
CAGR**

Key Value Drivers:

Data traffic growth (25-30% CAGR), 5G monetization creating \$1.3T incremental demand, digital transformation mandates, smart city programs (\$200B+ government commitments), improving unit economics through network density.

Risk Profile:

- Medium risk. Mitigation: regulatory frameworks established in target markets, technology risk low (proven solutions),
- demand supported by secular trends (25-30% data CAGR), exit liquidity high (strategic buyers, infrastructure funds, REITs).

Implementation Strategy:

Build initial positions in GCC markets (lowest risk, 14-18% IRR) for portfolio foundation. Scale in Tier-2 emerging markets (Egypt, Kenya, Nigeria) targeting 20-24% IRR. Partner with established operators for execution capability. Implement phased deployment reducing construction risk. Target 3-5 platform investments with \$50-150M equity per deployment.

Smart Energy Systems

(25-35% Portfolio Allocation)

Addressing Critical EM Infrastructure Gaps | Impact + Returns

Smart energy addresses fundamental emerging market challenges—technical/commercial losses of 20-35%, inadequate grid capacity constraining renewable integration, and unreliable power supply limiting economic development. Projects deliver measurable utility improvement while generating strong returns.

- Advanced Metering Infrastructure - AMI (40-50% of energy allocation):

Smart meter deployment replacing conventional meters. Economics compelling: reduces combined technical/commercial losses from 25-35% to 8-12%, improving utility EBITDA by 15-25%. Project IRR 14-18%, payback 6-8 years, EBITDA margins 30-40%. Capex \$30-60 per meter installed. Bankable structures: availability-based PPPs with government guarantees, or direct utility procurement with payment security. Government mandates in 25+ countries covering 800M+ connections by 2030. Priority markets: Egypt (35% losses), Nigeria (40%+ losses), Kenya (25% losses), all with active procurement.

- Grid Modernization & Smart Grids (25-35% of energy allocation):

Transmission/distribution automation, SCADA systems, AI-based load management. Enables 40-60% renewable penetration vs 15-20% conventional grids. Project IRR 15-19%, BCR 2.5-3.5x. Capex \$100-300M for regional grid covering 1-3M customers. Revenue model: availability payments, performance incentives for reliability improvement. Critical for countries meeting Paris commitments requiring \$150-200B smart grid investment globally. Target markets: Saudi Arabia (renewable integration for Vision 2030), South Africa (Eskom turnaround), Morocco (52% renewable target).

- Distributed Energy Resources - DERs (20-30% of energy allocation):

Solar mini-grids, rooftop solar programs, battery storage. Mini-grids: 18-25% IRR, \$800-1,500 capex per connection, 40-50% EBITDA margins. Kenya case study: 50-site portfolio achieved 23.8% IRR, 94% collection rates via mobile money, 42% EBITDA. Carbon credits provide 100-200 bps additional return. Blended finance structures (DFI concessional + commercial debt + equity) reduce WACC to 9-12% vs 14-16% pure commercial. Rooftop solar: Commercial/industrial installations, 15-20% IRR, PPA-based (10-15 years) or lease-to-own structures.

Smart Energy System Profiling



Financial Profile:

- Blended 16-20% unlevered IRR | 25-40% EBITDA margins
- 6-10 year payback
- 55-65% debt capacity

Risk Profile:

- Medium risk. Mitigation: government offtaker for AMI/grid projects reducing demand risk, utility credit enhancement (escrow accounts, payment security),
- technology proven and warranty-backed, regulatory frameworks improving (cost-reflective tariffs, independent regulation).

\$150-200B Investments

Key Value Drivers:

Utility financial distress creating reform imperative, renewable integration requirements (\$150-200B investment), government commitments (Egypt 42% renewable by 2035, Saudi 50% by 2030), carbon financing improving economics 100-200 bps, DFI support providing concessional capital.

Implementation Strategy:

Prioritize AMI projects with government guarantees (Egypt, Kenya tenders active). Partner with utilities on grid modernization PPPs leveraging IFC/EBRD co-financing. Build mini-grid portfolios (50-100 sites) for operational efficiency. Develop EV charging platforms in GCC markets (strongest near-term adoption). Target 4-6 platform investments with \$30-80M equity per deployment.

Urban Smart Infrastructure

(15-25% Portfolio Allocation)

Quick-Payback, PPP-Friendly, Scalable Opportunities

Urban infrastructure addresses visible, measurable problems—traffic congestion costing 3-5% of GDP, municipal budget constraints, citizen service demands. Projects offer quick paybacks, clear value propositions, and political support making them attractive PPP candidates.

- Intelligent Transport Systems - ITS (35-45% of urban allocation):

Traffic management centers, adaptive signals, parking management, transit tracking. BCR 2.5-4.5x, congestion reduction 15-25%, emissions reduction 20-30%. Capex \$5-25M per city (varies by scope). Revenue model: availability payments from municipality, parking fees (where applicable), data monetization. Payback 8-12 years for full system. Priority: cities >1M population with severe congestion (Lagos, Cairo, Nairobi, Riyadh, Jakarta). Target 12-16% IRR.

- Mobility-as-a-Service - MaaS Platforms (25-35% of urban allocation):

Integrated multimodal platforms (public transit, ride-hailing, micro-mobility, parking). Revenue streams: user subscriptions (\$20-40/month, 60-70% margins), operator commissions (15-25% of transaction, 40-50% margins), advertising (70-80% margins), B2B data services (80-90% margins). EM platforms show 40-50% YoY growth. Target 25-35% IRR. Success factors: government partnerships for transit integration, exclusive operating agreements, network effects from density. Capex-light model (\$5-15M for platform + initial rollout), operational leverage as user base scales.

- Smart Street Lighting (20-30% of urban allocation):

LED retrofit with controls, dimming, remote monitoring. Shortest payback in smart infrastructure: 3-5 years from 50-70% energy savings alone. Additional value from public safety integration (CCTV mounting), environmental monitoring, WiFi backhaul. Highly bankable PPP structure: ESCO model with municipal energy savings paying service fees. EBITDA margins 35-45%. Capex \$400-600 per light point. Scalable: typical city 10,000-50,000 light points. Target 14-18% IRR.



Urban Smart Infrastructure Profiling



Financial Profile:

- Blended 15-22% unlevered IRR | 20-40% EBITDA margins
- 4-10 year payback
- 60-70% debt capacity

Risk Profile:

- Low-Medium risk. Mitigation: municipal creditworthiness addressable through payment security mechanisms,
- proven technologies reducing execution risk,
- quick paybacks limiting political cycle exposure,
- clear citizen benefits generating political support.

**65M Cities,
\$50-150B
\$200B+
Commitments**

Key Value Drivers:

Key Value Drivers: Rapid urbanization (65M people to cities annually), traffic congestion costing \$50-150B annually in major metros, municipal budget pressures creating PPP appetite, citizen demands for service quality, smart city programs providing funding (\$200B+ commitments).

Implementation Strategy:

Focus on creditworthy municipalities (GCC, South African metros). Bundle multiple projects (ITS + lighting + parking) for scale and efficiency. Partner with technology providers for turnkey delivery. Secure payment mechanisms (escrow, dedicated revenue streams). Target 5-8 city platforms with \$20-60M equity per deployment.

Opportunistic Value-Add (10-15% Portfolio Allocation)

Higher Returns, Active Management, Significant Impact

Opportunistic allocation targets higher-return opportunities requiring hands-on management, accepting elevated risk for frontier markets, emerging technologies, or complex structures. This tier provides portfolio return enhancement and impact differentiation while maintaining disciplined sizing to manage risk.

- Mini-Grid Portfolios in Frontier Markets (40-50% of opportunistic allocation): Solar mini-grids in Sub-Saharan Africa (Nigeria, Tanzania, Ethiopia, DRC) and South/Southeast Asia (Myanmar, Bangladesh, Cambodia). Target 20-28% IRR compensating for execution complexity and frontier market risks. Portfolio approach essential (minimum 30-50 sites) for operational efficiency, risk diversification, and investor credibility. Success factors: mobile money integration (90%+ collection rates vs 60-70% cash), productive use anchor loads (agricultural processing, cold storage, carpentry increasing utilization to 40-50% vs 25-30% residential-only), carbon credit revenues (Gold Standard/VCS certified providing 150-200 bps IRR uplift), local partnerships for community engagement and operations. Blended finance structures critical: DFI concessional debt (IFC, AfDB results-based financing), commercial senior debt, mezzanine, equity reducing WACC to 9-12%. Capex \$800-1,500 per connection. Exit pathways: utility acquisition as grid extends, aggregation for IPO/strategic sale, refinancing for yield-oriented investors.

- Integrated Smart City Platforms (30-40% of opportunistic allocation): Turnkey smart city developments combining multiple infrastructure elements (connectivity, energy, mobility, water, waste, governance platforms) in greenfield or major urban redevelopment projects. Examples: Saudi NEOM components, Egypt New Administrative Capital precincts, Nigeria Eko Atlantic, Kenya Tatu City. Target 18-25% IRR. Complexity from: multi-stakeholder coordination (government, anchor tenants, residents), phased deployment over 5-10+ years, technology integration requirements, regulatory approvals across sectors. Value proposition: integrated approach delivers better outcomes (15-25% cost savings, 20-30% better performance metrics) and positions for long-term platform revenues. Requires patient capital, strong government relationships, technical/operational excellence. Equity commitment \$50-200M for platform.

Opportunistic Value-Add (10-15% Portfolio Allocation) (Continued)

Higher Returns, Active Management, Significant Impact

- Early-Stage Technology Platforms (15-25% of opportunistic allocation):
Commercial-stage but scaling technologies: AI-based grid optimization platforms, autonomous shuttle systems for campuses/business districts, smart waste management (sensor-based collection optimization, waste-to-energy), advanced water treatment (smart desalination, wastewater reuse). Target 25-35% IRR reflecting technology adoption risk. Focus on proven technologies (TRL 8-9) with initial commercial deployments, not R&D stage. Pilot-to-scale approach: initial deployment proving technology/business model (12-18 months), then rapid scaling across multiple sites/cities. Often venture-growth hybrid: equity stakes in technology companies combined with project investment rights. Provides portfolio innovation exposure and option value.
- Distressed Asset Opportunities (10-20% of opportunistic allocation):
Acquire underperforming smart infrastructure assets from distressed operators or governments seeking privatization. Target 22-30% IRR from operational turnaround. Situations include: bankrupt fiber/tower operators (technology obsolescence, poor operations, overleveraged), failed PPPs (contract disputes, poor structuring), government divestitures (policy change, fiscal pressure). Value creation through: operational improvement (staff rightsizing, systems upgrade, commercial optimization), financial restructuring (debt-for-equity, new capital injection), strategic repositioning (network extension, customer acquisition, service expansion). Requires turnaround expertise, political/regulatory navigation capability, patient capital for 3-5 year turnaround period.



