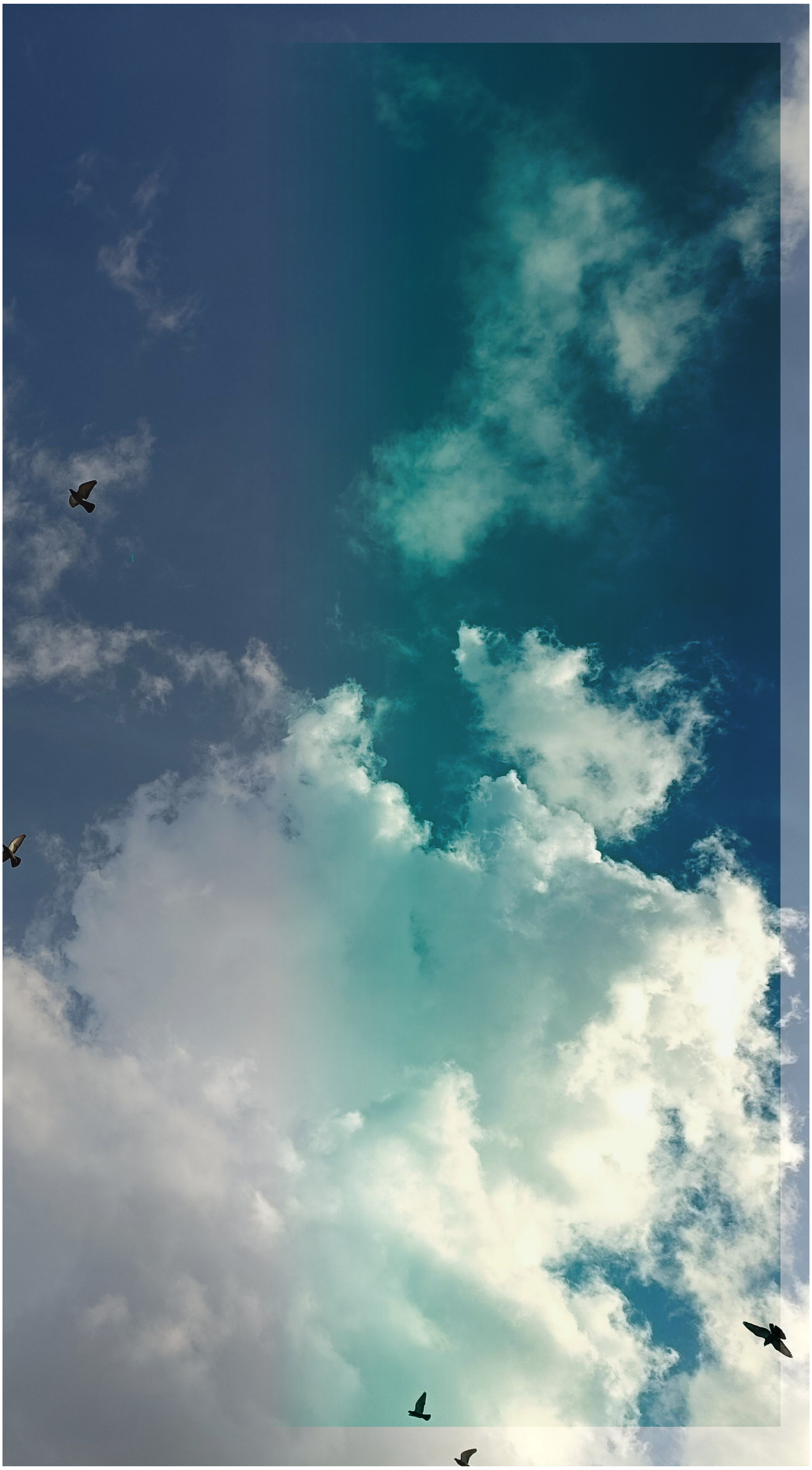
andera INSIGHTS

JULY 2026 #N° 9



EDITORIAL

Private debt: liquidity pressures, leverage concerns, and distribution format risks.

PORTFOLIO

The sale of Nostrum Group to IREN: an illustration of the convergence between energy and digital infrastructure.

