

securitization(53,891)(14,603)(Gain) loss on sale of receivables and investments8,532Ä 1,305Ä Changes in receivables held-for-sale(6,750)51,538Ä Changes in accounts payable and accrued expenses50,801Ä (9,733)Change in accrued interest on receivables and investments(33,242)(14,518)Cash received (paid) upon hedge settlement19,261Ä Ä Other455Ä (2,375)Net cash provided by (used in) operating activities(3,886)65,726Ä Cash flows from investing activitiesEquity method investments(168,896)(429,944)Equity method investment distributions received11,426Ä 4,203Ä Proceeds from sales of equity method investments2,107Ä Ä Purchases of and investments in receivables(347,343)(317,805)Principal collections from receivables470,788Ä 74,328Ä Proceeds from sales of receivables99,166Ä 7,634Ä Proceeds from sale of real estate115,767Ä Ä Purchases of investments and securitization assetsÄ (12,969)Posting of hedge collateral (1,140)(13,380)Receipt of hedge collateral4,010Ä Ä Other(680)(473)Net cash provided by (used in) investing activities185,205Ä (688,406)Cash flows from financing activitiesProceeds from credit facilities616,792Ä 467,000Ä Principal payments on credit facilities(701,792)(235,000)Proceeds from issuance of term loan250,000Ä Ä Principal payments on term loan(561,023)(4,788)Proceeds from issuance of non-recourse debt94,000Ä Ä Proceeds from issuance of commercial paper notes80,000Ä 100,000Ä Principal payments on non-recourse debt(69,958)(10,069)Proceeds from issuance of senior unsecured notes205,500Ä Ä Net proceeds of common stock issuances82,014Ä 357,594Ä Payments of dividends and distributions(93,280)(72,129)Withholdings on employee share vesting(466)(1,433)Payment of financing costs(19,711)(921)Posting of hedge collateral(90,860)Ä Receipt of hedge collateral14,700Ä Ä Other(969)(1,768)Net cash provided by (used in) financing activities(95,053)598,486Ä Increase (decrease) in cash, cash equivalents, and restricted cash86,266Ä (24,194)Cash, cash equivalents, and restricted cash at beginning of period75,082Ä 175,972Ä Cash, cash equivalents, and restricted cash at end of period\$161,348Ä \$151,778Ä Interest paid\$110,097Ä \$68,167Ä Supplemental disclosure of non-cash activityResidual assets retained from securitization transactions\$28,164Ä \$26,020Ä Equity method investments retained from securitization transactions32,564Ä Ä Equity method investments retained from sale of assets upon establishment of co-investment structure54,655Ä Ä Deconsolidation of non-recourse debt51,233Ä 32,923Ä Deconsolidation of assets pledged for non-recourse debt51,761Ä 31,371Ä See accompanying notes.- 6 -HA SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(UNAUDITED)June 30, 2024 A 1.The Company HA Sustainable Infrastructure Capital, Inc., formerly known as Hannon Armstrong Sustainable Infrastructure Capital, Inc. prior to July 2, 2024 (the äóceCompanyäó), actively partners with clients to deploy real assets that facilitate the energy transition, which we refer to as äóceclimate solutionsäó. Our investments take various forms, including equity, joint ventures, land ownership, lending, and other financing transactions. We generate net investment income from our portfolio, and fees through gain-on-sale securitization transactions, asset management and servicing, broker/dealer and other services. We also generate recurring income through our residual ownership in securitization and syndication structures. The Company and its subsidiaries are hereafter referred to as äócewe,äóceusä or äóceour.ä We refer to the income producing assets that we hold on our balance sheet as our äócePortfolio.ä Our Portfolio includes equity investments in either preferred or common structures in unconsolidated entities and receivables and debt securities. We finance our business through cash on hand, recourse and non-recourse debt, convertible securities, or equity issuances and may also decide to finance such transactions through the use of off-balance sheet securitization or syndication structures. Our common stock is listed on the New York Stock Exchange (äóceNYSEä) under the symbol äóceHASI.ä We intend to continue to operate our business in a manner that will maintain our exemption from registration as an investment company under the Investment Company Act of 1940 (the äóce1940 Actä), as amended. We operate our business through, and along with two of our wholly owned subsidiaries serve as the general partners of, our operating partnership subsidiary, Hannon Armstrong Sustainable Infrastructure, L.P., (the äóceOperating Partnershipä), which was formed to acquire and directly or indirectly own our assets.2.Summary of Significant Accounting Policies Basis of PresentationThe preparation of financial statements in accordance with U.S. generally accepted accounting principles (äóceGAAPä) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and such differences could be material. These financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2023, as filed with the SEC. In the opinion of management, all adjustments necessary to present fairly our financial position, results of operations and cash flows have been included. Our results of operations for the three- and six-month periods ended June 30, 2024 and 2023, are not necessarily indicative of the results to be expected for the full year or any other future period. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted. Certain amounts in the prior years have been reclassified to conform to the current year presentation. The consolidated financial statements include our accounts and controlled subsidiaries, including the Operating Partnership. All material intercompany transactions and balances have been eliminated in consolidation. Following the guidance for non-controlling interests in Financial Accounting Standards Board Accounting Standards Codification (äóceASCä) 810, Consolidation (äóceASC 810ä), references in this report to our earnings per share and our net income and stockholdersä™ equity attributable to common stockholders do not include amounts attributable to non-controlling interests. Consolidation We account for our investments in entities that are considered voting interest entities or variable interest entities (äóceVIEsä) under ASC 810 and assess on an ongoing basis whether we should consolidate these entities. We have established various special purpose entities or securitization trusts for the purpose of securitizing certain assets that are not consolidated in our financial statements as described below in Securitization of Financial Assets. Since we have assessed that we have power over and receive the benefits from those special purpose entities that are formed for the purpose of holding our assets on our balance sheet, we have concluded we are the primary beneficiary and - 7 -should consolidate these entities under the provisions of ASC 810. We also have certain subsidiaries we deem to be voting interest entities that we control through our ownership of voting interests and accordingly consolidate. Certain of our equity method investments were determined to be interests in VIEs in which we are not the primary beneficiary, as we do not direct the significant activities of these entities, and thus we account for those investments as Equity Method Investments as discussed below. Our maximum exposure to loss through these investments is typically limited to their recorded values. However, we may provide financial commitments to these VIEs or guarantee certain of their obligations. Certain other entities in which we have equity investments have been assessed to be voting interest entities and as we exert significant influence rather than control through our ownership of voting interests, we do not consolidate them and thus account for them as equity method investments described below. Equity Method Investments We have made equity investments, typically in structures where we have a preferred return position. These investments are typically owned in holding companies (using limited liability companies (äóceLLCsä) taxed as partnerships) where we partner with either the operator of the project or other institutional investors. We share in the cash flows, income and tax attributes according to a negotiated schedule which typically does not correspond with our ownership percentages. Investors in a preferred return position, if any, typically receive a priority distribution of all or a portion of the projectä™s cash flows, and in some cases, tax attributes. Once the preferred return, if applicable, is achieved, the partnership äóceflipsä and common equity investors, often the operator of the project, receive a larger portion of the cash flows, with the previously preferred investors retaining an on-going residual interest. Our equity investments in climate solutions projects are accounted for under the equity method of accounting. Under the equity method of accounting, the carrying value of these equity method investments is determined based on amounts we invested, adjusted for the earnings or losses of the investee allocated to us based on the LLC agreement, less distributions received. We generally conclude that investments where the LLC agreements contain preferences with regard to cash flows from operations, capital events and liquidation contain substantive profit sharing arrangements, so we accordingly reflect our share of profits and losses by determining the difference between our claim on the investeeä™s reported book value at the beginning and the end of the period, which is adjusted for distributions received and contributions made during the period. This claim is calculated as the amount we would receive if the investee were to liquidate all of its assets at the recorded amounts determined in accordance with GAAP and distribute the resulting cash to creditors and investors in accordance with their respective priorities. This method is referred to as the hypothetical liquidation at book value method (äóceHLBVä). Our exposure to loss in these investments is limited to the amount of our equity investment, as well as receivables from or guarantees made to the same investee. Any difference between the amount of our investment and the amount of underlying equity in net assets at the time of our investment is generally amortized over the life of the assets and liabilities to which the difference relates. Cash distributions received from each equity method investment are classified as operating activities to the extent of cumulative earnings for each investment in our consolidated statements of cash flows. Our initial investment and additional cash distributions beyond the amounts that are classified as operating activities are classified as investing activities in our consolidated statements of cash flows. We typically recognize earnings one quarter in arrears for these investments to allow for the receipt of financial information. Our proportionate share of any revenue earned from equity method investees is eliminated through the income (loss) from equity method investment line of our income statement. We evaluate quarterly whether the current carrying value of our investments accounted for using the equity method have an other than temporary impairment (äóceOTTIä). An OTTI occurs when the estimated fair value of an investment is below the carrying value and the difference is determined to not be recoverable in the near term. First, we consider both qualitative and quantitative evidence in determining whether there is an indicator of a loss in investment value below carrying value. After considering the weight of available evidence, if it is determined that there is an indication of loss in investment value, we will perform a fair value analysis. If the resulting fair value is less than the carrying value, we will determine if this loss in value is OTTI, and we will recognize any OTTI in the income statement as an impairment. This evaluation requires significant judgment regarding, but not limited to, the severity and duration of the impairment; the ability and intent to hold the securities until recovery; financial condition, liquidity, and near-term prospects of the issuer; specific events; and other factors. Receivables Receivables include project loans and receivables, and are separately presented in our balance sheet to illustrate the differing nature of the credit risk related to these assets. Unless otherwise noted, we generally have the ability and intent to hold our receivables for the foreseeable future and accordingly we classify them as held for investment. Our ability and intent to hold certain receivables may change from time to time depending on a number of factors including economic, liquidity and capital market conditions. At inception of the arrangement, the carrying value of receivables held for investment represents the present value of the note, lease or other payments, net of any unearned fee income, which is recognized as income over the term of the note or lease using the effective interest method. Receivables that are held for investment are carried at amortized cost, net of - 8 - any unamortized acquisition premiums or discounts and include origination and acquisition costs, as applicable. Our initial investment and principal repayments of these receivables are classified as investing activities and the interest collected is classified as operating activities in our consolidated statements of cash flows. Receivables that we intend to sell in the short-term are classified as held-for-sale and are carried at the lower of amortized cost or fair value on our balance sheet, which is assessed on an individual asset basis. The purchases and proceeds from receivables that we intend to sell at origination are classified as operating activities in our consolidated statements of cash flows. Interest collected is classified as an operating activity in our consolidated statements of cash flows. Receivables from certain projects are subordinate to preferred investors in a project who are allocated the majority of such projectä™s cash in the early years of the investment. Accordingly, such receivables may include the ability to defer scheduled interest payments in exchange for increasing our receivable balance. We generally accrue this paid-in-kind (äócePIKä) interest when collection is expected, and cease accruing PIK interest if there is insufficient value to support the accrual or we expect that any portion of the principal or interest due is not collectible. The change in PIK in any period is included in Change in accrued interest on receivables and investments in the operating section of our statement of cash flows. We evaluate our receivables for an allowance as determined under ASC Topic 326 Financial Instruments- Credit Losses (äóceTopic 326ä) and for our internally derived asset performance categories included in Note 6 to our financial statements in this Form 10-Q on at least a quarterly basis and more frequently when economic or other conditions warrant such an evaluation. When a receivable becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally consider the receivable delinquent or impaired and place the receivable on non-accrual status and cease recognizing income from that receivable until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a receivableä™s status significantly improves regarding the debtorä™s ability to service the debt or other obligations, we will remove it from non-accrual status. We determine our allowance based on the current expectation of credit losses over the contractual life of our receivables as required by Topic 326. We use a variety of methods in developing our allowance, including discounted cash flow analysis and probability-of-default/loss given default (äócePD/LGDä) methods. In developing our estimates, we consider our historical experience with our and similar assets in addition to our view of both current conditions and what we expect to occur within a period of time for which we can develop reasonable and supportable forecasts, typically two years. For periods following the reasonable and supportable forecast period, we revert to historical information when developing assumptions used in our estimates. In developing our forecasts, we consider a number of qualitative and quantitative factors in our assessment, which may include a projectä™s operating results, loan-to-value ratio, any cash reserves held by the project, the ability of expected cash from operations to cover the cash flow requirements currently and into the future, key terms of the transaction, the ability of the borrower to refinance the transaction, other credit support from the sponsor or guarantor and the projectä™s collateral value. In addition, we consider the overall economic environment, the climate solutions sector, the effect of local, industry, and broader economic factors, such as unemployment rates and power prices, the impact of any variation in weather and the historical and anticipated trends in interest rates, defaults and loss severities for similar transactions. For assets where the obligor is a publicly rated entity, we consider the published historical performance of entities with similar ratings in developing our estimate of an allowance, making adjustments determined by management to be appropriate during the reasonable and supportable forecast period. We have made certain loan commitments that are within the scope of Topic 326. When estimating an allowance for these loan commitments we consider the probability of certain amounts to be funded and apply either a discounted cash flow or PD/LGD methodology as described above. We charge off receivables against the allowance, if any, when we determine the unpaid principal balance is uncollectible, net of recovered amounts. For those assets where we record our allowance using a discounted cash flow method, we have elected to record the change in allowance due solely to the passage of time through the provision for loss on receivables in our income statement. Any provision we record for an allowance is a non-cash reconciling item to cash from operating activities in our consolidated statements of cash flows. Real Estate Real estate consists of land or other real property and its related lease intangibles, net of accumulated amortization. Our real estate is generally leased to tenants on a triple net lease basis, whereby the tenant is responsible for all operating expenses relating to the property, generally including property taxes, insurance, maintenance, repairs and capital expenditures. Certain real estate transactions may be characterized as äócefailed sale-leasebackä transactions as defined under ASC Topic 842. A Leases, and thus are accounted for as financing transactions similarly to our receivables as described above in Receivables. For our real estate lease transactions that are classified as operating leases, the scheduled rental revenue typically varies during the lease term and thus rental income is recognized on a straight-line basis, unless there is considerable risk as to collectability, so as to produce a constant periodic rent over the term of the lease. Accrued rental income is the aggregate difference between the scheduled rents that vary during the lease term and the income recognized on a straight-line basis and is recorded in other assets. Expenses, if any, related to the ongoing operation of leases where we are the lessor, are charged to - 9 -operations as incurred. Our initial investment is classified as investing activities and income collected for rental income is classified as operating activities in our consolidated statements of cash flows. When our real estate transactions are treated as an asset acquisition with an operating lease, we typically record our real estate purchases at cost, including acquisition and closing costs, which is allocated to each tangible and intangible asset acquired on a relative fair value basis. Securitization of Assets We have established various special purpose entities or securitization trusts for the purpose of securitizing certain financial assets. We determined that the trusts used in securitizations are VIEs, as defined in ASC 810. When we conclude that we are not the primary beneficiary of certain trusts because we do not have power over those trustsä™ significant activities, we do not consolidate the trust. We typically serve as primary or master servicer of these trusts; however, as the servicer, we do not have the power to make significant decisions impacting the performance of the trusts. We account for transfers of financial assets to these securitization trusts as sales pursuant to ASC 860, Transfers and Servicing (äóceASC 860ä), when we have concluded the transferred assets have been isolated from the transferor (i.e., put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership) and we have surrendered control over the transferred assets. When we are unable to conclude that we have been sufficiently isolated from the securitized financial assets, we treat such trusts as secured borrowings, retaining the assets on our balance sheet and recording the amounts due to the trust investor as non-recourse debt. Transfers of non-financial assets are accounted for under ASC 610-20, Gains and Losses from the Derecognition of Non-financial Assets, and those transfers are accounted for as sales when we have concluded that we have transferred control of the non-financial asset. For transfers treated as sales under ASC 860, we have received true-sale-at-law and non-consolidation legal opinions for all of our securitization trust structures to support our conclusion regarding the transferred financial assets. When we sell financial assets in securitizations, we generally retain interests in the form of servicing rights