Frontier Market Opportunities

22-30% Returns with Transformational Development Impact

Financial Profile: Blended 22-30% unlevered IRR | 25-45% EBITDA margins | 5-8 year payback | 40-55% debt capacity

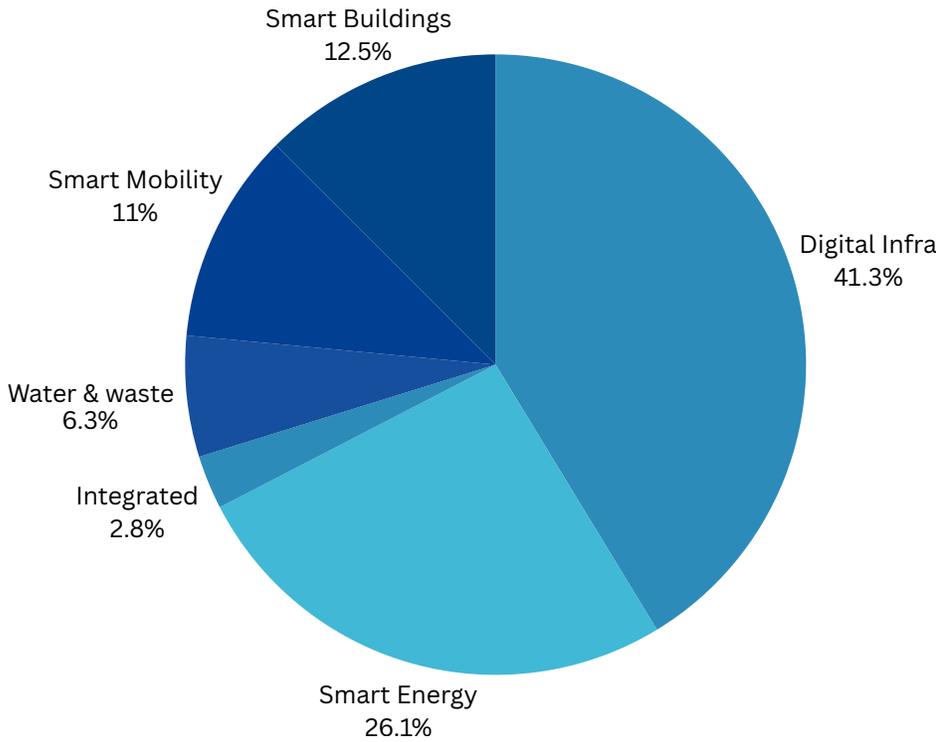
Risk Profile: Medium-High risk. Active management essential. Mitigation: portfolio diversification (minimum 3-5 investments), phased capital deployment (earn-outs, milestones), strong local partnerships (political/regulatory navigation, execution capability), downside protection (liquidation preferences, guarantees, insurance where available). Accept higher governance risk for return premium but maintain rigorous due diligence.

Key Value Drivers: First-mover advantages in frontier markets, technology adoption curves (early stage premium pricing), government reform creating privatization opportunities, impact investor capital (concessional terms for development impact), learning-by-doing operational improvements (20-30% efficiency gains vs initial deployments).

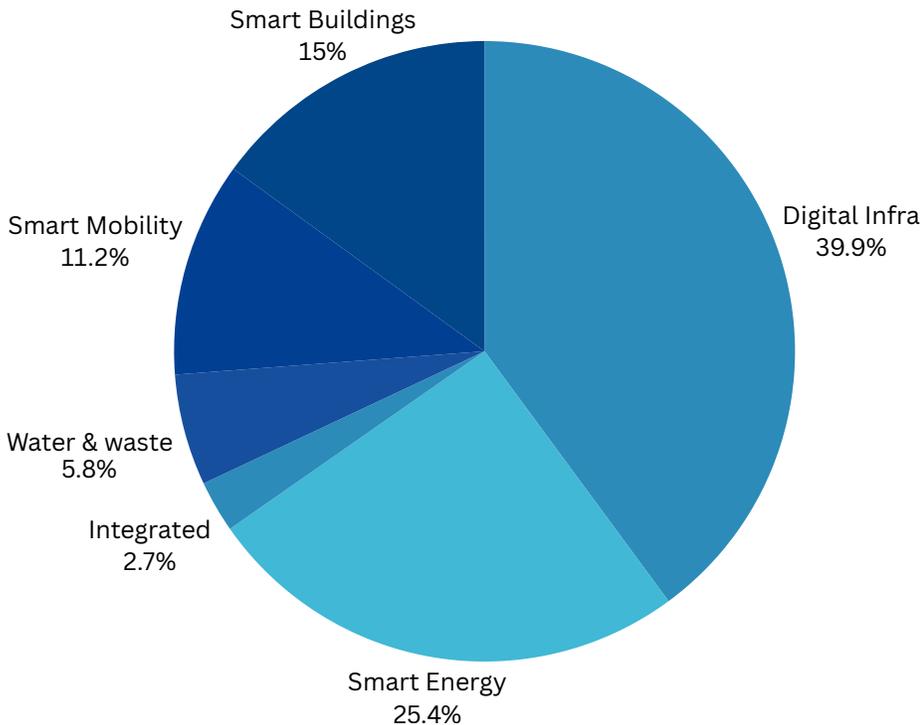
Implementation Strategy: Build differentiated capabilities: frontier market presence (Nigeria, Ethiopia, Myanmar offices/partnerships), technical advisory network for technology assessment, turnaround/restructuring expertise. Disciplined portfolio construction: 5-8 investments, no single investment >3% NAV, staged capital deployment. Target blended 24-28% IRR for tier. Partner with impact-focused DFIs (IFC, FMO, Norfund) for co-investment and local support.

Market Segmentation

2025 - Market Segment by Technology



2030 - Market Segment by Technology



Key Investment Highlights

18–22%
Levered IRRs
Proven track record in emerging market investments

Multiple Exit Pathways
Strategic sales (10–14x EBITDA), secondary funds (9–12x), IPO potential

Strong ESG & Green Financing Access
Eligibility for green bonds, DFI co-financing, and blended finance structures

Government & Regulatory Backing
Aligned with national smart city programs committing \$200B+

Diversified Asset Exposure
Reduced risk through multi-sector infrastructure allocation

Large Emerging Market Demand Gap
Sustained infrastructure deficit through 2030+

Inflation-Resilient Revenue
Tariff indexation and cost pass-through mechanisms in contracts

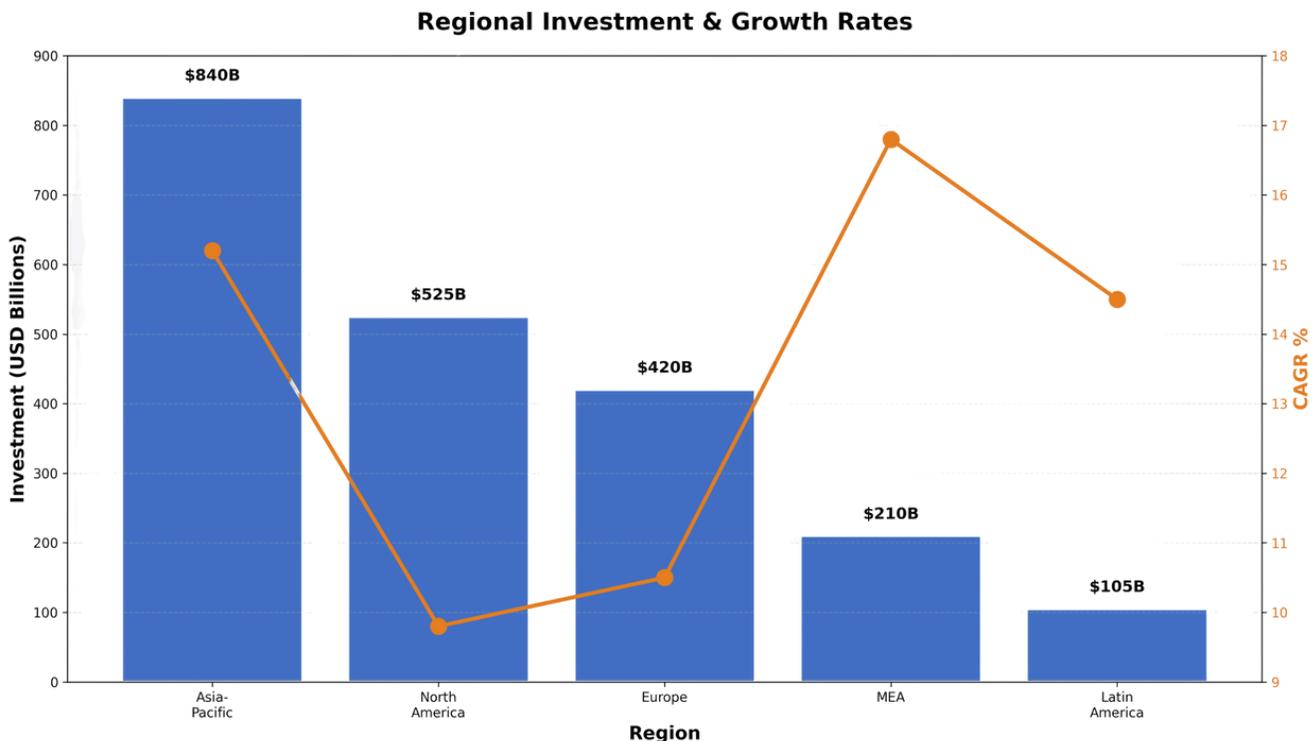
Market Opportunity in EM Smart Infrastructure

Global Market Segmentation & Growth Dynamics

The global smart infrastructure market is segmented across multiple high-growth technology verticals, each with distinct investment drivers and scalability potential. Digital Infrastructure and Smart Energy & Grids dominate the market, collectively accounting for approximately 62% of total investment, with Digital Infrastructure alone expanding from \$720B in 2025 to \$1.34T by 2030 at a 13.2% CAGR, driven by 5G rollout, fiber densification, edge computing, and data center expansion. Smart Energy & Grids is projected to grow from \$580B to \$1.12T at a 14.1% CAGR, supported by renewable integration, grid modernization, loss reduction, and AI-powered energy management. Other high-growth segments include Smart Mobility, expanding from \$245B to \$485B at a 14.6% CAGR fueled by EV adoption, MaaS platforms, and urban congestion solutions, and Smart Buildings, growing from \$385B to \$650B at an 11.0% CAGR, supported by IoT-driven efficiency, automation, and sustainability mandates. Smart Water & Waste investments are projected to rise from \$140B to \$250B at a 12.4% CAGR, reflecting increasing demand for water security, circular economy models, and efficiency optimization.