AI

AI at the heart of the software industry's transformation.

EDITORIAL

Private debt: liquidity pressures, leverage concerns, and distribution format risks.

Since last autumn, the number of stress events in the United States, most notably the bankruptcies of Tricolor and First Brands, has reignited concerns around private debt, a market now representing $1.7 trillion globally. The comparison with the subprime crisis is, however, misleading: in Europe, market practices differ considerably from those observed in the United States, despite the diversity of American strategies. This holds true across all markets where Andera Partners is active: France, Spain, Italy, Germany and Belgium.

The growth of evergreen vehicles responds to a structural need. In ageing economies, they channel abundant savings towards long-term investment and support retirement financing. They also democratise access to high-performing, diversifying private assets that were previously the preserve of institutional investors.

The US warning: do not confuse semi-liquidity with on-demand liquidity.

Recent tensions primarily affect certain evergreen funds distributed to retail investors in the United States. These funds offer structured liquidity, with redemptions typically capped at 5% per quarter and excess requests rolled over. The risk therefore stems less from a "bank run" than from the mismatch between long-term assets and investors' perception of liquidity.

These products should not be treated as everyday liquid investments. Capital allocated to private assets is intended for the long term; semi-liquidity is designed to address exceptional needs, not routine ones.

Risk increases further when certain vehicles use leverage to enhance returns, from 6–7% in a standard strategy to 9–10% with borrowing. In the event of difficulties, debt being senior in the capital structure, potential losses for investors are amplified. Listing adds a second layer of risk: on top of the performance of underlying companies, market fluctuations and short-term sentiment become additional variables.

The evergreen structure is therefore not the problem in itself. The risk arises from the combination of excessive leverage, overpromised liquidity, potential listing, and insufficient investor education at the distribution stage. A diversified, lightly leveraged vehicle with strictly governed redemption terms operates under an entirely different logic.

Europe: a more institutional and closed-ended model.

In Europe, private debt is primarily organised around closed-ended, unlisted, lightly leveraged funds backed by institutional investors. This structure limits the risk of mass redemptions and reduces confusion between long-term assets and liquid products. It remains compatible with a gradual opening to retail savings, notably through ELTIF 2.0. European private debt does nonetheless carry credit risks, linked to the financial health of portfolio companies, elevated interest rates, and sluggish growth. These risks must be assessed on a case-by-case basis and distinguished from the vulnerabilities specific to certain segments of the US market. In both markets, investor education on liquidity and redemption terms remains essential.

Spain: limited exposure, a market still dominated by banks.

In Spain, private debt is growing but remains less developed than in France or the United Kingdom, with mid-market financing still dominated by banks such as Santander and CaixaBank. According to the CNMV (*Comisión Nacional del Mercado de Valores*), only eight funds are affected by recent tensions, representing approximately €913 million, equivalent to 0.18% of open-ended collective investment instruments in Spain.

"There is no systemic risk in Spain: exposure is very limited, the market remains largely institutional, and retail investors are barely present in this segment. The structure of the Spanish market, still dominated by commercial banks, combined with Spanish law being relatively creditor-friendly, provides greater visibility in restructuring situations," **explains Joaquin Gonzalo, Senior Advisor at Andera Acto in Spain.**

Evergreen funds also remain less accessible to retail investors, with minimum ticket sizes of around €10,000, compared to as little as €50 in France. The main challenge lies rather in the gradual withdrawal of banks from certain long-term financing activities, now being absorbed by private funds. *"Spanish banks are not disappearing from the landscape; on the contrary, they are adapting. Santander recently acquired a majority stake in a debt manager, a sign that banks are also seeking to position themselves in this less directly regulated market,"* **notes Gonzalo Colino, Head of Santander Alternative Investments.** For Colino, recent developments reflect less a systemic crisis than a market maturation, now entering a phase of selective consolidation.

Germany: a watchful eye on ELTIFs, without calling the model into question.