and residual assets, which we refer to as securitization assets. Gain or loss on the sale of assets is calculated based on the excess of the proceeds received from the securitization (net of any transaction costs) plus any retained interests obtained over the cost basis of the assets sold. For retained interests, we generally estimate fair value based on the present value of future expected cash flows using our best estimates of the key assumptions of anticipated losses, prepayment rates, and current market discount rates commensurate with the risks involved. Cash flows related to our securitizations at origination are classified as operating activities in our consolidated statements of cash flows. We initially account for all separately recognized servicing assets and servicing liabilities at fair value and subsequently measure such servicing assets and liabilities using the amortization method. Servicing assets and liabilities are amortized in proportion to, and over the period of, estimated net servicing income with servicing income recognized as earned. We assess servicing assets for impairment at each reporting date. If the amortized cost of servicing assets is greater than the estimated fair value, we will recognize an impairment in net income. We account for our other retained interests in securitized financial assets, the residual assets, similar to available-for-sale debt securities and carry them at fair value, with changes in fair value recorded in accumulated other comprehensive income (â€œAOCLâ€) pursuant to ASC 325-40, Beneficial Interests in Securitized Financial Assets. Income related to the residual assets is recognized using the effective interest rate method and included in securitization income in our income statement. Our residual assets are evaluated for impairment on a quarterly basis under Topic 326. A residual asset is impaired if its fair value is less than its carrying value. The credit component of impairments, if any, are recognized by recording an allowance against the amortized cost of the asset. For changes in expected cash flows, we will calculate a new yield based on the current amortized cost of the residual assets and the revised expected cash flows. This yield is used prospectively to recognize our income related to these assets. Residual interests in securitized non-financial assets are accounted for as equity method investments, and subject to those accounting policies described above. Cash and Cash Equivalents Cash and cash equivalents include short-term government securities, certificates of deposit and money market funds, all of which had an original maturity of three months or less at the date of purchase. These securities are carried at their purchase price, which approximates fair value. Restricted Cash Restricted cash includes cash and cash equivalents set aside with certain lenders primarily to support obligations outstanding as of the balance sheet dates. Restricted cash is reported as part of other assets in our consolidated balance sheets. Refer to Note 3 to our financial statements in this Form 10-Q for disclosure of the balances of restricted cash included in other assets. 10 -Convertible Notes We have issued convertible and exchangeable senior unsecured notes (together, â€œConvertible Notesâ€) that are accounted for in accordance with ASC 470-20, Debt with Conversion and Other Options, and ASC 815, A Derivatives and Hedging (â€œASC 815â€). Under ASC 815, issuers of certain convertible or exchangeable debt instruments are generally required to separately account for the conversion or exchange option of the debt instrument as either a derivative or equity, unless it meets the scope exemption for contracts indexed to, and settled in, an issuerâ€™s own equity. Since our conversion or exchange options are both indexed to our equity and can only be settled in our common stock, we have met the scope exemption, and therefore, we do not separately account for the embedded conversion or exchange options. The initial issuance and any principal repayments are classified as financing activities and interest payments are classified as operating activities in our consolidated statements of cash flows. If converted or exchanged, the carrying value of each Convertible Note is reclassified into stockholdersâ€™ equity. Derivative Financial Instruments We use derivative financial instruments, including interest rate swaps and collars, to manage, or hedge, our interest rate risk exposures associated with new debt issuances and anticipated refinancings of existing debt, to manage our exposure to fluctuations in interest rates on floating-rate debt, and to optimize the mix of our fixed and floating-rate debt. Our objective is to reduce the impact of changes in interest rates on our results of operations and cash flows. The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized asset position) or accounts payable, accrued expenses and other (if in an unrealized liability position) and in net unrealized gains and losses in AOCI as described below. The cash settlements of our interest rate swaps, if any, are classified as operating activities in our consolidated statements of cash flows. The interest rate derivatives we use are intended to be designated as cash flow hedges and are considered highly effective in reducing our exposure to the interest rate risk that they are designated to hedge. This effectiveness is required in order to qualify for hedge accounting. Instruments that meet the required hedging criteria are formally designated as hedging instruments at the inception of the derivative contract. Derivatives are recorded at fair value. If a derivative is designated as a cash flow hedge and meets the highly effective threshold, the change in the fair value of the derivative is recorded in AOCI, net of associated deferred income tax effects and is recognized in earnings along with the income tax effect at the same time as the hedged item, which is when interest expense is recognized. For any derivative instruments not designated as hedging instruments, changes in fair value would be recognized in earnings in the period that the change occurs. We assess, both at the inception of the hedge and on an ongoing basis, whether the derivatives designated as cash flow hedges are highly effective in offsetting the changes in cash flows of the hedged items. We also assess on an ongoing basis whether the forecasted transactions remain probable, and discontinue hedge accounting if we conclude that they do not. We do not hold derivatives for trading purposes. Any collateral posted or received as credit support against derivative positions are netted against those derivatives in our balance sheets. When our collateral account with any particular counterparty is in a liability position, we include inflows and outflows related to those collateral postings within financing activities in our statement of cash flows. When our collateral account with any particular counterparty is in an asset position, we include inflows and outflows related to those collateral postings within investing activities in our statement of cash flows. The inflows and outflows related to instruments designated as cash flow hedges are included within our statement of cash flows in the same section as the hedged item, which is typically operating activities for our instruments which hedge interest rate risk exposures. Interest rate derivative contracts contain a credit risk that counterparties may be unable to fulfill the terms of the agreement. We attempt to minimize that risk by evaluating the creditworthiness of our counterparties, who are limited to major banks and financial institutions, and do not anticipate nonperformance by the counterparties due to their requirement to post collateral. We have entered into certain capped call transactions to mitigate the economic dilution that may result from the conversion or exchange of certain of our Convertible Notes. These transactions are freestanding equity-linked derivative instruments that qualify for the exemption for contracts indexed to, and settled in, an issuerâ€™s own equity found in ASC 815, and accordingly the payment of the option premium was recorded as a reduction of Additional Paid-in-Capital within our Statement of Stockholdersâ€™ Equity. - 11 - Income Taxes We elected and qualified to be taxed as a REIT for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2013, through our taxable year ended December 31, 2023. We have revoked our REIT election effective January 1, 2024 and beginning in taxable year 2024 are taxed as a taxable C Corporation. For tax years 2023 and prior, we had taxable REIT subsidiaries (â€œTRSâ€) that were taxed separately, and that were generally subject to U.S. federal, state and local income taxes. To qualify as a REIT, we were required to meet on an ongoing basis several organizational and operational requirements, including a requirement that we distribute at least 90% of our REITâ€™s net taxable income before dividends paid, excluding capital gains, to our stockholders each year. As a REIT, for tax years ended December 31, 2023 and earlier, we were not subject to U.S. federal corporate income tax on that portion of net income that was distributed to our owners in accordance with the REIT rules. Subsequent to our REIT status revocation, all of our net taxable income is subject to U.S. federal and state income tax at the applicable corporate tax rate, and dividends paid to stockholders are no longer tax deductible. We account for income taxes under ASC 740, Income Taxes (â€œASC 740â€) using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. We evaluate any deferred tax assets for valuation allowances based on an assessment of available evidence including sources of taxable income, prior years taxable income, any existing taxable temporary differences and our future investment and business plans that may give rise to taxable income. We treat any tax credits we receive from our equity investments in renewable energy projects as reductions of federal income taxes of the year in which the credit arises. We apply ASC 740 with respect to how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. This guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are â€œmore likely than notâ€ to be sustained by the applicable tax authority. We are required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes U.S. federal and certain states. Equity-Based Compensation We have adopted equity incentive plans which provide for grants of stock options, stock appreciation rights, restricted stock units, shares of restricted common stock, phantom shares, dividend equivalent rights, long-term incentive-plan units (â€œLTIP Unitsâ€) and other restricted limited partnership units issued by our Operating Partnership and other equity-based awards. From time to time, we may grant equity or equity-based awards as compensation to our senior management team, independent directors, employees, advisors, consultants and other personnel. Certain awards earned under each plan are based on achieving various performance or market targets, which are generally earned between 0% and 200% of the initial target, depending on the extent to which the performance or market target is met. In addition to performance or market targets, income or gain must be allocated by our Operating Partnership to certain LTIP Units issued by our Operating Partnership so that the capital accounts of such units are equalized with the capital accounts of other holders of OP units before parity is reached and LTIP Units can be converted to limited partnership units. We record compensation expense for grants made in accordance with ASC 718, Compensation-Stock Compensation. We record compensation expense for unvested grants that vest solely based on service conditions on a straight-line basis over the vesting period of the entire award based upon the fair market value of the grant on the date of grant. Fair market value for restricted common stock is based on our share price on the date of grant. For awards where the vesting is contingent upon achievement of certain performance targets, compensation expense is measured based on the fair market value on the grant date and is recorded over the requisite service period (which includes the performance period). Actual performance results at the end of the performance period determines the number of shares that will ultimately be awarded. We have also issued awards where the vesting is contingent upon service being provided for a defined period and certain market conditions being met. The fair value of these awards, as measured at the grant date, is recognized over the requisite service period, even if the market conditions are not met. The grant date fair value of these awards was developed by an independent appraiser using a Monte Carlo simulation. Forfeitures of unvested awards are recognized as they occur. We have a retirement policy that provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable performance measures and without the requirement for continued employment. Employees are eligible for the retirement policy upon meeting age and years of service criteria. We record compensation expense for unvested grants through the date in which an employee meets the retirement criteria. - 12 - Earnings Per Share We compute earnings per share of common stock in accordance with ASC 260, Earnings Per Share. Basic earnings per share is calculated by dividing net income attributable to controlling stockholders (after consideration of the earnings allocated to unvested grants, if applicable) by the weighted-average number of shares of common stock outstanding during the period excluding the weighted average number of unvested grants, if applicable (â€œparticipating securitiesâ€ as defined in Note 12 to our financial statements in this Form 10-Q). Diluted earnings per share is calculated by dividing net income attributable to controlling stockholders (after consideration of the earnings allocated to unvested grants, if applicable) by the weighted-average number of shares of common stock outstanding during the period plus other potential common stock instruments if they are dilutive. Other potentially dilutive common stock instruments include our unvested restricted stock, other equity-based awards, and Convertible Notes. The restricted stock and other equity-based awards are included if they are dilutive using the treasury stock method. The treasury stock method assumes that theoretical proceeds received for future service provided is used to purchase shares of treasury stock at the average market price per share of common stock, which is deducted from the total shares of potential common stock included in the calculation. When unvested grants are dilutive, the earnings allocated to these dilutive unvested grants are not deducted from the net income attributable to controlling stockholders when calculating diluted earnings per share. The Convertible Notes are included if they are dilutive using the if-converted method, which removes interest expense related to the Convertible Notes from the net income attributable to controlling stockholders and includes the weighted average shares of potential common stock over the period issuable upon conversion or exchange of the note. No adjustment is made for shares of potential common stock that are anti-dilutive during a period. Our capped call transactions are anti-dilutive and therefore their impact will be excluded from earnings per share. Segment Reporting We manage our business as a single portfolio, and report all of our activities as one business segment. Recently Issued Accounting Pronouncements In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU No. 2023-07 amended the existing segment reporting requirements by requiring disclosure of the significant segment expenses based on how management internally views segment information and by allowing the disclosure of more than one measure of segment profit or loss, as well as by expanding the interim period segment requirements. The ASU also requires single-reportable segment entities to report the disclosures required under ASC Topic 280, Segment Reporting. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Upon adoption of ASU No. 2023-07, we will provide the disclosures required by ASC Topic 280, Segment Reporting. Other accounting standards updates issued before August 2, 2024, and effective after June 30, 2024, are not expected to have a material effect on our consolidated financial statements and related disclosures. 3. Fair Value Measurements Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value accounting guidance provides a three-level hierarchy for classifying financial instruments. The levels of inputs used to determine the fair value of our financial assets and liabilities carried on the balance sheet at fair value and for those which only disclosure of fair value is required are characterized in accordance with the fair value hierarchy established by ASC 820, Fair Value Measurements. Where inputs for a financial asset or liability fall in more than one level in the fair value hierarchy, the financial asset or liability is classified in its entirety based on the lowest level input that is significant to the fair value measurement of that financial asset or liability. We use our judgment and consider factors specific to the financial assets and liabilities in determining the significance of an input to the fair value measurements. As of June 30, 2024 and December 31, 2023, only our residual assets related to our securitization trusts, our derivatives, and our investments were carried at fair value on the consolidated balance sheets on a recurring basis. The three levels of the fair value hierarchy are described below: â€¢ Level 1 â€” Quoted prices (unadjusted) in active markets that are accessible at the measurement date. â€¢ Level 2 â€” Observable prices that are based on inputs not quoted on active markets but corroborated by market data. â€¢ Level 3 â€” Unobservable inputs are used when little or no market data is available. - 13 - The tables below illustrate the estimated fair value of our financial instruments on our balance sheet. Unless otherwise discussed below, fair values for our Level 2 and Level 3 measurements are measured using a discounted cash flow model, contractual terms and inputs which consist of base interest rates and spreads over base rates which are based upon market observation and recent comparable transactions. An increase in these inputs would result in a lower fair value and a decline would result in a higher fair value. Our Senior Unsecured Notes (as defined below) and Convertible Notes are valued using a market-based approach and observable prices. The receivables held-for-sale, if any, are carried at the lower of cost or fair value, as determined on an individual asset basis. As of June 30, 2024 Fair Value Carrying Value Level A (in millions) Assets Receivables \$2,480A \$2,769A Level A 3 Receivables held-for-sale 40A 36A Level A 3 Investments (1) 7A 7A Level A 3 Securitization residual assets (2) 238A 238A Level A 3 Derivative assets 47A 47A Level A 2 Liabilities (3) Credit facilities \$317A \$317A Level A 3 Commercial paper notes 110A 110A Level 3 Term loans payable 422A 422A Level 3 Non-recourse debt 136A 136A Level A 3 Senior unsecured notes 2,468A 2,541A Level 2 Convertible Notes: 2025 Exchangeable Senior Notes 212A 216A Level 2 Total 2028 Exchangeable Senior Notes 501A 408A Level 2 Total Convertible Notes 713A 624A Derivative liabilities 3A 3A Level A 2 (1) The amortized cost of our investments as of June 30, 2024, was \$8 million. (2) Included in securitization assets on the consolidated balance sheet. The amortized cost of our securitization residual assets net of allowance for credit losses as of June 30, 2024 was \$287 million. (3) Fair value and carrying value exclude unamortized financing costs. - 14 - As of December 31, 2023A Fair Value Carrying Value Level A (in millions) Assets Receivables \$2,733A \$3,074A Level A 3 Receivables held-for-sale 36A 35A Level A 3 Investments (1) 7A 7A Level A 3 Securitization residual assets (2) 219A 219A Level A 3 Derivative assets 10A 10A Level 2 Liabilities (3) Credit facilities \$401A \$401A Level A 3 Commercial paper notes 30A 30A Level 3 Term loan facilities 736A 736A Level 3 Non-recourse debt 158A 162A Level A 3 Senior unsecured notes 2,251A 2,337A Level 2 Convertible Notes: 2025 Exchangeable Senior Notes 202A 211A Level 2 Total 2028 Exchangeable Senior Notes 481A 408A Level 2 Total Convertible Notes 683A 619A Derivative liabilities 9A 9A Level 2 (1) A A A The amortized cost of our investments as of December 31, 2023, was \$8 million. (2) A A A Included in securitization assets on the consolidated balance sheet. The amortized cost of our securitization residual assets as of December 31, 2023, was \$258A million. (3) A A A Fair value and carrying value exclude unamortized financing costs. Securitization residual assets The