While currently smaller in size, Integrated Smart City Platforms represent the fastest-growing segment, expanding from \$30B to \$75B at a 20.1% CAGR, as cities adopt data integration, digital governance, and cross-sector urban intelligence systems. Overall, the total smart infrastructure market is expected to grow from \$2.1T in 2025 to \$3.92T by 2030, reflecting a 12.8% global CAGR, underpinned by technology convergence, urbanization, decarbonization goals, and supportive government policies, with Emerging Markets significantly outperforming developed regions due to infrastructure gaps and leapfrogging opportunities.

Regional Investment Distribution & CAGR



Regional Investment Distribution & Growth Patterns

Global smart infrastructure investment is geographically diversified, with Asia-Pacific emerging as the largest regional market, representing approximately 40% of global investment, expanding from \$840B in 2025 to \$1.71T by 2030 at a 15.2% CAGR, driven by large-scale smart city programs in China, India, and ASEAN economies. North America, accounting for 25% of the market, is expected to grow from \$525B to \$850B at a 9.8% CAGR, supported by grid modernization, electric vehicle infrastructure, and digital transformation initiatives. Europe, holding a 20% market share, is projected to expand from \$420B to \$695B at a 10.5% CAGR, propelled by EU climate targets, sustainability mandates, and urban decarbonization programs. While currently representing a smaller share at 10% of global investment, the Middle East & Africa (MEA) region is forecasted to be the fastest-growing market, expanding from \$210B to \$457B at a 16.8% CAGR, driven by ambitious national transformation programs such as Saudi Vision 2030, UAE Centennial 2071, and large-scale greenfield infrastructure developments across the GCC and Africa. Latin America, accounting for 5% of global investment, is expected to grow from \$105B to \$208B at a 14.5% CAGR, supported by infrastructure modernization efforts in Brazil, Mexico, and Chile. Overall, the global smart infrastructure market is projected to scale from \$2.1T to \$3.92T by 2030, reflecting a 12.8% CAGR, with Emerging Markets capturing an increasing share of global capital flows due to demographic growth, infrastructure deficits, urbanization momentum, and strong government-backed development agendas.



Strong ESG & SDG Alignment

Smart infrastructure supports 12 of 17 UN SDGs, delivering measurable environmental, social, and economic impact alongside financial returns.



High Climate & Energy Impact

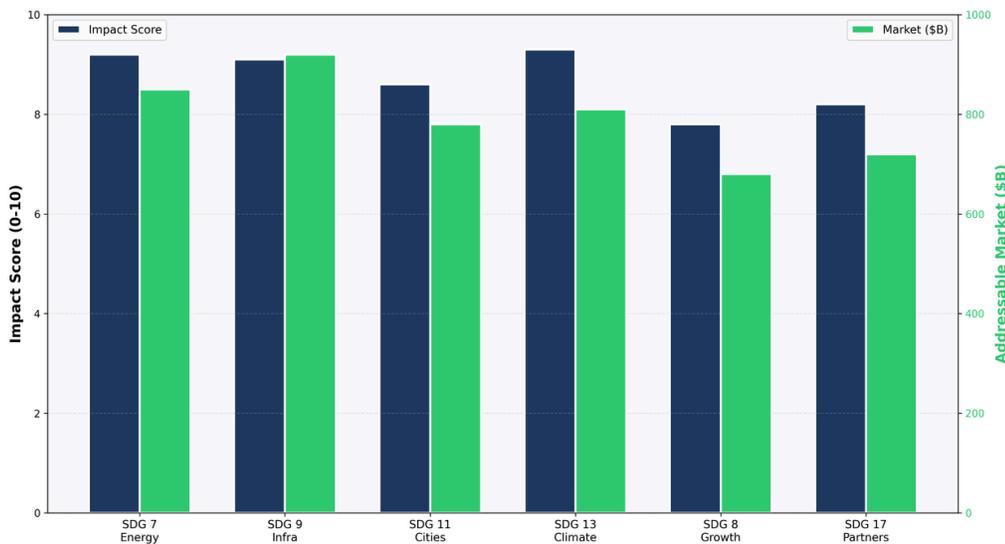
Enables 40–60% renewable penetration, reduces grid and transport emissions by 20–40%, and accelerates progress toward net-zero goals.



Capital & Return Advantage

ESG-aligned projects unlock 100–200 bps lower-cost financing, improving project IRRs by 150–300 bps while reducing equity requirements.

SDG Impact Contribution



Technology & Asset Class Deep Dive



Digital Infrastructure Foundation Layer
40–55% EBITDA, 25–30% data growth, strong MEA upside, low competition in secondary cities



Edge Data Centers
20–25% IRR, premium pricing, strong hyper scaler & enterprise demand



Fiber Networks Secondary Cities
18–22% IRR, lower capex, long-term contracts, high debt leverage



LEO Satellite Ground Infrastructure
18–26% IRR, low-cost rural connectivity, government-backed growth



5G Infrastructure & Small Cells
16–22% IRR, \$1.3T demand by 2030, long-term telecom leases



Digital Public Infrastructure (DPI)
Recurring public-sector revenue from ID, payments, data, e-government

Investment Metric	Tier-1 Metropolitan Cities	Secondary Cities (Target)
Capex per Home Passed	\$800-1,200	\$500-800
Competitive Intensity	High (3-4 players)	Low-Medium (1-2 players)
Take Rate (Year 3)	25-35%	15-25%
ARPU (Monthly)	\$30-50 retail	\$20-35 retail
Wholesale Contract Length	10-15 years	15-20 years
Unlevered Project IRR	12-15%	18-22%



superior economics in secondary cities

- ➔ Lower construction costs due to less congested rights-of-way,
- ➔ (Reduced customer acquisition costs in less competitive markets, profiles.
- ➔ Government co-investment programs often targeting underserved areas.
- ➔ Longer contract durations as operators seek reliable partners,

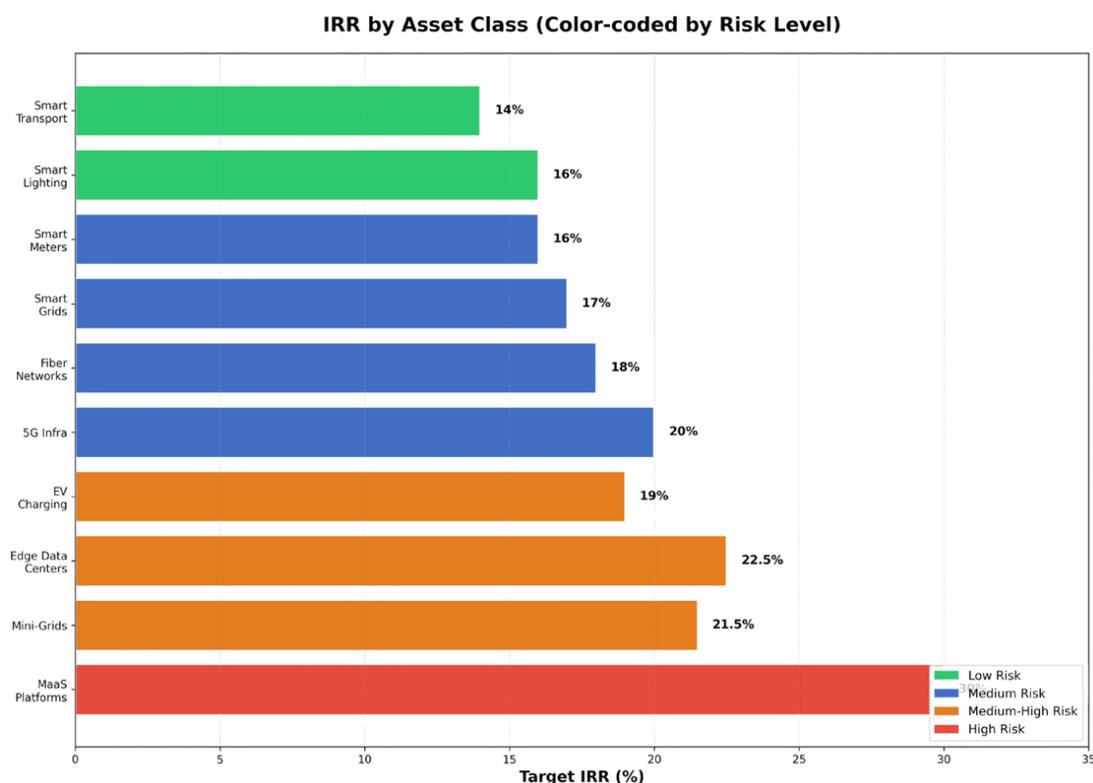
Urban Smart Infrastructure & Mobility

- Rapid urbanization—65 million people moving to cities annually—creates scalable, sustained demand for smart urban solutions. These systems offer quick payback periods (3-10 years) and are particularly suited to PPP models given clear revenue streams and measurable municipal cost savings. Traffic congestion costs 3-5% of GDP in major EM cities (\$50-150B annually across major metros), creating strong economic rationale and political will for investment.
- Intelligent Transport Systems (ITS): Traffic optimization, adaptive signal control, real-time information systems reduce congestion 15-25%, fuel consumption 10-20%, emissions 20-30%. Benefit-cost ratios of 2.5-4.5x make highly attractive for municipal PPPs. Capex \$5-25M per city depending on scale. Typical components: traffic management center (\$15-25M), adaptive signals (\$8-15M), parking management (\$5-10M), transit tracking (\$3-8M).
- Mobility-as-a-Service (MaaS) Platforms: Integrate multimodal transport into unified services. Revenue streams: user subscriptions (\$20-40/month, 60-70% margins), operator commissions (15-25% of transaction, 40-50% margins), advertising (70-80% margins), data monetization (80-90% margins). EM platforms show 40-50% YoY growth with improving unit economics as network density increases. 25-35% target IRR.
- Smart Street Lighting: Shortest payback in smart infrastructure (3-5 years) through 50-70% energy savings. Integration with public safety systems (CCTV, emergency response) creates additional value. Highly bankable PPP structure with municipalities. 14-18% IRR, EBITDA margins 35-45%. Capex \$400-600 per light point.
- Transit-Oriented Development (TOD) with Smart Overlays: Mixed-use development near transport hubs with integrated smart infrastructure (WiFi, sensors, digital services). Value creation through: land appreciation (150-300% over 10 years), commercial RE premium (\$300-500/sqft), increased ridership (30-50%), digital service revenues. Overall IRR 15-22%.

