

The Subnational Climate Fund (SCF) Plans to Invest USD43 Million in Grupo LUXUN to Accelerate Rooftop Solar for Distributed Generation (DG) in Mexico

Greenwich Connecticut, May 17th, 2023 – The Subnational Climate Fund (SCF), managed by Pegasus Capital Advisors, a private equity firm focused on sustainable investments, is pleased to announce a planned USD43 million capital investment in Grupo LUXUN, a leading Mexican renewable energy company that offers turn-key, rooftop solar energy installations for businesses and enterprises without up-front investments. Through an innovative Power Purchase Agreement (PPA) and leasing model, LUXUN aims to eliminate financial and operational barriers to solar energy adoption while taking advantage of the country's vast solar irradiance, reducing reliance on fossil fuels and avoiding harmful emissions.

As the local sponsor, Grupo LUXUN will be responsible for the entire development, procurement, installation supervision, and operation of the solar PV assets across Mexico's national territory, leveraging Pegasus Capital Advisors' and the rest of the consortium members of the SCF's extensive expertise in sustainable investments to achieve its mission of creating a sustainable future. **The planned five-year, USD43 million capital investment by the Subnational Climate Fund is expected to finance the construction of +160MW of solar panels and battery storage projects.** LUXUN also received grants from the SCF technical assistance facility to cover further studies: an environmental and social impact assessment (ESIA), an environmental and social management and action plan (ESMP/ ESAP), as well as the evaluation of the principles and safeguarding requirements of the Gold Standard for the Global Goals.

The development of renewable energy projects will not only help scale a positive impact in the communities where these projects are deployed, but also aims to reduce greenhouse gas emissions, with an estimation of **119,311 avoided tCO2 emissions** on average per year (from 2027 onwards), **256,000 MWh** of clean and affordable energy generated for industrial and commercial use per year, promote economic growth, and create approximately 42 direct jobs and 158 indirect employment opportunities, some of them in local communities.

"This investment supports our mission to encourage companies to transform their energy through solar panels without investing a single peso, ultimately reducing their costs and fostering business growth. With Pegasus Capital Advisors/ SCF by our side, we can accelerate our efforts to empower even more businesses across Mexico, drive positive change within the energy industry, and contribute to a more sustainable future for all. This collaboration is a testament to our shared vision and commitment to make a lasting impact in the world" said **Diego Ayala Maldonado, Co-CEO of Grupo LUXUN.**

"We are thrilled about SCF's investment in LUXUN to unlock the potential of the distributed energy sector in Mexico. We believe that LUXUN, with its highly entrepreneurial, dynamic and skilled staff, is a great partner for scaling the business in the commercial and industrial rooftop solar market. The investment underscores SCF's value proposition to enable sustainable growth and impact with commercial opportunities that are scalable and can even be replicated elsewhere for a more sustainable future." commented **Craig Cogut, Founder and CEO, Pegasus Capital Advisors.**

"To meet the Paris Agreement's ambition of net zero by 2050 we need solar PV generation to grow by 25% a year between 2022 and 2030 according to the International Energy Agency. I am delighted that Grupo LUXUN is partnering with the SCF to roll out solar PV across Mexico. The support they received through the SCF Technical Assistance facility has ensured that it is designed to deliver through Gold Standard's world leading impact management and measurement process." added **Margaret Kim, CEO, Gold Standard**

“The costs of pre-feasibility and feasibility studies remains a major hindrance to bankable project development, especially in developing and emerging countries. Thanks to the Green Climate Fund’s financial support, SCF has a partially funded Project Preparation Facility which covered the costs of four studies that contributed to the development of the LUXUN project” stated **David Albertani, CEO, Foundation R20**

“IUCN’s mission is to safeguard the conservation and sustainable use of the world’s natural resources, which includes supporting the Nature Positive transformation of private sector investments. In partnership with Pegasus Capital Advisors, Regions 20, and Gold Standard, and with the support of the Green Climate Fund, we are proud to strengthen the investment in LUXUN through the SCF Technical Assistance (TA) facility. The LUXUN investment will thus benefit from the management, monitoring, and evaluation components of the project; specifically the study, assessment, management and action plans for environmental and social impact,” added **Stewart Maginnis, Deputy Director General, IUCN**

About Grupo LUXUN:

A leading Mexican renewable energy company that offers turn-key solar energy installations for businesses and enterprises without up-front investments, through a **Power Purchase Agreement (PPA) and leasing models**. LUXUN aims to **eliminate financial and operational barriers** to solar energy adoption while taking advantage of the country's vast solar irradiance, reducing reliance on fossil fuels, and avoiding harmful emissions.

About SCF:

The Subnational Climate Fund (SCF) is a global blended finance initiative that aims to invest in and scale mid-sized (5 – 75 M \$USD) subnational infrastructure projects in the fields of sustainable energy, waste and sanitation, regenerative agriculture and nature-based solutions in developing countries. The SCF features a dedicated, grant-funded facility (\$28M) for Technical Assistance (TA) that provides technical support and grant funding to stakeholders in identifying and strengthening investment proposals for the Fund. The TA Facility is managed by the International Union for Conservation of Nature (IUCN) and implemented together with the Foundation R20 and Gold Standard.

The Green Climate Fund committed up to \$150 million to the Investment Fund for a junior tranche which is intended to further de-risk investment, and a further \$18.5 million for the technical assistance facility.

<https://www.subnational.finance/>

About Pegasus Capital Advisors, L.P.:

Pegasus Capital Advisors is a leading global private markets impact investment manager. As the first U.S. private equity fund manager accredited by the Green Climate Fund, we are dedicated to fostering sustainable and inclusive growth while providing attractive returns for our investors. Founded in 1996 by Craig Cogut, Pegasus has invested over \$2 billion across seven private equity funds. For additional information, please visit: www.pcalp.com.

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