ownership in Daggett to a third party without approval of the review committee of Daggett. We use the equity method of accounting to account for our preferred equity interests in Daggett, and have elected to recognize earnings from this investment one quarter in arrears to allow for the receipt of financial information. Lighthouse Renewables HoldCo 2 LLC We have preferred equity interests in Lighthouse Renewables HoldCo 2 LLC (â€œLighthouse 2â€) which owns three onshore wind and utility-scale solar and solar-plus-storage projects, all developed and managed by the project sponsor. We have made investments in the preferred cash equity interests of the Lighthouse 2 of approximately \$420Â million through June 30, 2024. Alongside the project sponsor and under terms outlined in the partnership agreement, we have made \$20Â million in working capital loans to Lighthouse 2 primarily for payments related to winter storm Uri. Those working capital loans are included in our Related Party Transactions disclosures below. The Lighthouse 2 projects feature contracted cash flows with a diversified group of predominately investment grade corporate and university oftakers. Lighthouse 2 is governed by a limited liability company agreement between us and the sponsor serving as managing member and contain customary terms and conditions. Most major decisions that may impact Lighthouse 2, its subsidiaries or its assets, require a unanimous vote of the representatives present at a meeting of a review committee in which a quorum is present. The review committee is a four person committee, which includes two of our representatives and two sponsor representatives. Commencing on a certain date following the effective date of the applicable limited liability company agreement, we will be entitled to preferred distributions until certain return targets of each investment are achieved. Subject to customary exceptions, no member of Lighthouse 2 can transfer any of its equity ownership in Lighthouse 2 to a third party without approval of the review committee of Lighthouse 2. We use the equity method of accounting to account for our preferred equity interests in Lighthouse 2, and have elected to recognize earnings from this investment one quarter in arrears to allow for the receipt of financial information. CarbonCount Holdings 1 LLC On May 4, 2024, we, through our indirect subsidiary, HASI CarbonCount Holdings 1, LLC (â€œHASI CarbonCountâ€), a Delaware limited liability company, and Hoops Midco, LLC (â€œKKR Hoopsâ€), an investment vehicle established as a Delaware limited liability company and managed by an affiliate of Kohlberg Kravis Roberts & Co. L.P. (â€œKKRâ€), entered into agreements to acquire interests in CarbonCount Holdings 1 LLC (â€œCCH1â€), established to invest in certain eligible climate positive projects across the United States, as further described below. CCH1 has been formed as a Delaware limited liability company. HASI CarbonCount and KKR Hoops have each committed \$1Â billion to CCH1 to be invested in clean energy assets during an 18 month investment period. In addition, HASI, through its indirect subsidiaries, Hannon Armstrong Securities, LLC (the â€œBroker-Dealerâ€) and CarbonCount Holdings Manager LLC (the â€œAsset Managerâ€), and, together with the Broker-Dealer, the â€œService Providersâ€, is engaged by CCH1 pursuant to a services agreement (the â€œServices Agreementâ€¹) to provide certain services to CCH1. CCH1 is governed by a board of directors (â€œthe Boardâ€) which will initially be composed of four directors, two of whom will be appointed by us and two of whom will be appointed by KKR Hoops. Actions of the Board generally require the affirmative vote of at least three out of four directors. Pursuant to the service agreement, the Board has delegated to the Service Providers certain rights and powers to manage the day-to-day business and affairs of CCH1, while retaining control over the significant decision making of CCH1. We account for our investment in CCH1 as an equity method investment. The Broker-Dealer sources investment opportunities for CCH1 pursuant to the terms of the Services Agreement. Through the Broker-Dealer, HASI is obligated to present all of the investment opportunities it identifies that fit within certain predetermined criteria to the Board until either joint venture partyâ€™s commitment has been fully invested or upon the date that the 18-month investment period described above expires or is earlier terminated. The investment criteria under the Services Agreement includes investment opportunities that we would typically have originated on our balance sheet. CCH1 pays the Broker-Dealer, for provision of the services provided, an upfront fee on each funding of investments generally equal to 1% of the total cash consideration funded by CCH1 to the applicable investment counterparty. CCH1 also - 22 - pays the Asset Manager, for provision of the services provided by it, ongoing fees in respect of asset management and administering the management and operation of CCH1, payable when deducted from CCH1â€™s cash available for distribution. The fee payable to the Asset Manager is calculated on the basis of certain performance thresholds and will generally not be less than 0.5% of invested capital per annum, subject to certain limited exceptions, nor more than 1.00%. At inception, and prior to KKRâ€™s acquisition of its interest in CCH1, we seeded CCH1 with equity method investments and receivables which were previously on our balance sheet with a combined book value of \$108Â million, and which are expected to have a total invested amount of \$191Â million once fully funded. We received approximately \$55Â million from KKR for the purchase of their share of the net assets of CCH1, resulting in the deconsolidation of CCH1 by us. There were no material differences between the amounts paid by KKR and the carrying values of the contributed assets, resulting in no material gain or loss upon deconsolidation and no material basis differences established. CCH1 will recognize income from its equity method investees one quarter in arrears to allow for its receipt of financial information. Related Party Transactions Of our receivables, approximately \$834 million are loans made to entities in which we also have non-controlling equity investments of approximately \$874 million. Typically, these equity method investments are LLCs taxed as partnerships that we have entered into with various renewable energy project sponsors, such as SunPower Corporation. We negotiate the commercial terms of these loans with the other partner, and the assets against which the project sponsors are borrowing are contributed into the LLCs upon the execution of the loans. Our equity investments allow us to participate in the residual economics of those contributed assets alongside the other partner, and our rights under the project operating agreements do not allow us to make any significant unilateral decisions regarding the terms of the arrangement. These assets are bankruptcy remote from the project sponsor, and residential solar assets typically contain back-up servicer provisions to allow for continuity of operations in the event the project sponsor is unable to fulfill its duties in that capacity. We are not obligated to contribute capital to support these entities beyond agreements to make contributions to allow for the entities to purchase additional renewable energy assets. Because the loans made to these entities are typically subordinate to senior debt and tax equity investors in the projects, these loans, which have maturities of over ten years, may accrue PIK interest in the early years of the project until sufficient cash flow is available for our interest payments. Any change in PIK interest is included in Change in accrued interest on receivables and investments in the operating section of our statement of cash flows. On a quarterly basis, we assess these loans for any impairment inclusive of any PIK interest accrued under CECL as discussed above under Receivables. The following table provides additional detail on these related party transactions: Three Months Ended June 30, 2024 Three Months Ended June 30, 2023 Six Months Ended June 30, 2024 Six Months Ended June 30, 2023 (in millions) Interest income from related party loans \$18Â \$16Â \$39Â \$32Â Additional investments made in related party loans \$33Â 78Â 94Â 92Â Principal collected from related party loans \$226Â 6Â 243Â 15Â Interest collected from related party loans \$17Â 15Â 34Â 30Â 7. Credit facility and commercial paper notes Unsecured revolving credit facility We have an unsecured revolving credit facility pursuant to a revolving credit agreement with a syndicate of lenders. In the second quarter of 2024, we increased the maximum outstanding borrowing amount of this facility to \$1.25Â billion, and extended the maturity to April 2028. As of June 30, 2024, the outstanding balance on this facility was \$317 million, and it currently bears interest at a weighted average rate of 7.01%. As of June 30, 2024, we have approximately \$10 million of remaining unamortized financing costs associated with the unsecured revolving credit facility that have been capitalized and included in other assets on our balance sheet and are being amortized on a straight-line basis over the term of the unsecured revolving credit facility. The unsecured revolving credit facility has a commitment fee based on our current credit rating and bears interest at a rate of SOFR or prime rate plus applicable margins based on our current credit rating, which may also be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCountÂ metric. The current applicable margins are 1.625% for SOFR-based loans and 0.625% for prime rate-based loans, plus an additional 0.10%. The unsecured revolving credit facility has a commitment fee based on our current credit rating. The unsecured revolving credit facility contains terms, conditions, covenants, and representations and warranties that are - 23 - customary and typical for transactions of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases, and dividends we can declare. The unsecured revolving credit facility also includes customary events of default and remedies. At our option, upon maturity of the unsecured revolving credit facility, we have the ability to convert amounts borrowed into term loans for a fee equal to 1.625% of the term loan amounts. CarbonCount Green Commercial Paper Note Program As of June 30, 2024, we have a CarbonCount Green Commercial Paper Note Program (the â€œcommercial paper programâ€) that allows us to issue commercial paper notes at any time. In the second quarter of 2024, we increased the capacity of the program to allow for up to \$125Â million outstanding at any time, and extended the maturity of the program to April 2026. We obtained an irrevocable direct-pay letter of credit in an amount not to exceed \$125Â million from Bank of America, N.A., to support these obligations which expires in April 2026. Bank of America provides a direct-pay letter of credit to the noteholders in the same amount of each commercial paper note. The letter of credit is automatically drawn upon at maturity of a commercial paper note and the noteholders are repaid in full. We have a five business-day grace period during which we repay Bank of America for the amount drawn or issue a new commercial paper note. Following the five business-day grace period, any amount then-outstanding is converted into a loan from Bank of America. Commercial paper notes are not redeemable or subject to voluntary prepayment and cannot exceed 397 days. An amount equal to the proceeds of our commercial paper notes are allocated to either the acquisition or refinance of, in whole or in part, eligible green projects, including assets that are neutral to negative on incremental carbon emissions. As of June 30, 2024, we have \$110Â million of commercial paper notes outstanding under the facility, which together bear an average total borrowing rate of 6.73%. Commercial paper notes will be issued at a discount based on market pricing, subject to broker fees of 0.10%. For issuance of the letter of credit, we will pay 1.325% on any drawn letter of credit amounts to Bank of America, N.A., and 0.40% on any unused letter of credit capacity. Any loans converted from drawn letter of credit amounts bear interest at a rate of Term SOFR plus 1.875%, plus an additional 0.10%. Fees paid on the drawn letters of credit may be reduced by up to 0.1% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance as measured by our CarbonCount metric. As of June 30, 2024, we have no remaining unamortized financing costs associated with the commercial paper program and associated letter of credit. The associated letter of credit contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases, and dividends we can declare. The letter of credit also includes customary events of default and remedies. Senior secured revolving credit agreement In the second quarter of 2024, we entered into a senior secured revolving credit agreement with a maximum outstanding principal amount of \$100Â million which matures in 2029. Under the terms of the senior secured revolving credit agreement, we will pledge collateral to the facility in the form of certain qualifying land assets or assets secured by land and will be allowed to borrow up to 80% of our cash amount invested in the collateral pledged. Any loans under the agreement bear interest at a rate of Term SOFR plus 1.90%, and interest is due quarterly. The rate of interest can be reduced by up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance as measured by our CarbonCount metric. There is a commitment fee of 0.20% of the used capacity of the agreement, which is paid quarterly. The senior secured revolving credit agreement contains terms, conditions, covenants, and representations and warranties that are customary and typical for transactions of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases, and dividends we can declare. The senior secured revolving credit agreement also includes customary events of default and remedies. As of June 30, 2024, we had no balance outstanding on the senior secured revolving credit agreement, and availability under the revolving credit agreement of \$22 million based on the pledged collateral. We had approximately \$1 million in unamortized financing costs associated with the senior secured revolving credit agreement, which are included in other assets. - 24 - Long-term Debt Non-recourse debt We have outstanding the following asset-backed non-recourse debt: A Outstanding Balance as of Anticipated Balance at Maturity Value of Assets A Pledged as of June 30, 2024 December 31, 2023 Interest Rate Maturity Date June 30, 2024 December 31, 2023 Description of Assets Pledged (dollars in millions) HASI Sustainable Yield Bond 2015-1A (1) \$68Â 4.28% October 2034 \$136Â Receivables, real estate, real estate intangibles, and restricted cash HASI SYB Trust 2016-2 (2) 51A 4.35% April 2037 \$136Â Receivables and restricted cash HASI Harmony Issuer 97A 6.78% July 2043 \$1263Â Equity method investments Other non-recourse debt (3) 41A 43A 3.15% - 7.23% 2024 to 2032 17A 43A 46Â Receivables Unamortized financing costs (4) (2) Non-recourse debt (4) \$134Â \$160Â (1) We prepaid this obligation in the first quarter of 2024. (2) In the first quarter of 2024, contractual terms of this agreement were modified, which caused us to deconsolidate the entities holding such debt and its related pledged collateral. (3) Other non-recourse debt consists of various debt agreements used to finance certain of our receivables. Scheduled debt service payment requirements are equal to or less than the cash flows received from the underlying receivables. (4) The total collateral pledged against our non-recourse debt was \$306 million and \$239 million as of June 30, 2024 and December 31, 2023, respectively. These amounts include \$15 million and \$11 million of restricted cash pledged for debt service payments as of June 30, 2024 and December 31, 2023, respectively. We have pledged the financed assets, and typically our interests in one or more parents or subsidiaries of the borrower that are legally separate bankruptcy remote special purpose entities as security for the non-recourse debt. There is no recourse for repayment of these obligations other than to the applicable borrower and any collateral pledged as security for the obligations. Generally, the assets and credit of these entities are not available to satisfy any of our other debts and obligations. The creditors can only look to the borrower, the cash flows of the pledged assets and any other collateral pledged, to satisfy the debt and we are not otherwise liable for nonpayment of such cash flows. The debt agreements contain terms, conditions, covenants and representations and warranties that are customary and typical for transactions of this nature, including limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds and stock repurchases. The agreements also include customary events of default, the occurrence of which may result in termination of the agreements, acceleration of amounts due and accrual of default interest. We typically act as servicer for the debt transactions. We were in compliance with all covenants as of June 30, 2024 and December 31, 2023. We have guaranteed the accuracy of certain of the representations and warranties and other obligations of certain of our subsidiaries under certain of the debt agreements and provided an indemnity against certain losses from â€œbad actsâ€ of such subsidiaries including fraud, failure to disclose a material fact, theft, misappropriation, voluntary bankruptcy or unauthorized transfers. - 25 - The stated minimum maturities of non-recourse debt as of June 30, 2024, were as follows: Future minimum maturities (in millions) July 1, 2024 to December 31, 2024 \$7Â 202511Â 20267Â 202714Â 202810Â 20295Â Thereafter 84Â Total minimum maturities \$138Â Unamortized financing costs (4) Total non-recourse debt \$134Â The stated minimum maturities of non-recourse debt above include only the mandatory minimum principal payments. To the extent there are additional cash flows received from our investments serving as collateral for certain of our non-recourse debt facilities, these additional cash flows may be required to be used to make additional principal payments against the respective debt. Any additional principal payments made due to these provisions may impact the anticipated balance at maturity of these financings. To the extent there are not sufficient cash flows received from those investments pledged as collateral, the investor has no recourse against other corporate assets to recover any shortfalls. Senior Unsecured Notes We have outstanding senior unsecured notes issued jointly by certain of our subsidiaries which are guaranteed by the Company and certain other subsidiaries (the â€œSenior Unsecured Notesâ€). The Senior Unsecured Notes were subject to covenants that limited our ability to incur additional indebtedness and required us to maintain unencumbered assets of not less than 120% of our unsecured debt. These covenants terminated during the second quarter of 2024 as a result of the Senior Unsecured Notes having been rated investment grade by two of the three major credit rating agencies and no event of default having occurred. We are in compliance with all of our remaining covenants as of June 30, 2024 and December 31, 2023. The Senior Unsecured Notes impose certain requirements in the event that we merge with or sell substantially all of our assets to another entity. We allocate an amount equal to the net proceeds of our Senior Unsecured Notes to the acquisition or refinance of, in whole or in part, eligible green projects, including assets that are neutral to negative on incremental carbon emissions. Subsequent to June 30, 2024, we issued \$700Â million principal amount of Senior Unsecured Notes due in July 2034 (â€œ2034 Notesâ€), which bear interest at a rate of 6.375%. The notes were issued for gross proceeds of \$695Â million, resulting in a yield to maturity of 6.476%. We used a portion of the proceeds from this issuance to redeem the outstanding principal amount of the 2025 notes. The following are summarized terms of the Senior Unsecured Notes as of June 30, 2024: Outstanding Principal Amount Maturity Date Stated Interest Rate Interest Payment Dates Redemption Terms Modification Date (in millions) 2025 Notes \$400Â (1) April 15, 2025.60Â % April 15 and October 15th N/A 2026 Notes 1,000Â June 15, 2026 3.38Â % June 15 and December 15th March 15, 2026 (2) 2027 Notes 750Â (4) June 15, 2027 2028.00Â % June 15 and December 15th March 15, 2027 (3) 2030 Notes 375Â (5) September 15, 2030 3.75Â % February 15th and August 15th N/A (1) Subsequent to June 30, 2024, we redeemed the 2025 Notes using proceeds from the issuance of the 2034 Notes. There was no premium paid upon redemption. - 26 - (2) Prior to this date, we may redeem, at our option, some or all of the 2026 Notes for the outstanding principal amount plus the applicable â€œmake-wholeâ€ premium as defined in the indenture governing the 2026 Notes plus accrued and unpaid interest through the redemption

date. In addition, prior to this date, we may redeem up to 40% of the Senior Unsecured Notes using the proceeds of certain equity offerings at a price equal to par plus the coupon percentage of the principal amount thereof, plus accrued but unpaid interest, if any, to, but excluding, the applicable redemption date. On, or subsequent to, this date we may redeem the 2026 Notes in whole or in part at redemption prices defined in the indenture governing the 2026 Notes, plus accrued and unpaid interest through the redemption date. (3)Prior to this date, we may redeem, at our option, some or all of the 2027 Notes for the outstanding principal amount plus the applicable *make-whole* premium as defined in the indenture governing the 2027 Notes plus accrued and unpaid interest through the redemption date. In addition, prior to this date, we may redeem up to 40% of the Senior Unsecured Notes using the proceeds of certain equity offerings at a price equal to par plus the coupon percentage of the principal amount thereof, plus accrued but unpaid interest, if any, to, but excluding, the applicable redemption date. On, or subsequent to, this date we may redeem the 2027 Notes in whole or in part at a price equal to 100% of the principal amount, plus accrued and unpaid interest through the redemption date. (4)In January 2024 in a follow-on offering we issued \$200 million principal amount of 2027 Notes for net proceeds of \$204 million, equivalent to a yield to maturity of 7.08% for the new issuance.(5)We issued the \$375 million aggregate principal amount of the 2030 Notes for total proceeds of \$371 million (\$367 million net of issuance costs) at an effective interest rate of 3.87%. We may redeem the 2030 Notes in whole or in part at redemption prices defined in the indenture governing the 2030 Notes plus accrued and unpaid interest through the redemption date. The following table presents a summary of the components of the Senior Unsecured Notes:

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| June 30, 2024

 | December 31, 2023
 | (in millions) | | | | | | | |

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| Principal \$2,525A

 | \$2,325A
 | Accrued interest 14A | | | | | | | |

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| 15A Unamortized premium (discount) 2A

 | 2A
 | 3Less: Unamortized financing costs (18) (18) Carrying value of Senior Unsecured Notes \$2,523A | | | | | | | |

 |
| \$2,319A

 | We recorded approximately \$34 million and \$68 million in interest expense related to the Senior Unsecured Notes in the three and six months ended June 30, 2024, respectively, compared to approximately \$19 million and \$38 million in the three and six months ended June 30, 2023, respectively.
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| Convertible Notes We have outstanding exchangeable senior notes, and have previously issued convertible senior notes, together <i>make-whole</i> Convertible Notes. Holders may convert or exchange any of their Convertible Notes into shares of our common stock at the applicable conversion or exchange ratio at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, unless the Convertible Notes have been previously redeemed or repurchased by us. The following are summarized terms of the Convertible Notes as of June 30, 2024: Outstanding Principal Amount Maturity Date Stated Interest Rate Interest Payment Dates Conversion/Exchange Ratio Conversion/Exchange Price Issuable Shares Dividend Threshold Amount (1) (in millions) (in millions) (2) 2025 Exchangeable Senior Notes 200A (2) May 1, 2025 0.000A % A17.7717\$56.273.6\$0.3752028 Exchangeable Senior Notes 403A August 15, 2028 750A % February 15 and August 1536.8767\$27.1214.8\$0.395 (1) The conversion or exchange ratio is subject to adjustment for dividends declared above these amounts per share per quarter and certain other events that may be dilutive to the holder. (2) The 2025 Exchangeable Senior Notes accrue a premium at maturity equal to 3.25% per annum. The current balance including accrued premium is \$215A million. - 27 - For the exchangeable senior notes, following the occurrence of a <i>make-whole</i> fundamental change, we will, in certain circumstances, increase the exchange rate for a holder that converts its exchangeable notes in connection with such <i>make-whole</i> fundamental change. There are no cash settlement provisions for the 2025 Exchangeable Senior Notes and the exchange option can only be settled through physical delivery of our common stock. Upon exchange of the 2028 Exchangeable Senior Notes, exchange may be settled through cash, shares of our common stock or a combination of cash and shares of our common stock, at our election (as described in the indenture related to the 2028 Exchangeable Senior Notes). Additionally, upon the occurrence of certain fundamental changes involving us, holders of the 2025 Exchangeable Senior Notes or the 2028 Exchangeable Senior Notes may require us to redeem all or a portion of their notes for cash at a price of 100% of the principal amount outstanding, plus accrued and unpaid interest. We may redeem the 2028 Exchangeable Senior Notes in whole or in part, at our option, on or after August 20, 2026 and prior to the 62nd scheduled trading day immediately preceding the maturity date for such notes, if certain conditions are met including our common stock trading above 130% of the exchange price for at least 20 trading days, as set forth in the indenture relating to the 2028 Exchangeable Senior Notes. Any shares of our common stock issuable upon exchange of the 2025 Exchangeable Senior Notes or 2028 Exchangeable Senior Notes will have certain registration rights. We have issued \$200A million of 0.00% Exchangeable Senior Notes due 2025 which are guaranteed by us and certain of our subsidiaries and may, under certain conditions, be exchangeable for our common stock. The notes accrue to a premium at maturity at an effective rate of 3.25% annually. Upon any exchange of these Notes, holders will receive a number of shares of our common stock equal to the product of (i) the aggregate initial principal amount of the notes to be exchanged, divided by \$1,000 and (ii) the applicable exchange rate, plus cash in lieu of fractional shares. We have allocated or intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions. The following table presents a summary of the components of our Convertible Notes: <table border="1"> <tr> <td>June 30, 2024</td> <td>December 31, 2023</td> <td>(in millions)</td> </tr> <tr> <td>Principal \$603A</td> <td>\$603A</td> <td>Accrued interest 6A</td> </tr> <tr> <td>6A Premium 15A 11A</td> <td>Less: Unamortized financing costs (10) (10) Carrying value of Convertible Notes \$614A</td> </tr> <tr> <td>\$610A</td> <td>We recorded approximately \$6 million and \$13 million in interest expense related to our Convertible Notes in the three and six months ended June 30, 2024 compared to \$2 million and \$5 million for the three and six months ended June 30, 2023, respectively. In order to mitigate the potential dilution to our common stock upon exchange of the 2028 Exchangeable Senior Notes, we entered into privately-negotiated capped call transactions (<i>make-whole</i> Capped Calls) with certain counterparties. The Capped Calls are separate transactions and are not part of the terms of the 2028 Exchangeable Senior Notes. The total premium for the Capped Calls was recorded as a reduction of additional paid-in capital. The Company used a portion of the proceeds from the 2028 Exchangeable Senior Notes to pay for the cost of the Capped Call premium. The material terms of the Capped Calls are as follows: (in millions except per share data) Aggregate cost of capped calls \$38A Initial strike price per share \$27.14A Initial cap price per share \$43.42A Shares of our common stock covered by the capped calls 14.8 Expiration date August 15, 2028 - 28 - CarbonCount Term Loan Facility We have entered into a CarbonCount Term Loan Facility (<i>make-whole</i> the unsecured term loan facility) with a syndicate of banks which has an outstanding principal and accrued interest amount of \$251A million. Principal amounts under the term loan facility will bear interest at a rate of Term SOFR plus applicable margins based on our current credit rating, which may be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCount metric. As of June 30, 2024, the applicable margin is 1.875% plus 0.10%, and the current interest rate is 7.26%. The coupon on any drawn amounts will be reset at monthly, quarterly, or semi-annual intervals at our election. Interest is due and payable quarterly. Payments of 1.25% of the outstanding principal balance are due quarterly. We intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions. Loans under the unsecured term loan facility can be prepaid without penalty. In the second quarter of 2024, we extended the maturity date to 2027, with no changes to the pricing terms, and used proceeds from our unsecured revolving credit facility to make a partial prepayment of \$275A million on the unsecured term loan facility to reduce the outstanding principal balance. Amounts which were due under the term loan facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 5A 202512A 202611A 2027221A Total 251A Less: Unamortized Financing Costs (5) Carrying Value \$246A The unsecured term loan facility contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The term loan facility also includes customary events of default and remedies. - 29 - Secured Term Loan We have a term loan (<i>make-whole</i> Secured Term Loan) with a maturity date of January 2028, under which principal amounts bear interest at a rate of Daily Term SOFR plus a credit spread of 2.25%, plus 0.10%. We are required to hold interest rate swaps with notional values equal to 85% of the outstanding principal amount of the loan. The facility is subject to mandatory principal amortization of 5% per annum, with principal and interest payments due quarterly. The secured term loan contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The secured term loan also includes customary events of default and remedies. As of June 30, 2024, the outstanding principal and accrued interest balance is \$171A million, the interest rate is 7.69%, and we have financing receivables pledged with a carrying value of \$411A million. In the first quarter of 2024, we removed \$45A million of pledged assets as collateral, and made a principal payment of \$28A million. We have \$3A million of remaining unamortized financing costs associated with the Secured Term Loan Facility that have been netted against the loan on our balance sheet and are being amortized on a straight-line basis over the term of the Secured Term Loan Facility. Amounts which were due under the Secured Term Loan Facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 4A 202510A 202612A 202711A Total 171A Less: Unamortized Financing Costs (3) Carrying Value \$168A - 30 - Interest Rate Swaps In connection with several of our long-term borrowings, including floating-rate loans from our Term Loan Facility, unsecured revolving credit facility, Secured Term Loan and the anticipated refinancings of certain of our Senior Unsecured Notes we have entered into the following derivative transactions that are
designated as cash flow hedges as of June 30, 2024: Instrument type Hedged Rate Notional Value Fair Value as of Index June 30, 2024 December 31, 2023 Term of derivative and forecasted transactions \$ in millions Interest rate swap 1 month SOFR 3.79% \$400A \$4A (\$12) March 2023 to March 2023 Interest rate swap Overnight SOFR 2.98% \$400A 17A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.09% \$600A 23A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.08% \$400A 1A (1) 8A April 2025 to April 2035 Interest rate collar 1 month SOFR 3.70% - 4.00% (2) 250A 3A 1A May 2023 to May 2026 Interest rate swaps Overnight SOFR 4.39% to 4.42% (3) 170A (3) (8) September 2023 to June 2023 \$2,220A \$44A 2(1) A A A This swap was financially settled in June 2024, for a benefit of \$19A million. The \$19A million is in AOCI as of June 30, 2024 and will be amortized into interest expense over the term of the 2034 Notes. (2) A A A Interest rate collar consists of a purchased interest rate cap of 4.00% and a written interest rate floor of 3.70%. (3) A A A Consists of three interest rate swaps with identical maturities and effective dates. The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized gain position) or accounts payable, accrued expenses and other (if in an unrealized loss position) and in net unrealized gains and losses in AOCI. As of June 30, 2024, all of our derivatives were designated as hedging instruments which were deemed to be effective. As of June 30, 2024, we hold \$33A million of collateral related to our interest rate derivatives, and we have posted \$6A million of collateral. We have netted our \$33A million of the liability associated with that collateral against the derivative asset in other assets on our balance sheet, with the remaining liability in accounts payable, accrued interest, and other. We have netted \$4A million of the asset associated with that collateral included in accounts payable, accrued expenses and other, with the remaining in other assets. The below table shows the changes in our AOCI balance related to our interest rate derivatives designated and qualifying as effective cash flow hedges: (Amounts in millions) Beginning Balance - January 1, 2023 \$46A Changes in fair value \$7A Amounts released into interest expense (6) Ending Balance - December 31, 2023 \$1A Changes in fair value \$67A Amounts released into interest expense (6) Ending Balance - June 30, 2024 \$62A The below table shows the benefit (expense) included in interest expense as a result of our hedging activities for the three and six months ended June 30, 2024 and 2023, respectively. We expect a benefit of \$3A million to be released out of AOCI into interest expense over the 12 months following June 30, 2024. - 31 - Three months ended June 30, 2024 Six months ended June 30, 2024 2024 2023 2022 2021 2020 (in thousands) Interest expense \$95,530A \$39,903A \$121,403A \$77,118A Benefit (expense) included in interest expense due to hedging activities \$2,808A 1,447A 5,615A 1,447A Certain of the projects in which we have equity method investments also have interest rate swaps which are designated as cash flow hedges, and we recognize the portion of the gain or loss allocated to us related to those instruments through other comprehensive income. - 32 - Commitments and Contingencies Litigation The nature of our operations exposes us to the risk of claims and litigation in the normal course of our business. We are not currently subject to any legal proceedings that are probable of having a material adverse effect on our financial position, results of operations or cash flows. Guarantees and other commitments In connection with some of our transactions, we have provided certain limited representations, warranties, covenants and/or provided an indemnity against certain losses resulting from our own actions, including related to certain investment tax credits. As of June 30, 2024, there have been no such actions resulting in claims against the Company. As a part of broader project restructuring in order to increase our expected cash flows from the investment, we alongside the project sponsor, made guarantees to support the working capital needs of two of the project companies owned by Jupiter, an equity method investee. The guarantees are in effect until the tax equity investors in those project companies achieve their target preferred returns, and our contractual maximum under these guarantees is \$53A million, and is limited to \$20A million in any particular calendar year. As of June 30, 2024, we have no liability recorded as a result of these guarantees as we believe it is not probable we will be required to perform under them. As of June 30, 2024, we have not been asked to perform under them. We have made a guarantee related to the financing of four of our joint venture entities that owns debt securities of energy efficiency projects. We received \$73A million of the proceeds of this financing arrangement, and in turn have guaranteed the obligations of the entity related to this financing, which includes collateral posting requirements as well as repayment of the financing at maturity in November 2024. As of June 30, 2024, our maximum obligation under this guarantee is approximately \$87A million. We believe the likelihood of having to perform under the guarantee is remote, have recorded no liability associated with this guarantee, and presently have not been required to post collateral as the assets of the joint venture entities are enough to support the financing obligation. We have executed a separate agreement with our joint venture partner pursuant to which it is liable for 15% of this obligation repayable to us. 10A A A Income Tax We recorded an income tax (expense) benefit of approximately \$(10) million and \$(57) million for the three and six months ended June 30, 2024, compared to a \$2 million and \$0.2 million income tax (expense) benefit in the three and six months ended June 30, 2023. For the three and six months ended June 30, 2024 and 2023, our income tax (expense) benefit was determined using the federal tax rate of 21%, and combined state tax rates, net of federal benefit, of approximately 4% for 2024 and 3% for 2023. 11A A A Equity Dividends and Distributions Our board of directors declared the following dividends in 2023 and 2024: Announced Date Record Date Pay Date Amount A per share 2/16/2024 3/2023/4/10/2023 \$0.395A 5/4/2023/7/5/2023 \$0.395A 8/3/2023/10/4/2023/11/2023 \$0.395A 11/2/2023/12/29/2023 \$0.1/1/12/2024 \$0.395A 2/15/2024/5 dividend is treated as a distribution in the year following the record date for tax purposes. - 33 - Equity Offerings We have an effective universal shelf registration statement registering the potential offer and sale, from time to time and in one or more offerings, of any combination of our common stock, preferred stock, depositary shares, debt securities, warrants and rights (collectively referred to as the <i>make-whole</i> securities). We may offer the securities directly, through agents, or to or through underwriters by means of ordinary brokers' <i>make-whole</i> transactions on the NYSE or otherwise at market prices prevailing at the time of sale or at negotiated prices and may include <i>make-whole</i> at the market <i>make-whole</i> (<i>make-whole</i> ATM) offerings to or through a market maker or into an existing trading market on an exchange or otherwise. We have a dividend reinvestment and stock purchase plan, allowing stockholders and holders of OP Units (including LTIP Units) to purchase shares of our common stock by reinvesting cash dividends or distributions received. We completed the following public offerings (including ATM issuances) of our common stock during 2024 and 2023: Date/Period Common Stock Offerings Shares A Issued (2) Price Per Share Net Proceeds (1) A (amounts in millions, except per share amounts) Q1 2023 ATM0.763A \$31.31A (\$24A 5/30/2023 Public Offering 15,000A 22,23A (4) 333A Q2 2023 ATM0.053A 26.07A (3) A Q3 2023 ATM4.394A 24.71A (3) 107A Q4 2023 ATM1.006A 28.81A (3) 29A Q1 2024 ATM1.193A 25.89A (3) 31A Q2 2024 ATM1.66231.42A (3) 52A (1) Net proceeds from the offerings are shown after deducting discounts and commissions. (2) Includes shares issued in connection with the exercise of the underwriters' <i>make-whole</i> option to purchase additional shares. (3) Represents the average price per share at which investors in our ATM offerings purchased our shares. (4) Represents the price per share at which the underwriters in our public offering purchased our shares. Equity-based Compensation Awards We have issued equity awards that vest from 2024 to 2028 subject to service, performance and market conditions. During the six months ended June 30, 2024, our board of directors awarded employees and directors 777,160 shares of restricted stock, restricted stock units and LTIP Units that vest from 2025 to 2028. Refer to Note 4 to our financial statements in this Form 10-Q for background on the LTIP Units. - 34 - For the three and six months ended June 30, 2024 we recorded \$8A million and \$15A million of stock based compensation, respectively, compared to \$4A million and \$11A million during the three and six months ended June 30, 2023, respectively. We have a retirement policy which provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of market-based or performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable market or performance measures. Employees are eligible for the retirement policy upon meeting age and years of service criteria. The total unrecognized
compensation expense related to awards of shares of restricted stock and restricted stock units was approximately \$27 million as of June 30, 2024. We expect to recognize compensation expense related to our equity awards over a weighted-average term of approximately 2 years. A summary of the unvested shares of restricted common stock that have been issued is as follows: Restricted Shares of Common</td></tr></table> | June 30, 2024
 | December 31, 2023 | (in millions) | Principal \$603A | \$603A | Accrued interest 6A | 6A Premium 15A 11A | Less: Unamortized financing costs (10) (10) Carrying value of Convertible Notes \$614A | \$610A | We recorded approximately \$6 million and \$13 million in interest expense related to our Convertible Notes in the three and six months ended June 30, 2024 compared to \$2 million and \$5 million for the three and six months ended June 30, 2023, respectively. In order to mitigate the potential dilution to our common stock upon exchange of the 2028 Exchangeable Senior Notes, we entered into privately-negotiated capped call transactions (<i>make-whole</i> Capped Calls) with certain counterparties. The Capped Calls are separate transactions and are not part of the terms of the 2028 Exchangeable Senior Notes. The total premium for the Capped Calls was recorded as a reduction of additional paid-in capital. The Company used a portion of the proceeds from the 2028 Exchangeable Senior Notes to pay for the cost of the Capped Call premium. The material terms of the Capped Calls are as follows: (in millions except per share data) Aggregate cost of capped calls \$38A Initial strike price per share \$27.14A Initial cap price per share \$43.42A Shares of our common stock covered by the capped calls 14.8 Expiration date August 15, 2028 - 28 - CarbonCount Term Loan Facility We have entered into a CarbonCount Term Loan Facility (<i>make-whole</i> the unsecured term loan facility) with a syndicate of banks which has an outstanding principal and accrued interest amount of \$251A million. Principal amounts under the term loan facility will bear interest at a rate of Term SOFR plus applicable margins based on our current credit rating, which may be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCount metric. As of June 30, 2024, the applicable margin is 1.875% plus 0.10%, and the current interest rate is 7.26%. The coupon on any drawn amounts will be reset at monthly, quarterly, or semi-annual intervals at our election. Interest is due and payable quarterly. Payments of 1.25% of the outstanding principal balance are due quarterly. We intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions. Loans under the unsecured term loan facility can be prepaid without penalty. In the second quarter of 2024, we extended the maturity date to 2027, with no changes to the pricing terms, and used proceeds from our unsecured revolving credit facility to make a partial prepayment of \$275A million on the unsecured term loan facility to reduce the outstanding principal balance. Amounts which were due under the term loan facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 5A 202512A 202611A 2027221A Total 251A Less: Unamortized Financing Costs (5) Carrying Value \$246A The unsecured term loan facility contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and
limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The term loan facility also includes customary events of default and remedies. - 29 - Secured Term Loan We have a term loan (<i>make-whole</i> Secured Term Loan) with a maturity date of January 2028, under which principal amounts bear interest at a rate of Daily Term SOFR plus a credit spread of 2.25%, plus 0.10%. We are required to hold interest rate swaps with notional values equal to 85% of the outstanding principal amount of the loan. The facility is subject to mandatory principal amortization of 5% per annum, with principal and interest payments due quarterly. The secured term loan contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The secured term loan also includes customary events of default and remedies. As of June 30, 2024, the outstanding principal and accrued interest balance is \$171A million, the interest rate is 7.69%, and we have financing receivables pledged with a carrying value of \$411A million. In the first quarter of 2024, we removed \$45A million of pledged assets as collateral, and made a principal payment of \$28A million. We have \$3A million of remaining unamortized financing costs associated with the Secured Term Loan Facility that have been netted against the loan on our balance sheet and are being amortized on a straight-line basis over the term of the Secured Term Loan Facility. Amounts which were due under the Secured Term Loan Facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 4A 202510A 202612A 202711A Total 171A Less: Unamortized Financing Costs (3) Carrying Value \$168A - 30 - Interest Rate Swaps In connection with several of our long-term borrowings, including floating-rate loans from our Term Loan Facility, unsecured revolving credit facility, Secured Term Loan and the anticipated refinancings of certain of our Senior Unsecured Notes we have entered into the following derivative transactions that are designated as cash flow hedges as of June 30, 2024: Instrument type Hedged Rate Notional Value Fair Value as of Index June 30, 2024 December 31, 2023 Term of derivative and forecasted transactions \$ in millions Interest rate swap 1 month SOFR 3.79% \$400A \$4A (\$12) March 2023 to March 2023 Interest rate swap Overnight SOFR 2.98% \$400A 17A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.09% \$600A 23A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.08% \$400A 1A (1) 8A April 2025 to April 2035 Interest rate collar 1 month SOFR 3.70% - 4.00% (2) 250A 3A 1A May 2023 to May 2026 Interest rate swaps Overnight SOFR 4.39% to 4.42% (3) 170A (3) (8) September 2023 to June 2023 \$2,220A \$44A 2(1) A A A This swap was financially settled in June 2024, for a benefit of \$19A million. The \$19A million is in AOCI as of June 30, 2024 and will be amortized into interest expense over the term of the 2034 Notes. (2) A A A Interest rate collar consists of a purchased interest rate cap of 4.00% and a written interest rate floor of 3.70%. (3) A A A Consists of three interest rate swaps with identical maturities and effective dates. The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized gain position) or accounts payable, accrued expenses and other (if in an unrealized loss position) and in net unrealized gains and losses in AOCI. As of June 30, 2024, all of our derivatives were designated as hedging instruments which were deemed to be effective. As of June 30, 2024, we hold \$33A million of collateral related to our interest rate derivatives, and we have posted \$6A million of collateral. We have netted our \$33A million of the liability associated with that collateral against the derivative asset in other assets on our balance sheet, with the remaining liability in accounts payable, accrued interest, and other. We have netted \$4A million of the asset associated with that collateral included in accounts payable, accrued expenses and other, with the remaining in other assets. The below table shows the changes in our AOCI balance related to our interest rate derivatives designated and qualifying as effective cash flow hedges: (Amounts in millions) Beginning Balance - January 1, 2023 \$46A Changes in fair value \$7A Amounts released into interest expense (6) Ending Balance - December 31, 2023 \$1A Changes in fair value \$67A Amounts released into interest expense (6) Ending Balance - June 30, 2024 \$62A The below table shows the benefit (expense) included in interest expense as a result of our hedging activities for the three and six months ended June 30, 2024 and 2023, respectively. We expect a benefit of \$3A million to be released out of AOCI into interest expense over the 12 months following June 30, 2024. - 31 - Three months ended June 30, 2024 Six months ended June 30, 2024 2024 2023 2022 2021 2020 (in thousands) Interest expense \$95,530A \$39,903A \$121,403A \$77,118A Benefit (expense) included in interest expense due to hedging activities \$2,808A 1,447A 5,615A 1,447A Certain of the projects in which we have equity method investments also have interest rate swaps which are designated as cash flow hedges, and we recognize the portion of the gain or loss allocated to us related to those instruments through other comprehensive income. - 32 - Commitments and Contingencies Litigation The nature of our operations exposes us to the risk of claims and litigation in the normal course of our business. We are not currently subject to any legal proceedings that are probable of having a material adverse effect on our financial position, results of operations or cash flows. Guarantees and other commitments In connection with some of our transactions, we have provided certain limited representations, warranties, covenants and/or provided an indemnity against certain losses resulting from our own actions, including related to certain investment tax credits. As of June 30, 2024, there have been no such actions resulting in claims against the Company. As a part of broader project restructuring in order to increase our expected cash flows from the investment, we alongside the project sponsor, made guarantees to support the working capital needs of two of the project companies owned by Jupiter, an equity method investee. The guarantees are in effect until the tax equity investors in those project companies achieve their target preferred returns, and our contractual maximum under these guarantees is \$53A million, and is limited to \$20A million in any particular calendar year. As of June 30, 2024, we have no liability recorded as a result of these guarantees as we believe it is not probable we will be required to perform under them. As of June 30, 2024, we have not been asked to perform under them. We have made a guarantee related to the financing of four of our joint venture entities that owns debt securities of energy efficiency projects. We received \$73A million of the proceeds of this financing arrangement, and in turn have guaranteed the obligations of the entity related to this financing, which includes collateral posting requirements as well as repayment of the financing at maturity in November 2024. As of June 30, 2024, our maximum obligation under this guarantee is approximately \$87A million. We believe the likelihood of having to perform under the guarantee is remote, have recorded no liability associated with this guarantee, and presently have not been required to post collateral as the assets of the joint venture entities are enough to support the financing obligation. We have executed a separate agreement with our joint venture partner pursuant to which it is liable for 15% of this obligation repayable to us. 10A A A Income Tax We recorded an income tax (expense) benefit of approximately \$(10) million and \$(57) million for the three and six months ended June 30, 2024, compared to a \$2 million and \$0.2 million income tax (expense) benefit in the three and six months ended June 30, 2023. For the three and six months ended June 30, 2024 and 2023, our income tax (expense) benefit was determined using the federal tax rate of 21%, and combined state tax rates, net of federal benefit, of approximately 4% for 2024 and 3% for 2023. 11A A A Equity Dividends and Distributions Our board of directors declared the following dividends in 2023 and 2024: Announced Date Record Date Pay Date Amount A per share 2/16/2024 3/2023/4/10/2023 \$0.395A 5/4/2023/7/5/2023 \$0.395A 8/3/2023/10/4/2023/11/2023 \$0.395A 11/2/2023/12/29/2023 \$0.1/1/12/2024 \$0.395A 2/15/2024/5 dividend is treated as a distribution in the year following the record date for tax purposes. - 33 - Equity Offerings We have an effective universal shelf registration statement registering the potential offer and sale, from time to time and in one or more offerings, of any combination of our common stock, preferred stock, depositary shares, debt securities, warrants and rights (collectively referred to as the <i>make-whole</i> securities). We may offer the securities directly, through agents, or to or through underwriters by means of ordinary brokers' <i>make-whole</i> transactions on the NYSE or otherwise at market prices prevailing at the time of sale or at negotiated prices and
may include <i>make-whole</i> at the market <i>make-whole</i> (<i>make-whole</i> ATM) offerings to or through a market maker or into an existing trading market on an exchange or otherwise. We have a dividend reinvestment and stock purchase plan, allowing stockholders and holders of OP Units (including LTIP Units) to purchase shares of our common stock by reinvesting cash dividends or distributions received. We completed the following public offerings (including ATM issuances) of our common stock during 2024 and 2023: Date/Period Common Stock Offerings Shares A Issued (2) Price Per Share Net Proceeds (1) A (amounts in millions, except per share amounts) Q1 2023 ATM0.763A \$31.31A (\$24A 5/30/2023 Public Offering 15,000A 22,23A (4) 333A Q2 2023 ATM0.053A 26.07A (3) A Q3 2023 ATM4.394A 24.71A (3) 107A Q4 2023 ATM1.006A 28.81A (3) 29A Q1 2024 ATM1.193A 25.89A (3) 31A Q2 2024 ATM1.66231.42A (3) 52A (1) Net proceeds from the offerings are shown after deducting discounts and commissions. (2) Includes shares issued in connection with the exercise of the underwriters' <i>make-whole</i> option to purchase additional shares. (3) Represents the average price per share at which investors in our ATM offerings purchased our shares. (4) Represents the price per share at which the underwriters in our public offering purchased our shares. Equity-based Compensation Awards We have issued equity awards that vest from 2024 to 2028 subject to service, performance and market conditions. During the six months ended June 30, 2024, our board of directors awarded employees and directors 777,160 shares of restricted stock, restricted stock units and LTIP Units that vest from 2025 to 2028. Refer to Note 4 to our financial statements in this Form 10-Q for background on the LTIP Units. - 34 - For the three and six months ended June 30, 2024 we recorded \$8A million and \$15A million of stock based compensation, respectively, compared to \$4A million and \$11A million during the three and six months ended June 30, 2023, respectively. We have a retirement policy which provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of market-based or performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable market or performance measures. Employees are eligible for the retirement policy upon meeting age and years of service criteria. The total unrecognized compensation expense related to awards of shares of restricted stock and restricted stock units was approximately \$27 million as of June 30, 2024. We expect to recognize compensation expense related to our equity awards over a weighted-average term of approximately 2 years. A summary of the unvested shares of restricted common stock that have been issued is as follows: Restricted Shares of Common |
| June 30, 2024