In late 2025, VZB, the German dentists' pension fund, suffered losses of €1.1 billion in private debt funds. This episode does not, however, reflect the broader German market. Still less developed than in France, private debt in Germany is growing as banks retreat from certain long-term financing activities. The BaFin (Federal Financial Supervisory Authority) estimates bank exposure at just 0.2% of total credit volumes. As in France, the main concern relates to the distribution of ELTIFs to retail investors, particularly through neobanks and neobrokers.

"In Germany, the key concern is less about institutional private debt than about the way certain long-term products, notably ELTIFs, are being distributed to retail investors. The German market is more diffuse and internationally oriented. There are few very large domestic funds; the largest manages around €4 billion, based on the figures cited," **notes Sébastien Neiss, Senior Advisor at Andera Acto in Germany.**

The BaFin does not play the same market-driving role as Bpifrance. German institutional investors therefore tend to favour foreign or pan-European funds. The risk lies less in the size of the domestic market than in the distribution of long-term products that are sometimes poorly understood.

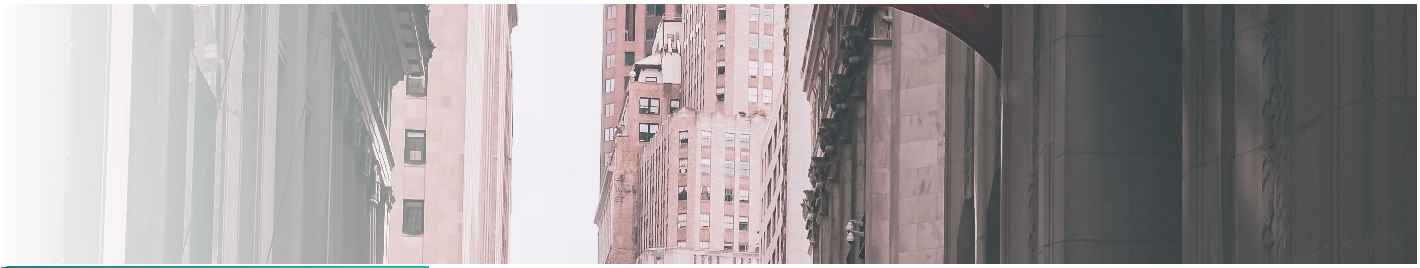
Joaquin Gonzalo

Spanish
Senior Advisor
Andera Acto

Sébastien Neiss

German
Senior Advisor
Andera Acto

Belgium: a narrower market, without significant leverage.



Serge Prosman

Belgian
Senior Advisor
Andera Acto

In Belgium, the private debt market remains smaller and less sophisticated than in neighbouring countries, driven primarily by pan-European or international funds. The contrast with the United States is significant: funds are predominantly closed-ended, unlisted, and lightly leveraged, generally in the 10–15% range, rarely exceeding 20%.

"In Belgium, we must avoid drawing parallels with the US model: funds are most often closed-ended, unlisted, with little or no leverage. We are talking about a financing tool for SMEs and mid-caps, not a mass liquidity product. Fund structures make little or no use of leverage, and when they do, it is typically limited to around 10–15% of the fund. This architecture reduces the risk of simultaneous redemptions and forced sales. It does not eliminate credit risk, but it prevents a liquidity issue from mechanically triggering a broader crisis of confidence," **notes Serge Prosman, Senior Advisor at Andera Acto in Belgium.**

The market is nonetheless maturing, with the development of secondary funds and growing specialisation across direct lending, unitranche, senior debt and opportunistic strategies.

Italy: a more cautious market, anchored in industrial underlying assets.

In Italy, foreign investors remain cautious given the country's specific legal framework and the need to scrutinise collateral, insolvency procedures and borrower quality with particular care. This caution favours more selective deals, often backed by industrial, family-owned or export-oriented businesses. Private debt in Italy finances growth, ownership transitions and consolidation more than it does technology sectors, which are more sensitive to valuation cycles. Current tensions could accelerate market maturation by sharpening the focus on asset quality, leverage discipline and liquidity mechanisms. Any slowdown would be less a sign of a structural breakdown than a further tightening of fund and manager selection.

