Risk Factors Comparison 2024-02-16 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our business and operations are subject to a number of risks and uncertainties, the occurrence of which could adversely affect our business, financial condition, consolidated results of operations and ability to make distributions to stockholders and could cause the value of our capital stock to decline. We may refer to the energy efficiency, renewable energy and the other sustainable infrastructure projects or market collectively as climate solutions projects or the industry. Please also refer to the sections entitled " Forward- Looking Statements " and " Risk Factor Summary ". Risks Related to Our Business and Our Industry Our business depends in part on U. S. federal, state and local government policies, and a decline in the level of government support could harm our business. The projects in which we invest typically depend in part on various U. S. federal, state or local governmental policies and incentives that support or enhance project economic feasibility. Such policies may include governmental initiatives, laws and regulations designed to reduce energy usage and impact the use of renewable energy or the investment in and the use of climate solutions, including the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. U. S. federal policies and incentives include, for example, tax credits ~~(including credits that have been recently reduced and scheduled to be eliminated or phased out in the future)~~ , tax deductions, bonus depreciation, federal grants and loan guarantees and energy market regulations. State and local governments policies and incentives include, for example, renewable portfolio standards (" RPS ") ~~, commercial property assessed clean energy (" C- PACE ") programs~~ , feed- in tariffs, other tariffs, tax incentives and other cash and non- cash payments. Governmental agencies, commercial entities and developers of climate solutions projects frequently depend on these policies and incentives to help defray the costs associated with, and to finance, various projects. Government regulations also impact the terms of third- party financing provided to support these projects, including through energy savings performance contracts. If any of these government policies, incentives or regulations are adversely amended, delayed, eliminated, reduced, retroactively changed or not extended beyond their current expiration dates, or there is a negative impact from the recent federal law changes or proposals, the operating results of the projects we finance and the demand for, and the returns available from, the investments we make may decline, which could harm our business. U. S. federal, state and local government entities are major participants in, and regulators of, the energy industry, and their actions could be adverse to our project companies or our company. The projects we invest in are subject to substantial regulation by U. S. federal, state and local governmental agencies. For example, many projects require government permits, licenses, concessions, leases or contracts. Government entities, due to the wide- ranging scope of their authority, have significant leverage in setting their contractual and regulatory relationships with third parties. In addition, government permits, licenses, concessions, leases and contracts are generally very complex, which may result in periods of non- compliance, or disputes over interpretation or enforceability. If the projects in which we invest fail to obtain or comply with applicable regulations, permits, or contractual obligations, they could be prevented from being constructed or subjected to monetary penalties or loss of operational rights, which could negatively impact project operating results and the returns on our assets. In addition, government counterparties also may have the discretion to change or increase regulation of project operations, or implement laws or regulations affecting project operations, separate from any contractual- 15- rights they may have. These actions could adversely impact the efficient and profitable operation of the projects in which we invest. Contracts with government counterparties that support the projects in which we invest may be more favorable to the government counterparties compared to commercial contracts with private parties. For example, a lease, concession or general service contract may enable the government to modify or terminate the contract without requiring the payment of adequate compensation. Typically, our contracts with government counterparties contain termination provisions including prepayment amounts. In most cases, the prepayment amounts provide us with amounts sufficient to repay the financing we have provided but may be less than amounts that would be payable under " make whole " provisions customarily found in commercial lending arrangements. Government entities may also suspend or debar contractors from doing business with the government or pursue various criminal or civil remedies under various government contract regulations. They may also issue new government contracts or fail to extend existing government contracts. Our ability to originate new assets could be adversely affected if one or more of the ESCOs or other origination sources with whom we have relationships are suspended or debarred or fail to win new, or renew existing, contracts. If the cost of energy generated by traditional sources of energy continues to stay **low** or further declines from present levels, demand for the projects in which we invest may decline. Many traditional sources of energy such as coal, petroleum- based fuels and natural gas can be influenced by the price of underlying or substitute commodities. Such prices, which have decreased and may continue to decrease, may reduce the demand for energy efficiency projects or other projects, including renewable energy facilities, that do not rely on fossil fuel energy sources. For example, low natural gas prices may reduce the demand for projects like renewable energy that can substitute for natural gas. Low natural gas prices also typically adversely affect both the price available to renewable energy projects under future power sale agreements and the price of the electricity the projects sell on either a forward or a spot- market basis. Further, as has occurred in the past, technological progress in electricity generation, storage or in the production of traditional fuels or the discovery of large new deposits of traditional fuels could reduce the cost of energy generated from those sources and consequently reduce the demand for the types of projects in which we invest, which could harm our new business origination prospects as well as the value of our existing Portfolio. In addition, volatility in commodity prices, including 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. Any resulting decline in demand for our investments or the price that industry participants receive for the sale of fossil fuel could adversely impact our operating results. If the market for various types of climate solutions projects or the investment techniques related to such projects do not develop as we anticipate, new business generation in this target area may be adversely impacted. The market for various types of climate solutions projects is emerging and rapidly evolving, leaving their future success uncertain. If some or all market segments or investing techniques prove unsuitable for widespread commercial deployment or if demand for such projects or techniques fail to grow sufficiently, the demand for our capital may decline or develop more slowly than we anticipate. Many factors will influence the widespread adoption and demand for such projects and investing techniques, including general and local economic conditions, commodity prices of fossil fuel energy sources, the cost and availability of energy storage, the cost-effectiveness of various projects and techniques, performance and reliability of such technologies compared to conventional power sources and technologies, and the extent of government subsidies and regulatory developments. Any changes in the markets, products, technologies, financing techniques, or the regulatory environment could adversely impact the demand or financial performance for such projects and our investments. Some projects in which we invest rely on net metering and related policies to improve project economics which if reduced could impact repayment of our investments or the return on our assets. There has been a nationwide increase in distributed generation which has prompted discussions among policy makers and regulators regarding ways to both better integrate distributed energy resources into the electric grid and how to compensate distributed generators. Many states have a regulatory policy known as net energy metering, or net metering. Net metering typically allows some project customers to interconnect their on- site solar or other renewable energy systems to the utility grid and offset their utility electricity purchases by receiving a bill credit at the utility' s retail rate for the amount of energy in excess of their electric usage that is generated by their renewable energy system and is exported to the grid. At the end of the billing period, the customer simply pays for the net energy used or receives a credit at the retail rate if more energy is produced than consumed. Net metering policies are under review or have been limited or amended in a number of states. The ability and willingness of customers to pay for renewable energy systems that benefit from net metering rules may be reduced if net metering rules are eliminated or their benefits reduced, which may also impact our returns on such systems.- 16- Existing electric utility industry regulations, and changes to regulations, may present technical, regulatory and economic barriers to the purchase and use of renewable energy and energy efficiency systems that may significantly reduce demand for systems and projects in which we invest or may adversely affect the profitability of such projects. Federal, state and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer- owned electricity generation. In the United States, governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing energy efficiency and renewable energy systems. For example, Federal Energy Regulatory Commission (" FERC ") recently conducted its own review of grid resiliency and the functioning of electricity markets and has made, and could continue to make, changes to policies and regulations related to the function of the electricity markets and grid resiliency which may negatively impact the use of renewable energy or encourage the use of fossil fuel energy over renewable energy. This could result in a significant reduction in the potential demand for such systems. Utilities commonly charge fees to larger, industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back- up purposes. In addition, there is an increasing trend towards initiating or increasing fixed fees for users to have electricity service from a utility. These fees could increase our customers' cost to use energy efficiency and renewable energy systems not supplied by the utility and make them less desirable, thereby harming our business, prospects, financial condition and results of operations. In addition, any changes to government or internal utility regulations and policies that favor electric utilities could reduce competitiveness and cause a significant reduction in demand for systems in which we invest. Further, certain climate solutions projects in which we invest may be " qualifying facilities " that are exempt from rate regulation as public utilities by FERC under the Federal Power Act, (the " FPA "). FERC regulations under the FPA confer upon these qualifying facilities key rights to interconnection with local utilities and can entitle such facilities to enter into PPAs with local utilities, from which the qualifying facilities benefit. Changes to these U. S. federal laws and regulations could increase the regulatory burdens and costs and could reduce the revenue of the project. In addition, modifications to the pricing policies of utilities could require climate solutions projects to achieve lower prices in order to compete with the price of electricity from the electric grid and may reduce the economic attractiveness of certain energy efficiency measures. To the extent that the projects in which we invest are subject to rate regulation, the project owners will be required to obtain FERC acceptance of their rate schedules for wholesale sales of energy, capacity and ancillary services. Any adverse changes in the rates project owners are permitted to charge could negatively impact the repayment of our investments, or the return on our assets. In addition, the operation of, and electrical interconnection for, our climate solutions projects may be subject to U. S. federal, state or local interconnection and federal reliability standards, some of which are set forth in utility tariffs. These standards and tariffs specify rules, business practices and economic terms to which the projects in which we invest are subject and that may impact a project' s ability to deliver the electricity it produces or transports to its end customer. The tariffs are drafted by the utilities and approved by the utilities' state and U. S. federal regulatory commissions. These standards and tariffs change frequently and it is possible that future changes will increase our administrative burden or adversely affect the terms and conditions under which the projects render services to their customers. Under certain circumstances, we may also be subject to the reliability standards of the North American Electric Reliability Corporation. If project owners fail to comply with the mandatory reliability standards, they could be subject to sanctions, including substantial monetary penalties, which could also raise credit risks for, or lower the returns available from, the project companies in which we invest. These various regulations may also limit the transferability or sale of renewable energy projects and any such limits could negatively impact our returns from such projects. We are subject to risks related to our ~~ESG~~ **sustainability and governance** activities and disclosures. Our ~~ESG~~ **sustainability and governance** strategy and practices and the level of transparency with which we are approaching them are foundational to our business and expose us to several risks, including: • that we may fail or be unable to fully achieve one or more of our ~~ESG~~ **sustainability and governance** goals due to a range of factors within or beyond our control, or that we may adjust or modify our goals in light of new information, adjusted projections, or a change in business strategy, which could negatively impact our reputation and our business; • that a failure to or perception of a failure to disclose metrics and set goals that are rigorous enough or in an acceptable format, a failure to appropriately manage selection of goals, a failure to or perception of a failure to make appropriate disclosures, stockholder perception of a failure to prioritize the " correct " ~~ESG~~ **sustainability and governance** goals, or an unfavorable ~~ESG~~ **sustainability and governance** - related rating by a third party, that could negatively impact our reputation and our business; **- 17-** • that certain data we utilize in our CarbonCount or similar metric calculations is prepared by third parties or receives limited assurance from and / or verification by third parties and may undergo a less rigorous review process than ~~- 17-~~ assurance sought in connection with more traditional audits and such review process may not identify errors and may not protect us from potential liability under the securities laws, and, if errors are identified our reputation and our business could be negatively impacted and if we were to seek more extensive assurance or attestation with respect to such ~~ESG~~ **sustainability and governance** metrics, we may be unable to obtain such assurance or attestation or may face increased costs related to obtaining and / or maintaining such assurance or attestation; • that the ~~ESG~~ **governance, social,** or sustainability standards, norms, or metrics, which are constantly evolving, change in a manner that impacts us negatively or requires us to change the content or manner of our disclosures, and our stockholders or third parties view such changes negatively, we are unable to adequately explain such changes, or we are required to expend significant resources to update our disclosures, any of which could negatively impact our reputation and our business; and • that our business could be negatively impacted if any of our disclosures, including our CarbonCount or similar metrics, reporting to third- party ~~ESG~~ standards, or reporting against our goals, are inaccurate, perceived to be inaccurate, or alleged to be inaccurate. We operate in a competitive market, which may impact the terms of our investments. We compete against a number of parties who may provide alternatives to our investments including, among others, a wide variety of financial institutions, government entities and energy industry participants. ~~A historically low interest rate environment over the past several years and increasing~~ **Increasing** investor acceptance of the climate solutions market increased the level of competition we experience, and we expect supportive government policies and initiatives to further increase competition in the markets in which we invest. We also encounter competition in the form of potential customers or our origination partners electing to use their own capital rather than engaging an outside provider such as us. In addition, we also face competition based on technological developments that reduce demand for electricity, increase power supplies through existing infrastructure or that otherwise compete with our climate solutions projects. Some of our competitors are significantly larger than we are, have access to greater capital and other resources than we do and may have other advantages over us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which allow those competitors to consider a wider variety of investments and establish more relationships than we can. Further, many of our competitors are not subject to the operating constraints associated with ~~REIT tax compliance or~~ maintenance of an exemption from the 1940 Act. These characteristics could allow our competitors to consider a wider variety of opportunities, establish more relationships and offer better pricing and more flexible structuring than we can offer. We may lose business opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may not be able to achieve acceptable risk-adjusted returns on our assets or we may be forced to bear greater risks of loss. The increase in the number or the size of our competitors in this market has resulted, and could continue to result, in less attractive terms on our investments or the need to accept a higher level of risks associated with our investments. As a result, competitive pressures we face could have a material adverse effect on our business, financial condition and results of operations. A change in the fiscal health, level of appropriations or budgets of U. S. federal, state and local governments could reduce demand for our investments. Although our energy efficiency investments do not normally require additional governmental appropriations to cover repayment due to the energy and operating savings derived from the newly installed equipment and systems, a significant decline in the fiscal health, level of appropriations or budgets of government customers may make it difficult for them to remain current on existing payment obligations or undesirable to enter into new energy efficiency improvement projects. Alternatively, some government entities may choose to provide appropriations or other credit support for climate solutions projects, which would negatively impact the use of private capital such as ours. This could have a material and adverse effect on the return of and return on our investments for existing projects and on our ability to originate new assets. Moreover, other changes in resources available to governments may also impact their willingness to undertake energy efficiency projects. For example, an increase in money set aside for government expenditures for energy efficiency projects may reduce demand for our investments. In addition, to the extent we make investments that involve direct appropriations, we will depend on approval of the necessary spending for the projects. The repayment of the investment, or the return on our asset, could be adversely affected if appropriations for any such projects are delayed or terminated. Risks Related to Our Assets and Projects in Which We Invest Changes in interest rates could adversely affect the value of our assets and negatively affect our profitability. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. Many of our assets pay a fixed rate of interest or provide a fixed preferential return.- 18- With respect to our business operations, increases in interest rates, have caused, and in general, may in the future cause: (1) project owners to be less interested in borrowing or raising equity and thus reduce the demand for our investments; (2) the interest expense associated with our borrowings to increase; (3) the market value of our fixed rate or fixed return assets to decline; and (4) the market value of any fixed- rate interest rate swap agreements to increase. Decreases in interest rates, in general, may over time cause: (1) project owners to be more interested in borrowing or raising equity thus increase the demand for our assets; (2) prepayments on our assets, to the extent allowed, to increase; (3) the interest expense associated with our borrowings to decrease; (4) the market value of our fixed rate or fixed return assets to increase; and (5) the market value of any fixed- rate interest rate swap agreements to decrease. Adverse developments resulting from changes in interest rates could have a material adverse effect on our business, financial condition and results of operations. The lack of liquidity of our assets may adversely affect our business, including our ability to value our assets. Volatile market conditions could significantly and negatively impact the liquidity of our assets. Illiquid assets typically experience greater price volatility, as a ready market does not exist, and can be more difficult to value. In addition, validating third- party pricing for illiquid assets may be more subjective than more liquid assets. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises. In addition, if we are required to liquidate all or a portion of our Portfolio quickly, we may realize significantly less than the value at which we have previously recorded our assets. To the extent that we utilize leverage to finance our investments that are or become illiquid, the negative impact on us related to trying to sell assets in a short period of time for cash could be greatly exacerbated. As a result, our ability to vary our Portfolio in response to changes in economic and other conditions may be relatively limited, which could adversely affect our results of operations and financial condition. Some of the assets in our Portfolio may be recorded at fair value and, as a result, there could be uncertainty as to the value of these assets. Further, we may experience a decline in the fair value of our assets. Our investments are not publicly traded. The fair value of assets that are not publicly traded may not be readily determinable. In accordance with GAAP, we record certain of our assets at fair value, which may include unobservable inputs. Because such valuations are subjective, the fair value of these assets may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these assets existed. The value of our common stock could be adversely affected if our determinations regarding the fair value of these assets were materially higher than the values that we ultimately realize upon their disposal. Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of these assets were materially higher than the values that we ultimately realize upon their disposal. The valuation process can be particularly challenging during periods when market events make valuations of certain assets more difficult, unpredictable and volatile. A decline in the fair market value of any asset we carry at fair value, may require us to reduce the value of such assets under GAAP. In addition, our other financial assets are subject to an impairment assessment that could result in adjustments to their carrying values. Upon the subsequent disposition or sale of such assets, we could incur future losses or gains based on the difference between the sale price received and adjusted value of such assets as reflected on our balance sheet at the time of sale. The preparation of our financial statements, including provision for loan losses, involves use of estimates, judgments and assumptions, and our financial statements may be materially affected if our estimates prove to be incorrect. Financial statements prepared in accordance with GAAP require the use of estimates, judgments and assumptions that affect the reported amounts. Different estimates, judgments and assumptions reasonably could be used that would have a material effect on the financial statements, and changes in these estimates, judgments and assumptions are likely to occur from period to period in the future. Significant areas of accounting requiring the application of management' s judgment include but are not limited to determining the fair value of our assets. These estimates, judgments and assumptions are inherently uncertain, and, if they prove to be wrong, then we face the risk that charges to income will be required. Any charges could significantly harm our business, financial condition, results of operations and the price of our securities. See Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates for a discussion of the accounting estimates, judgments and assumptions that we believe are the most critical to an understanding of our business, financial condition and results of operations. Further, our provision for loan losses is evaluated on a quarterly basis. The determination of our provision for loan losses requires us to make certain estimates and judgments, which may be difficult to determine. Our estimates and judgments are based on a number of factors and may not be correct. If our estimates or judgments are incorrect, our results of operations and financial condition could be severely impacted. See Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates for a discussion of the accounting estimates, judgments and assumptions that we believe are the most critical to our provision of loan losses.- 19- We rely on our project sponsors for financial reporting related to our project companies, and our financial statements may be materially affected if the financial reporting related to our project companies proves to be incorrect. We have equity investments in climate solutions project companies that we account for under the equity method of accounting, which requires us to rely on the project sponsor for the reporting of the financial results of those project companies, including in some instances the allocation of earnings under the hypothetical liquidation at book value (" HLBV ") method. The HLBV method involves complex judgments around the interpretation of legal provisions governing liquidation of the entity in which we are invested. To the extent the reporting inclusive of these HLBV allocations we are provided is incorrect, our financial results reported using that information may be incorrect. The majority of our investments are not rated by a rating agency, which may result in an amount of risk, volatility or potential loss of principal that is greater than that of alternative asset opportunities. The majority of our investments are not rated by any rating agency and we expect that most of the assets we originate and acquire in the future will not be rated by any rating agency. Although we focus on climate solutions project companies with high credit quality obligors, we believe that ~~some~~ **a number** of the projects or obligors in which we invest, if rated, would be rated below investment grade, due to speculative characteristics of the project or the obligor' s capacity to pay interest and repay principal or pay dividends. Some of our assets may result in an amount of risk, volatility or potential loss of principal that is greater than that of alternative asset opportunities. Any credit ratings assigned to our assets, debt or obligors are subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded. To the extent our assets, their underlying obligors, or our debt are rated by credit rating agencies or by our internal rating process, such assets, obligors or our debt will be subject to ongoing evaluation by credit rating agencies and our internal rating process, and those ratings may be changed or withdrawn in the future. If rating agencies assign a lower- than-expected rating or if a rating is further reduced or withdrawn by a rating agency or us, or if there are indications of a potential reduction or withdrawal of the ratings of our assets, the underlying obligors or our debt in the future, the value of these assets could significantly decline, the level of borrowings based on such asset could be reduced or we could incur higher borrowing costs or incur losses upon disposition or the failure of obligors to satisfy their obligations to us. Our investments are subject to delinquency, foreclosure and loss, any or all of which could result in losses to us. Our investments are subject to risks of delinquency, foreclosure and loss. In many cases, the ability of a borrower to return our invested capital and our expected return is dependent primarily upon the successful development, construction and operation of the underlying project. If the cash flow of the project is reduced, the borrower' s ability to return our capital and our expected return may be impaired. We make certain estimates regarding project cash flows or savings during the underwriting of our investment. These estimates may not prove accurate, as actual results may vary from estimates. The cash flows or cost savings of a project can be affected by, among other things: the terms of the power purchase or other use agreements used in such project; the creditworthiness of the off- taker or project user; price of power or services now and in the future; the technology deployed; unanticipated expenses in the development or operation of the project and changes in national, regional, state or local economic conditions, laws and regulations; and acts of God, terrorism, social unrest and civil disturbances. In the event of any default or shortfall of an investment, we will bear a risk of loss of principal or equity to the extent of any deficiency between the value of the collateral, if any, and the amount of our investment, which could have a material adverse effect on our cash flow from operations and may impact the cash available for distribution to our stockholders. Many of the projects are structured as special purpose limited liability companies, which limits our ability to realize any recovery to the collateral or value of the project itself. In the event of the bankruptcy of a project owner, obligor, or other borrower, our investment or the project will be deemed to be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession and our or the project' s contractual rights may be unenforceable under federal bankruptcy or state law. Foreclosure proceedings against a project can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed investment. Our climate solutions project companies may incur liabilities that rank equally with, or senior to, our investments in such projects. We provide a range of investment structures, including various types of debt and equity securities, senior and subordinated loans, real property leases, mezzanine debt, preferred equity and common equity. Our projects may have, or may be permitted to incur, other liabilities or equity preferences that rank equally with, or senior to, our positions or investments in such projects or businesses, as the case may be, including with respect to grants of collateral. By their terms, such instruments may entitle the holders to receive payment of interest, principal payments or other distributions on or before the dates on which we are entitled to receive payments with respect to the instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of an entity in which we have invested, holders of instruments ranking senior to our investment in that project or business would typically be entitled to receive payment in full before we receive any- 20- distribution. After repaying such senior stakeholders, such project may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with instruments we hold, we would have to share on an equal basis any distributions with other stakeholders holding such instruments in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant project. Our subordinated and mezzanine debt and equity investments, many of which are illiquid with no readily available market, involve a ~~substantial~~ degree of risk. Subordinated and mezzanine debt and equity investments involve a number of significant risks, including: • such investments could be subject to further dilution as a result of the issuance of additional debt or equity interests and to additional risks because subordinated and mezzanine debt are subordinate to other indebtedness and in some cases, project tax equity, and equity interests are subordinate to all indebtedness (including trade creditors) and any senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process; • to the extent that a project company in which we invest requires additional capital and is unable to obtain it, we may not recover our investment; and • in some cases, subordinated and mezzanine debt may not pay current interest or principal or equity investments may not pay current dividends, and our ability to realize a return on our investment, as well as to recover our investment, will be dependent on the success of the project company in which we invest. The project may face unanticipated costs or delays or may not generate projected cash flows, which could lead to the project generating lower than expected rates of return. We ~~generally~~ **either jointly control or** do not control the projects in which we invest **, which may result in the project owner making certain business decisions or taking risks with which we disagree** . Although the covenants in our financing or investment documentation generally restrict certain actions that may be taken by project owners, we generally do not control the projects in which we invest. As a result, we are subject to the risk that the project owner may make certain business decisions or take risks with which we disagree or otherwise act in ways that do not serve our interests. We invest in joint ventures and other similar arrangements that subject us to additional risks. Some of our project companies are structured as joint ventures, partnerships, securitizations, syndications and consortium arrangements. Part of our strategy is to participate with other institutional investors or the project' s sponsor on various climate solutions transactions. These arrangements are driven by the magnitude of capital required to complete acquisitions and the development of climate solutions projects and other industry- wide trends that we believe will continue. Such arrangements involve risks not present where a third party is not involved, including the possibility that partners or co- venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, partners or co- venturers might at any time have economic or other business interests or goals different from ours. These investments generally provide for a reduced level of control over an acquired project because governance rights are shared with others. Accordingly, project decisions relating to the management, operation and the timing and nature of any exit, are often made by a majority vote of the investors or by separate agreements that are reached with respect to individual decisions. In addition, project operations may be subject to the risk that the project owners may make business, financial or management choices with which we do not agree or the management of the project may take risks or otherwise act in a manner that does not serve our interests. Because we may not have the ability to exercise control, we may not be able to realize some or all of the benefits expected from our investment. If any of the foregoing were to occur, our business, financial condition and results of operations could suffer as a result. In addition, some of our joint ventures, partnerships, and equity investments subject the sale or transfer of our interests in these project companies to rights of first refusal or first offer, tag along or drag along rights and buy- sell, call- put or other restrictions. Such rights may be triggered at a time when we may not want them to be exercised and such rights may inhibit our ability to sell our interest in an entity within our desired time frame or on any other desired terms. **- 21-** Many of our assets depend on revenues from third- party contractual arrangements, including PPAs, that expose the projects to various risks. Many of the projects in which we invest rely on revenue or repayment from contractual commitments of end- customers, including federal, state, or local governments for energy efficiency projects or utilities or other customers under PPAs. There is a risk that these customers may default under their contracts. In addition, many of these end- customers are large entities with wide ranging activities. An event in a non- related part of the business could have a material adverse impact on the financial strength of such end- customer, such as the effect of wildfires on the California utilities. Furthermore, the bankruptcy, insolvency, or other liquidity constraints of one or more customers may result in a renegotiation or rejection of the third- party contract, delay the receipt of any obligations or reduce the likelihood of collecting defaulted obligations. Some projects rely on one customer for their revenue and thus the project could be materially and adversely affected by any material change in the ~~- 21-~~ financial condition of that customer. While there may be alternative customers for such a project, there can be no assurance that