 | December 31, 2023
 | (in millions) | | | | | | | |

 |
| Principal \$603A

 | \$603A
 | Accrued interest 6A | | | | | | | |

 |
| 6A Premium 15A 11A

 | Less: Unamortized financing costs (10) (10) Carrying value of Convertible Notes \$614A
 | | | | | | | | |

 |
| \$610A

 | We recorded approximately \$6 million and \$13 million in interest expense related to our Convertible Notes in the three and six months ended June 30, 2024 compared to \$2 million and \$5 million for the three and six months ended June 30, 2023, respectively. In order to mitigate the potential dilution to our common stock upon exchange of the 2028 Exchangeable Senior Notes, we entered into privately-negotiated capped call transactions (<i>make-whole</i> Capped Calls) with certain counterparties. The Capped Calls are separate transactions and are not part of the terms of the 2028 Exchangeable Senior Notes. The total premium for the Capped Calls was recorded as a reduction of additional paid-in capital. The Company used a portion of the proceeds from the 2028 Exchangeable Senior Notes to pay for the cost of the Capped Call premium. The material terms of the Capped Calls are as follows: (in millions except per share data) Aggregate cost of capped calls \$38A Initial strike price per share \$27.14A Initial cap price per share \$43.42A Shares of our common stock covered by the capped calls 14.8 Expiration date August 15, 2028 - 28 - CarbonCount Term Loan Facility We have entered into a CarbonCount Term Loan Facility (<i>make-whole</i> the unsecured term loan facility) with a syndicate of banks which has an outstanding principal and accrued interest amount of \$251A million. Principal amounts under the term loan facility will bear interest at a rate of Term SOFR plus applicable margins based on our current credit rating, which may be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCount metric. As of June 30, 2024, the applicable margin is 1.875% plus 0.10%, and the current interest rate is 7.26%. The coupon on any drawn amounts will be reset at monthly, quarterly, or semi-annual intervals at our election. Interest is due and payable quarterly. Payments of 1.25% of the outstanding principal balance are due quarterly. We intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions. Loans under the unsecured term loan facility can be prepaid without penalty. In the second quarter of 2024, we extended the maturity date to 2027, with no changes to the pricing terms, and used proceeds from our unsecured revolving credit facility to make a partial prepayment of \$275A million on the unsecured term loan facility to reduce the outstanding principal balance. Amounts which were due under the term loan facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 5A 202512A 202611A 2027221A Total 251A Less: Unamortized Financing Costs (5) Carrying Value \$246A The unsecured term loan facility contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The term loan facility also includes customary events of default and remedies. - 29 - Secured Term Loan We have a term loan (<i>make-whole</i> Secured Term Loan) with a maturity date of January 2028, under which principal amounts bear interest at a rate of Daily Term SOFR plus a credit spread of 2.25%, plus 0.10%. We are required to hold interest rate swaps with notional values equal to 85% of the outstanding principal amount of the loan. The facility is subject to mandatory principal amortization of 5% per annum, with principal and interest payments due quarterly. The secured term loan contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The secured term loan also includes customary events of default and remedies. As of June 30, 2024, the outstanding principal and accrued interest balance is \$171A million, the interest rate is 7.69%, and we have financing receivables pledged with a carrying value of \$411A million. In the first quarter of 2024, we removed \$45A million of pledged assets as collateral, and made a principal payment of \$28A million. We have \$3A million of remaining unamortized financing costs associated with the Secured Term Loan Facility that have been netted against the loan on our balance sheet and are being amortized on a straight-line basis over the term of the Secured Term Loan Facility. Amounts which were due under the Secured Term Loan Facility as of June 30, 2024 are as follows: Future maturities (in millions) July 1, 2024 to December 31, 2024 4A 202510A 202612A 202711A Total 171A Less: Unamortized Financing Costs (3) Carrying Value \$168A - 30 - Interest Rate Swaps In connection with several of our long-term borrowings, including floating-rate loans from our Term Loan Facility, unsecured revolving credit facility, Secured Term Loan and the anticipated refinancings of certain of our Senior Unsecured Notes we have entered into the following derivative transactions that are designated as cash flow hedges as of June 30, 2024: Instrument type Hedged Rate Notional Value Fair Value as of Index June 30, 2024 December 31, 2023 Term of derivative and forecasted transactions \$ in millions Interest rate swap 1 month SOFR 3.79% \$400A \$4A (\$12) March 2023 to March 2023 Interest rate swap Overnight SOFR 2.98% \$400A 17A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.09% \$600A 23A 7A June 2026 to June 2023 Interest rate swap Overnight SOFR 3.08% \$400A 1A (1) 8A April 2025 to April 2035 Interest rate collar 1 month SOFR 3.70% - 4.00% (2) 250A 3A 1A May 2023 to May 2026 Interest rate swaps Overnight SOFR 4.39% to 4.42% (3) 170A (3) (8) September 2023 to June 2023 \$2,220A \$44A 2(1) A A A This swap was financially settled in June 2024, for a benefit of \$19A million. The \$19A million is in AOCI as of June 30, 2024 and will be amortized into interest expense over the term of the 2034 Notes. (2) A A A Interest rate collar consists of a purchased interest rate cap of 4.00% and a written interest rate floor of 3.70%. (3) A A A Consists of three interest rate swaps with identical maturities and effective dates. The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized gain position) or accounts payable, accrued expenses and other (if in an unrealized loss position) and in net unrealized gains and losses in AOCI. As of June 30, 2024, all of our derivatives were designated as hedging instruments which were deemed to be effective. As of June 30, 2024, we hold \$33A million of collateral related to our interest rate derivatives, and we have posted \$6A million of collateral. We have netted our \$33A million of the liability associated with that collateral against the derivative asset in other assets on our balance sheet, with the remaining liability in accounts payable, accrued interest, and other. We have netted \$4A million of the asset associated with that collateral included in accounts payable, accrued expenses and other, with the remaining in other assets. The below table shows the changes in our AOCI balance related to our interest rate derivatives designated and qualifying as effective cash flow hedges: (Amounts in millions) Beginning Balance - January 1, 2023 \$46A Changes in fair value \$7A Amounts released into interest expense (6) Ending Balance - December 31, 2023 \$1A Changes in fair value \$67A Amounts released into interest expense (6) Ending Balance - June 30, 2024 \$62A The below table shows the benefit (expense) included in interest expense as a result of our hedging activities for the three and six months ended June 30, 2024 and 2023, respectively. We expect a benefit of \$3A million to be released out of AOCI into interest expense over the 12 months following June 30, 2024. - 31 - Three months ended June 30, 2024 Six months ended June 30, 2024 2024 2023 2022 2021 2020 (in thousands) Interest expense \$95,530A \$39,903A \$121,403A \$77,118A Benefit (expense) included in interest expense due to hedging activities \$2,808A 1,447A 5,615A 1,447A Certain of the projects in which we have equity method investments also have interest rate swaps which are designated as cash flow hedges, and we recognize the portion of the gain or loss allocated to us related to those instruments through other comprehensive income. - 32 - Commitments and Contingencies Litigation The nature of our operations exposes us to the risk of claims and litigation in the normal course of our business. We are not currently subject to any legal proceedings that are probable of having a material adverse effect on our financial position, results of operations or cash flows. Guarantees and other commitments In connection with some of
our transactions, we have provided certain limited representations, warranties, covenants and/or provided an indemnity against certain losses resulting from our own actions, including related to certain investment tax credits. As of June 30, 2024, there have been no such actions resulting in claims against the Company. As a part of broader project restructuring in order to increase our expected cash flows from the investment, we alongside the project sponsor, made guarantees to support the working capital needs of two of the project companies owned by Jupiter, an equity method investee. The guarantees are in effect until the tax equity investors in those project companies achieve their target preferred returns, and our contractual maximum under these guarantees is \$53A million, and is limited to \$20A million in any particular calendar year. As of June 30, 2024, we have no liability recorded as a result of these guarantees as we believe it is not probable we will be required to perform under them. As of June 30, 2024, we have not been asked to perform under them. We have made a guarantee related to the financing of four of our joint venture entities that owns debt securities of energy efficiency projects. We received \$73A million of the proceeds of this financing arrangement, and in turn have guaranteed the obligations of the entity related to this financing, which includes collateral posting requirements as well as repayment of the financing at maturity in November 2024. As of June 30, 2024, our maximum obligation under this guarantee is approximately \$87A million. We believe the likelihood of having to perform under the guarantee is remote, have recorded no liability associated with this guarantee, and presently have not been required to post collateral as the assets of the joint venture entities are enough to support the financing obligation. We have executed a separate agreement with our joint venture partner pursuant to which it is liable for 15% of this obligation repayable to us. 10A A A Income Tax We recorded an income tax (expense) benefit of approximately \$(10) million and \$(57) million for the three and six months ended June 30, 2024, compared to a \$2 million and \$0.2 million income tax (expense) benefit in the three and six months ended June 30, 2023. For the three and six months ended June 30, 2024 and 2023, our income tax (expense) benefit was determined using the federal tax rate of 21%, and combined state tax rates, net of federal benefit, of approximately 4% for 2024 and 3% for 2023. 11A A A Equity Dividends and Distributions Our board of directors declared the following dividends in 2023 and 2024: Announced Date Record Date Pay Date Amount A per share 2/16/2024 3/2023/4/10/2023 \$0.395A 5/4/2023/7/5/2023 \$0.395A 8/3/2023/10/4/2023/11/2023 \$0.395A 11/2/2023/12/29/2023 \$0.1/1/12/2024 \$0.395A 2/15/2024/5 dividend is treated as a distribution in the year following the record date for tax purposes. - 33 - Equity Offerings We have an effective universal shelf registration statement registering the potential offer and sale, from time to time and in one or more offerings, of any combination of our common stock, preferred stock, depositary shares, debt securities, warrants and rights (collectively referred to as the <i>make-whole</i> securities). We may offer the securities directly, through agents, or to or through underwriters by means of ordinary brokers' <i>make-whole</i> transactions on the NYSE or otherwise at market prices prevailing at the time of sale or at negotiated prices and may include <i>make-whole</i> at the market <i>make-whole</i> (<i>make-whole</i> ATM) offerings to or through a market maker or into an existing trading market on an exchange or otherwise. We have a dividend reinvestment and stock purchase plan, allowing stockholders and holders of OP Units (including LTIP Units) to purchase shares of our common stock by reinvesting cash dividends or distributions received. We completed the following public offerings (including ATM issuances) of our common stock during 2024 and 2023: Date/Period Common Stock Offerings Shares A Issued (2) Price Per Share Net Proceeds (1) A (amounts in millions, except per share amounts) Q1 2023 ATM0.763A \$31.31A (\$24A 5/30/2023 Public Offering 15,000A 22,23A (4) 333A Q2 2023 ATM0.053A 26.07A (3) A Q3 2023 ATM4.394A 24.71A (3) 107A Q4 2023 ATM1.006A 28.81A (3) 29A Q1 2024 ATM1.193A 25.89A (3) 31A Q2 2024 ATM1.66231.42A (3) 52A (1) Net proceeds from the offerings are shown after deducting discounts and commissions. (2) Includes shares issued in connection with the exercise of the underwriters' <i>make-whole</i> option to purchase additional shares. (3) Represents the average price per share at which investors in our ATM offerings purchased our shares. (4) Represents the price per share at which the underwriters in our public offering purchased our shares. Equity-based Compensation Awards We have issued equity awards that vest from 2024 to 2028 subject to service, performance and market conditions. During the six months ended June 30, 2024, our board of directors awarded employees and directors 777,160 shares of restricted stock, restricted stock units and LTIP Units that vest from 2025 to 2028. Refer to Note 4 to our financial statements in this Form 10-Q for background on the LTIP Units. - 34 - For the three and six months ended June 30, 2024 we recorded \$8A million and \$15A million of stock based compensation, respectively, compared to \$4A million and \$11A million during the three and six months ended June 30, 2023, respectively. We have a retirement policy which provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of market-based or performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable market or performance measures. Employees are eligible for the retirement policy upon meeting age and years of service criteria. The total unrecognized compensation expense related to awards of shares of restricted stock and restricted stock units was approximately \$27 million as of June 30, 2024. We expect to recognize compensation expense related to our equity awards over a weighted-average term of approximately 2 years. A summary of the unvested shares of restricted common stock that have been issued is as follows: Restricted Shares of Common | | | | | | | | |

