

Solas Capital and Linklaters form a leading partnership in structuring green debt investments

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- Solas Capital AG and Linklaters work together to deliver excellence in structuring green investments in Europe, successfully closing a number of transactions over the past year, with more on the horizon.
- The frameworks signed to date will channel over EUR100 million into energy efficiency and behind-the-meter PV projects, delivering around 160kt of CO₂e savings per year.
- Collaborations include the German-based market-leading energy service companies (ESCOs) PAUL Tech AG (PAUL Tech) and Encore Efficiency GmbH (Encore Efficiency).

Solas Sustainable Energy Fund ICAV (SSEF), the SFDR Article 9 fund advised by the Zurich-based energy efficiency finance advisor Solas Capital AG, has collaborated with Linklaters LLP to form a leading partnership for structuring green investments.

The complexity of structuring green investments demands both operational excellence and seamless delivery of legal and financial advice. This is particularly true of innovative financing solutions such as those offered by SSEF. SSEF provides customized debt financing solutions, which are tailored to the specific requirements of individual ESCOs' business models. This financing allows ESCOs to offer long-term service contracts with zero up-front capital costs, enhancing the accessibility of energy efficiency and self-consumption PV technology.

Some examples of projects where Linklaters and Solas Capital have worked together include PAUL Tech and Encore Efficiency.

Paul Tech

SSEF signed a framework agreement with PAUL Tech for asset-based bonds which were subscribed by SSEF to provide a bespoke financing solution. The financing will be channelled into installations of PAUL Tech's "PAUL Performance" systems, which use AI-based hydraulic balancing to optimise the volume flow of water in heating systems in residential multi-family buildings. The solution improves properties' energy ratings, delivering an average energy consumption reduction of 20-40%, and helps to ease the pressure of the energy crisis on an individual level, by reducing costs for tenants.

Encore Efficiency

SSEF has committed to a project bond financing with the German-headquartered energy efficiency specialist ENCORE Efficiency. The investment will be used to finance a wide range of energy savings measures, including industrial-scale heat pumps and ice water cooling systems, for ENCORE's portfolio of industrial and commercial customers. ENCORE Efficiency works together with their multi-national customers to identify efficiency measures that reduce CO₂

emissions in industrial processes and simultaneously bring savings in operating costs, without any capital expenditure while being classified as IFRS off-balance sheet for their customers.

The successful delivery of transactions such as these will play a crucial role in meeting the EU's 2030 climate goals by channelling institutional finance to high impact projects that deliver significant and immediate reductions in carbon emissions.

Sebastian Carneiro CEO at Solas Capital AG said: "We are confident that Linklaters is a strong partner for delivering excellence in green finance transactions. Their understanding of the sector and of the complex and varied regulatory environments across the EU ensures that ESCOs receive consistently high quality and tailored legal advice. The market-leading legal expertise provided by Linklaters also contributes to ensuring that we deliver frameworks that are secure and well-structured for our investors."

Barbara Lauer Partner at Linklaters LLP in Frankfurt added: "Solas Capital's team of energy finance experts demonstrates a true passion for energy efficiency and a commitment to understanding the business models of their ESCO partners. Their expertise encompasses both the technical and the financial elements of the transactions, resulting in solutions which reflect the individual nuances of each transaction."

About Solas Capital AG

Solas Capital is a specialist investment advisory firm founded and managed by professionals from the energy efficiency financing sector and based out of Zurich, Munich and Dublin. Through the development of innovative financing solutions Solas Capital's mission is to support the move to a carbon-neutral society. By understanding both the funding needs of energy efficiency project developers and the requirements of institutional investors, Solas Capital bridges the funding gap between investors and projects. Solas Capital is the investment advisor to the Solas Sustainable Energy Fund ICAV, which is supported by the Munich Re Group, the European Investment Bank, and the LIFE Programme of the European Commission.

For more information, please visit: www.solas.capital

About Linklaters LLP

Linklaters LLP is a leading national and global commercial law firm with 31 offices in 21 countries. In Germany, around 300 lawyers advise leading companies and financial institutions worldwide on complex issues of commercial, banking and tax law. With innovative, multidisciplinary and industry-specific solutions, Linklaters supports clients in realising their strategies anytime and anywhere.

For more information, please visit www.linklaters.com.

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