a new contract on the same terms will be able to be negotiated for the project. Certain of our projects with contractually committed revenues or other sources of repayment under long term contracts will be subject to re- contracting risk in the future. These projects may be unable to renegotiate these contracts once their terms expire on equally favorable terms or at all. If it is not possible to renegotiate these contracts on favorable terms, our business, financial condition, results of operations, and prospects could be materially and adversely affected. Revenues at some of the projects in which we invest depend on reliable and efficient metering, or other revenue collection systems, which are often specified in the contract. If one or more of these projects are not able to operate and maintain the metering or other revenue collection systems in the manner expected, if the operation and maintenance costs, are greater than expected, or if the customer disputes the output of the revenue collection system, the ability of the project to repay our investments or provide a return to us on our asset could be materially and adversely affected. In most instances, projects which sell power under PPAs commit to sell minimum levels of generation. If the project generates less than the committed volumes, it may be required to buy the shortfall of electricity on the open market or make payments of liquidated damages or be in default under a PPA, which could result in its termination. In the event that any of these events were to occur, our business, financial condition, and results of operations could suffer as a result. We are exposed to the credit risk of various project sponsors, ESCOs, and others. We are exposed to credit risks in the commercial projects in which we invest. We are also subject to varying degrees of credit risk related to ESCOs in government energy efficiency projects in which guarantees provided by ESCOs under energy savings performance contracts are required in the event that certain energy savings are not realized by the customer. Where we make loans to or own equity interests in special purposes entities such as those that lease solar energy systems to residential customers, those special purpose entities often enter into various contractual arrangements with, or receive performance guarantees from the affiliate project sponsor to ensure satisfactory equipment or other project performance over the term of the lease or power purchase agreement. To the extent those parties are unable to perform on their contractual obligations or performance guarantees we may see diminished equity returns or the special purpose entity may be unable to repay their loan timely or at all. We seek to mitigate these credit risks by employing a comprehensive review and asset selection process and careful ongoing monitoring of acquired assets. Nevertheless, unanticipated credit losses could occur which could adversely impact our operating results. During periods of economic downturn in the global economy, the solvency and financial wherewithal of counterparties with whom we do business could be impacted and 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. In the event a counterparty to us or one of our climate solutions projects becomes insolvent or unable to make payments, we may fail to recover the full value of our investment or realize the value from the counterparty' s contract, thus reducing our earnings and liquidity. In addition, the insolvency of one or more of our, or one of our climate solutions projects', counterparties could reduce the amount of financing available to us, which would make it more difficult for us to leverage the value of our assets and obtain substitute financing on attractive terms or at all. A material reduction in our financing sources or an adverse change in the terms of our financings could have a material adverse effect on our financial condition and results of operations. Certain participants in the sustainable energy industry have experienced significant declines in the value of their equity and difficulty in raising or refinancing debt, which increases the credit risk to these companies and they may not be able to fulfill their obligations which could adversely impact our operating results. **- 22-** Some of the projects in which we invest have sold their output under PPAs that expose the projects to various risks. Some of our projects enter into PPAs when they contract to sell all or a fixed proportion of the electricity generated by the project, sometimes bundled with renewable energy credits and capacity or other environmental attributes, to a power purchaser, often a utility, or increasingly, a corporation. PPAs are used to stabilize our revenues from that project. We are exposed to the risk that the power purchaser, who we consider an obligor, will fail to perform under a PPA or the PPA will be terminated or expire, which will lead to that project needing to sell its electricity at the then market price, which could be substantially lower than the price provided in the applicable PPA. In ~~most~~ **many** instances, the project also commits to sell minimum levels of generation. If the project generates less than the committed volumes, it may be required to buy the shortfall of electricity on the open market or make payments of liquidated damages or be in default under a PPA, which could result in its termination. In the event that any of these events were to occur, our business, financial condition, and results of operations could suffer as a result. Portions of the electricity and environmental attributes our assets generate are sold on the open market at spot- market prices. A prolonged environment of low prices for natural gas, or other conventional fuel sources ~~such as we are experiencing may~~ , ~~and~~ **below the levels at which we assumed when underwriting these investment** could ~~continue to,~~ have a material adverse effect on our long- term business prospects, financial condition and results of operations. ~~- 22-~~ Low prices for traditional fossil fuels, particularly natural gas, could cause demand for renewable energy to decrease and prices have, and may continue to, adversely affect both the future sale price of energy under new PPAs and the current sale price of energy sold on a spot- market basis. Low PPA and spot market power prices, if combined with other factors, can have a material adverse effect on our projects and their respective values and our expected returns, results of operations and cash available for distribution. Some of the projects we invest in, or may plan to invest in, sell environmental attributes such as renewable energy credits or other similar credits on an uncontracted basis. To the extent merchant prices for these attributes are lower than expected, our projects revenues could be adversely impacted, and our business, financial condition, and results of operations could suffer as a result. The ability of our assets to generate revenue from certain projects depends on having interconnection arrangements and services. The future success of our assets will depend, in part, on their ability to maintain satisfactory interconnection agreements. If the interconnection or transmission agreement of a project is terminated for any reason, they may not be able to replace it with an interconnection and transmission arrangement on terms as favorable as the existing arrangement, or at all, or they may experience significant delays or costs in connection with securing a replacement. If a network to which one or more of the projects is connected experiences equipment or operational problems or other forms of " down time, " the affected project may lose revenue and be exposed to non- performance penalties and claims from its customers. These may include claims for damages incurred by customers, such as the additional cost of acquiring alternative electricity supply at then- current spot market rates. The owners of the network will not usually compensate electricity generators for lost income due to down time. In addition, our projects may be exposed to a locational basis risk resulting from a difference between where the power is generated and the contracted delivery point. These factors could materially affect these projects, which could negatively affect our business, results of operations, financial condition, and cash flow. **- 23-** Our projects and their obligors are exposed to an increase in climate change or other change in meteorological conditions, which could have an impact on electric generation, revenue, insurance costs or the ability of the projects or their obligors to honor their contract obligations, all of which could adversely affect our business, financial condition and results of operations and cash flows. The electricity produced and revenues generated by a renewable electric generation facility are highly dependent on suitable weather conditions, which are beyond our control. Components of renewable energy systems, such as turbines, solar panels and inverters, could be damaged by natural disasters or severe weather, including extreme temperatures, wildfires, hurricanes, hailstorms or tornadoes. Furthermore, the potential physical impacts of climate change may impact our projects, including the result of changes in weather patterns (including floods, tsunamis, drought, mudslides, and rainfall levels), wind speeds, water availability, storm patterns and intensities, and temperature levels. The projects in which we invest will be obligated to bear the expense of repairing the damaged renewable energy systems and replacing spare parts for key components and insurance may not cover the costs or the lost revenue. Natural disasters or unfavorable weather and atmospheric conditions, such as extreme cold temperatures or extreme events of rain, flooding, and mudslides, could impair the effectiveness of the renewable energy assets, reduce their output beneath their rated capacity, require shutdown of key equipment or impede operation of the renewable energy assets, which could adversely affect our business, financial condition and results of operations and cash flows. Sustained unfavorable weather could also unexpectedly delay the installation of renewable energy systems, which could result in a delay in our investing in new projects or increase the cost of such projects. The resulting effects of climate change can also have an impact on the cost of, and the ability of a project to obtain, adequate insurance coverage to protect against related losses. We typically base our investment decisions with respect to each renewable energy facility on the findings of studies conducted on- site prior to construction or based on historical conditions at existing facilities. However, actual climatic conditions at a facility site may not conform to the findings of these studies. Even if an operating project' s historical renewable energy resources are consistent with the long- term estimates, the unpredictable nature of weather conditions often results in daily, monthly and yearly material deviations from the average renewable resources anticipated during a particular period. Therefore, renewable energy facilities in which we invest may not meet anticipated production levels or the rated capacity of the generation assets, which could adversely affect our business, financial condition and results of operations and cash flows. In addition, many of the project' s end- customers are large entities with wide ranging activities. A climate related event in a non- related part of the business could have a material adverse impact on the financial strength of such end- customer and their ability to honor their contractual obligations which could negatively impact on revenue and the cash flow of the project and our business. Operation of the projects in which we invest involves significant risks and hazards that could have a material adverse effect on our business, financial condition, results of operations and cash flows. ~~- 23-~~ Climate projects are subject to various construction and operating delays and risks that have in the past caused them to, and may in the future cause them to, incur higher than expected costs or generate less than expected amounts of savings or outputs, such as electricity in the case of a renewable energy project. The ongoing operation of the projects in which we invest involves risks that include construction delays, the breakdown or failure of equipment or processes or performance below expected levels of output or efficiency due to wear and tear, **the impact of inflation,** latent defect, design error or operator error or force majeure events, among other things. In addition to natural risks such as earthquake, flood, drought, lightning, wildfire, hurricane, ice, wind, and temperature extremes, other hazards, such as fire, explosion, structural collapse and machinery failure, acts of terrorism or related acts of war, hostile cyber intrusions, pandemics **or other public health issue** , or other catastrophic events are inherent risks in the construction and operation of a project. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations. Operation of a project also involves risks that the operator will be unable to transport its product to its customers in an efficient manner due to a lack of transmission capacity. Unplanned outages of projects, including extensions of scheduled outages due to mechanical failures or other problems, occur from time to time and are an inherent risk of the business. Unplanned outages typically increase operation and maintenance expenses and may reduce revenues as a result of selling less electricity or require the project to incur significant costs as a result of obtaining replacement power from third parties in the open market to satisfy forward power sales obligations. Any extended interruption in a project' s construction or operation, a project' s inability to operate its assets efficiently, manage capital expenditures and costs ~~and~~ **or** generate earnings and cash flow could have a material adverse effect on the repayment of and return on our investment and our business, financial condition, results of operations and cash flows. While the projects maintain insurance, obtain warranties from vendors and obligate contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not cover the lost revenues, increased expenses or liquidated damages payments should the project experience any equipment breakdowns, insurance claims or non- performance by contractors or vendors. **- 24-** Some of the projects in which we invest may require substantial operating or capital expenditures in the future. Many of the projects in which we invest are capital intensive and require substantial ongoing expenditures for, among other things, additions and improvements, and maintenance and repair of plant and equipment related to project operations. In addition, there may be cash needs to settle certain contractual obligations of the projects, such as settlements or margining requirements related to hedging activities. While we do not typically bear the responsibility for these expenditures, any failure by the equity owner to make necessary operating or capital expenditures could adversely impact project performance. In addition, some of these expenditures may not be recoverable from current or future contractual arrangements. The use of real property rights that we acquire or are used for our climate solutions projects may be adversely affected by the rights of lienholders and leaseholders that are superior to those of the grantors of those real property rights to us. The projects in which we invest often require large areas of land for construction and operation or other easements or access to the underlying land. In addition, we may acquire rights to land or other real property. Although we believe that we, or the projects in which we invest, have valid rights to all material easements, licenses and rights of way, not all of such easements, licenses and rights of way are registered against the lands to which they relate and may not bind subsequent owners. Some of our real property rights and projects generally are, and are likely to continue to be, located on land occupied pursuant to long- term easements and leases. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of water, oil or mineral rights) that were created prior to, or are superior to, our or our projects' easements and leases. As a result, our rights may be subject, and subordinate, to the rights of those third parties. We typically obtain representations or perform title searches or obtain title insurance to protect our real property interest and our investments in our projects against these risks. Such measures may, however, be inadequate to protect against all risk of loss of rights to use the land rights we have acquired or the land on which these projects are located, which could have a material and adverse effect on our land rights, our projects and their financial condition and operating results. We own land or leasehold interests that are used by renewable energy projects. Negative market conditions or adverse events affecting tenants, or the industries in which they operate, could have an adverse impact on our underwritten returns. Moreover, many of our real estate assets are concentrated in similar geographic locations, which subjects us to an increased risk of significant loss if any property declines in value, incurs a natural disaster or if we are unable to lease a property. We own land or leasehold interests used by renewable energy projects that are concentrated in a limited number of geographic locations. One consequence of this is that the aggregate returns we realize may be substantially adversely affected by the unfavorable performance of a small number of leases, a significant decline in the market value of any single property or a natural disaster in a concentrated area. Our cash flow depends in part on the ability to lease the real estate to projects or other tenants on economically favorable terms. We could be adversely affected by various facts and events over which we have limited or no control, such as: ~~- 24-~~ • lack of demand in areas where our properties are located; • inability to retain existing tenants and attract new tenants; • oversupply of space and changes in market rental rates; • our tenants' creditworthiness and ability to pay rent, which may be affected by their operations, the current economic situation and competition within their industries from other operators; • defaults by and bankruptcies of tenants, failure of tenants to pay rent on a timely basis, or failure of tenants to comply with their contractual obligations; • economic or physical decline of the areas where the properties are located; and • destruction from natural disasters. At any time, any tenant may experience a downturn in its business, including increased operating costs, termination of a PPA or low spot- market prices of products, that may weaken its operating results or overall financial condition, a tenant may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. Any tenant bankruptcy or insolvency, leasing delay or failure to make rental payments when due could result in the termination of the tenant' s lease and material losses to us. If a tenant elects to terminate its lease prior to or upon its expiration or does not renew its lease as it expires, we