New prudential regulations are progressively reducing banks' capacity to finance businesses on their own, opening up greater space for private debt. At the same time, evergreen vehicles respond to a structural need: channelling savings towards long-term investment, notably for retirement financing, while broadening access to private assets. The tensions observed in the United States do not condemn the model. Rather, they are accelerating the maturation of the European market, by reinforcing deal selectivity, leverage discipline, and better alignment between products and end investors. More institutional in nature, less dependent on short-term liquidity, and oriented towards the real economy, European private debt is well positioned to consolidate its credibility and assert its own model.

Stéphane Bergez & François-Xavier Mauron

Managing Partners – Andera Partners

The sale of Nostrum Group to IREN: an illustration of the convergence between energy and digital infrastructure.

European digital sovereignty will not be determined solely by software, artificial intelligence or regulation. It will also depend on the ability to finance, develop and control the critical computing infrastructure that underpins it. The sale of Nostrum Group by Andera Partners to IREN, a NASDAQ-listed company specialising in digital infrastructure and AI Cloud, is a clear expression of this transformational dynamic.

This transaction illustrates the rapid evolution of data centres, which have become, within just a few years, strategic infrastructure at the intersection of digital technology, energy and industry. The new AI-driven use cases now require massive electrical capacity, sophisticated cooling systems, secure grid connections and tight integration with energy networks. The data centre is becoming a genuine industrial platform, no longer simply a real estate or hosting asset.

Supporting a value-creating strategic pivot.

Founded in Spain in 2009 as an engineering company specialising in renewable energy, Ingenostrum underwent a major transformation when Andera Partners invested in 2023 through Andera Smart Infra 1. The objective was to support the group's strategic repositioning towards the development of next-generation data centres powered by renewable energy.

Since Andera's investment, the company has strengthened its organisation and built out its professional capabilities to accelerate the development of its project pipeline. The rebranding in 2025, from Ingenostrum to Nostrum Group, marked a new milestone in this data centre-focused strategy. The company has since become a European platform for the development, construction and operation of next-generation data centres.

The transaction with IREN enables the latter to secure approximately 490 MW of connected and contracted capacity in Spain, along with a complementary development pipeline. It also marks IREN's strategic entry into the European market, at a time of sharply accelerating global demand for computing capacity driven by the expansion of artificial intelligence.

A deepening convergence between digital and energy infrastructure.

One of the key lessons of this transaction is the increasingly close relationship between digital and energy infrastructure. Historically, the competitive advantage of data centres rested primarily on connectivity and proximity to major economic centres. Today, it also depends on resources that have become critical: access to affordable and reliable electricity, suitable land, cooling capacity and grid connections.

At the same time, electricity networks must absorb simultaneously the rise of AI, the electrification of end uses, the energy transition and the growing demands of reindustrialisation. Digital and energy infrastructure are thus becoming ever more interdependent.

As **Guy Auger, Partner, notes:** *"This transaction is a perfect illustration of the Andera Smart Infra 1 thesis, supporting entrepreneurs through the acceleration phase of deploying their energy infrastructure assets. By backing Nostrum Group's strategic pivot towards renewable-powered data centres, we have contributed to building a leading player in one of Europe's most dynamic markets."*

Guy Auger

Partner
Andera Infra

The role of infrastructure investors in scaling up.

In a still-fragmented European market where large international players occupy a dominant position, many local players possess strong industrial, energy or regional expertise but lack the capital needed to scale up.

Infrastructure investors therefore have an important role to play in supporting complex, capital-intensive, long-duration projects. Beyond providing capital, their ability to accompany strategic transformations and to bridge energy, industrial and digital considerations is becoming a defining factor in the development of these platforms.

The sale of Nostrum to IREN reflects this market evolution and confirms the growing interest of international investors in European platforms capable of combining energy expertise with digital infrastructure. It also demonstrates Andera Smart Infra's ability to support fast-evolving infrastructure themes that sit at the heart of Europe's competitiveness agenda.

AI at the heart of the software industry's transformation.

The rapid rise of generative AI has revived a central question for the software industry: is the value of certain software publishers at risk from models capable of automating, recommending and executing a growing number of tasks? This concern, sometimes captured under the term "SaaSpocalypse", rests on an intuition: the most generic or least differentiated solutions could see part of their functionality absorbed by AI. This reading is, however, reductive: AI does not uniformly destroy value in the software sector, it redistributes it.