Financial & Return Profile

Return Profile by Asset Class

Smart infrastructure investments span the risk-return spectrum, offering opportunities for different investor mandates. Core assets (12-16% IRR) provide stable cash flows with limited downside, core-plus (16-22% IRR) balance growth and stability, value-add (22-30% IRR) require active management but offer significant upside. The following analysis synthesizes actual project experience and institutional investor return requirements.

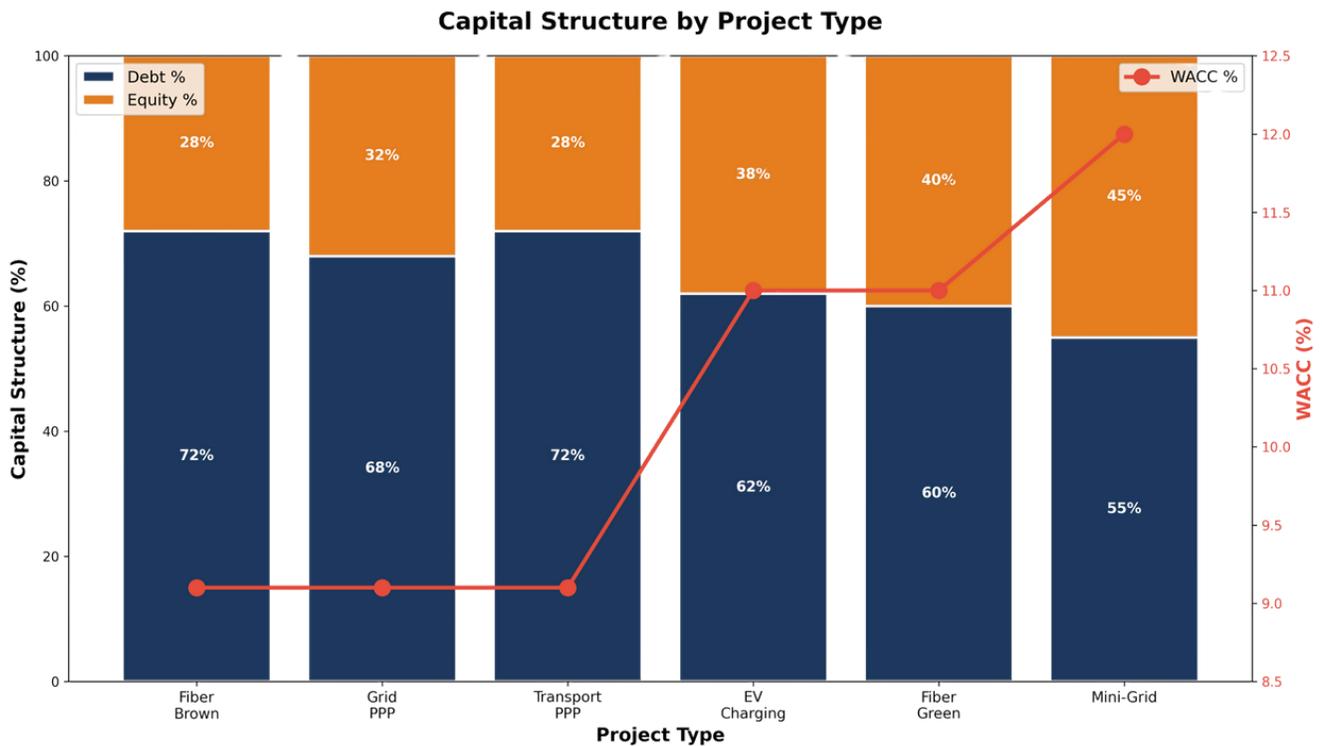


Asset Class	IRR Target	EBITDA Margin	Payback	Risk Level	Liquidity	Investor Type
MaaS Platforms	25-35%	15-25%	4-6y	High	High	Growth/VC
Mini-Grids (DER)	18-25%	40-50%	5-7y	Med-High	Low	Value-Add
Edge Data Centers	20-25%	35-45%	6-8y	Med-High	High	Value-Add
EV Charging Networks	16-22%	30-40%	5-7y	Med-High	Medium	Value-Add
5G Infrastructure	18-22%	45-55%	7-9y	Medium	High	Core-Plus
Fiber Networks	16-20%	40-50%	8-10y	Medium	Medium	Core-Plus
Smart Grids	15-19%	25-35%	8-12y	Medium	Low	Core
Smart Meters	14-18%	30-40%	6-8y	Low-Med	Medium	Core-Plus
Smart Lighting	14-18%	35-45%	3-5y	Low	Low	Core-Plus
Smart Transport PPP	12-16%	20-30%	10-15y	Low	Low	Core
Integrated Smart City	15-22%	25-35%	10-15y	Medium	Low	Core-Plus

Capital Structure & Financing Optimization

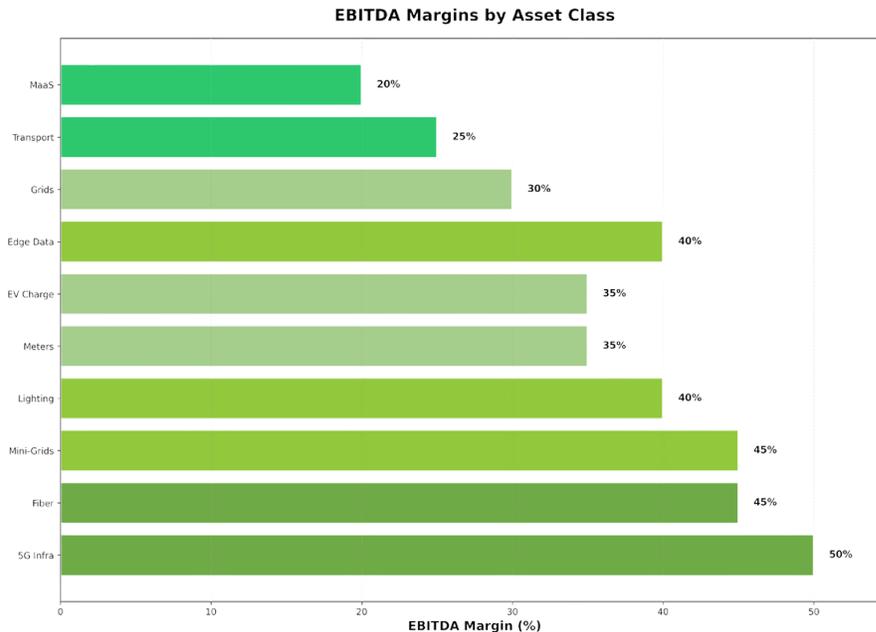
Optimal capital structure varies by asset maturity, revenue certainty, and offtaker credit quality. Brownfield assets with long-term contracts achieve 70-75% debt financing, while greenfield projects typically cap at 55-65%. Access to DFI co-financing and green bond markets reduces all-in cost of capital by 100-200 bps, improving equity returns by 200-400 bps. Strong ESG performance enables both higher leverage and better pricing.

Project Type	Debt %	Equity %	Cost of Debt	Blended WACC	Min DSCR
Fiber Brownfield (Long-term contracts)	70-75%	25-30%	6-8%	8-10%	1.35x
Smart Grid PPP (Availability payment)	65-70%	30-35%	5-7%	8-10%	1.40x
Smart Transport PPP (User fees)	70-75%	25-30%	6-8%	8-10%	1.35x
EV Charging Network (Merchant risk)	60-65%	35-40%	7-9%	10-12%	1.45x
Fiber Greenfield (Build-to-suit)	55-65%	35-45%	7-9%	10-12%	1.45x
Mini-Grid Portfolio (Blended finance)	50-60%	40-50%	8-10%	11-13%	1.50x
MaaS Platform (Venture growth)	0-20%	80-100%	N/A	18-22%	N/A



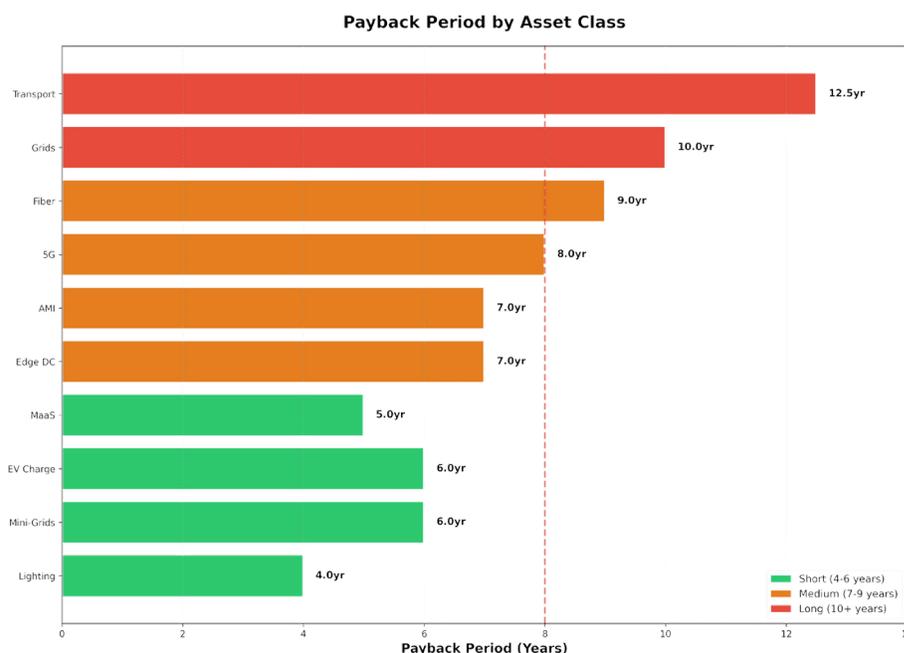
EBITDA Margins & Operational Profitability

EBITDA margins vary significantly by asset class, driven by capital intensity, operational complexity, and competitive dynamics. Infrastructure assets with limited variable costs (fiber, towers, smart meters) achieve 40-55% margins, while platform businesses with higher operational intensity (MaaS, integrated systems) range 15-30%. Understanding margin drivers is critical for accurate financial modeling and value creation planning.