may not be able to rent or sell the properties or realize our expected value. Furthermore, leases that are renewed and some new leases for properties that are re- leased, may have terms that are less economically favorable than expiring lease terms, or may require us to incur significant costs, such as lease transaction costs. In addition, negative market conditions or adverse events affecting tenants, or the industries in which they operate, may force us to sell vacant properties for less than their carrying value, which **- 25-** could result in impairments. Any of these events could adversely affect the value of our asset, the cash flow from operations and our ability to make distributions to stockholders and service indebtedness. A significant portion of the costs of owning property, such as real estate taxes, insurance and maintenance, are not necessarily reduced when circumstances cause a decrease in rental revenue from the properties. In a weakened financial condition, tenants may not be able to pay these costs of ownership and we may be unable to recover these operating expenses from them. Further, the occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from the tenant' s lease or leases. For instance, a bankruptcy court might authorize the tenant to terminate its leases with us. If that happens, our claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would be substantially less than the remaining rent we are owed under the leases. In addition, any claim we have for unpaid past rent, if any, may not be paid in full. As a result, tenant bankruptcies may have a material adverse effect on our results of operations. In addition, since renewable energy projects are often concentrated in certain states, we would also be subject to any adverse change in the political or regulatory climate in those states or specific counties where such properties are located that could adversely affect our properties and our ability to lease such properties. Performance of projects where we invest may be harmed by future labor disruptions and economically unfavorable collective bargaining agreements. A number of the projects where we invest could have workforces that are unionized or in the future may become unionized and, as a result, are required to negotiate the wages, benefits and other terms with many of their employees collectively. If these projects were unable to negotiate acceptable contracts with any of their unions as existing agreements expire, they could experience a significant disruption of their operations, higher ongoing labor costs and restrictions on their ability to maximize the efficiency of their operations, which could have a material and adverse effect on our business, financial condition and results of operations. In addition, in some jurisdictions where our projects have operations, labor forces have a legal right to strike, which may have a negative impact on our business, financial condition and results of operations, either directly or indirectly, for example if a critical upstream or downstream counterparty was itself subject to a labor disruption that impacted the ability of our projects to operate. We invest in projects that rely on third parties to manufacture quality products or provide reliable services in a timely manner and the failure of these third parties could cause project performance to be adversely affected. We invest in projects that typically rely on third parties to select, manage or provide equipment or services. Third parties may be responsible for choosing vendors, including equipment suppliers and subcontractors. Project success often depends on third parties who are capable of installing and managing projects and structuring contracts that provide appropriate protection against construction and operational risks. In many cases, in addition to contractual protections and remedies, project owners may seek guaranties, warranties and construction bonding to provide additional protection. ~~- 25-~~ The warranties provided by the third parties and, in some cases, their subcontractors, typically limit any direct harm that results from relying on their products and services. However, there can be no assurance that a supplier or subcontractor will be willing or able to fulfill its contractual obligations and make necessary repairs or replace equipment. In addition, these warranties generally expire within one to five years or may be of limited scope or provide limited remedies. If projects are unable to avail themselves of warranty protection or receive the expected protection under the terms of the guaranties or bonding, we may need to incur additional costs, including replacement and installation costs, which could adversely impact our investment. In addition, renewable energy projects rely on electric and other types of transmission lines and facilities owned and operated by third parties to receive and distribute their energy. Any substantial access barriers to these lines and facilities could adversely impact the demand or financial performance for such projects and our investments. Liability relating to environmental matters may impact the value of properties that we may acquire or the properties underlying our assets. Under various U. S. federal, state and local laws, an owner or operator of real estate or a project may become liable for the costs of removal of certain hazardous substances released from the project or any underlying real property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect our, or another owner' s, ability to sell a contaminated project or borrow using the project as collateral. To the extent that we, or another project owner, become liable for removal costs, our investment, or the ability of the owner to make payments to us, may be negatively impacted. We acquire real property rights, make investments in projects that own real property, have collateral consisting of real property and in the course of our business, we may take title to a project or its underlying real estate assets relating to one of our debt financings. In these cases, we could be subject to environmental liabilities with respect to these assets. To the extent that **- 26-** we become liable for the removal costs, our results of operation and financial condition may be adversely affected. The presence of hazardous substances, if any, may adversely affect our ability to sell the affected real property or the project and we may incur substantial remediation costs, thus harming our financial condition. Our insurance and contractual protections may not always cover lost revenue, increased expenses or liquidated damages payments. Although our assets or projects generally have insurance, supplier warranties, subcontractors performance assurances such as bonding and other risk mitigation measures, the proceeds of such insurance, warranties, bonding or other measures may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future. The repayment of certain of our assets is dependent upon collection of payments from residential customers and we may be indirectly subject to consumer protection laws and regulations. Certain obligors to which we have credit exposure are, or may be, subject to consumer protection laws, such as federal truth- in- lending, consumer leasing, and equal credit opportunity laws and regulations, as well as state and local sales and finance laws and regulations. Claims arising out of actual or alleged violations of law may be asserted against those obligors by individuals or governmental entities and may expose them to significant damages or other penalties, including fines, or could reduce the likelihood the residential customer may pay their obligation, which could limit their ability to repay borrowings or make equity distributions to us. Risks Related to Our Company ~~We may change our operational policies (including our investment guidelines and strategies) with the approval of our Board but without stockholder consent at any time, which may adversely affect the market value of our common stock and our ability to make distributions to our stockholders. Our Board determines our operational policies and may amend or revise our policies, including our policies with respect to investments, acquisitions, dispositions, growth, operations, compensation, indebtedness, capitalization and dividends, or approve transactions that deviate from these policies, without a vote of, or notice to, our stockholders at any time. We may change our investment guidelines, underwriting process and our strategy at any time with the approval of our Board, but without the consent of our stockholders, which could result in originating assets that are different in type from, and possibly riskier than, the assets initially contemplated. In addition, our charter provides that our Board may authorize us to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to qualify as a REIT. These changes could adversely affect our business, financial condition, results of operations and our ability to make distributions to our stockholders.- 26-~~ Our management and employees depend on information systems and system failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to ~~make distributions~~ **pay dividends** to our stockholders. Our underwriting process and our asset and financial management and reporting are dependent on our present and future communications and information systems. Any failure or interruption of these systems could cause delays or other problems in our originating, financing, investing, asset and financial management and reporting activities, which could have a material adverse effect on our operating results. We contract with information technology service providers where, in part, we rely upon their systems and controls for the quality of the data provided. The inappropriate establishment and maintenance of these systems and controls could cause information that we use to operate our business to be unavailable or inaccurate and could negatively impact our financial results. Our information technology architecture is partially outsourced. These systems and processes may be either internet based or through traditional outsourced functions and certain of these arrangements are new or emerging. When we contract with these service providers **,** we attempt to evaluate the quality of their systems and controls before we execute the arrangement and may rely on third party reviews and audits of these service providers and attempt to implement certain processes to ensure the quality of the data received from these service providers. Because of the nature and maturity of the technology such efforts may be unsuccessful or incomplete and the unavailability of these systems or the inaccurate data provided from these service providers could negatively impact our financial results. Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, a misappropriation of funds, and / or damage to our business relationships, all of which could negatively impact our financial results. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The risk of a security breach or disruption, particularly through cyber- attacks or cyber intrusions, including by computer hackers, nation- state affiliated actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased, and will likely continue to increase in the future. The result of these incidents could include disrupted operations, misstated or unreliable financial data, disrupted market price of our common stock, misappropriation of assets, liability for stolen assets or information, increased cybersecurity protection and insurance cost, regulatory enforcement, litigation and damage to our relationships. These risks require continuous and likely increasing attention and other resources from us to, among other actions, identify and quantify these risks, upgrade and expand our technologies, systems and processes to adequately address them and provide periodic training for our employees to assist them in detecting phishing, malware and other schemes. Such attention diverts time and other resources from other activities and there is no assurance that our efforts will be effective. Additionally, the cost of maintaining such systems and processes, procedures and internal controls may increase from its current level. Potential sources for disruption, damage or failure of our information technology systems include, without limitation, computer viruses, security **- 27-** breaches, human error, cyber- attacks, natural disasters and defects in design. Additionally, due to the size and nature of our company, we rely on third- party service providers for many aspects of our business. The networks and systems that our third- party vendors have established or use may not be effective. As our reliance on technology has increased, so have the risks posed to both our information systems and those provided by third- party service providers. Our processes, procedures and internal controls that are designed to mitigate cybersecurity risks and cyber intrusions do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident. Even if we are not targeted directly, cyberattacks on the U. S. and foreign governments, financial markets, financial institutions, or other businesses, including borrowers, vendors, software creators, cybersecurity service providers, and other third parties with whom we do business, may occur, and such events could disrupt our normal business operations and networks in the future. Major public health issues and related disruptions in the U. S. and global economy and financial markets could adversely impact or disrupt our financial condition and results of operations. In recent years, the outbreaks of a number of diseases, including COVID- 19, avian influenza, H1N1, and other viruses have resulted in and increased the risk of a pandemic or major public health issues. We believe that our ability to operate, our level of business activity and the profitability of our business, as well as the values of, and the cash flows from, the assets we own could in the future be impacted by another pandemic or other major public health issue. While we have implemented risk management and contingency plans and taken preventive measures and other precautions, no predictions of specific scenarios can be made with certainty and such measures may not adequately predict the impact on our business from such events. ~~- 27-~~ We may seek to expand our business internationally, which would expose us to additional risks that we do not face in the United States. A failure to manage these additional risks could have an adverse effect on our business, financial condition and operating results. We generate substantially all of our revenue from operations in the United States. We may seek to expand our projects outside of the United States in the future. These operations will be subject to a variety of risks that we do not face in the United States, including risk from changes in foreign country regulations, infrastructure, legal systems and markets. Other risks include possible difficulty in repatriating overseas earnings and fluctuations in foreign currencies. Our overall success in international markets will depend, in part, on our ability to succeed in different legal, regulatory, economic, social and political conditions. We may not be successful in developing and implementing policies and strategies that will be effective in managing these risks in each country where we decide to do business. Our failure to manage these risks successfully could harm our international projects, reduce our international income or increase our costs, thus adversely affecting our business, financial condition and operating results. Risks Relating to Regulation We cannot predict the unintended consequences and market distortions that may stem from far- ranging governmental intervention in the economic and financial system or from regulatory reform of the oversight of financial markets. The U. S. federal government, the Federal Reserve Board of Governors, the U. S. Treasury, the SEC, U. S. Congress and other governmental and regulatory bodies have taken, are taking or may in the future take, various actions to address inflation, financial crises, or other areas of regulatory concern. Such actions could have a dramatic impact on our business, results of operations and financial condition, and the cost of complying with any additional laws and regulations or the elimination or reduction in scope of various existing laws and regulations could have a material adverse effect on our financial condition and results of operations. The far- ranging government intervention in the economic and financial system may carry unintended consequences and cause market distortions. We are unable to predict at this time the extent and nature of such unintended consequences and market distortions, if any. The inability to evaluate the potential impacts could have a material adverse effect on the operations of our business. Loss of our 1940 Act exemptions ~~would~~ **may** adversely affect us, the market price of shares of our common stock and our ability to distribute dividends. We conduct our operations so that we are not required to register as an investment company under the 1940 Act. Section 3 (a) (1) (A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3 (a) (1) (C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40 % of the value of the issuer' s total assets (exclusive of U. S. Government securities and cash items) on a non- consolidated basis, which we refer to as the 40 % test. Excluded from the term " investment securities, " among other things, are U. S. Government securities and securities issued by majority- owned subsidiaries that are not themselves investment companies and are not relying on the exemption from the definition of investment company set forth in Section 3 (c) (1) or Section 3 (c) (7) of the 1940 Act. **- 28-** We conduct our businesses primarily through our subsidiaries and our operations so that we comply with the 40 % test. The securities issued by any wholly- owned or majority- owned subsidiaries that we hold or may form in the future that are exempted from the definition of " investment company " based on Section 3 (c) (1) or 3 (c) (7) of the 1940 Act, together with any other investment securities we may own, may not have a value in excess of 40 % of the value of our total assets on a non- consolidated basis. Certain of our subsidiaries rely on or will rely on an exemption from registration as an investment company under the 1940 Act pursuant to Section 3 (c) (5) (C) of the 1940 Act, which is available for entities which are not primarily engaged in issuing redeemable securities, face- amount certificates of the installment type or periodic payment plan certificates and which are primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. This exemption generally requires that at least 55 % of such subsidiaries' portfolios must be comprised of qualifying assets and at least 80 % of each of their portfolios must be comprised of qualifying assets and real estate- related assets under the 1940 Act. Consistent with guidance published by the SEC staff, we intend to treat as qualifying assets for this purpose loans secured by projects for which the original principal amount of the loan did not exceed 100 % of the value of the underlying real property portion of the collateral when the loan was made. We intend to treat as real