Hannon Armstrong
Fourth Quarter and Full Year 2021 Results
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Presenters
Jeffrey Eckel, Chairman and CEO
Jeffrey Lipson, CFO and COO
Chad Reed, VP, IR and ESG

Q&A Participants
Nate Crossett - Berenberg
Chris Souther - B. Riley
Philip Shen - ROTH Capital Markets
Noah Kaye - Oppenheimer & Co.

Operator
Greetings and welcome to the Hannon Armstrong fourth-quarter and full-year 2021 results conference call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press * zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Chad Reed, Vice President of Investor Relations and ESG. Thank you, you may begin.

Chad Reed
Thank you, Operator. Good afternoon, everyone, and welcome. Earlier this afternoon, Hannon Armstrong distributed a press release detailing our fourth-quarter and full-year 2021 results, a copy of which is available on our website. This conference call is being webcast live on the Investor Relations page of our website, where a replay will be available later today.

Before the call begins, I'd like to remind you that some of the comments made in the course of this call are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities and Exchange Act of 1934 as amended. The company claims the protections of the safe harbor for forward-looking statements contained in such sections.

The forward-looking statements made in this call are subject to the risks and uncertainties described in the risk factors section of the company's Form 10-K and other filings with the SEC. Actual results may differ materially from those described during the call. In addition, all forward-looking statements are made as of today, and the company does not undertake any

responsibility to update any forward-looking statements based on new circumstances or revised expectation.

During this call, we will primarily discuss non-GAAP financial measures, which we believe help investors gain a meaningful understanding of our core financial results and guidance. A presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. A reconciliation of GAAP to non-GAAP financial measures is available on our posted earnings release and slide presentation.

Joining me on today's call are Jeff Eckel, the company's Chairman and CEO, and Jeff Lipson, our CFO and COO. With that, I'd like to turn the call over to Jeff who will begin on slide 3. Jeff?

Jeffrey Eckel
Thank you, Chad, and good afternoon, everyone. Today, we are delighted to report another outstanding year here at Hannon Armstrong, with distributable earnings up 21% to $1.88 per share, net investment income of 52% to $134 million, our portfolio up 24% to $3.6 billion. And we've also increased our reported pipeline to more than $4 billion, up $1 billion from our last report, and this comes after closing $1.7 billion in 2021.

In addition, despite macroeconomic and industry headwinds which we'll discuss, we have the confidence in our business to increase guidance for annual growth and distributable EPS to 10% to 13%, and extend that guidance one additional year to 2024. We're also guiding to 5% to 8% annual growth in our dividend through 2024. And consistent with that, declaring a dividend today of $0.375, which represents a 7% increase over our dividend last quarter.

On this page, we also highlight the CarbonCount of one transaction in order to generate more understanding of this important climate reporting metric. Our featured transaction is a 452 megawatt grid-connected solar project in Texas being developed by Clearway, and is incremental to the $660 million framework agreement with them we announced in late 2020.

This particular project has an above average CarbonCount of 1.3, because the power generated by this project largely offsets natural gas power generation in Texas. While every investment we make improves our climate future, not every investment is equally efficient. But doing so and we believe measuring and reporting with this level of rigor is where the market needs to go.

Turning to slide 4, we'll give more color on the increase and extension of our distributable EPS guidance. As you may recall, we gave 7% to 10% growth guidance this time last year through 2023. Given the strength we see in the climate solutions market as reflected in our pipeline, it is appropriate to increase guidance. The churn on this page reflects an extrapolation of the high and low ranges of our increased guidance. Actual results in any one year may be outside this

band, of course, but we are confident in the overall trend through in 2024. We're also updating our dividend growth guidance, as I said, to 5% to 8% annually from the prior 3% to 5% range.

Turning to slide 5, we'd like to address the key industry challenges that are top of mind for investors and the impacts on both the industry and HASI. First, while rising interest rates and higher costs is a reversal of a long period of declining cross enjoyed by the clean energy industry, the industry is adapting to this new reality. There is really only one way to address rising costs in a capital intensive industry like clean energy: raise the PPA price. And our clients are doing just that, with industry reports of a 5% increase in Q4 PPA prices and anecdotal evidence of prices continuing to increase in 2020.

Most indications are that corporate PPA buyers understand that they are the ones to bear that price risk, and generally accept it in order to meet their corporate sustainability goals. That doesn't mean these are easy or fast negotiations for our clients, but they are happening. And the end result is the clean energy industry will make the adjustment it needs to absorb higher costs.

On the flipside, those same PPA counterparties are seeing higher natural gas and electricity prices from conventional energy suppliers, making higher clean energy PPA prices more palatable. Importantly, the HASI portfolio is largely unaffected, as most capital budgets and operating costs are fixed. And since new investments are made after factoring in any higher costs, there's minimal impact on our returns of future investments.

Next, the pandemic and other industry-specific challenges have resulted in a very real supply chain delay for our clients, and serves as a reminder of how hard our clients work to develop these projects. Fortunately, there are signs of improvement in some markets, but of course challenges remain. These supply chain delays have had only a minimal impact on our business. We estimate transactions in our pipeline pushed out only 1 to 2 months on average through 2021 and into 2022.