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StockWeighted Average Grant Date Fair ValueValue(per share)(in millions)Ending Balance â€" December 31, 2022168,452Â \$33.59Â \$5.7Â Granted77,938Â 30.03Â 2.3Â Vested(98,367)29.18Â (2.9)Forfeited(12,356)42.74Â (0.5)Ending Balance â€" December 31, 2023135,667Â \$33.90Â \$4.6Â Granted201,049Â 26.28Â 5.3Â Vested(37,595)37.37Â (1.5)Forfeited(1,669)27.90Â â€" Ending Balance â€" June 30, 2024297,452Â \$28.35Â \$8.4Â A summary of the unvested shares of restricted stock units that have market-based vesting conditions that have been issued is as follows: Restricted Stock Units (1)Weighted Average Grant Date Fair ValueValue(per share)(in millions)Ending Balance â€" December 31, 2022258,404Â \$51.03Â \$3.0Â Granted63,446Â 39.29Â 2.4Â Incremental performance shares granted7,305Â 34.63Â 0.3Â Vested(18,041)35.17Â (0.6)Forfeited(16,460)30.90Â (0.5)Ending Balance â€" December 31, 202394,654Â \$48.42Â \$4.6Â Grantedâ€"Â A â€"Â A â€"Â Incremental performance shares grantedâ€"Â A â€"Â A â€"Â A Vestedâ€"Â A â€"Â A â€"Â Forfeited(14,864)70.04Â (1.0)Ending Balance â€" June 30, 2024279,790Â \$44.40Â \$3.6Â (1)Â A â€"Â A As discussed in Note 2, restricted stock units with market-based vesting conditions can vest between 0% and 200% subject to both the absolute performance of the Company's common stock as well as relative performance compared to a group of peers. The incremental performance shares granted relate to the vesting of awards at the achieved performance level. - 35 - A summary of the unvested LTIP Units that have time-based vesting conditions that have been issued is as follows: LTIP Units (1)Weighted Average Grant Date Fair ValueValue(per share)(in millions)Ending Balance â€" December 31, 2022276,766Â \$42.21Â \$11.7Â Granted342,349Â 30.08Â 10.3Â Vested(142,041)39.21Â (5.5)Forfeitedâ€"Â A â€"Â A â€"Â Ending Balance â€" December 31, 2023477,074Â \$34.4Â \$16.5Â Granted320,063Â 26.96Â 8.6Â Vested(236,166)34.79Â (8.2)Forfeitedâ€"Â A â€"Â A â€"Â Ending Balance â€" June 30, 2024560,971Â \$29.99Â \$16.9Â (1)Â A â€"Â See Note 4 for information on the vesting of LTIP Units. A summary of the unvested LTIP Units that have market-based vesting conditions that have been issued is as follows: LTIP Units (1)Weighted Average Grant Date Fair ValueValue(per share)(in millions)Ending Balance â€" December 31, 2022234,028Â \$42.84Â \$13.9Â Granted282,034Â 39.29Â 11.1Â Incremental performance shares granted40,394Â 19.94Â 0.8Â Vested(96,496)19.94Â (1.9)Forfeited(56,102)4.56Â (0.3)Ending Balance â€" December 31, 2023493,858Â \$47.76Â \$23.6Â Granted128,024Â 39.11Â 5.0Â Incremental performance shares grantedâ€"Â A â€"Â A Vestedâ€"Â A â€"Â A â€"Â Forfeited(86,274)65.28Â (5.6)Ending Balance â€" June 30, 20242535,608Â \$42.87Â \$23.0Â (1)Â A â€"Â See Note 4 for information on the vesting of LTIP Units. LTIP Units with market-based vesting conditions can vest between 0% and 200% subject to both the absolute performance of our common stock as well as relative performance compared to a group of peers. The incremental performance shares granted relate to the vesting of awards at the achieved performance level. NOL Stockholder Rights Plan As of June 30, 2024, we had a Tax Benefits Preservation Plan (â€œthe Planâ€), which is designed to protect our tax benefits in connection with any â€œownership changeâ€ within the meaning of Section 382 of the Internal Revenue Code of 1986. Under the Plan, we declared a dividend distribution of one right (â€œa Rightâ) for each outstanding share of our common stock to be paid to all record holders of our common stock at the close of business on November 21, 2023. The Plan is intended to reduce the risk that our ability to use net operating losses (â€œNOLsâ€) and certain other Tax Benefits will become substantially limited as the result of an â€œownership changeâ€. As of December 31, 2023, we had approximately \$666.4 million of NOLs and \$31.4 million of tax credits available that may be used to offset future taxable income. On July 1, 2024, we entered into an amendment which caused the Rights under the Plan to expire on July 1, 2024, effectively terminating the Plan at that time in anticipation of the effectiveness of the Companyâ€™s reincorporation as a Delaware corporation on July 2, 2024. The Companyâ€™s Delaware Certificate of Incorporation includes Charter Tax Benefit Provisions which are intended to replace the Tax Benefits Preservation Plan. Pursuant to the Plan, during the period in which it existed, if a stockholder (or group) became a 5% stockholder without meeting certain exceptions, the Rights became exercisable upon board approval and entitled stockholders (other than the 5% stockholder or group causing the rights to become exercisable) to purchase additional of our common shares at a significant discount, resulting in significant dilution in the economic interest and voting power of the 5% stockholder or group causing the Rights to become exercisable. Stockholders owning 5% or more of our outstanding shares at the time the Plan was adopted were grandfathered and would have only caused the Rights to distribute and become exercisable if they acquire any additional HASI shares. Under the Plan, the Board had the ability to determine in its sole discretion that any person shall not be deemed an acquiring person and therefore that the Rights shall not become exercisable if such person becomes a 5% stockholder. The adoption of the Plan and the dividend distribution did not, and the termination of the plan will not, have an impact on our consolidated financial statements. 12. Earnings per Share of Common Stock The net income or loss attributable to the non-controlling OP units have been excluded from the basic earnings per share and the diluted earnings per share calculations attributable to common stockholders. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are excluded from net income available to common stockholders in the computation of earnings per share pursuant to the two-class method. Certain share-based awards are included in the diluted share count to the extent they are dilutive as discussed in Note 2. To the extent our Convertible Notes are dilutive under the if-converted method, we add back the interest expense to the numerator and include the weighted average shares of potential common stock over the period issuable upon conversion or exchange of the note in the denominator in calculating diluted EPS as described in Note 2. - 37 - The computation of basic and diluted earnings per common share of our common stock is as follows: A Three Months Ended June 30, Six Months Ended June 30, 2024202320242023 Numerator: (in millions, except share and per share data) Net income (loss) attributable to controlling stockholders and participating securities \$26.5Â \$13.5Â \$149.6Â \$37.6Â Less: Dividends and distributions on participating securities (0.3)(0.2)(0.8)(0.5) Less: Undistributed earnings attributable to participating securitiesâ€"Â A â€"Â A (0.4)â€"Â A Net income (loss) attributable to controlling stockholders â€" basic26.2Â 13.3Â 148.4Â 37.1Â Add: Interest expense related to Convertible Notes under the if-converted methodâ€"Â A 0.3Â 12.5Â 0.7Â Add: Undistributed earnings attributable to participating securitiesâ€"Â A â€"Â A 0.4Â â€"Â A Net income (loss) attributable to controlling stockholders â€" diluted26.2Â \$13.6Â \$161.3Â \$37.8Â Denominator: Weighted-average number of common shares â€" basic114,329,692Â 96,996,805Â 113,473,750Â 94,065,873Â Weighted-average number of common shares â€" diluted114,433,285Â 99,989,158Â 131,922,504Â 97,075,329Â Basic earnings per common share \$0.23Â \$0.14Â \$1.31Â \$0.39Â Diluted earnings per common share \$0.23Â \$0.14Â \$1.22Â \$0.39Â Securities being allocated a portion of earnings: Weighted-average number of OP units1,529,282Â 1,331,877Â 1,461,584Â 1,259,246Â As of June 30, 2024 As of June 30, 2023 Participating securities: Unvested restricted common stock and unvested LTIP Units with time-based vesting conditions858,423Â 630,420Â 858,423Â 630,420Â Restricted stock units20,926Â 99,984Â 20,926Â 99,984Â LTIP Units with market-based vesting conditions253,574Â 493,858Â 253,574Â 493,858Â Potential shares of common stock related to Convertible Notes18,397,237Â 3,539,999Â â€" A 3,539,999Â - 38 - 13. A â€"Â A Equity Method Investments We recognized income from our equity method investments of approximately \$27Â million and \$185Â million during the three and six months ended June 30, 2024, respectively, compared to \$2Â million and \$25Â million during the three and six months ended June 30, 2023, respectively. We describe our accounting for non-controlling equity investments in Note 2. As of June 30, 2024 and December 31, 2023, we had 47 and 46 investments, respectively, which we accounted for under the equity method. The majority of these investees are limited liability companies taxed as partnerships wherein we participate in cash distributions and tax attributes according to pre-negotiated profit-sharing arrangements. The limited liability company agreements do not define a fixed percentage of our ownership of these entities, and our claims on the net assets of each investment changes over time as preferred investors achieve their pre-negotiated preferred returns. The following is a summary of the consolidated balance sheets and income statements of the entities in which we have a significant equity method investment. These amounts are presented on the underlying investeesâ€™ accounting basis. In certain instances, adjustments to these equity values may be necessary in order to reflect our basis in these investments. As described in Note 2, any difference between the amount of our investment and the amount of our share of underlying equity is generally amortized over the life of the assets and liabilities to which the differences relate. Certain of our equity method investments have the unrealized mark-to-market losses on energy hedges at the project level that do not qualify for hedge accounting. These unrealized mark-to-market losses, which resulted from rising energy prices, are recorded in the revenue line of the projectsâ€™ statements of operations. As these swaps are settled, the projects will sell power at the higher market price, offsetting the loss recognized on the energy hedges. Jupiter Equity Holdings LLC Daggett Renewable Holdco LLC Other Investments (1) Total (in millions) Balance Sheet As of March 31, 2024 Current assets \$45Â \$59Â \$970Â \$1,074Â Total assets 2,922Â 1,144Â 15,859Â 19,925Â Current liabilities 210Â 12Â 819Â 1,041Â Total liabilities 506Â 453Â 8,363Â 9,322Â Members' equity 2,416Â 691Â 7,496Â 10,603Â As of December 31, 2023 Current assets 52Â 35Â 916Â 1,003Â Total assets 2,950Â 677Â 14,981Â 18,608Â Current liabilities 205Â 10Â 723Â 938Â Total liabilities 500Â 262Â 7,904Â 8,666Â Members' equity 2,450Â 415Â 7,077Â 9,942Â Income Statement For the three months ended March 31, 2024 Revenue 20Â 12Â 229Â 261Â Income (loss) from continuing operations (33)Â 1Â (52)Â (84) Net income (loss) (33)Â 1Â (52)Â (84) For the three months ended March 31, 2023 Revenue 26Â â€"Â 130Â 156Â Income (loss) from continuing operations (25)(6)(128)(159) Net income (loss) (25)(6)(128)(159) (1)Â A â€"Â A Represents aggregated financial statement information for investments not separately presented. - 39 - Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations In this Form 10-Q, unless specifically stated otherwise or the context otherwise indicates, references to â€œewe,â€ â€œour,â€ â€œwe,â€ â€œthe,â€ and the â€œCompanyâ€ refer to HA Sustainable Infrastructure Capital, Inc., a Delaware corporation formerly known as Hannon Armstrong Sustainable Infrastructure Capital, Inc. prior to July 2, 2024, Hannon Armstrong Sustainable Infrastructure, L.P., and any of our other subsidiaries. Hannon Armstrong Sustainable Infrastructure, L.P. is a Delaware limited partnership of which we are the sole general partner and to which we refer in this Form 10-Q as our â€œOperating Partnership.â€ We invest in projects which, among other things, are focused on reducing the impact of greenhouse gases that have been scientifically linked to climate change. We refer to these gases, which are often for consistency expressed as carbon dioxide equivalents, as carbon emissions. The following discussion is a supplement to and should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and related notes and with our Annual Report on Form 10-K for the year ended December 31, 2023, as amended by our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2023 (collectively, our â€œ2023 Form 10-Kâ€), that was filed with the SEC. Our Business We are a climate positive investment firm that actively partners with clients to deploy real assets that facilitate the energy transition. With more than \$12 billion in managed assets, our vision is that every investment improves our climate future. Our investments take many forms, including equity, joint ventures, real estate, receivables or securities, and other financing transactions. In addition to Net Investment Income from our portfolio, we also generate ongoing fees through gain-on-sale securitization transactions, asset management, and other services. We are internally managed, and our management team has extensive relevant industry knowledge and experience. We have long-standing relationships with some of the leading clean energy project developers, owners and operators, utilities, and energy service companies (â€œESCOsâ€), that provide recurring, programmatic investment and fee-generating opportunities. Our investments are focused on three markets: â€" Behind-the-Meter (â€œBTMâ€): distributed energy projects which reduce energy usage or cost through solar power generation, electric storage, or energy efficiency improvements such as heating, ventilation, and air conditioning systems (HVAC), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems; â€" Grid-Connected (â€œGCâ€): renewable energy projects that deploy cleaner energy sources, such as solar, solar-plus-storage, and wind, to generate power production where the off-taker or counterparty may be part of the wholesale electric power markets; and â€" Fuels, Transport, and Nature (â€œFTNâ€): a range of real assets spanning high-emitting economic sectors other than the power grid such as transportation and fuels in the United States, including renewable natural gas (RNG) plants, transportation fleet enhancements, and ecological restoration projects, among others. We prefer investments in which the assets use proven technology and have a long-term, creditworthy off-taker or counterparties. For BTM assets, the off-taker or counterparty may be the building owner or occupant, and our investment may be secured by the installed improvements or other real estate rights. For GC assets, the off-takers or counterparties may be utility or electric users who have entered into contractual commitments, such as power purchase agreements (â€œPPAsâ€), to purchase power produced by a renewable energy project at a specified price with potential price escalators for a portion of the projectâ€™s estimated life. We completed approximately \$260 million and \$822 million of transactions during the three and six months ended June 30, 2024, respectively, compared to approximately \$426 million and \$815 million during the same period in 2023, respectively. As of June 30, 2024, pursuant to our strategy of holding transactions on our balance sheet, we held approximately \$6.2 billion of transactions on our balance sheet, which we refer to as our â€œPortfolio.â€ As of June 30, 2024, our Portfolio consisted of approximately 500 assets and we seek to manage the diversity of our Portfolio by, among other factors, project type, project operator, type of investment, type of technology, transaction size, geography, obligor and maturity. For those transactions that we choose not to hold on our balance sheet, we transfer all or a portion of the economics of the transaction, typically using securitization trusts, to institutional investors in exchange for cash and/or residual interests in the assets and in some cases, ongoing fees. As of June 30, 2024, we managed approximately \$6.8 billion in assets in these securitization trusts or vehicles that are not consolidated on our balance sheet. When combined with our Portfolio, as of June 30, 2024, we manage approximately \$13 billion of assets which we refer to as our â€œManaged Assets.â€ Our equity investments in climate solutions projects are operated by various renewable energy companies or by joint ventures in which we participate. These transactions allow us to participate in the cash flows associated with these projects. - 40 - typically on a priority basis. Our debt investments in various renewable energy or other sustainable infrastructure projects or portfolios of projects are generally secured by the installed improvements, or other real estate rights. Our energy efficiency debt investments are usually assigned the payment stream from the project savings and other contractual rights, often using our pre-existing master purchase agreements with the ESCOs. We often make investments where we hold a preferred or mezzanine position in a project company where we are subordinated to project debt and/or preferred forms of equity. Investing greater than 10% of our assets in any single investment requires the approval of a majority of our independent directors. We may adjust the mix and duration of our assets over time in order to allow us to manage various aspects of our Portfolio, including expected risk-adjusted returns, macroeconomic conditions, liquidity, availability of adequate financing for our assets, and our exemption from registration as an investment company under the 1940 Act. We believe we have available a broad range of financing sources as part of our strategy to fund our investments. We finance our business through cash on hand, recourse and non-recourse debt, convertible securities, or equity issuances and may also decide to finance such transactions through the use of off-balance sheet securitization, syndication, or co-investment structures. When issuing debt, we generally provide the estimated carbon emission savings using CarbonCount. In addition, certain of our debt issuances meet the environmental eligibility criteria for green bonds as defined by the International Capital Markets Associationâ€™s Green Bond Principles, which we believe makes our debt more attractive for certain investors compared to such offerings that do not qualify under these principles. We may also consider the use of special purpose entities or funds in which outside investors participate to facilitate the expansion of the investments that we make or to manage our Portfolio diversification. In May 2024, we entered into a strategic partnership with KKR, where we have each committed to invest \$1 billion into climate solutions projects. We have a large and active pipeline of potential new opportunities that are in various stages of our underwriting process. We believe the Inflation Reduction Act signed into law on August 16, 2022, incentivizes the construction of and investment in climate solutions and will result in additional investment opportunities in the markets in which we invest over the next several years, which may result in increases in our pipeline in the future. We refer to potential opportunities as being part of our pipeline if we have determined that the project fits within our investment strategy and exhibits the appropriate risk and reward characteristics through an initial credit analysis, including a quantitative and qualitative assessment of the opportunity, as well as research on the relevant market and sponsor. Our pipeline of transactions that could potentially close in the next 12Â months consists of opportunities in which we will be the lead originator as well as opportunities in which we may participate with other institutional investors. As of June 30, 2024, our pipeline consisted of more than \$5.5 billion in new equity, debt and real estate opportunities. Of our pipeline, approximately 55% is related to BTM assets and 22% is related to GC assets, with the remainder related to FTN. There can, however, be no assurance with regard to any specific terms of such pipeline transactions or that any or all of the transactions in our pipeline will be completed. As part of our investment process, we calculate the ratio of the estimated first year of metric tons of carbon emissions avoided by our investments divided by the capital invested to quantify the carbon impact of our investments. In this calculation, which we refer to as CarbonCount, we use emissions factor data, expressed on a