estate- related assets non- controlling equity interests in joint ventures that own projects whose assets are primarily real property. In general, with regard to our subsidiaries relying on Section 3 (c) (5) (C), we rely on other guidance published by the SEC or its staff or on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying real estate assets and real estate- related assets. In addition, one or more of our subsidiaries qualifies for an exemption from registration as an investment company under the 1940 Act pursuant to either Section 3 (c) (5) (A) of the 1940 Act, which is available for entities which are not engaged in the ~~- 28-~~ business of issuing redeemable securities, face- amount certificates of the installment type or periodic payment plan certificates, and which are primarily engaged in the business of purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services, or Section 3 (c) (5) (B) of the 1940 Act, which is available for entities primarily engaged in the business of making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services. These exemptions generally require that at least 55 % of such subsidiaries' portfolios must be comprised of qualifying assets that meet the requirements of the exemption. We intend to treat energy efficiency loans where the loan proceeds are specifically provided to finance equipment, services and structural improvements to properties and other facilities and renewable energy and other climate solutions projects or improvements as qualifying assets for purposes of these exemptions. In general, we also expect, with regard to our subsidiaries relying on Section 3 (c) (5) (A) or (B), to rely on guidance published by the SEC or its staff, including reliance on a no- action letter obtained in connection with Sections 3 (c) (5) (A) and 3 (c) (5) (B) of the 1940 Act, or on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying assets under the exemptions. Although we monitor the portfolios of our subsidiaries relying on the Section 3 (c) (5) (A), (B) or (C) exemptions periodically and prior to each acquisition, there can be no assurance that such subsidiaries will be able to maintain their exemptions. Qualification for exemptions from registration under the 1940 Act will limit our ability to make certain investments. For example, these restrictions will limit the ability of these subsidiaries to make loans that are not secured by real property or that do not represent part or all of the sales price of merchandise, insurance, and services. There can be no assurance that the laws and regulations governing the 1940 Act, including the Division of Investment Management of the SEC providing more specific or different guidance regarding these exemptions, will not change in a manner that adversely affects our operations. For example, on August 31, 2011, the SEC issued a concept release (No. IC- 29778; File No. SW7- 34- 11, Companies Engaged in the Business of Acquiring Mortgages and Mortgage- Related Instruments) pursuant to which it is reviewing the scope of the exemption from registration under Section 3 (c) (5) (C) of the 1940 Act. While the SEC has yet to provide additional information on its position relating to these exemptions and timing of any future changes to the exemptions remain unknown, any additional guidance from the SEC or its staff from this process or in other circumstances could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen. If we or our subsidiaries fail to maintain an exemption from the 1940 Act, we could, among other things, be required either to (1) change the manner in which we conduct our operations to avoid being required to register as an investment company, (2) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so or (3) register as an investment company, any of which could negatively affect our business, our ability to make distributions, our financing strategy and the market price for ~~our~~ shares of **our** common stock. We have not requested the SEC or its staff to approve our treatment of any company as a majority- owned subsidiary and neither the SEC nor its staff has done so. If the SEC or its staff were to disagree with our treatment of one or more companies as majority- owned subsidiaries, we would need to adjust our strategy and our assets in order to continue to pass the 40 % test. Any such adjustment in our strategy could have a material adverse effect on us. Rapid changes in the values of our assets may make it more difficult for us to maintain our ~~qualification as a REIT or our~~ exemption from the 1940 Act. **- 29-** If the market value or income potential of our assets changes as a result of changes in interest rates, general market conditions, government actions or other factors, we may need to adjust the portfolio mix of our real estate assets and income or liquidate our non- qualifying assets to maintain ~~our REIT qualification or~~ our exemption from the 1940 Act. If changes in asset values or income occur quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of the assets we may own. We may have to make decisions that we otherwise would not make absent ~~the REIT and~~ 1940 Act considerations. Risks Related to our Borrowings and Hedging We use financial leverage in executing our business strategy, which may adversely affect the returns on our assets and may reduce cash available for distribution to our stockholders, as well as increase losses when economic conditions are unfavorable. We use debt to finance our assets, including credit facilities, recourse and non- recourse debt, securitizations, and syndications. Changes in the financial markets and the economy generally could adversely affect one or more of our lenders or potential lenders and could cause one or more of our lenders, potential lenders or institutional investors to be unwilling or unable to provide us with financing or participate in securitizations or could increase the costs of that financing or securitization. Some of our borrowings will have a remaining balance when they come due. If we are unable to repay or refinance the remaining balance of this debt, or if the terms of any available refinancing are not favorable, we may be forced to liquidate assets or incur higher costs which may significantly harm our business, financial condition, results of operations, and our ability to make distributions, which could in turn cause the value of our common stock to decline. The return on our assets ~~- 29-~~ and cash available for distribution to our stockholders may be reduced to the extent that market conditions prevent us from leveraging our assets or increase the cost of our financing relative to the income that can be derived from the assets acquired. Increases in our financing costs will reduce cash available for distributions to stockholders. We may not be able to meet our financing obligations and, to the extent that we cannot, we risk the loss of some or all of our assets to liquidation or sale to satisfy the obligations. An increase in our borrowing costs relative to the interest we receive on our assets may adversely affect our profitability and our cash available for distribution to our stockholders. Our borrowings may have a shorter duration than our assets. As some of our borrowings will have a remaining balance at maturity, we may be required to enter into new borrowings at higher rates or to sell certain of our assets to repay the loan. Our credit facilities have rates that adjust on a frequent basis based on prevailing short- term interest rates. Increases in interest rates, or a flattening or inversion of the yield curve, reduce the spread between the returns on our assets which are typically priced using longer- term interest rates and the cost of any new borrowings or borrowings where the interest rate adjusts to market rates or is based on shorter- term rates. This change in interest rates ~~would~~ **may** adversely affect our earnings and, in turn, cash available for distribution to our stockholders. In addition, as we may use short- term borrowings that are generally short- term commitments of capital, lenders may respond to market conditions making it more difficult for us to obtain continued financing. If we are not able to renew our then existing facilities 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 facilities, we may have to curtail entering into new transactions and / or dispose of assets. We will face these risks given that a number of our borrowings have a shorter duration than the assets they finance. While we have an established Board- approved leverage limit, our Board may change our leverage limits without stockholder approval. We are not restricted by any regulatory requirements to maintain our leverage ratio at or below any particular level. The amount of leverage we may deploy for particular assets will depend upon the availability of particular types of financing and our assessment of the credit, liquidity, price volatility and other risks of those assets and the credit quality of our financing counterparties. We have established leverage limits which are discussed in Item 7, Management' s Discussion and Analysis of Financial Conditions and Results of Operations — Liquidity and Capital Resources. However, our charter and bylaws do not limit the amount or type of indebtedness we can incur, and our Board has changed, and has the discretion to deviate from or change at any time in the future, our leverage policy, which could result in **our business having** ~~an investment portfolio with~~ a different risk profile. We utilize non- recourse facilities on certain types of assets that have significantly higher leverage. On these facilities, the lenders' primary recourse is to the pledged assets. If the value of the pledged assets is below the value of the debt or if we default on a facility, the lender would be able to foreclose on all the pledged assets, which would result in losses and reduce our assets and the cash available for distributions to stockholders. We may apply too much leverage to our assets or may employ an inefficient financing strategy to our assets. The use of securitizations and special purpose entities exposes us to additional risks. We hold securitized loans and often hold the most junior certificates or the residual value associated with a securitization. We have also established funds and special purpose entities through which we hold only a partial or subordinate interest or a residual value after taking into account our non- recourse debt facilities or a right to participate in the profits of such entity once it achieves a predefined threshold. As a holder of the residual value or other such interests, we are more exposed to losses on **- 30-** the underlying collateral because the interest we retain in the securitization vehicle or other entity would be subordinate to the more senior notes or interests issued to investors and we would, therefore, absorb all of the losses, up to the value of our interests, sustained with respect to the underlying assets before the owners of the notes or other interests experience any losses. In addition, the inability to securitize our Portfolio or assets within our Portfolio could hurt our performance and our ability to grow our business. We also use various special purpose entities to own and finance our assets. These subsidiaries incur various types of debt, that can be used to finance one or more of our assets. This debt is typically structured as non- recourse debt, which means it is repayable solely from the revenue from the investment financed by the debt and is secured by the related physical assets, major contracts, cash accounts and in some cases, a pledge of our ownership interests in the subsidiaries involved in the projects. Although this subsidiary debt is typically non- recourse to us, we make certain representations and warranties or enter into certain guaranties of our subsidiary' s obligations or covenants to the non- recourse debt holder, the breach of which may require us to make payments to the lender. We may also from time to time determine to provide financial support to the subsidiary in order to maintain rights to the project or otherwise avoid the adverse consequences of a default. In the event a subsidiary defaults on its indebtedness, its creditors may foreclose on the collateral securing the indebtedness, which may result in us losing our ownership interest in some or all of the subsidiary' s assets. The loss of our ownership interest in a subsidiary or some or all of a subsidiary' s assets could have a material adverse effect on our business, financial condition and operating results. ~~- 30-~~ Our existing credit facilities and debt contain, and any future financing facilities may contain, covenants that restrict our operations and may inhibit our ability to grow our business and increase revenues. Our existing credit facilities and debt contain, and any future financing facilities may contain, various affirmative and negative covenants, including maintenance of an interest coverage ratio 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 and stock repurchases. In addition, the terms of our non- recourse debt include restrictions and covenants, including limitations on our ability to transfer or incur liens on the assets that secure the debt. For further information see Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. The covenants and restrictions included in our existing financings do, and the covenants and restrictions to be included in any future financings may, restrict our ability to, among other things: • incur or guarantee additional debt; • make certain investments, originations or acquisitions; • make distributions on or repurchase or redeem capital stock; • engage in mergers or consolidations; • reduce liquidity below certain levels; • grant liens; • have a tangible net worth below a defined threshold; • incur operating losses for more than a specified period; and • enter into transactions with affiliates. Our non- recourse debt limits our ability to take action with regard to the assets pledged as security for the debt. These restrictions, as well as any other covenants contained in any future financings, may interfere with our ability to obtain financing, or to engage in other business activities, which may significantly limit or harm our business, financial condition, liquidity and results of operations. Certain financing agreements also contain cross- default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements could also declare a default. A default and resulting repayment acceleration could significantly reduce our liquidity, which could require us to sell our assets to repay amounts due and outstanding. This could also significantly harm our business, financial condition, results of operations, and our ability to make distributions, which could cause the value of our common stock to decline ~~and adversely affect our ability to qualify, or remain qualified, as a REIT~~ . A default will also significantly limit our financing alternatives such that we will be unable to pursue our leverage strategy, which could curtail the returns on our assets. In addition, certain of our financing arrangements contain provisions that provide for a preference in cash flow allocations to the lender from our assets or an acceleration of principal payments owed when certain conditions are present related to the underlying assets that serve as collateral for the financing. These provisions may limit our ability to obtain distributions from the underlying assets and could impact our cash flow and expected returns. **- 31-** We have issued senior unsecured notes that require us to maintain a certain amount of unencumbered assets as a part of our Portfolio, as well as to maintain certain debt coverage service ratios in order to issue additional notes. These provisions may limit our ability to leverage certain assets and limit our overall debt levels. We will have to pay off the remaining balance or refinance our borrowings when they become due. The failure to be able to pay off the remaining balance or refinance such borrowings or an increase in interest rates of such refinancing could have a material impact on our business. Some of our borrowings will have a remaining balance when they become due. If our subsidiary is unable to repay or refinance the remaining balance of this debt, or if the terms of any available refinancing are not favorable, we may be forced to liquidate assets or incur higher costs which may significantly harm our business, financial condition, results of operations, and our ability to make distributions, which could cause the value of our common stock to decline. **We have** ~~The discontinuation of U. S. dollar London Interbank Offered Rate (" LIBOR ") may adversely affect our borrowing~~ **borrowings which bear interest at a variable rate that is based** ~~costs and the costs of any related hedging transactions. The terms of our secured credit facilities refer to U. S. dollar LIBOR. As announced~~ on ~~March 5, 2021 by the ICE Benchmark Administration Limited (" IBA ") and the U. K. Financial Conduct Authority, the IBA will cease publishing the overnight, 1- month, 3- month, 6- month and 12- month settings of U. S. dollar LIBOR rates immediately after June 30, 2023. The Alternative Reference Rates Committee (" ARCC "), which was convened by the Federal Reserve Board and the New York- 31- Federal Reserve Bank, has identified the~~ Secured Overnight Financing Rate (" SOFR ") ~~as the recommended risk- free alternative rate for U. S. dollar LIBOR. The ARRC has also recommended the use of the CME Group' s computation of forward- looking SOFR~~ term rates (" Term SOFR "), ~~subject to certain recommended limitations on the scope of its use. In March 2022, the Adjustable Interest Rate (LIBOR) Act was enacted at the federal level in the United States, pursuant to~~ which **may have consequences** ~~the Board of Governors of the Federal Reserve System has designated benchmark replacement rates based on SOFR~~ for ~~U. S. law governed legacy contracts that have no or insufficient fallback provisions. Some of our financing arrangements may not include robust fallback language that would facilitate replacing U. S. dollar LIBOR with a clearly defined alternative reference rate. We may not able to amend or refinance these credit facilities and interest rate hedge agreements prior to the discontinuation of U. S. dollar LIBOR, or applicable legislation or regulations may provide a benchmark replacement rate based on SOFR, a spread adjustment and conforming changes. Even when robust fallback language is included in financing arrangements, any alternative rates used to determine interest on our variable rate debt, including any version of SOFR or Term SOFR, plus any spread adjustment may not be economically equivalent to U. S. dollar LIBOR. In addition, market practices related to calculation conventions for replacement benchmark rates continue to develop and may vary, and inconsistent conventions may develop among financial products. Inconsistent use of replacement rates or calculation conventions among financial products could expose~~ us ~~to additional financial risks~~ **that cannot be reasonably predicted** and ~~increase the cost of any related hedging transactions. Furthermore, the transition away from U. S. dollar LIBOR~~ may adversely ~~impact our ability to hedge exposures to fluctuations in interest rates using derivative instruments. It is not possible to predict all consequences of the IBA' s plans to cease publishing U. S. dollar LIBOR, any related regulatory actions and the expected discontinuance of the use of U. S. dollar LIBOR as a reference rate for financial contracts. Any transition from LIBOR to alternative reference rates could result in financial market disruptions, hedging mismatches, or significant increases in our borrowing costs or the costs of any related hedging, any of which could have an adverse effect~~ **affect** ~~on~~ our **liquidity** ~~business, results of operations~~ , financial condition, and **results** ~~the market price~~ of **operations** ~~our common stock~~ . We have borrowings which bear interest at a ~~variable rate that is based on the SOFR, which~~