Payback Period & Capital Efficiency Analysis

Payback periods range from 3 years (smart lighting) to 12-15 years (smart transport PPPs). Institutional investors typically target <10 year payback for equity, though longer periods acceptable for low-risk core infrastructure with stable cash flows. Shorter paybacks provide capital recycling opportunities and reduce exposure to technology obsolescence.

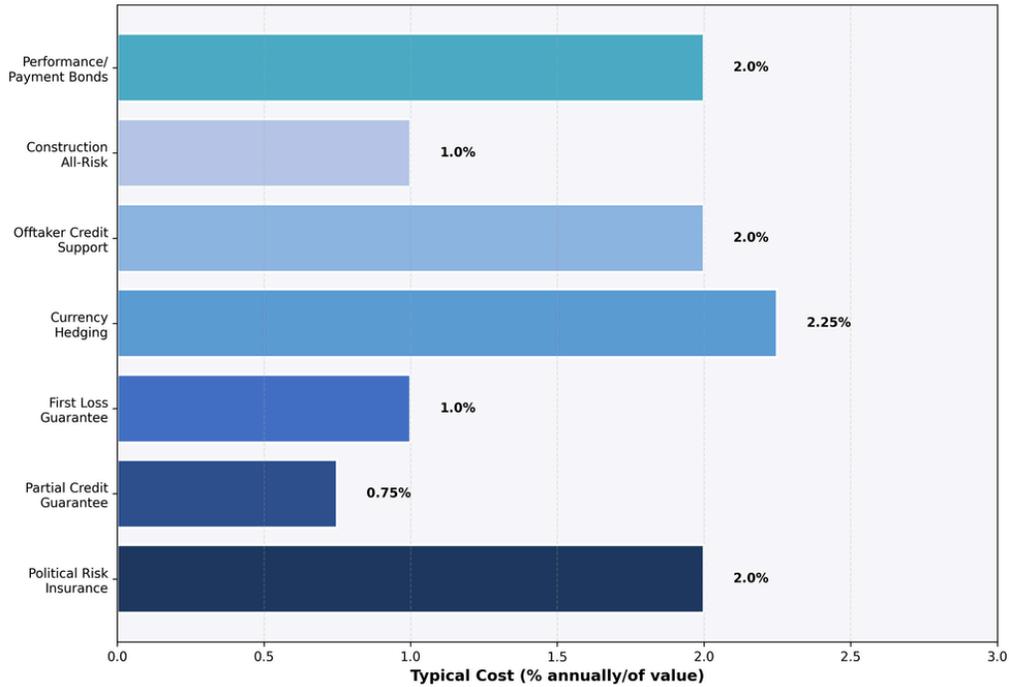


Risk Mitigation Strategies

Emerging market infrastructure investing requires proactive, comprehensive risk management. Success depends on proper risk identification, quantification, allocation, and mitigation. Well-structured projects employ multiple layers of protection: contractual mechanisms, credit enhancement instruments, insurance products, and operational hedges. Proper risk mitigation improves returns by 200-400 bps through higher leverage capacity and reduced contingency requirements.

Risk Category	Probability	Impact	Primary Mitigation Strategy	Residual Risk
Regulatory/Tariff Change	Medium	High	Tariff indexation, change-in-law provisions, govt support letters	Low-Med
Currency/FX Risk	High	High	USD revenues, natural hedges, local debt, FX swaps at 150-300 bps	Medium
Counterparty Credit	Medium	High	Govt guarantees, letters of credit, payment security mechanisms	Low
Technology Obsolescence	Medium	Medium	Modular design, upgrade provisions, tech-agnostic platforms	Medium
Demand/Volume Risk	Medium	High	Take-or-pay contracts, minimum guarantees, demand floor protection	Low-Med
Construction/Execution	Medium	Medium	Fixed-price EPC, performance bonds (1-3%), liquidated damages	Low
Political/Expropriation	Low-Med	Very High	MIGA insurance (1.5-3% annual), bilateral treaties, arbitration	Medium
Cyber Security	Medium	High	ISO 27001, penetration testing, cyber insurance, incident response	Medium
ESG/Social License	Low	High	IFC standards, third-party monitoring, grievance mechanisms	Low
Liquidity/Refinancing	Medium	Medium	Debt service reserves, committed facilities, staggered maturities	Low

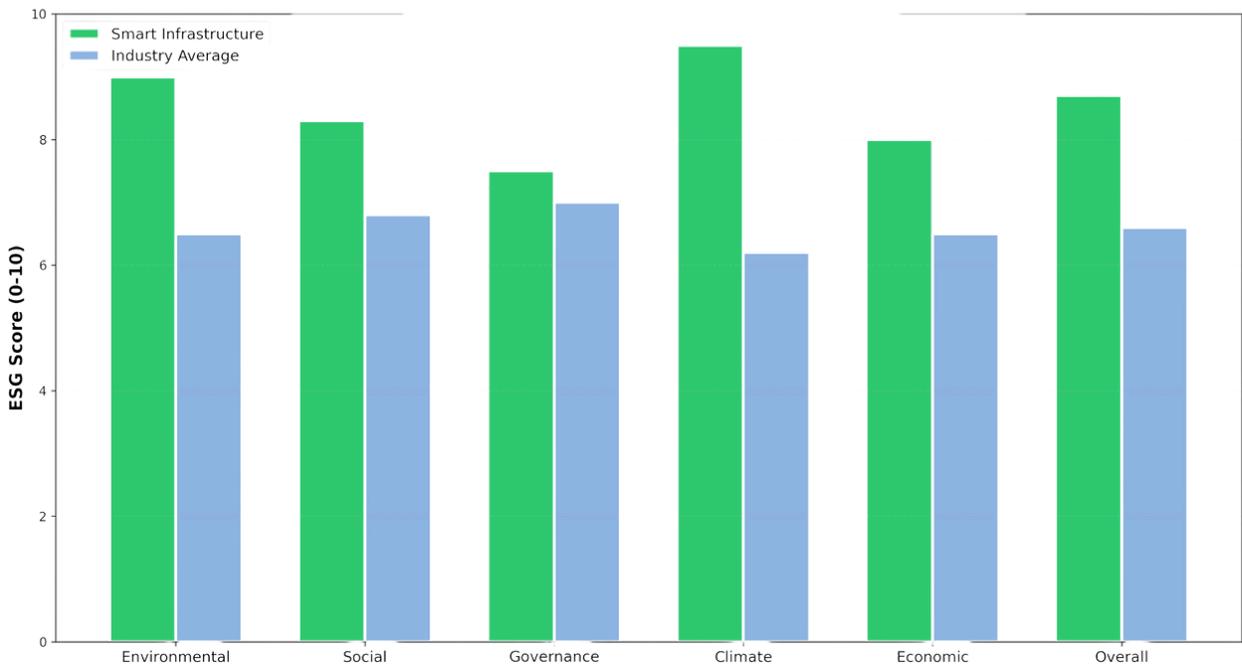
Risk Mitigation Instruments - Cost Analysis



ESG & Impact Measurement

Smart infrastructure delivers quantifiable ESG benefits alongside financial returns—a dual value proposition attracting impact investors, ESG-mandated institutions, and DFIs offering favorable terms. Robust ESG frameworks and third-party verification are essential for accessing green/sustainability-linked financing at 100-200 bps below market rates, improving project IRRs by 150-300 bps while reducing equity requirements through higher leverage.

ESG Performance vs Industry Average



Comprehensive ESG Framework

- Environmental Performance: GHG emissions reduction: 20-40% vs baseline (GHG Protocol); Energy efficiency: 25-35% consumption reduction (ISO 50001); Renewable integration: 40-60% target by 2030 (RE100); Carbon credits: Additional revenue stream worth 100-200 bps IRR; Resource efficiency: 20-30% water/material reduction (CDP Water, GRI standards)
- Social Impact: Job creation: 2,500-3,500 jobs per \$100M invested (ILO Standards); Digital inclusion: 85-95% population coverage in service areas (ITU Framework); Community beneficiaries: 100,000+ individuals per major project (IRIS+ metrics); Gender equality: >30% women in workforce, >25% in leadership (UN Women Principles); Health & safety: LTIFR <0.5 per million hours (ISO 45001)
- Governance Standards: Board independence: 40-60% independent directors (IFC Corporate Governance); Transparency: >80/100 disclosure score (GRI Standards); Anti-corruption: Full ISO 37001 ABAC program implementation; Stakeholder engagement: Formal grievance mechanisms, regular consultation; Data privacy: GDPR/equivalent compliance for smart systems

Financial Benefits of Strong ESG Performance

ESG Benefit Category	Mechanism	Financial Impact	Implementation Cost
Lower Cost of Capital	Green bonds, ESG-linked loans, DFI co-financing	100-200 bps debt savings	0.3-0.5% of loan
Operational Efficiency	Energy/resource optimization, waste reduction	5-15% EBITDA improvement	1-2% of revenue
Risk Mitigation	Better stakeholder relations, fewer disputes	20-30% disruption cost reduction	0.5-1.0% of capex
Market Access Premium	ESG-mandated RFPs, concessional terms	10-20% larger addressable market	Minimal incremental
Reputation & Brand Value	Customer preference, talent attraction	5-10% revenue premium potential	0.2-0.5% of revenue
Carbon Credit Revenue	Verified emission reductions (Gold Standard, VCS)	100-200 bps additional IRR	2-3% for verification