based assets\$8,282A 3,438A 17,341A 12,873A Provision for loss on receivables (4)(4,198)806A (2,177)2,689A Amortization of intangibles3A 772A 174A 1,544A Non-cash provision (benefit) for income taxes10,346A (1,601)56,541A (171)Current year earnings attributable to non-controlling interest404A ¢A 1,926A 492A Adjusted earnings
 (5)\$73,683A \$0.63A \$53,146A \$0.53A \$152,589A \$1.31A \$102,804A \$1.07A (1)The per share data reflects the GAAP diluted earnings per share and is the most comparable GAAP measure to our adjusted earnings per share. (2)This is a non-GAAP adjustment to reflect the return on capital of our equity method investments as described above. (3)This adjustment is to eliminate the intercompany portion of fees received from co-investment structures that for GAAP net income is included in the Equity method income line item. Since we remove GAAP Equity method income for purposes of our Adjusted Earnings metric, we add back the elimination through this adjustment.(4)In addition to these provisions, in the six months ended June 30, 2024, we concluded that an equity method investment along with certain loans we had made to this investee, were not recoverable. The equity method investment and loans had a carrying value of \$0 due to the losses already recognized through GAAP income from equity method investments as a result of operating losses sustained by the investee. We have excluded this write-off from Adjusted earnings, as this investment was an investment in a corporate entity which is not a part of our current investment strategy and is immaterial to our Portfolio. The loss associated with this investment is included in our Average Annual Realized Loss on Managed Assets metric disclosed below.(5)Adjusted earnings per share are based on 117,506,065 shares and 116,453,108 shares for the three and six months ended June 30, 2024, respectively, and 99,581,898 shares and 96,441,450 shares for the three and six months ended June 30, 2023, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest. As it relates to Convertible Notes, we will assess the market characteristics around the instrument to determine if it is more akin to debt or equity based on the value of the underlying shares compared to the conversion price. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument. We will consider the impact of any capped calls in assessing whether an instrument is equity-like or debt like.Adjusted Net Investment Income We have a portfolio of investments, which we finance using a combination of debt and equity. We calculate adjusted net investment income as shown in the table below by adjusting GAAP-based net investment income for those earnings adjustments that are applicable to adjusted net investment income. We believe that this measure is useful to investors as it shows the recurring income generated by our Portfolio after the associated interest cost of debt financing. Our management also uses adjusted net investment income in this way. Our non-GAAP adjusted net investment income measure may not be comparable to similarly titled measures used by other companies. For further information on the adjustments between GAAP-based net investment income and adjusted net investment income, see the discussion above related to Adjusted Earnings. Prior to 2024, we referred to this measure as distributable net investment income. The following is a reconciliation of our GAAP-based net investment income to our adjusted net investment income:Three Months Ended June 30,Six Months Ended June 30,2024202320242023(in thousands)Interest income\$62,779A \$48,222A \$131,471A \$91,330A Rent income\$83A 6,487A 1,929A 12,973A GAAP-based investment revenue\$2,862A 54,709A 133,400A 104,303A Interest expense\$59,530A 39,903A 121,403A 77,118A GAAP-based net investment income\$3,332A 14,806A 11,997A 27,185A Equity method earnings adjustment\$59,291A 38,461A 114,753A 72,419A Amortization of real estate intangibles3A 772A 174A 1,544A Adjusted net investment income\$62,626A \$54,039A \$126,924A \$101,148A Managed AssetsAs we consolidate assets on our balance sheet, securitize assets off-balance sheet, and manage assets in which we co-vest with other parties, certain of our receivables and other assets are not reflected on our balance sheet where we may have a residual interest in the performance of the investment, such as a retained interest in cash flows. Thus, we present our investments on a non-GAAP basis. We believe that our Managed Asset information is useful to investors because it portrays the amount of both on- and off-balance sheet assets that we manage, which enables investors to understand and evaluate the credit performance associated with our portfolio of loans, equity investments and residual assets in off-balance sheet assets. Our management also uses Managed Assets in this way. Our non-GAAP Managed Assets measure may not be comparable to similarly titled measures used by other companies. - 48 - The following is a reconciliation of our GAAP-based Portfolio to our Managed Assets:As of June 30, 2024December 31, 2023A (in millions)Equity method investments\$3,371A \$2,966A Receivables, net of allowance2,769A 3,074A Receivables held-for-sale36A 35A Real estate3A 111A Investments7A 7A GAAP-based Portfolio6,186A 6,193A Assets held in securitization trusts6,724A 6,060A Assets held in co-investment structures57A \$12,967A \$12,253A Adjusted Cash from Operations Plus Other Portfolio CollectionsWe operate our business in a manner that considers total cash collected from our portfolio and making necessary operating and debt service payments to assess the amount of cash we have available to fund dividends and investments. We believe that the aggregate of these items, which combine as a non-GAAP financial measure titled Adjusted Cash Flow from Operations plus Other Portfolio Collections, is a useful measure of the liquidity we have available from our assets to fund both new investments and our regular quarterly dividends. This non-GAAP financial measure may not be comparable to similarly titled or other similar measures used by other companies. Although there is also not a directly comparable GAAP measure that demonstrates how we consider cash available for dividend payment, below is a reconciliation of this measure to Net cash provided by operating activities.Also, Adjusted Cash Flow from Operations plus Other Portfolio Collections differs from Net cash provided by (used in) investing activities in that it excludes many of the uses of cash used in our investing activities such as in Equity method investments, Purchases of and investments in receivables, Purchases of real estate, Purchases of investments, Funding of escrow accounts, and excludes Withdrawal from escrow accounts, and Other. In addition, Adjusted Cash Flow from Operations plus Other Portfolio Collections is not comparable to Net cash provided by (used in) financing activities in that it excludes many of our financing activities such as proceeds from common stock issuances and borrowings and repayments of unsecured debt. We evaluate Adjusted Cash Flow from Operations plus Other Portfolio Collections on a trailing twelve month (ATM) basis, as cash collections during any one quarter may not be comparable to other single quarters due to, among other reasons, the seasonality of projects operations and the timing of disbursement and payment dates.Cash available for reinvestment is a non-GAAP measure which is calculated as adjusted cash flow from operations plus other portfolio collections less dividend and distribution payments made during the period. We believe Cash available for reinvestment is useful as a measure of our ability to make incremental investments from reinvested capital after factoring in all necessary cash outflows to operate the business. Management uses Cash available for reinvestment in this way, and we believe that our investors use it in a similar fashion. - 49 - Plus:Less:For the year ended,For the year ended,For the six months ended,For the six months ended,For the TTM ended,December 31, 2022December 31, 2023June 30, 2024(in thousands)Net cash provided by operating activities\$230A \$99,689A (\$3,886)\$65,726A \$30,077A Changes in receivables held-for-sale62,953A (51,538)6,750A (51,538)6,750A Equity method investment distributions received10,064A 30,140A 11,426A 4,203A 37,363A Proceeds from sales of equity method investments 1,700A ¢A 2,107A ¢A 2,107A Principal collections from receivables125,976A 197,784A 470,788A 74,328A 594,244A Proceeds from sales of receivables5,047A 7,634A 99,166A 7,634A 99,166A Proceeds from sales of land4,550A ¢A 115,767A ¢A 115,767A Principal collection from investments (1)170A 3,805A (75)85A 3,645A Proceeds from sales of investments and securitization assets7,020A ¢A 115,767A ¢A 115,767A Principal payments on non-recourse debt(30,581)(21,606)(69,958)(10,069)(81,495)Adjusted cash flow from operations plus other portfolio collections287,129A 265,908A 632,085A 90,369A 807,624A Less: Dividends(132,198)(159,786)(93,280)(72,129)(180,937)Cash Available for Reinvestment\$154,931A \$106,122A \$538,805A \$18,240A \$626,687A (1) Included in Other in the cash provided (used in) investing activities section of our statement of cash flows.Plus:Less:For the year ended,For the year ended,For the six months ended,For the six months ended,For the TTM ended,December 31, 2022December 31, 2023June 30, 2024(in thousands)Components of adjusted cash flow from operations and plus portfolio collections: Cash collected from our Portfolio424,301A 442,322A 603,545A 182,864A 863,004A Cash collected from sale of assets (1)46,673A 34,034A 226,086A 24,845A 235,275A Cash used for compensation and benefit expenses and general and administrative expenses(64,187)(78,681)(48,192)(79,287)Interest paid (2)(98,704)(138,418)(90,836)(68,167)(161,087)Securitization asset and other income18,897A 28,189A 9,988A 13,488A 24,688A Principal payments on non-recourse debt(30,581)(21,606)(69,958)(10,069)(81,495)Other(9,270)68A 2,058A (4,400)6,526A Adjusted cash from operations plus other portfolio collections\$287,129A \$265,908A \$632,085A \$90,369A \$807,624A (1)A A A Includes cash from the sale of assets on our balance sheet as well as securitization transactions. - 50 - (2)A A A For the six months and TTM ended June 30, 2024, interest paid includes a \$19 million benefit from the settlement of a derivative which was designated as a cash flow hedge.Other MetricsPortfolio YieldWe calculate portfolio yield as the weighted average underwritten yield of the investments in our Portfolio as of the end of the period. Underwritten yield is the rate at which we discount the expected cash flows from the assets in our Portfolio to determine our purchase price. In calculating underwritten yield, we make certain assumptions, including the timing and amounts of cash flows generated by our investments, which may differ from actual results, and may update this yield to reflect our most current estimates of project performance. We believe that portfolio yield provides an additional metric to understand certain characteristics of our Portfolio as of a point in time. Our management uses portfolio yield this way and we believe that our investors use it in a similar fashion to evaluate certain characteristics of our Portfolio compared to our peers, and as such, we believe that the disclosure of portfolio yield is useful to our investors. Our Portfolio totaled approximately \$6.2A billion as of June 30, 2024. Unlevered portfolio yield was 8.0% as of June 30, 2024 and 7.9% as of December 31, 2023. See Note 6 to our financial statements and MD&A . Our Business in this Form 10-Q for additional discussion of the characteristics of our portfolio as of June 30, 2024.Average Annual Realized Loss on Managed Assets Average Annual Realized Loss on Managed Assets represents the average annual rate of our incurred losses, calculated as the amount of realized losses incurred in each year as a percentage of each year's average annual Managed Assets. This metric is calculated on the ten year period ending June 30, 2024. Incurred losses include both realized losses on equity method investments and realized credit losses on receivables and investments. Although there is not a direct comparable GAAP measure, we have presented average annual recognized loss on Managed Assets as calculated under GAAP for comparison. Average Annual Realized Loss on Managed Assets differs from average annual recognized loss on Managed Assets as calculated under GAAP as the timing is based on realization of loss rather than GAAP recognition. We believe that Average Annual Realized Loss on Managed Assets provides an additional metric to our underwriting quality over our history of investing in climate solutions. Our management uses it in this way and we believe that our investors use it in a similar fashion to evaluate our investment performance, and as such, we believe that its disclosure is useful to our investors. The table below shows these metrics as of June 30, 2024: Average Annual Recognized Loss on Managed Assets (GAAP) 0.12A %Average Annual Realized Loss on Managed Assets0.06A %Environmental MetricsAs a part of our investment process, we calculate the estimated metric tons of carbon emissions avoided by our investments by applying emissions factor data representing the locational marginal emissions associated with a projects location to an estimate of a project's energy production or savings to compute an estimate of metric tons of carbon emissions avoided. We then determine the metric tons of carbon emissions avoided per thousand dollars of investments, in a calculation we refer to as CarbonCount, which enables us to measure the impact our investments have on avoiding carbon emissions. We estimate that our investments originated during the quarter ended June 30, 2024, will avoid annual carbon emissions by approximately 60,000 metric tons, equating to a CarbonCount® of 0.26. We estimate that our investments made since 2013 have cumulatively avoided annual carbon emissions by over 7 million metric tons. Liquidity and Capital ResourcesLiquidity is a measure of our ability to meet potential short term (within one year) and long term cash requirements. We carefully manage and forecast our liquidity sources and uses on a frequent basis. Our sources of liquidity typically include collections from our Portfolio, cash proceeds from asset sales and securitizations, fee revenue, proceeds from debt transactions, and proceeds from equity transactions. Our uses of liquidity typically include funding investments, operating expenses (including cash compensation), interest and principal payments on our debt, stockholder dividends and limited partner distributions, and funding investments. We typically pay our operating expenses, our debt service, and dividends from collections on our Portfolio and proceeds from sales of Portfolio investments. We use borrowings as part of our financing strategy to increase potential returns to our stockholders and have available to us a broad range of financing sources. We finance our investments primarily with non-recourse or recourse debt, equity and off-balance sheet securitization or co-investment structures. - 51 - We maintain sufficiently available liquidity in the form of unrestricted cash and immediately available capacity on our credit facilities to manage our net cash flow. Below is a summary of our available liquidity by source: As of June 30, 2024(in millions)Unrestricted cash\$146A Unused capacity under our unsecured revolving credit facility927A Unused capacity under our commercial paper program15A Unused capacity under our senior secured credit facility22A Total liquidity\$1,110A Capital markets activity during the six months ended June 30, 2024During the six months ended June 30, 2024, we increased the available capacity available under our unsecured revolving credit facility to \$1.25 billion, and extended the maturity of the facility to April 2028. We also extended the maturity of our unsecured term loan facility to April 2027, and used proceeds from the unsecured revolving credit facility to partially prepay our unsecured term loan facility by \$275 million. We also increased the available capacity under our green commercial paper program to \$125 million, and extended the term of the facility to April 2026. Also in June 2024, we established a senior secured credit facility, designed to warehouse climate solutions assets until they achieve key technical milestones, at which point we may consider them for sale to large institutional investors under our established securitization programs. During the six months ended June 30, 2024, we issued \$82A million in equity, issued an additional \$200 million principal amount of 2027 Senior Unsecured Notes for proceeds of \$204 million, and issued \$94 million of non-recourse debt secured by equity method investments. As discussed in Note 8 to our financial statements in this Form 10-Q, we entered into a strategic partnership with KKR called CarbonCount Holdings 1, LLC (CCCH1), under which we each have committed to invest \$1 billion in climate solutions projects over an 18 month period. Subsequent to June 30, 2024, we issued \$700 million of senior unsecured notes due 2034 at a yield to maturity of 6.476% and used the net proceeds from such offering to temporarily repay a portion of the outstanding borrowings under our unsecured revolving credit facility and to redeem our 6.00% Senior Notes due 2025.Maturities of recourse debt obligationsIn addition to general operational obligations, which are typically paid as incurred, and dividends and distributions, which are declared by our board of directors quarterly, we have future cash needs related to the payments due at maturity of our Senior Unsecured Notes, and our term loan facilities, and the balances of our short-term commercial paper program, and our revolving credit facilities. We also have maturities related to our non-recourse debt and Convertible Notes. However, as it relates to the non-recourse debt, to the extent there are not sufficient cash flows received from investments pledged as collateral for such debt, the investor has no recourse against other corporate assets to recover any shortfalls and corporate cash contributions would not be required. As it relates to the Convertible Notes, those obligations may be settled at maturity with cash, or with the issuance of shares to the extent that the market price of our common stock exceeds the strike price on our Convertible Notes. For further information on our long-term debt, see Note 8 to our financial statements of this Form 10-Q. As of June 30, 2024, the maturity profile of our recourse debt obligations was as follows: - 52 - (1)A A A Amounts presented include adjustments for the issuance of the 2034 Notes on July 1, 2024, and the use of proceeds from such offering to redeem our 2025 Notes and to temporarily repay our unsecured revolving credit facility.Additional borrowings and financial leverage managementAs a means of financing our business, we plan to continue to issue debt which may be either recourse or non-recourse and either fixed-rate or floating-rate and may issue additional equity. We also expect to use both on-balance sheet and off-balance sheet securitizations. We also use separately funded special purpose entities or funds to allow us to expand the investments that we make or to manage Portfolio diversification.The decision as to how we finance specific assets or groups of assets is largely driven by risk and portfolio and financial management considerations, including the potential for gain on sale or fee income, as well as the overall interest rate environment, prevailing credit spreads, the terms of available financing, and financial market conditions. During periods of market disruptions, certain sources of financing may be more readily accessible than others which may impact our financing decisions. Over time, as market conditions change, we may use other forms of debt and equity in addition to these financing arrangements.The amount of financial leverage we may deploy for particular assets will depend upon our target capital structure and the availability of particular types of financing and our assessment of the credit, liquidity, price volatility and other risks of such assets, and the interest rate environment. As shown in the table below, our debt to equity ratio was approximately 1.8 to 1 as of June 30, 2024, below our current board-approved leverage limit of up to 2.5 to 1. Our percentage of fixed rate debt including the impact of our interest rate derivatives was approximately 99% as of June 30, 2024, which is within our targeted fixed rate debt percentage range of 75% to 100%. Our targeted fixed rate debt range allows for percentages as low as 70% on a short term basis if we intend to repay or swap floating rate borrowings in the near term. - 53 - The calculation of our fixed-rate debt and financial leverage is shown in the chart below: June 30, 2024A % of Total December 31, 2023A % of Total(dollars in millions)(dollars in millions)Floating-rate borrowings (1)\$21A 1 %\$338A 8A %Fixed-rate debt (2)4,092A 99A %3,909A 92A %Total debt \$4,113A 100A %Equity \$2,323A \$2,142A Leverage 1.8 to 12.0 to 1A (1)Floating-rate