~~may have consequences for us that cannot be reasonably predicted and may adversely affect our liquidity, financial condition, and results of operations. We have borrowings which bear interest at a~~ rate per annum that is based upon **Term** SOFR. **The** ~~Although SOFR has been endorsed by the Alternative Reference Rates Committee as its preferred replacement for LIBOR, it remains uncertain whether or when SOFR or other alternative reference rates will be widely accepted by lenders as the replacement for LIBOR. This may, in turn, impact the liquidity of the SOFR loan market, and SOFR itself. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over time may bear little or no relation to the historical actual or historical indicative data and use of SOFR may result in interest rates and / or payments that are higher or lower than the rates and payments that we might have experienced using LIBOR. Also, the~~ use of SOFR based rates is relatively new, and there could be unanticipated difficulties or disruptions with the calculation and publication of SOFR based rates. In particular, if the agent under the CarbonCount ~~®~~ - Based Revolving Credit Facility **(the " unsecured revolving credit facility ")** determines that SOFR based rates cannot be determined or the agent or the lenders determine that SOFR based rates do not adequately reflect the cost of funding the SOFR loans, outstanding SOFR loans will be converted into ABR Loans (as defined in the **unsecured** ~~CarbonCount ®- Based Revolving~~ **revolving** ~~Credit~~ **credit** ~~Facility~~ **facility**). The possible volatility of ~~and uncertainty around~~ SOFR ~~as a LIBOR replacement rate~~ and the potential conversion to ABR Loans could result in higher borrowing costs for us, which would adversely affect our liquidity, financial condition, and results of operations. We, or the projects in which we invest, enter into hedging transactions that could expose us to contingent liabilities or additional credit risk in the future and adversely impact our financial condition. ~~Subject to maintaining our qualification as a REIT, part~~ **Part** of our strategy, or the strategy of the projects in which we invest, involves entering into hedging transactions that could require us to fund cash payments in certain circumstances (e. g., the early termination of the hedging instrument caused by an event of default or other early termination event, or the decision by a counterparty to request margin it is contractually owed under the terms of the hedging instrument). The amount due would be equal to the unrealized loss of the open swap positions with the respective counterparty and could also include other fees and charges. These economic losses will be reflected in our, or the project' s, financial statements, and our, or the project' s, ability to fund these obligations will depend on the liquidity of our, or the project' s, assets and access to capital at the time, and the need to fund these obligations could adversely impact our financial condition. Even though most swaps are cleared through a central counterparty clearinghouse, certain transactions could be executed bilaterally with a counterparty. ~~We~~ **While we have the ability to require counterparties to post, to the extent we have not obtained sufficient collateral, we** would remain exposed to our counterparty' s ability to perform on its obligations under each hedge and cannot look to the creditworthiness of a central counterparty for performance. As a result, if a hedging counterparty cannot perform under the terms of the hedge, we would not receive payments due under that hedge, we may lose any unrealized gain associated with the hedge and the hedged liability would cease to be hedged. While we would seek to terminate the relevant hedge transaction and may have a claim against the defaulting counterparty for any losses, including unrealized gains, there is no assurance that we would be able to recover such amounts or to replace the relevant hedge on economically viable terms or at all. In such case, we could be forced to cover our unhedged liabilities at the then current market price. We may also ~~- 32-~~ be at risk for any collateral we have pledged to secure our obligations under the hedge if the counterparty becomes insolvent or files for bankruptcy. Furthermore, our interest rate swaps and other hedge transactions are subject to increasing statutory and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. Recently, new regulations have been promulgated by U. S. and foreign regulators to strengthen the oversight of swaps, and any further actions taken by such regulators could constrain our strategy or increase our costs, either of which could materially and adversely impact our results of operations. ~~Additionally, applicable regulations require certain derivatives, including certain interest rate swaps, to be executed on a regulated market and cleared through a central counterparty. Unlike over- the- counter swaps, the counterparty for the cleared swaps is the clearing house, which reduces counterparty risk. However, cleared swaps require us to appoint clearing brokers and to post margin in accordance with the clearing house' s rules, which has resulted in increased costs for cleared swaps compared to over- the- counter swaps. Our over- the- counter hedges with swap dealers are subject to margin regulations which prescribe the required margin, limit eligible margin to cash and specified types of securities. These margin regulations have the effect, therefore, of increasing the costs of hedging and could induce us to limit our use of certain hedging transactions. Also, any mortgage real estate investment trust that trades in swaps may be considered a" commodity pool," which would cause its operator to be regulated as a " commodity pool operator " (a " CPO "). Operators of mortgage REITs are currently exempt from CPO registration requirements, subject to certain qualification parameters. The need to operate within these parameters could limit the use of swaps and other commodity interests by us below the level that we would otherwise consider optimal or may lead to the registration of our company, our management team or our directors as commodity pool operators, which will subject us to additional regulatory oversight, compliance and costs.~~ Moreover, the projects in which we invest, may enter into various forms of hedging including interest rate and power price hedging. To the extent they enter into such hedges, the financial results of the project will be exposed to similar risks as described above which could adversely impact our results of operations. Further, the hedges entered into by us or the projects in which we invest may not be effective which could adversely impact our economics. **- 32-** If we, or our projects, choose not to pursue, or fail to qualify for, hedge accounting treatment, our operating results under GAAP may be impacted because losses on the derivatives that we enter into may not be offset by a change in the fair value of the related hedged transaction. We, or our projects, may choose not to pursue, or fail to qualify for, hedge accounting treatment relating to derivative and hedging transactions. We, or our projects, may fail to qualify for hedge accounting treatment for a number of reasons, including if we, or our projects, use instruments that do not meet the Accounting Standards Codification (" ASC ") Topic 815 definition of a derivative, we, or our projects, fail to satisfy ASC Topic 815 hedge documentation and hedge effectiveness assessment requirements or the hedge relationship is not highly effective. If we, or our projects, fail to qualify for, or choose not to pursue, hedge accounting treatment, our, or our projects, operating results may be impacted because losses on the derivatives that we, or our projects, enter into may not be offset by a change in the fair value of the related hedged transaction in our statement of operations presented under GAAP. Risks Related to Our Common Stock An active trading market for our common stock may not continue, which could cause our common stock to trade at a discount and make it difficult for holders of our common stock to sell their shares. Our common stock is listed on the New York Stock Exchange (" NYSE "). However, an active trading market for our common stock may not continue, which could cause our common stock to trade at a discount to historical prices. Some of the factors that have or in the future could negatively affect the market price of our common stock include: • our actual or projected operating results, financial condition, cash flows and liquidity or changes in business strategy or prospects; • changes in the mix of our investment products and services, including the level of securitizations or fee income in any quarter; • actual or perceived conflicts of interest with individuals, including our executives; • our ability to arrange financing for projects; • equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur; • seasonality in construction and demand for our investments; • actual or anticipated accounting problems; ~~- 33-~~ • publication of research reports about us or the climate solutions industry; • changes in market valuations of similar companies; • adverse market reaction to any increased indebtedness we may incur in the future; • commodity price changes; • interest rate changes; • additions to or departures of our key personnel; • speculation or negative publicity in the press or investment community; • our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts; • increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock, and would result in increased interest expenses on certain of our debt; • changes in governmental policies, regulations or laws; • failure to ~~qualify, or maintain our qualification, as a REIT or failure to~~ maintain our exemption from registration as an investment company under the 1940 Act; • price and volume fluctuations in the stock market generally; and • general market and economic conditions, including the current state of the credit and capital markets. Market factors unrelated to our performance also have, and could in the future, negatively impact the market price of our common stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, **- 33-** interest rate fluctuations and conditions in capital markets have, or in the future could, affect the market value of our common stock. Common stock and preferred stock eligible for future sale may have adverse effects on our share price. Subject to applicable law, our Board, without stockholder approval, may authorize us to issue additional authorized and unissued shares of common stock and preferred stock on the terms and for the consideration it deems appropriate. We cannot predict the effect, if any, of future sales of our common stock or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock or the perception that such sales could occur may adversely affect the prevailing market price for our common stock. We cannot assure you of our ability to make distributions in the future. If our portfolio of assets fails to generate sufficient income and cash flow, we could be required to sell assets, borrow funds, ~~raise~~ **issue** additional equity or make a portion of our distributions in the form of a taxable stock distribution or distribution of debt securities. ~~We are~~ **As a REIT, we were** generally required **, among other things,** to distribute **annually** ~~to our stockholders~~ at least 90 % of our REIT taxable income (without regard to the deduction for dividends paid and excluding net capital gains) each year for us to **have** ~~qualify~~ **qualified as** , and **to have** ~~maintain~~ **maintained** our qualification ~~,~~ as a REIT **. Effective January 1** ~~under the Internal Revenue Code of 1986~~ , **2024, we revoked our REIT election and starting in 2024 we will be taxed** as ~~amended (the " Internal Revenue Code ")~~ **a C corporation, and as a result, in 2024, we are no longer subject to this requirement** . ~~Our~~ **However, our** current policy is to pay quarterly distributions ~~, which on an annual basis is expected to equal or substantially exceed 90 % or more of our REIT taxable income~~ . In the event that our Board authorizes 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 ability to make distributions may be adversely affected by a number of factors. Therefore, although we anticipate making quarterly distributions to our stockholders, our Board has the sole discretion to determine the timing, form and amount of any distributions to our stockholders. If our portfolio of assets fails to generate sufficient income and cash flow, we could be required to sell assets, borrow funds, raise additional equity or make a portion of our distributions in the form of a taxable stock distribution or distribution of debt securities. To the extent that we are required to sell assets in adverse market conditions or borrow funds at unfavorable rates, our results of operations could be materially and adversely affected. If we raise additional equity, our stock price could be materially and adversely affected. Our Board will make determinations regarding distributions based upon various factors, including our earnings, our financial condition, our liquidity, our debt covenants, ~~maintenance of our REIT qualification,~~ applicable provisions of the MGCL and other factors as our Board may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to make distributions to our stockholders: • our ability to make profitable investments; ~~- 34-~~ • margin calls or other expenses that reduce our cash flow; • defaults in our asset portfolio or decreases in the value of our portfolio; • the cash flow we receive from our assets, including those subject to non- recourse debt; and • the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates. As a result, no assurance can be given that we will be able to make distributions to our stockholders at any time in the future or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us. In addition, **a failure to achieve the anticipated benefits of the transition from a REIT to a taxable C corporation at** all **, or in a timely manner, could adversely affect** ~~or~~ **our ability to make** ~~a portion of the~~ distributions ~~that we make~~ to our stockholders ~~will be taxable~~ as **well** ~~ordinary income, subject to a potential deduction equal to 20 % of the amount of such dividends for taxable years beginning in 2018 and ending in 2025, which generally reduces the effective U. S. federal income tax rate applicable to such dividends. However, a portion of our distributions may be designated by us~~ as ~~long- term capital gains to the extent that~~ **our business, financial condition, results of**

operations, and ~~they~~ **the market price** ~~are attributable to capital gain income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable income but has the effect of reducing the basis of a stockholder' s investment in shares~~ of our common stock. Future offerings of debt or equity securities, which may rank senior to our common stock, may adversely affect the market price of our common stock. Our present debt ranks, and any future debt would rank, senior to our common stock. Such debt is, and likely will be, governed by a loan agreement, an indenture, or other instrument containing covenants restricting our operating flexibility. Additionally, our convertible securities, and any equity securities or convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders will bear the cost of issuing and servicing such debt or securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us. **- 34-** Risks Related to Our Organization and Structure Our business could be harmed if key personnel terminate their employment with us. Our success depends, to a significant extent, on the continued services of our senior management team. We have entered into employment agreements with certain members of our senior management team. Notwithstanding these agreements, there can be no assurance that any or all members of our senior management team will remain employed by us. We do not maintain key person life insurance on any of our officers ~~other than two policies we maintain for Mr. Eckel under which we are a beneficiary in the amount of approximately $ 500 thousand~~. The loss of services of one or more members of our senior management team could harm our business and our prospects. Conflicts of interest could arise as a result of our structure. Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under applicable Maryland law in connection with our management. Our duties, as the general partner, to our Operating Partnership and our partners may come into conflict with the duties of our directors and officers to us. Under Delaware law, a general partner of a Delaware limited partnership owes its limited partners the duties of good faith and fair dealing. Other duties, including fiduciary duties, may be modified or eliminated in the partnership' s partnership agreement, except that conflict of interest transactions may still run afoul of implied contractual standards under Delaware law. The partnership agreement of our Operating Partnership provides that, for so long as we own a controlling interest in our Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or the limited partners will be resolved in favor of our stockholders. We have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement of our Operating Partnership that purport to waive or restrict our fiduciary duties that would be in effect under common law were it not for the partnership agreement of our Operating Partnership. Additionally, the partnership agreement of our Operating Partnership expressly limits our liability by providing that neither we, as the general partner of the Operating Partnership, nor any of our directors or officers, will be liable or accountable in damages to our Operating Partnership, its limited partners or their assignees for errors in judgment, mistakes of fact or law or for any act or omission if the general partner, director or officer, acted in good faith. In addition, our Operating Partnership is required to indemnify us, our affiliates and each of our and their respective officers, directors, employees and agents to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), ~~- 35-~~ expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Operating Partnership, provided that our Operating Partnership will not indemnify any such person for (1) willful misconduct or a knowing violation of the law, (2) any transaction for which such person received an improper personal benefit in violation or breach of any provision of the partnership agreement of our Operating Partnership, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful. Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the MGCL may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then- prevailing market price of our common stock. We are subject to the " business combination " provisions of the MGCL that, subject to limitations, prohibit certain business combinations between us and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of our then outstanding voting stock or an affiliate or associate of ours who, at any time within the two- year period prior to the date in question, was the beneficial owner of 10 % or more of our then outstanding voting stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder and, thereafter, impose fair price and / or supermajority stockholder voting requirements on these combinations. The " control share " provisions of the MGCL provide that, subject to certain exemptions, a holder of " control shares " of a Maryland corporation (defined as shares which, when aggregated with all other shares controlled by the stockholder (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of ownership or control of issued and outstanding " control shares ") has no voting rights with respect to such shares except to the extent approved by our stockholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding votes entitled to be cast by the acquirer of control shares, our officers and our directors who are also our employees. The " unsolicited takeover " provisions of Title 3, Subtitle 8 of the MGCL permit our Board, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, some of which (for example, a classified board) we do not yet have. **- 35-** As permitted by the MGCL, our Board has by resolution exempted from the " business combination " provision of the MGC business combinations (1) between us and any other person, provided, that such business combination is first approved by our Board (including a majority of our directors who are not affiliates or associates of such person), (2) the Predecessor and its affiliates and associates as part of our formation transactions and (3) persons acting in concert with any of the foregoing. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There can be no assurance that our Board will not amend or revoke the exemption at any time. Our authorized but unissued shares of common and preferred stock may prevent a change in our control. Our charter permits our Board to authorize us to issue additional shares of our authorized but unissued common or preferred stock. In addition, our Board may, without common stockholder approval, amend our charter to increase the aggregate number of our shares of stock or the number of shares of stock of any class or series that we have the authority to issue and classify or reclassify any unissued shares of common or preferred stock and set the terms of the classified or reclassified shares. As a result, our Board may establish a series of common or preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders. Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit stockholder recourse in the event of actions not in our stockholders' best interests. Our charter eliminates the liability of our present and former directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Our charter authorizes us, and our bylaws and indemnification agreements entered into with each of our directors and executive officers require us, to the maximum extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of their ultimate entitlement to indemnification, to pay or reimburse defense costs and other expenses of each of our directors and officers in the defense of any proceeding to which he or she is made, or threatened to be made, a party or witness by reason of his or her service to us. As a result, we and our stockholders have rights against our directors and officers that are more limited than might otherwise exist and, in the event that actions taken by any of our directors or officers impede the performance of our company, your and our ability to recover damages from such director or officer will be limited. ~~- 36 -~~ Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management. Our charter provides that, subject to the rights of holders of any series of preferred stock, a director may be removed with or without cause upon the affirmative vote of holders of at least two thirds of the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders. **Failure** ~~Ownership limitations may restrict change of control or business combination opportunities in which our stockholders might receive a premium for their shares. In order for us~~ to qualify as a REIT for ~~each~~ **this and prior** taxable ~~year~~ **years** ~~after 2013, no more than 50 % in value of our outstanding capital stock may be owned, directly or constructively, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. " Individuals " for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts. To assist us in preserving our REIT qualification, among other purposes, our charter generally prohibits any person from directly or indirectly owning more than 9. 8 % in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of our capital stock, the outstanding shares of any class or series of our preferred stock or the outstanding shares of our common stock. These ownership limits could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. Our Board has established exemptions from these ownership limits that permit certain institutional investors and their clients to hold shares of our common stock in excess of these ownership limits. Risks Related to Our Taxation as a REIT Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code, and our failure to qualify or remain qualified as a REIT~~ would subject us to U. S. federal income tax and ~~applicable~~ **potentially** state and local tax ~~, which would negatively impact the results of~~ **. We elected to be taxed as a REIT commencing with** our ~~operations and reduce the amount~~ **taxable year ended December 31, 2013, but recently terminated our election, effective January 1, 2024. Prior to terminating our REIT election, our qualification as a REIT depended upon our satisfaction** of ~~cash available for~~ **certain asset, income, organizational,** distribution **,** ~~to our stockholders~~ **stockholder ownership and other requirements on a continuing basis** . We ~~have elected~~ **structured our activities in a manner designed** to ~~be treated, and~~ **satisfy all the requirements to** qualify ~~,~~ as a REIT ~~for U~~ . ~~S. federal income tax purposes. The~~ **However, the REIT qualification requirements are extremely complex and interpretation of the** U. S. federal income tax laws governing **qualification as a** ~~REITs~~ **REIT is limited. Furthermore, any opinion of our counsel, regarding qualification as a REIT is not binding on the Internal Revenue Service (the " IRS "). Satisfying the asset tests depended on our analysis of the characterization and fair market values of our assets, some of which** are ~~complex~~ **not susceptible to a precise determination. Furthermore** , **during the period that we elected to be taxed as a REIT, we invested in certain assets that we believed were qualifying assets for purposes of the REIT assets tests, such as mezzanine loans meeting certain requirements** and **commercial property assessed clean energy assets, and no assurance can be provided that the IRS would agree with such characterizations. Accordingly, if certain of our operations were to be recharacterized by the IRS, such recharacterization could jeopardize our ability to have satisfied all requirements for qualification as a REIT for prior taxable years. Furthermore, future legislative,** judicial ~~and~~ **or** administrative ~~interpretations of~~ **changes to** the U. S. federal income tax laws ~~governing~~ **could be applied retroactively, which could result in our disqualification as a** REIT ~~qualification are limited. To qualify as a REIT and remain so qualified, we must meet, on an ongoing basis through actual operating results, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our~~

~~assets, some of which are not susceptible to a precise determination, and~~ for **prior taxable years** ~~which we will not obtain independent appraisals~~ . We received a private letter ruling from the Internal Revenue Service (" IRS "), which we refer to as the Ruling, relating to our ability to treat certain of our assets as qualifying REIT assets. We ~~are~~ **were** entitled to rely on this Ruling for those assets which fit within the scope of the Ruling only to the extent that we ~~have~~ **had** the legal and contractual rights described ~~therein~~ **in the Ruling** , **and** we ~~continue to operate~~ **operated** in accordance with the relevant facts described in the ~~ruling~~ **Ruling** request we submitted, ~~that~~ such facts were accurately presented and **only** to the extent ~~such~~ **that the** ~~ruling~~ **Ruling** ~~is~~ **was** not inconsistent with the Real Property Regulations (as discussed in more **- 36-** detail below). As a result, no assurance can be given that we **were** ~~will always be~~ able to rely on ~~this~~ **the** Ruling **during the period that we elected to be taxed as a REIT** . In August of 2016, the Treasury Department and the IRS published regulations which we refer to as the Real Property Regulations relating to the definition of " real property " for purposes of the REIT income and asset tests with respect to our taxable years **that we elected to be taxed as a REIT** beginning after December 31, 2016. Among other things, the Real Property Regulations provide that an obligation secured by a structural component of a building or other inherently permanent structure qualifies as a real estate asset for REIT qualification purposes only if such obligation is also secured by a real property interest in the inherently permanent structure served by such structural component. This aspect of the Real Property Regulations has important implications for our qualification as a REIT ~~since~~ **during the periods that we elected to so qualify, because** a significant portion of our REIT qualifying assets ~~consists~~ **consisted** of receivables that ~~are~~ **were** secured by liens on installed structural improvements designed to improve the energy efficiency of buildings and a significant portion of our REIT qualifying gross income ~~is~~ **was** interest income earned with respect to such receivables. The structural improvements securing ~~our~~ **the** receivables **held by us during the period we elected to be taxed as a REIT** generally ~~qualify~~ **qualified** as " fixtures " under local real property law, as well as under the Uniform Commercial Code, or the UCC, which governs rights and obligations of parties in secured transactions. Although not controlling for REIT purposes, the general rule in the United States is that once improvements are permanently installed in real properties, such improvements become fixtures and thus take on the character of and are considered to be real property for certain state and local law purposes. In general, in the United States, laws governing fixtures, ~~- 37-~~ including the UCC and real property law, afford lenders who have secured their financings with security interests in fixtures with rights that extend not just to the fixtures that secure their financings, but also to the real properties in which such fixtures have been installed. By way of example only, Section 9- 604 (b) of the UCC, which has been adopted in all but two states in the United States, permits a lender secured by fixtures, upon a default, to enforce its rights under the UCC or under applicable real property laws. Although there is limited authority directly on point, given the nature of, and the extent to which, the structural improvements securing ~~our~~ **the** receivables ~~are~~ **held by us during the period we elected to be taxed as a REIT were** integrated into and ~~serve~~ **served** the related buildings, we believe that the better view is that the nature and scope of our rights in such buildings that ~~inure~~ **inured** to us as a result of our receivables ~~are~~ **were** sufficient to satisfy the requirements of the Real Property Regulations described above. In addition to the limited authority directly on point, two other important caveats apply in this regard. First, the Real Property Regulations do not define what is required for an obligation secured by a lien on a structural component to also be secured by a real property interest in the building served by such structural component. However, the initial proposed version of the Real Property Regulations, which never became effective, included a requirement that the interest in the real property held by a REIT be " equivalent " to the interest in a structural component held by the REIT in order for the structural component to be treated as a real estate asset. This requirement was ultimately not included in the final Real Property Regulations, in part in response to comments that such requirement may negatively affect investment in energy efficiency and renewable energy assets. We believe the deletion of this requirement implies that under the final Real Property Regulations, our rights in the building **during the period we elected to be taxed as a REIT did not** need ~~not~~ **to** be equivalent to our rights in the structural components serving the building. Second, real property law is typically relegated to the states and the specific rights available to any lien or mortgage holder, including our rights as a fixture lien holder described above, may vary between jurisdictions as a result of a range of factors, including the specific local real property law requirements and judicial and regulatory interpretations of such laws, and the competing rights of mortgage and other lenders. ~~We have~~ **During the period we elected to be taxed as a REIT, we** applied the analysis described above in a number of states that have adopted Section 9- 604 (b) of the UCC. In addition, in states where Section 9- 604 (b) of the UCC has not been adopted, we ~~apply~~ **applied** the analysis described above based on the application of the local real property laws of that state to the extent that we ~~have~~ received advice from counsel in those jurisdictions that local real property law ~~provides~~ **provided** us with appropriate rights to the buildings in which the structural improvements securing our receivables **were** ~~have been~~ installed. Furthermore, we ~~have~~ applied the analysis described above to certain receivables secured by liens on structural improvements installed in buildings located in certain U. S. installations outside of the United States, based on our view that such installations ~~are~~ **were** subject to U. S. sovereignty and as a result the UCC ~~applies~~ **applied** in such installations. While a number of cases have addressed the rights of fixture lien holders generally, there are limited judicial interpretations in only a few jurisdictions that directly address the rights and remedies available to a fixture lien holder in the real property in which the fixtures have been installed. Such rights have been addressed in some cases that support our position and, in factual circumstances distinguishable from our own, in some cases where the courts have found these rights to be more limited. The resolution of these issues in many jurisdictions therefore **has** ~~remains~~ **remained** uncertain. As a result of the foregoing, no assurance can be given that the IRS will not challenge our position that ~~our~~ **the** receivables **that we held during the periods that we elected to be taxed as a REIT** ~~meet~~ - **met** the requirements of the Real Property Regulations or that, if challenged, such position would be sustained. The preamble to the Real Property Regulations provides that, to the extent a private letter ruling issued prior to the issuance of the Real Property Regulations is inconsistent with the Real Property Regulations, the private letter ruling is revoked prospectively from the applicability date of the Real Property Regulations. We do not believe that the Ruling is inconsistent with the Real Property Regulations because we believe the analysis in the Ruling was based on similar principles as the relevant **- 37-** portions of the Real Property Regulations, and accordingly we do not believe that the Real Property Regulations ~~impact~~ **impacted** our ability to rely on the Ruling. However, no assurance can be given that the IRS would not successfully assert that we ~~are~~ **were** not permitted to rely on the Ruling **during periods that we elected to be taxed as a REIT** because the Ruling ~~has~~ **had** been revoked by the Real Property Regulations. If the IRS were to assert that a significant portion of ~~our~~ **the** receivables ~~do~~ **that we held during periods that we elected to be taxed as a REIT did** not qualify as real estate assets and ~~do~~ **did** not generate income treated as interest income from mortgages on real property, we would fail to satisfy both the gross income requirements and asset requirements applicable to REITs **during** ~~. If this were to occur, we would be required to restructure~~ the **relevant periods. During** ~~manner in which we receive such income and we may realize significant income that does not qualify for~~ the **period that we elected to be taxed as a** REIT ~~75 % gross income test, which could cause us to fail to qualify as a REIT. In addition, our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis in accordance with existing REIT regulations and rules and interpretations thereof. Moreover, the IRS, new legislation, court decisions or other administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Our ability to satisfy the requirements to qualify as a REIT also depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U. S. federal income tax purposes. Thus, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. Further, differences in timing between the recognition of taxable income, our GAAP income and the actual receipt of cash may occur. For example, we may be required to accrue interest and discount income on debt securities or interests in debt securities before we receive any payments of interest or principal on such assets,- 38- and there may be timing differences in the accrual of such interest and discount income for tax purposes and for GAAP purposes. If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U. S. federal income tax on our net taxable income, and distributions to our stockholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money or sell assets in order to pay our taxes. Our payment of income tax would negatively impact the results of our operations and decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our taxable income to our stockholders, which would leave our Board with more discretion over our future distribution levels. In addition, unless we were eligible for certain statutory relief provisions, we could not re- elect to qualify as a REIT for the subsequent four taxable years following the year in which we failed to qualify. Complying with REIT requirements may force us to liquidate or forego otherwise attractive investments, incur debt, or sell assets at inopportune times. To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that, at the end of each calendar quarter, at least 75 % of the value of our total assets consists of cash, cash items, government securities, shares in REITs and other qualifying real estate assets. In addition, certain other limitations apply to the asset we may hold, which generally limit the concentration we may hold in assets that are not qualifying real estate assets. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. In addition, in order to qualify as a REIT, we must distribute to our stockholders, each calendar year, at least 90 % of our REIT taxable income (including certain items of non- cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90 % distribution requirement, but distribute less than 100 % of our REIT taxable income, we will be subject to U. S. federal corporate income tax on our undistributed income. In addition, we will incur a 4 % non- deductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U. S. federal income tax laws. We intend to distribute our taxable income to our stockholders in a manner intended to satisfy the REIT 90 % distribution requirement and to avoid the 4 % non- deductible excise tax. These requirements may require us to liquidate from our portfolio, or contribute to a taxable REIT subsidiary (a " TRS "), otherwise attractive investments, and we may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. In addition, if we are compelled to liquidate our assets, such as to repay obligations to our lenders, this could impact our qualification with the REIT requirements, and we may be required to take actions to satisfy the REIT income, asset, or distribution tests, or else fail to qualify as a REIT. No assurance can be provided that we will satisfy these requirements under all circumstances. Furthermore, in order to meet the REIT distribution requirements, we may be required to: (i) sell assets in adverse market conditions, (ii) raise debt or equity on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, (iv) make a taxable distribution of our shares as part of a distribution in which stockholders may elect to receive shares or (subject to a limit measured as a percentage of the total distribution) cash or (v) use cash reserves, in order to comply with the REIT distribution requirements and to avoid U. S. federal corporate income tax and the 4 % non- deductible excise tax. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our common stock. Even though we qualify as a REIT, we may face tax liabilities that reduce our cash flow. Even though we qualify for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. In addition, any TRSs we own are subject to U. S. federal, state and local corporate income or franchise taxes. In order to meet the REIT qualification requirements, or to avoid the imposition of a 100 % tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may hold some of our assets through TRSs. Any taxes paid by such~~

~~TRSs would decrease the cash available for distribution to our stockholders. The failure of assets including mezzanine loans to qualify as real estate assets may adversely affect our ability to qualify as a REIT. We may acquire mezzanine loans, which are loans secured by equity interests in a partnership or limited liability company that directly or indirectly owns real property. In IRS Revenue Procedure 2003- 65, the IRS provided a safe harbor pursuant to which a mezzanine loan, if it meets each of the requirements contained in the Revenue Procedure, will be treated by- 39- the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75 % gross income test. Although IRS Revenue Procedure 2003- 65 provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. We may acquire mezzanine loans that may not meet all of the requirements for reliance on this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor, the IRS could challenge such loan' s treatment as a real estate asset for purposes of the REIT asset and income tests, and if such a challenge were sustained, we could fail to qualify as a REIT. Further, we invest in assets such as C- PACE bonds and assessments, that we believe are secured by real property for purposes of the REIT income and asset tests but with respect to which no authority is directly on point. If the IRS were to successfully assert that such C- PACE assets are not qualifying assets for purposes of the REIT gross asset tests or do not generate qualifying income for purposes of the 75 % gross income test, our REIT qualification could be adversely affected. Further, under certain circumstances, interest from debt instruments that are secured by real property and other property is required to be apportioned between qualifying real estate interest and nonqualifying interest based on the principal amount of the debt instrument and the fair market value of the underlying real property. If debt instruments that we hold were to generate a greater amount of nonqualifying interest than we anticipate, we could fail to satisfy the REIT gross income test, and could lose our REIT qualification or be required to pay a penalty tax to preserve our REIT compliance. We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them. To the extent we acquire debt investments in the secondary market for less than their face amount, the amount of such discount will generally be treated as " market discount " for U. S. federal income tax purposes. Market discount is generally accrued on the basis of a constant yield to maturity of a debt investment. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt investment was assured of ultimately being collected in full. If we collect less on the debt investment than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions. Similarly, some of the debt investments that we acquire may have been issued with an original issue discount. We will generally be required to report such original issue discount based on a constant yield method and will be taxed based on the assumption that all future projected payments due on such debt investments will be made. If such debt investments turn out not to be fully collectible, an offsetting loss deduction will become available only in the later year that uncollectability is provable. In addition, in the event that any debt investments acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt investment are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. While we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter. Although we do not presently intend to, we may, in the future, acquire debt investments that are subsequently modified by agreement with the borrower. If such amendments are " significant modifications " under the applicable Treasury Regulations, we may be required to recognize taxable income as a result of such amendments. In addition, we may be required to accelerate our accrual for U. S. federal income tax purposes of certain items of income to the extent that we would otherwise recognize such items of income for U. S. federal income tax purposes later than we would report such items on our financial statements. Finally, we may be required under the terms of indebtedness that we incur with private lenders to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to our stockholders. These circumstances could affect our ability to satisfy the REIT distribution requirements. The " taxable mortgage pool " rules may increase the taxes that we or our stockholders may incur and may limit the way we effect future securitizations. Securitizations by us or our subsidiaries could result in the creation of taxable mortgage pools for U. S. federal income tax purposes. As a result, we could have " excess inclusion income. " Certain categories of stockholders, such as non- U. S. stockholders eligible for treaty or other benefits, U. S. stockholders with net operating losses, and certain U. S. tax- exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to any such excess inclusion income. In the case of a stockholder that is a REIT, a regulated investment company (a " RIC "), common trust fund or other pass- through entity, our allocable share of our excess inclusion income could be considered excess inclusion income of such entity. In addition, to the extent that our common stock is owned by U. S. tax- exempt " disqualified organizations, " such as certain government- related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of any excess inclusion income. Because this tax generally would be imposed on us, all of our stockholders, including stockholders that are not disqualified organizations, generally will bear a portion of the tax cost associated with the classification of us or a portion of our assets as a taxable mortgage pool. A RIC, or other pass- through entity owning our common stock in record name will be subject- 40- to tax at the highest U. S. federal corporate income tax rate on any excess inclusion income allocated to their owners that are disqualified organizations. Moreover, we could face limitations in selling equity interests in these securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. Finally, if we were to fail to qualify as a REIT, any taxable mortgage pool securitizations would be treated as separate taxable corporations for U. S. federal income tax purposes that could not be included in any~~

~~consolidated U. S. federal corporate income tax return. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions. Our ownership of and relationship with our TRSs is limited and a failure to comply with the limits would jeopardize our REIT qualification and may result in the application of a 100 % excise tax. Overall~~ , no more than 20 % of the value of **our** ~~a REIT' s~~ total assets ~~may~~ **were permitted to** consist of stock ~~or~~ **and** securities of one or more **taxable REIT subsidiaries, or** TRSs. In order to satisfy the TRS limitation, we ~~may make~~ **made** loans to our TRSs that ~~meet~~ - **met** the requirements to be treated as qualifying investments of new capital, which are generally treated as real estate assets under the Internal Revenue Code **of 1986, as amended, or " the Code "** . Because such loans ~~are~~ **were** treated as real estate assets for purposes of the REIT requirements, we ~~do~~ **did** not treat these loans as TRS securities for purposes of the TRS asset limitation. However, no assurance can be provided that the IRS may not successfully assert that such loans should be treated as securities of our TRSs, which could adversely impact our qualification as a REIT **during the periods that we elected to be taxed as a REIT** . In addition, our TRSs ~~have~~ **had** obtained financing in transactions in which we and our other subsidiaries ~~have~~ **had** provided guaranties and similar credit support. Although we believe that these financings ~~are~~ **were** properly treated as financings of our TRSs for U. S. federal income tax purposes, no assurance can be provided that the IRS would not assert that such financings should be treated as issued by other entities in our structure, which could impact our compliance with the TRS limitation and the other REIT requirements **during** ~~. While we will be monitoring the aggregate value of the securities of our TRSs and intend to conduct our affairs so that such securities will represent less than 20 % of the value of our total assets, there~~ -- **the period** ~~can be no assurance~~ that we **elected** ~~will be able~~ to **be taxed as** ~~comply with the TRS limitation in all market conditions. Further, the TRS rules limit the deductibility of interest paid or accrued by~~ a ~~TRS to its parent~~ REIT **. If** ~~to assure that~~ the ~~TRS is~~ **IRS were to determine that we failed to qualify as a REIT for any prior taxable year ended on or before December 31, 2023, and we do not qualify for certain statutory relief provisions, we would be** subject to ~~an appropriate level of corporate taxation. The rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. The tax on prohibited transactions limits our ability to engage in certain types of transactions, including certain methods of securitizing loans, which would be treated as sales for~~ U. S. federal income tax ~~purposes~~ **on our taxable income for such taxable year at the applicable corporate rate. If that were to happen, we would also be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT qualification. Losing our REIT qualification for any prior taxable year (s) could reduce our current and / or future net earnings available for investment or distribution to stockholders because of additional tax liability for any such year (s). If we were to lose our REIT qualification for any prior taxable year (s), we might be required to borrow funds or liquidate some investments in order to pay any applicable tax. Our ability to utilize our NOLs and other carryforwards may be limited. Under the Code, a corporation is generally allowed a deduction for net operating losses (" NOLs ") carried over from prior taxable years, subject to certain limitations. As of December 31, 2023, we had approximately $ 666 million of gross federal NOLs, of which $ 87 million begin to expire in 2034 and $ 579 million of which can be carried forward indefinitely, and $ 31 million of tax credits available to reduce future federal tax liabilities. Our NOL carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities. Additionally, certain of the NOL carryforwards may expire before we can generate sufficient taxable income to use them. Our ability to use our NOLs and other carryforwards depends on the amount of taxable income generated in future periods. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required should our financial performance be negatively impacted in the future. Such valuation allowance could be material. In addition, the use of NOLs and other carryforwards to offset taxable income is subject to various limitations, which could limit our ability to utilize these tax attributes to reduce our taxes even if we generate sufficient taxable income** . A ~~REIT~~ **corporation** ' s **ability to deduct** ~~net income from prohibited transactions is~~ **its** ~~subject~~ **federal NOL carryforwards and** to ~~a 100~~ **utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (" Section 382 ") if it undergoes an " ownership change " as defined in Section 382 (generally where cumulative stock ownership changes among material stockholders exceed 50** % **during a rolling three- year period). An ownership change may severely limit or effectively eliminate our ability to utilize our NOL carryforwards and other** tax **attributes** . In ~~general~~ **October 2023** , ~~prohibited transactions are sales or~~ **our Board of Directors adopted a tax benefits preservation plan (the " Tax Benefits Preservation Plan ") in order to preserve our ability to use our NOLs and certain** other ~~dispositions of property, other than foreclosure property, but including loans, held as inventory or primarily for sale to customers in the ordinary course of business. We might be subject to this~~ tax **attributes** ~~if we were~~ to **reduce potential future** ~~sell or securitize loans in a manner that was treated as a sale of the loans as inventory for U. S. federal~~ income tax ~~purposes~~ **obligations** . ~~Therefore, in order~~ **The Tax Benefits Preservation Plan is designed** to ~~avoid~~ **reduce** the **likelihood that** ~~prohibited transactions tax,~~ we ~~may choose not to engage in~~ **experience an ownership change by deterring** certain ~~sales~~ **acquisitions** of ~~loans~~ **our common stock. There is no assurance** , ~~other~~ **however,** ~~than~~ **that** ~~through a TRS, and we may be required to limit~~ the **deterrent mechanism will be effective** ~~structures we use for our securitization transactions~~ , **and** ~~even though~~ such ~~sales~~ **acquisitions may still occur. In addition, the Tax Benefits Preservation Plan may adversely affect the marketability of** ~~or~~ **our** ~~structures might otherwise be beneficial~~ **common stock by discouraging existing** ~~for~~ - **or potential investors from acquiring our common stock** ~~us. Complying with REIT requirements may limit our~~ - **or additional shares** ~~ability to hedge effectively. The REIT provisions~~ of ~~the Internal Revenue Code may limit~~ our **common stock** ~~ability to hedge our assets and operations. Under these provisions~~ , **because** any ~~income that we generate from transactions intended to hedge our interest rate exposure will be excluded from gross income for purposes of the REIT 75 % and 95 % gross income tests if (i) the instrument (A) hedges interest rate risk on liabilities used to carry or acquire real estate assets or certain other specified types of risk, or (B) hedges an instrument described in clause (A) for a period following the extinguishment of the liability or the disposition of the asset that was previously hedged by the hedged instrument,~~

~~and (ii) such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute~~ non- **exempt third party that acquires 4. 9** ~~qualifying income for purposes of both the REIT 75~~ % ~~and 95 % gross income tests. As a result of these rules, we may have to limit our~~ - **or** ~~use~~ **more** of **the then- outstanding shares of** ~~hedging techniques that might otherwise be advantageous or~~ **our** ~~implement those hedges through a TRS~~ **common stock would suffer substantial dilution of its ownership interest in HASI** . ~~This~~ **We may be subject to adverse legislative or regulatory tax changes that** could increase ~~the cost of~~ our ~~hedging activities because our TRS would be subject to~~ tax ~~on gains~~ **liability, reduce** ~~or~~ **our operating flexibility, and reduce** the **market price** ~~limits on our use~~ of **shares of our stock.- 38-** ~~hedging techniques could expose us to greater risks associated with changes~~ **Changes** ~~in interest rates than we would otherwise want~~ to **the tax laws may** ~~bear. In addition, losses in our~~ **occur , and** ~~TRS will generally not provide~~ any ~~tax benefit to us, although subject to limitation,~~ such ~~losses may be carried forward to offset future taxable income of the TRS. Legislative, regulatory, or administrative~~ changes could **have an** ~~adversely~~ -- **adverse** ~~affect us. The U. S. federal income tax laws and regulations governing REITs and their stockholders, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive~~ effect **on** ~~. No assurance can be given as to whether, when, or in what form, the U. S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the U. S. federal income tax laws and interpretations of U. S. federal tax laws could adversely affect~~ an investment in **shares of** our ~~common~~ stock ~~. - 41 -~~ **or on the market value or the resale potential of** ~~Your~~ - **our assets** ~~investment has various U~~ . **Our stockholders are** ~~S. federal income tax risks. We urge~~ **urged** ~~you~~ to consult ~~your~~ **with an independent** tax advisor ~~concerning~~ **with respect to the status of legislative, regulatory or administrative developments and proposals and** ~~the~~ **their potential** ~~effects~~ - **effect on** ~~of U. S. federal, state, local and foreign tax laws to you regarding~~ an investment in shares of our ~~common~~ stock.