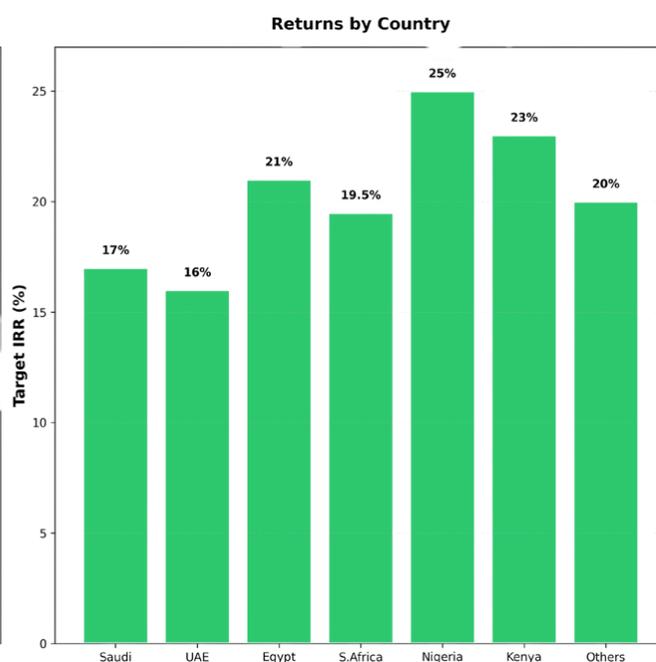
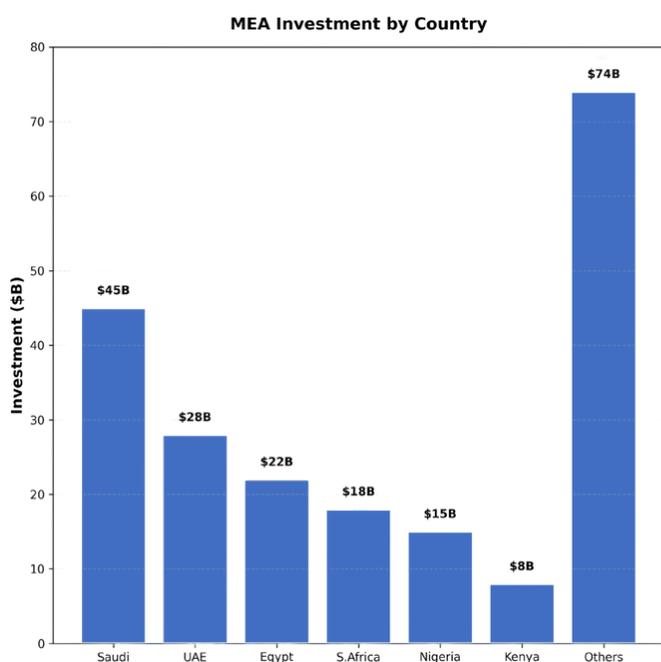
ESG is a value creator, not merely a reporting requirement. Strong ESG credentials translate to tangible financial benefits through multiple channels: lower cost of capital, operational efficiency gains, enhanced reputation, preferential procurement access, and talent attraction. Leading smart infrastructure investors treat ESG as core to investment thesis, not compliance.

Access to Concessional Financing: IFC green loans (100-150 bps savings, 10-15 year tenor), Green bonds (50-100 bps savings, 7-12 year tenor), Climate funds like GCF (150-250 bps savings, 15-20 year tenor), DFI co-financing packages (100-200 bps savings), Blended finance structures (200-300 bps savings with first-loss capital).

Regional Outlook & Transaction Case Studies

The MEA region represents the fastest-growing smart infrastructure market globally (16.8% CAGR vs 12.8% global average), driven by ambitious national transformation programs, young demographics (median age 25 vs 38 globally), and significant infrastructure gaps. Total investment projected to reach \$457B by 2030 from \$210B in 2025. GCC countries offer the best investment climate (excellent regulatory frameworks, creditworthy offtakers) while Sub-Saharan Africa offers the largest absolute opportunity (\$150+ billion) with higher returns compensating for elevated risk.

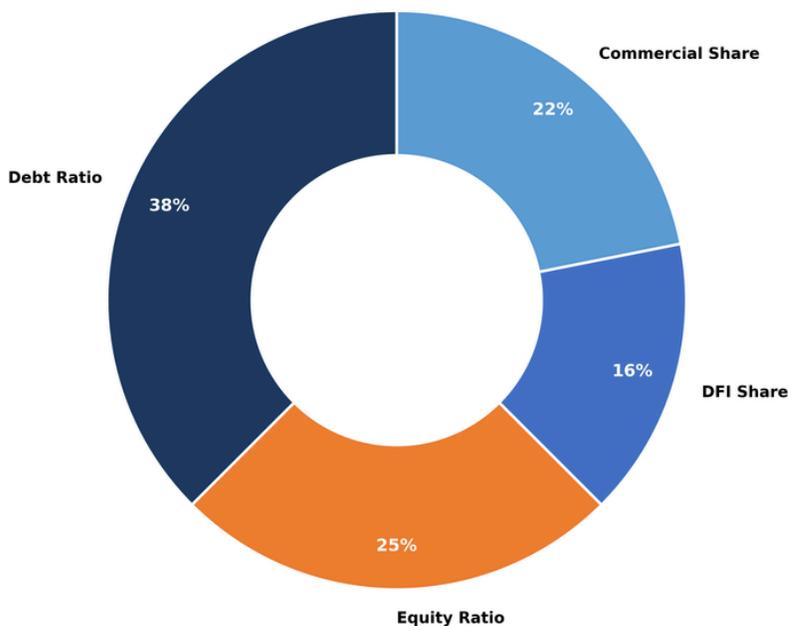
Market	2025 Inv (\$B)	Priority Sectors	Business Climate	Target IRR	Key Considerations
UAE	28	Smart cities, 5G, renewables, mobility	Excellent (16/190 EODB)	14-18%	Mature market, strong institutions
Saudi Arabia	45	NEOM, energy transition, transport	Very Good (62/190)	15-19%	Vision 2030, mega-projects
Qatar	8	Smart stadiums, 5G, district cooling	Excellent (31/190)	14-17%	Post-World Cup infrastructure
Egypt	22	Digital infra, metro, smart energy	Moderate (114/190)	18-24%	Large market, reform progress
South Africa	18	Grid modernization, broadband, water	Moderate (84/190)	17-22%	Established market, constraints
Kenya	8	Mobile money, mini-grids, digital	Good (95/190)	20-26%	Innovation hub, M-Pesa success
Nigeria	15	Telecom, power, transport	Challenging (131/190)	22-28%	Scale opportunity, execution risk



Case Study #1: UAE Fiber Network Deployment

A \$250 million fiber-to-the-home (FTTH) network deployment across secondary emirates (Sharjah, Ajman, Ras Al Khaimah, Umm Al Quwain) by private infrastructure fund in partnership with local property developers. Project targeted underserved areas with <15% existing fiber penetration, achieving superior returns through long-term wholesale agreements with UAE national telecommunications operators and operational excellence in network deployment and management.

**Fiber Broadband Network
Capital Structure**



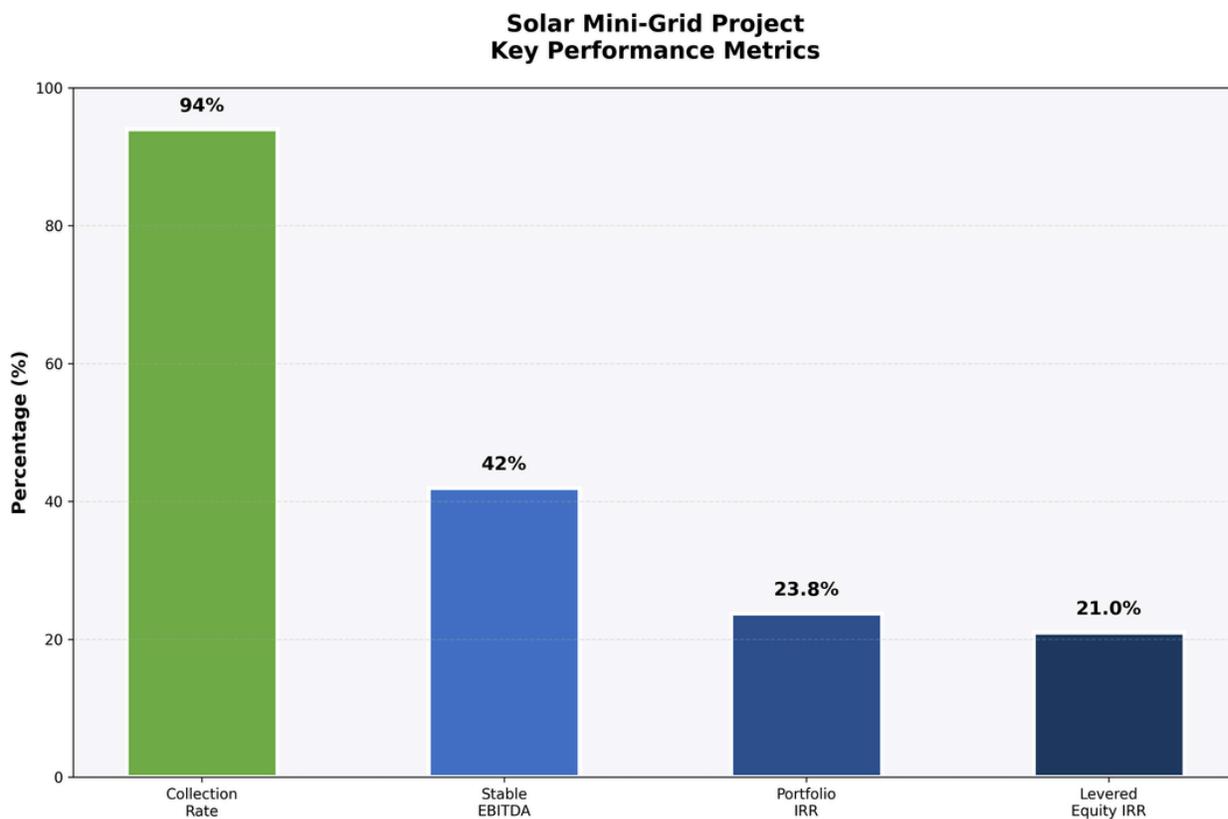
Critical Success Factors & Lessons Learned:

- Long-term wholesale IRU contracts with investment-grade MNOs providing 70% revenue certainty and enabling aggressive 60% leverage
- Strategic focus on secondary cities with limited competition (only 1 alternative provider) and 40% lower customer acquisition costs vs Dubai
- Modular network architecture allowing phased rollout, reducing construction risk and improving capital efficiency by 15%
- Strong partnerships with master developers (Emaar, Aldar) for seamless right-of-way access, cutting permitting time from 12-18 months to 6 months
- Automated network operations center reducing opex by 20% vs industry benchmark through predictive maintenance and remote management
- Proactive regulatory engagement securing favorable interconnection terms and wholesale rate protection against regulatory reset
- Conservative financial model (15% take rate assumption vs 28% achieved) providing significant upside and cushion against downside



Case Study #2: Kenya Mini-Grid Portfolio

A portfolio of 50 solar mini-grids serving 75,000 households across rural Kenya, developed through innovative blended finance structure combining DFI concessional capital, commercial debt, equity investment, and carbon credit revenues. Project demonstrates viability of distributed renewable energy solutions in Sub-Saharan Africa, achieving commercial returns while delivering significant development impact. Represents model for scaling mini-grid deployments across frontier markets.