borrowings include borrowings under our floating-rate credit facilities and commercial paper issuances with less than six months original maturity, to the extent such borrowings are not hedged using interest rate swaps. (2) Fixed-rate debt includes the impact of our interest rate swaps and collars on debt that is otherwise floating. Debt excludes securitizations that are not consolidated on our balance sheet. We intend to use financial leverage for the primary purpose of financing our Portfolio and business activities and not for the purpose of speculating on changes in interest rates. While we may temporarily exceed the leverage limit, if our board of directors approves a material change to this limit, we anticipate advising our stockholders of this change through disclosure in our periodic reports and other filings under the Exchange Act. While we generally intend to hold our target assets that we do not securitize upon acquisition as long term investments, certain of our investments may be sold in order to manage our interest rate risk and liquidity needs, to meet other operating objectives and to adapt to market conditions. The timing and impact of future sales of receivables and investments, if any, cannot be predicted with any certainty. We believe our identified sources of liquidity will be adequate for purposes of meeting our short-term and long-term liquidity needs, which include funding future investments, debt service, operating costs and distributions to our stockholders. Sources and Uses of Cash We had approximately \$161 million and \$75 million of unrestricted cash, cash equivalents, and restricted cash as of June 30, 2024 and December 31, 2023, respectively. The following table summarizes our cash flows for the six months ended June 30, 2024 and 2023. See our statements of cash flows for full details on the components of each category of cash flows. As discussed above, Adjusted cash from operations plus other portfolio collections was \$632 million for the six months ended June 30, 2024. For the six months ended June 30, 2024 June 30, 2023 (in millions) Cash provided by (used in) operating activities \$4)666 Cash provided by (used in) investing activities 1856 (688) Cash provided by (used in) financing activities (95)598 A Increase (decrease) in cash and cash equivalents \$866 \$ (24) 54 - Discussion of changes in cash provided by (used in) operating activities Cash provided by (used in) operating activities for the six months ended June 30, 2024 was \$70 million lower than the same period ended June 30, 2023. Net income was \$113 million higher in the current period, which was offset by higher net negative adjustments to net income of \$183 million when compared to the prior period. Discussion of changes in cash provided by (used in) investing activities Cash provided by (used in) investing activities for the six months ended June 30, 2024 was \$873 million higher than the same period ended June 30, 2023. This was driven by \$397 million higher principal collections from receivables in the current period, \$209 million of which was driven by a large, one-time prepayment. We received \$92 million more from the sales of receivables in the period ended June 30, 2024 than the same period in the prior year. We invested \$261 million less in equity method investments in the period ended June 30, 2024 than the same period in the prior year. Discussion of changes in cash provided by (used in) financing activities Cash provided by (used in) financing activities for the six months ended June 30, 2024 was \$693 million lower than the same period ended June 30, 2023, primarily driven by lower borrowings net of principal repayments of approximately \$403 million than in the prior period, and lower equity issuances of \$276 million. Off-Balance Sheet Arrangements We have relationships with non-consolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, or special purpose or variable interest entities, established to facilitate the sale of securitized assets. Other than our securitization assets (including any outstanding servicer advances) of approximately \$247 million as of June 30, 2024, that may be at risk in the event of defaults or prepayments in our securitization trusts and as discussed below, and except as disclosed in Note 9 to our financial statements in this Form 10-Q, we have not guaranteed any obligations of non-consolidated entities or entered into any commitment or intent to provide additional funding to any such entities. A more detailed description of our relations with non-consolidated entities can be found in Note 2 to our financial statements in this Form 10-Q. In connection with some of our transactions, we have provided certain limited guarantees to other transaction participants covering the accuracy of certain limited representations, warranties or covenants and provided an indemnity against certain losses from actual acts including fraud, failure to disclose a material fact, theft, misappropriation, voluntary bankruptcy or unauthorized transfers. In some transactions, we have also guaranteed our compliance with certain tax matters, such as negatively impacting the investment tax credit and certain other obligations in the event of a change in ownership or our exercising certain protective rights. Dividends Any distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our assets, our operating expenses and any other expenditures. In the event that our Board determines to make distributions in excess of the income or cash flow generated from our assets, we may make such distributions from the proceeds of future offerings of equity or debt securities or other forms of debt financing or the sale of assets. Our board of directors had approved of our revocation of our REIT status effective for tax year 2024. We elected to be taxed as a REIT during tax years 2023 and previous. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pays tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income. As a REIT, we paid quarterly distributions, which on an annual basis equaled or exceeded substantially all of our REIT taxable income. The taxable income of the REIT would vary from our GAAP earnings due to a number of different factors including the book to tax timing differences of income and expense recognition from our transactions as well as the amount of taxable income of our TRS distributed to the REIT. See Note 10 to our financial statements in our Form 10-K regarding the amount of our distributions that were treated as ordinary taxable income to our stockholders. The dividends declared in 2023 and 2024 are described in Note 11 to our financial statements in this Form 10-Q. 55 - Book Value Considerations As of June 30, 2024, we carried only our investments, residual assets in securitized financial assets, and derivatives at fair value on our balance sheet. As a result, in reviewing our book value, there are a number of important factors and limitations to consider. Other than our investments, residual assets in securitized financial assets, and derivatives that are carried on our balance sheet at fair value as of June 30, 2024, the carrying value of our remaining assets and liabilities are calculated as of a particular point in time, which is largely determined at the time such assets and liabilities were added to our balance sheet using a cost basis in accordance with GAAP, adjusted for income or loss recognized on such assets. Other than the allowance for current expected credit losses applied to our receivables, our remaining assets and liabilities do not incorporate other factors that may have a significant impact on their value, most notably any impact of business activities, changes in estimates, or changes in general economic conditions, interest rates or commodity prices since the dates the assets or liabilities were initially recorded. Accordingly, our book value does not necessarily represent an estimate of our net realizable value, liquidation value or our fair market value. Item A 3. Quantitative and Qualitative Disclosures about Market Risk We anticipate that our primary market risks will be related to the credit quality of our counterparties and project companies, market interest rates, the liquidity of our assets, commodity prices and environmental factors. We will seek to manage these risks while, at the same time, seeking to provide an opportunity to stockholders to realize attractive returns through ownership of our common stock. Credit Risks We source and identify quality opportunities within our broad areas of expertise and apply our rigorous underwriting processes to our transactions, which, we believe, will generally enable us to minimize our credit losses and maintain access to attractive financing. Through our investments in various projects, we will be exposed to the credit risk of the obligor of the project's PPA or other long-term contractual revenue commitments, as well as to the credit risk of certain suppliers and project operators. While we do not anticipate facing significant credit risk in our assets related to government energy efficiency projects, we are subject to varying degrees of credit risk in these projects in relation to guarantees provided by ESCOs where payments under energy savings performance contracts are contingent upon achieving pre-determined levels of energy savings. We are exposed to credit risk in our other projects that do not benefit from governments as the obligor such as on balance sheet financing of projects undertaken by universities, schools and hospitals, as well as privately owned commercial projects. We have invested in mezzanine loans and, as a result, we are exposed to additional credit risk. We seek to manage credit risk through thorough due diligence and underwriting processes, strong structural protections in our transaction agreements with customers and continual, active asset management and portfolio monitoring. Nevertheless, unanticipated credit losses could occur and during periods of economic downturn in the global economy, our exposure to credit risks from obligors increases, and our efforts to monitor and mitigate the associated risks may not be effective in reducing our credit risks. We use a risk rating system to evaluate projects that we target. We first evaluate the credit rating of the obligors involved in the project using an average of the external credit ratings for an obligor, if available, or an estimated internal rating based on a third-party credit scoring system. We then estimate the probability of default and estimated recovery rate based on the obligor's credit ratings and the terms of the contract. We also review the performance of each investment, including through, as appropriate, a review of project performance, monthly payment activity and active compliance monitoring, regular communications with project management and, as applicable, its obligors, sponsors and owners, monitoring the financial performance of the collateral, periodic property visits and monitoring cash management and reserve accounts. The results of our reviews are used to update the project's risk rating as necessary. Additional detail of the credit risks surrounding our Portfolio can be found in Note 6 to our financial statements in this Form 10-Q. Interest Rate and Borrowing Risks Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. We are subject to interest rate risk in connection with new asset originations and our floating-rate borrowings, and in the future, any new floating rate assets, credit facilities or other borrowings. Because short-term borrowings are generally short-term commitments of capital, lenders may respond to market conditions, making it more difficult for us to secure continued financing. If we are not able to renew our then existing borrowings or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under any of these borrowings, we may have to curtail our origination of new assets and/or dispose of assets. We face particular risk in this regard given that we expect many of our borrowings will have a shorter duration than the assets they finance. Increasing interest rates may reduce the demand for our investments while declining interest rates may increase the demand. Both our current and future revolving credit facilities and other borrowings may be of limited duration and are periodically refinanced at then current market rates. We attempt to reduce - 56 - interest rate risks and to minimize exposure to interest rate fluctuations through the use of fixed rate financing structures, when appropriate, whereby we seek to (1) match the maturities of our debt obligations with the maturities of our assets, (2) borrow at fixed rates for a period of time or (3) match the interest rates on our assets with like-kind debt (i.e., we may finance floating rate assets with floating rate debt and fixed-rate assets with fixed-rate debt), directly or through the use of interest rate swap agreements, interest rate cap agreements or other financial instruments, or through a combination of these strategies. We expect these instruments will allow us to minimize, but not eliminate, the risk that we must refinance our liabilities before the maturities of our assets and to reduce the impact of changing interest rates on our earnings. In addition to the use of traditional derivative instruments, we also seek to mitigate interest rate risk by using securitizations, syndications and other techniques to construct a portfolio with a staggered maturity profile. We monitor the impact of interest rate changes on the market for new originations and often have the flexibility to negotiate the term of our investments to offset interest rate increases. Typically, our long-term debt, or that of the projects in which we invest if applicable, is at fixed rates or may at times be fixed using interest rate hedges that convert most of the floating rate debt to fixed rate debt. If interest rates rise, and our fixed rate debt balance remains constant, we expect the fair value of our fixed rate debt to decrease and the value of our hedges, if any, on floating rate debt to increase. See Note 3 to our financial statements in this Form 10-Q for the estimated fair value of our fixed rate long-term debt, which is based on having the same debt service requirements that could have been borrowed at the date presented, at prevailing current market interest rates. We have \$4.1 billion of debt with fixed rates, which includes \$820 million of floating rate borrowings we have hedged using interest rate derivatives pursuant to strategies described above. We have \$21 million of debt with variable interest rates outstanding as of June 30, 2024, including any unhedged portions of loans under our term loan facility, revolving credit facilities and borrowings under our commercial paper program. Future increases in interest rates would result in higher interest expense while future decreases in interest rates would result in lower interest expense. A 50 basis point increase in benchmark interest rates would increase the quarterly interest expense related to the \$21 million in floating-rate borrowings by \$26 thousand. Such hypothetical impact of interest rates on our floating-rate borrowings does not consider the effect of any change in overall economic activity that could occur in a rising interest rate environment. Further, in the event of such a change in interest rates, we may take actions to further mitigate our exposure to such a change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the analysis assumes no changes in our financial structure. We record certain of our assets at fair value in our financial statements and any changes in the discount rate would impact the value of these assets. See Note 3 to our financial statements in this Form 10-Q. Liquidity and Concentration Risk The assets that comprise our Portfolio are not and are not expected to be publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions. Certain of the projects in which we invest have one obligor and thus we are subject to concentration risk for these investments and could incur significant losses if any of these projects perform poorly or if we are required to write down the value of any of these projects. Many of our assets, or the collateral supporting those assets, are concentrated in certain geographic areas, which may make those assets or the related collateral more susceptible to natural disasters or other regional events. See also "Credit Risks" discussed above. Commodity and Environmental Attribute Price Risk When we make equity or debt investments for a renewable energy project that acts as a substitute for an underlying commodity, we may be exposed to volatility in prices for that commodity. The performance of renewable energy projects that produce electricity can be impacted by volatility in the market prices of various forms of energy, including electricity, coal and natural gas. This is especially true for GC utility scale projects that sell power on a wholesale basis as opposed to BTM projects which compete against the retail or delivered costs of electricity which includes the cost of transmitting and distributing the electricity to the end user. Projects in which we invest, or in which we may plan to invest, may also be exposed to volatility in the prices of environmental attributes, such as renewable energy credits or other similar credits which the project may produce. Although we generally focus on renewable energy projects that have the majority of their operating cash flow supported by long-term PPAs or leases, many of the projects in which we invest have shorter term contracts (which may have the potential of producing higher current returns) or sell their power or environmental attributes in the open market on a merchant basis. The cash flows of certain projects, and thus the repayment of, or the returns available for, our assets, are subject to risk if energy or environmental attribute prices change. We also attempt to mitigate our exposure through structural protections. These structural protections, which are typically in the form of a preferred return mechanism, are designed to allow recovery of our capital and an acceptable return over time. When structuring and underwriting these transactions, we evaluate these transactions using a variety of scenarios, including natural gas prices remaining low for an extended period of time. Despite these protections, as natural gas or renewable fuel credit price volatility continues or PPAs expire, the cash flows from certain of the projects in which we have invested are exposed to these market conditions and we work with the projects sponsors to minimize any impact - 57 - as part of our on-going active asset management and portfolio monitoring. We often invest in utility scale solar projects by owning the land under the project where our rent is paid out of project operational costs before the debt or equity in the project receives any payments. Certain of the projects in which we invest may also be obligated to physically deliver energy under PPAs or related agreements, and to the extent they are unable to do so may be negatively impacted. Certain PPAs or related agreements may also price power at a different location than the location where power is delivered to the grid, and the projects may be negatively impacted to the extent to which these prices differ. To the extent transmission and distribution infrastructure in geographies in which we invest is not able to accommodate additional power, additional renewable penetration from other new projects in certain geographic areas could decrease the revenues of our projects. We seek to structure our energy efficiency investments so that we typically avoid exposure to commodity price risk. However, volatility in energy prices may cause building owners and other parties to be reluctant to commit to projects for which repayment is based upon a fixed monetary value for energy savings that would not decline if the price of energy declines. Environmental Risks Our business is impacted by the effects of climate change and various related regulatory responses. We discuss the risks and opportunities associated with the impacts of climate change in our Form 10-K Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Impact of climate change on our future operations. This discussion outlines potential qualitative impacts to our business, quantitative illustrations of sensitivity as well as our strategy and resilience to these risks and opportunities. Risk Management Our ongoing active asset management and portfolio monitoring processes provide investment oversight and valuable insight into our origination, underwriting and structuring processes. These processes create value through active monitoring of the state of our markets, enforcement of existing contracts and asset management. As described above, we engage in a variety of interest rate management techniques that seek to mitigate the economic effect of interest rate changes on the values of, and returns on, some of our assets. We seek to manage credit risk using thorough due diligence and underwriting processes, strong structural protections in our loan agreements with customers and continual, active asset management and portfolio monitoring. Additionally, we have a Finance and Risk Committee of our board of directors which discusses and reviews policies and guidelines with respect to our risk assessment and risk management for various risks, including, but not limited to, our interest rate, counter party, credit, capital availability, refinancing, and cybersecurity risks. As it relates to environmental risks, when we underwrite and structure our investments the