The most exposed publishers are those whose value rests primarily on an interface, basic automation, or easily replicable features. Conversely, players deeply embedded in complex workflows, sensitive data and mission-critical processes hold an advantage that generalist models cannot as easily absorb.

The experiences of three Andera Partners portfolio companies illustrate this concretely: S4BT, which offers a digital platform for corporate travel management; Xelians, France's leading provider of physical and digital document management; and Eleven Strategy, a strategy, data science and AI consulting firm serving large corporations and investment funds. All three demonstrate that AI does not replace sector expertise but rather extends its reach.

From software to intelligent assistant.

The first transformation is visible in the product itself: software is gradually shifting from a tool that users operate to an assistant that understands, recommends and acts.

At **S4BT**, a specialist in corporate travel technology, AI is at work across multiple stages of the value chain: automating payments, invoice collection and financial reconciliation, analysing hotel spend, and developing Nora, a conversational agent built by its Italian subsidiary SIAP. *"Nora replaces traditional interfaces with a conversational interaction capable of executing, recommending and optimising travel decisions in real time, directly integrating corporate travel policy constraints,"* the company explains. Value no longer resides solely in access to a feature, but in the software's ability to embed business context and guide decision-making.

The same evolution is underway at **Xelians**. Within its Maarch Courrier solution, widely used by public sector organisations, the AI assistant Maarchie generates summaries, suggests responses and improves over time through user feedback. *"The benefit to the client is immediate: faster, more consistent and higher-quality processing of correspondence flows,"* the company notes. AI accelerates throughput while raising service quality.

At **Eleven**, the strategy, data and AI consulting firm, the impact is felt both in working methods and in client offerings. Through a secure platform built on a RAG architecture and connected to multiple language models, teams have accelerated analytical output, prototype development and the deployment of operational solutions. Clients now expect more than recommendations: they are seeking systems capable of automating business processes and delivering tangible results.

Value lies in data, trust and execution.

The three companies converge on one point: model performance is only part of the equation. The real challenge lies in data quality, governance, security and the ability to integrate AI into real operational processes.

For Xelians, data sovereignty and security are a fundamental concern. *"Our clients require that their information remains within their own environment, with strong guarantees around security and confidentiality."* In heavily regulated sectors, trust is a prerequisite for adoption. Data quality also emerges as a critical factor: even the most powerful models produce limited results when they rely on incomplete, fragmented or poorly governed data.

S4BT highlights other challenges, including data fragmentation across the hotel ecosystem, regulatory complexity (VAT, GDPR, e-invoicing) and the difficulty of industrialising certain use cases. *"The challenge is now less technological than one of organisational alignment and execution at scale,"* the group summarises.

At Eleven, the concern focuses on the risk of over-investing in complex architectures without a clearly identified business benefit. Put plainly, AI accelerates access to information and content production, but it does not, of course, replace sector expertise or human judgement.

Skills are becoming the true limiting factor.

The impact of AI is also measured through the productivity gains it generates. At S4BT, some processes are already delivering productivity improvements of up to 50%. Automation enables the company to support growth while increasing team efficiency. To accelerate the adoption of new AI capabilities, Xelians has launched an extensive internal change management programme, the first step of which involves systematically measuring the gains associated with AI projects and comparing them against the incremental cost of technological investment. At Eleven, the firm is observing a shift in the traditional model of consulting organisations. *"The best junior today is no longer simply a production machine. It is someone who knows how to use AI tools intelligently, challenge their outputs and sustain a line of reasoning,"* the firm notes. As certain tasks become standardised, value shifts towards critical thinking, interpretive capacity and deep domain expertise.

Contrary to the most radical predictions, AI does not spell the end of sector-specific software. Value creation is migrating towards what is hardest to replicate: intimate knowledge of business domains, operational integration, mastery of data, and the human skills needed to turn these into concrete levers. The winners will not necessarily be those with the most powerful models, but those who are able to deploy them in service of a precise, reliable and sovereign business use case.