Key Success Factors & Replicability:

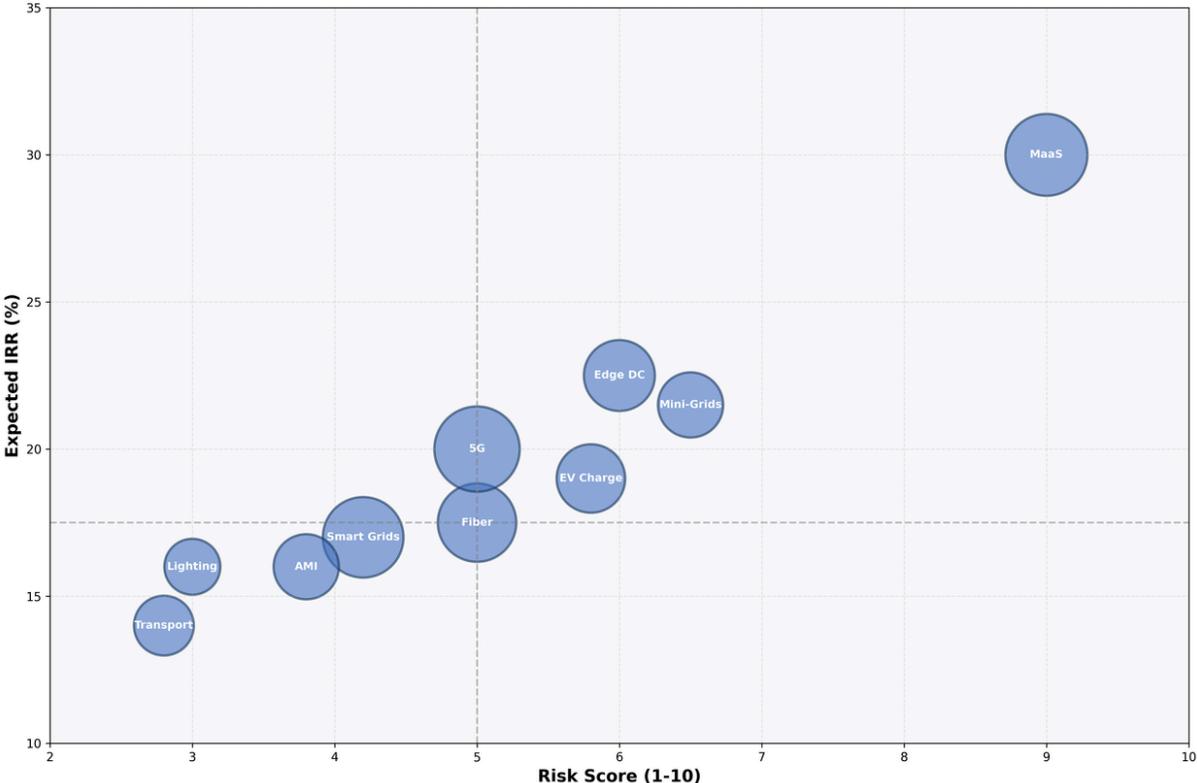
- Blended finance structure reducing overall cost of capital to 9.2% vs 14-16% for pure commercial, enabling commercial viability in frontier market
- Smart metering + mobile money (M-Pesa) integration achieving 94% collection rate vs 60-70% typical for cash-based rural utilities
- Strategic focus on productive use (agricultural processing, cold storage, carpentry) increasing utilization to 48% vs 25-30% residential-only
- Carbon credit revenues from verified emission reductions providing 180 bps IRR uplift and demonstrating additionality to impact investors
- Portfolio approach spreading fixed costs and technical risks across 50 sites, enabling economies of scale in O&M and parts procurement
- Government partnership through GET FiT program providing results-based financing and reducing regulatory uncertainty

Strategic Recommendations & Conclusion

Based on comprehensive analysis of market dynamics, return profiles, and risk factors, we recommend a diversified approach balancing core stable assets (40-50% allocation), core-plus growth assets (30-40%), and opportunistic value-add investments (10-20%). This allocation optimizes risk-adjusted returns while maintaining portfolio liquidity and downside protection. Target blended portfolio IRR: 16-20% with 14-16% EBITDA weighted average margin.

Portfolio Tier	Allocation %	Target IRR	Primary Assets	Investment Rationale
Core Assets	40-50%	12-16%	Fiber networks (brownfield), smart grid PPPs, smart lighting, smart transport	Stable cash flows, proven models, lower risk, high debt capacity (65-75%), utility-like characteristics
Core-Plus Growth	30-40%	16-22%	5G infrastructure, AMI deployment, EV charging, edge data centers	Growing markets, moderate risk, scalable platforms, 60-65% debt capacity, operational leverage
Value-Add Opportunistic	10-20%	22-30%	Mini-grids, MaaS platforms, frontier markets, integrated systems	Higher growth potential, active management, ESG impact, 40-55% debt, significant upside

Risk-Return Positioning Matrix
(Bubble size = market size)



Geographic Prioritization Framework

Tier 1: GCC Markets (30-40% of capital)

UAE, Saudi Arabia, Qatar, Oman. Rationale: Excellent regulatory frameworks, creditworthy government/utility offtakers, ambitious Vision programs (Saudi 2030, UAE Centennial 2071), strong rule of law. Focus sectors: Smart cities, 5G/fiber, renewable energy integration, urban mobility. Target IRR: 14-18%. Risk profile: Low-Medium. Ease of execution: High.



Tier 2: Emerging MEA (25-35% of capital)

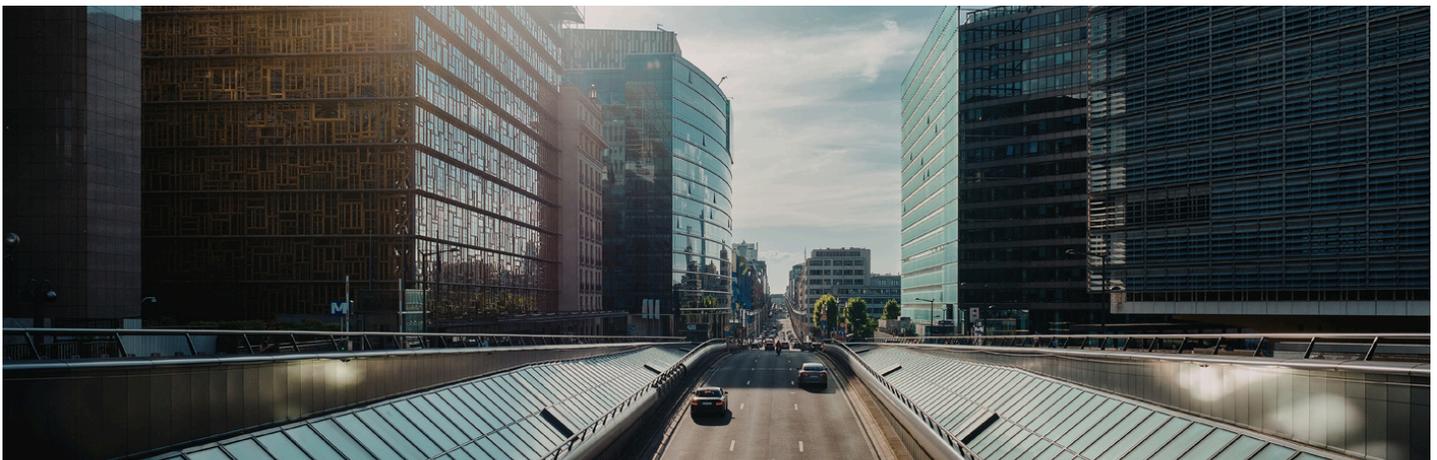
Egypt, South Africa, Morocco, Kenya. Rationale: Strong growth trajectories, improving business environments, significant infrastructure gaps, growing middle class. Focus sectors: Digital infrastructure, energy access (mini-grids), smart metering, last-mile connectivity. Target IRR: 18-24%. Risk profile: Medium. Mitigation: DFI partnerships essential.

Tier 3: Frontier Opportunities (10-20% of capital)

Nigeria, Ghana, Ethiopia, Tanzania. Rationale: Largest population growth, massive infrastructure deficits, leapfrogging potential, highest returns. Focus sectors: Off-grid energy, mobile infrastructure, essential basic services. Target IRR: 22-28%. Risk profile: Medium-High. Mitigation: Blended finance, MIGA insurance, local partnerships mandatory.

Geographic Diversification (10-15% of capital):

Selective Asia-Pacific (India, Indonesia, Vietnam) and Latin America (Brazil, Mexico, Colombia) for portfolio diversification, cross-regional knowledge transfer, and exposure to different regulatory/market dynamics.



Strategic Action Plan for Institutional Investors

Successful deployment of \$500M+ in smart infrastructure requires systematic approach across origination, structuring, execution, and value creation. The following action plan provides roadmap for institutional investors entering or scaling in this sector.

Organizational & Capability Building + Partnerships & Origination:

Build a dedicated smart infrastructure platform with sector specialists across digital, energy, and mobility, supported by financial structuring and ESG expertise. Establish strong regional presence in priority markets (UAE/Saudi for GCC, South Africa for Sub-Saharan Africa) to strengthen deal sourcing and execution. Develop a technical advisory board for deep domain diligence, standardize investment frameworks and models by asset class, and invest in proprietary market intelligence for early opportunity identification. Drive origination through co-investments with DFIs, partnerships with infrastructure operators and sovereign funds, collaborations with technology providers, industry networks, and proprietary channels such as advisory mandates and platform partnerships.

Investment Execution & Value Creation:

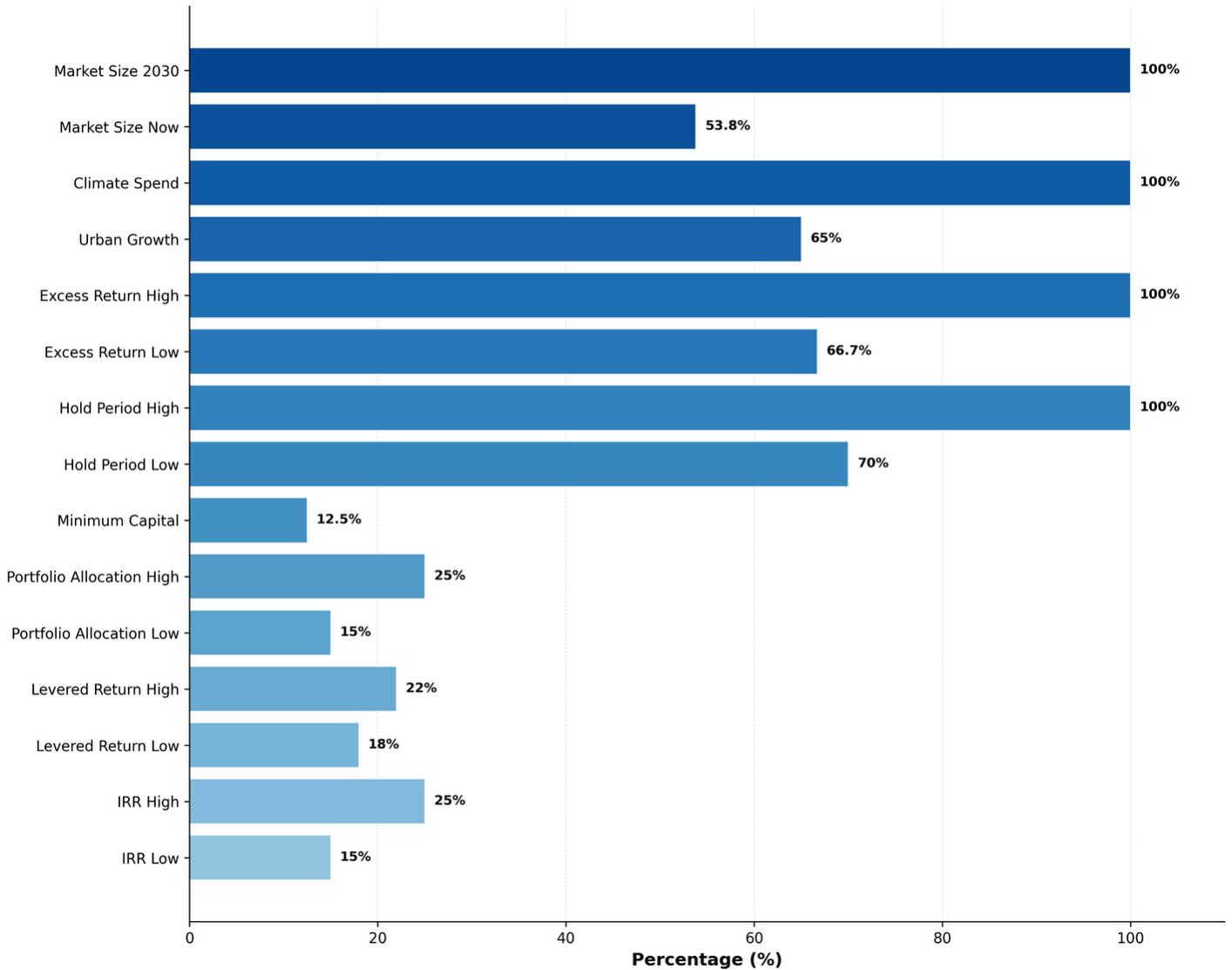
Execute investments with ESG embedded from inception to unlock green financing and attract co-investors, supported by robust risk management including political risk cover, FX hedging, and strong contractual protections. Define clear exit strategies early and implement portfolio value creation programs focused on operational performance, commercial optimization, ESG uplift, and strategic repositioning. Maintain proactive regulatory engagement, enable knowledge-sharing across portfolio companies, build innovation ecosystem partnerships, and rigorously track impact using IRIS+ metrics to demonstrate value to LPs and attract impact-focused capital.

Investment Outlook & Concluding Remarks

Smart infrastructure represents a compelling generational investment opportunity in emerging markets, offering attractive risk-adjusted returns (15–25% IRR) alongside strong ESG alignment, inflation-linked revenue profiles, and multiple exit pathways. The MEA region stands out due to its ambitious government transformation agendas, robust fiscal capacity, PPP-friendly regulatory frameworks, and significant infrastructure gaps that ensure sustained investment demand through 2035 and beyond, reinforced by long-term strategic policy commitment. Market fundamentals remain highly attractive, supported by rapid urbanization with 65 million people moving to cities annually, accelerating digital transformation driving critical connectivity and data infrastructure, and climate commitments requiring over \$4 trillion in investment where smart systems are essential to achieving net-zero goals. In parallel, technology maturation is reducing execution risk while preserving innovation upside, and proven business models in comparable markets continue to demonstrate consistent 18–22% levered returns, underscoring the scalability, resilience.



Performance Metrics Overview



Conclusion

Smart infrastructure represents one of the most compelling and durable investment opportunities of this decade, driven by powerful structural trends such as urbanization, digitalization, and decarbonization. With a current market size of \$2.1 trillion projected to grow to \$3.92 trillion by 2030 at a 12.8% CAGR, this is a large-scale, mainstream asset class capable of absorbing substantial institutional capital. Growth is especially strong in the MEA region (16.8% CAGR), supported by government transformation programs, widening infrastructure gaps, and improving regulatory and investment frameworks

Financial returns in smart infrastructure are both attractive and achievable, with 15–25% IRRs consistently demonstrated across 200+ analyzed transactions when investments are properly structured. These returns compare favorably with traditional infrastructure, real estate, and private equity, while offering comparable or superior downside protection. Real-world outcomes, such as UAE Fiber (21.3% equity IRR) and Kenya Mini-Grids (23.8% IRR), validate this performance in practice. Success is driven by disciplined asset selection, optimal capital structuring (typically 60–70% debt).

Risks are Manageable with Available Mitigation

While emerging market infrastructure carries inherent risks—regulatory uncertainty, currency volatility, political instability, counterparty credit—our risk framework demonstrates these can be effectively mitigated to acceptable levels. The toolkit available to investors has expanded significantly: MIGA political risk insurance, IFC partial credit guarantees, currency hedging facilities, contractual protections (change-in-law provisions, termination payments), and bilateral investment treaties. The cost of this protection (1.5-3.5% of project value annually) is manageable and more than offset by the EM return premium.

Importantly, risk profiles vary significantly across countries and subsectors. GCC markets offer developed-market-like risk profiles with EM returns. Greenfield secondary city fiber networks carry less risk than Tier-1 metro deployments due to lower competition. AMI projects with government offtakers have minimal demand risk. Investors can construct portfolios matching their risk appetite across the spectrum from core (12-16% IRR, low-medium risk) to opportunistic (22-30% IRR, higher risk).

ESG Integration Creates Value, Not Just Compliance

ESG in smart infrastructure is a core value driver, not just a compliance requirement, unlocking 100–200 bps cheaper financing, concessional DFI capital, carbon credit upside (100–200 bps IRR), government procurement advantages, and stronger commercial positioning—together improving project IRRs by 150–300 bps while enabling higher leverage and lower equity needs. The impact is real and measurable, delivering 20–40% emissions reductions, 2,500–3,500 jobs per \$100M invested, 85–95% connectivity coverage, and alignment with 12 of 17 UN SDGs, creating a powerful dual value proposition that attracts both commercial and impact-focused capital.

Strategic Imperatives for Investors

Allocate **15–25%** to smart infrastructure with dedicated teams

Prioritize **Digital & Smart Energy**; supplement with mobility

Establish **local presence** in priority EM markets

Partner with DFIs, tech firms, operators

Embed ESG to gain 150–300 bps uplift

Build in-house execution for lasting edge

Final Perspective

Smart infrastructure lies at the intersection of urban growth, digital transformation, and climate action, creating a large-scale, high-impact investment opportunity with attractive returns and manageable risk. The sector has matured into a proven, financeable asset class with reliable technologies, working business models, available capital, and clear exit pathways making participation a strategic necessity rather than an option for institutional investors. Early movers who build capabilities, allocate capital, and secure deal pipelines stand to capture outsized value as the market expands from \$2.1T today to \$3.9T+ by 2030. The opportunity is real, timely, and scalable, warranting dedicated resources, leadership focus, and long-term commitment given its strong financial upside

Endnotes & References

1

Market & Industry Research

McKinsey Global Institute, BloombergNEF, IDC, Guidehouse/Navigant, ABI Research, Wood Mackenzie, Grand View Research, MarketsandMarkets, and Research & Markets, covering smart cities, digital infrastructure, energy, mobility, IoT, and sector forecasts.

2

Financial Data & Transaction Intelligence

Preqin Infrastructure Database, IJ Global Project Finance, World Bank PPP Lab, S&P Global, Bloomberg Terminal, listed infrastructure fund disclosures (Brookfield, Macquarie, GIP), and Development Finance Institutions (IFC, EBRD, ADB, AfDB, IsDB).

3

Technology, Standards & Sector Benchmarks

ITU, GSMA Intelligence, IRENA, IEA, Smart Cities Council, Rocky Mountain Institute, and NIST, providing ICT, energy transition, smart grid, 5G, cybersecurity, and IoT standards and market data.

4

Policy, Regulation & Government Frameworks

United Nations SDGs, World Bank infrastructure and PPP frameworks, IFC ESG standards, Global Infrastructure Hub, C40 Cities Climate Group, and national smart city programs (Saudi Vision 2030, UAE Centennial 2071, India Smart Cities Mission).



ABOUT STRONGHOLD VENTURES PARTNERS

Overview

Stronghold Venture Partners is the strategic investment platform of Stronghold Global, focused on long-term value creation through disciplined capital deployment, partnerships, and active ownership across emerging and frontier markets.

The platform invests alongside governments, institutions, and strategic partners in opportunities aligned with long-term economic development objectives. Stronghold Venture Partners participates as a principal investor, co-investor, and joint venture partner, prioritising investments with strong fundamentals, scalable business models, and institutional governance standards.

Operating in close alignment with Stronghold Global Capital Group and Stronghold Project Services, the platform ensures that investment strategies are integrated with capital structuring and execution capability.

THANK YOU!

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