The failure of Congress to pass Build Back Better was disappointing to the industry, but our industry does not rely on any single piece of legislation to prosper. As a matter of fact, a little over a year ago the industry expected the ITC and PTC to ramp down, and it is prepared for that still. That said, we consider passage of some climate provisions like tax credit extension still viable, and a tailwind to our already growing markets.

Lastly, California's initial NEM 3.0 proposal was not positive for residential solar, of course, but many observers believe that the final rule will be more constructive for the industry. Whatever the final rule, the value proposition for residential solar plus storage remains strong. Given the structural seniority HASI enjoys in our residential solar investments, NEM 3.0 has minimal impact on our existing portfolio or future investments we may make.

Moving to slide 6, we provide an update on our 12-month pipeline which we are now reporting, as I said, greater than $4 billion, up from the prior quarter of more than $3 billion. We currently have more than 40 programmatic clients who drive our pipeline in the behind-the-meter, grid-connected, and sustainable infrastructure markets. And we are adding new clients each year as the climate solutions market grows. The bulk of our pipeline remains behind-the-meter and is weighted toward energy efficiency, while the grid-connected portion is weighted toward solar.

Lastly, we note that newer investment opportunities comprise an increasing portion of our sustainable infrastructure pipeline, which itself has become a more meaningful portion of our overall pipeline.

Slide 7 highlights an underappreciated strength of our business model, the diversity of our markets. When you compare the 2021 chart on the left with the 2020 chart on the right, it's clear that the success of each year was driven by different markets. In 2020, public sector behind-the-meter carried the day, and wind in 2020. In each of these markets there are multiple generally uncorrelated asset classes. In any given period, one of these asset classes may produce investment opportunities, while others may not.

That diversity in our origination platform and the breadth of our client base provides assurances that despite one asset class facing challenges, we should continue to find attractive climate solutions investments, which leads to consistent growth of the business.

Now, I'll turn it over to Jeff L. to detail our portfolio performance and financial results.

Jeffrey Lipson
Thanks, Jeff. Summarizing our 2021 results on the top of slide 8, we are reporting impressive growth in each of our key earnings metrics. In the upper left, we note distributable earnings per share growth was 21%, driven by a larger portfolio, higher equity method investment income, lower debt costs, and increased gain on sale income.

In addition, as shown on the upper right, distributable net investment income was $134 million in 2021, reflecting annual growth of 52%, driven primarily by a larger portfolio and strong margins. And gain on sale from securitized assets was $80 million in 2021, representing a 21% annual increase and demonstrating our continued successful long-standing partnerships with our private debt investors. These substantial annual growth rates and distributable NII and gain on sale continue to demonstrate the success of our dual revenue model.

On the bottom of slide 8, we display longer-term trends. We have grown both our managed assets and balance sheet portfolio at a compound annual growth rate of greater than 15% over the last five years, while maintaining our portfolio yield and achieving a return on equity in the 10% to 11% range.

Turning to slide 9, we detail our $3.6 billion balance sheet portfolio as at the end of 2021, which has grown 24% from $2.9 billion at year-end 2020. Our portfolio yield remains steady year-over-year at 7.5% and now includes over 280 investments. The average investment size and weighted average life of the portfolio remained unchanged in 2021. With no asset class comprising more than 30% of the portfolio, the diversity of our business remains a persistent strength.

Finally, we highlight the structural seniority in each of our asset classes, which coupled with the credit quality of our obligors leads to strong credit performance. Currently, 99% of our investments continue to perform within our expectations.

Turning to slide 10, we detail our fourth-quarter portfolio of reconciliation. We funded over $400 million of investments, with a resulting portfolio balance of nearly $3.6 billion, an increase of 12% from the end of the third quarter. Funding expectations of previously closed transactions is shown on the right, with over $700 million expected to fund over the next two years. This amount is in addition to the portfolio growth we expect from investments in our current pipeline. We also note that the grid-connected ENGIE portfolio which we announced in July 2020 is now fully funded and is no longer reflected in this table.

On slide 11, we highlight that we extended and upsized our CarbonCount unsecured revolving credit facility. Earlier in 2022, we increased our available capacity from $400 million to $600 million, extended the tenor from 1 to 3 years, and enhanced our CarbonCount pricing discount.

Recapping our capital raising from 2021, we had a very successful year, issuing debt at 3.375%, equity at over $61 per share, and establishing two incremental unsecured funding sources. Our liquidity platform is well-positioned to continue to efficiently and successfully fund the expected growth in our portfolio. We also continue to manage our market risk, utilizing modest leverage and maintaining substantial standby liquidity.

Turning to slide 12, we address interest rate risk which is certainly not unique to our business, and we take this risk very seriously in our enterprise risk management processes. Allow me to make four points regarding interest rates in our business model.

Number one, we have an investing portfolio of over $3.5 billion, and fixed rate debt of approximately $2.5 billion, neither of which is impacted by subsequent changes in interest rates.

Number two, while rising rates represent a real risk, we have demonstrated the ability to actively manage our exposures successfully as shown in the chart on the left. In fact, since 2014, our first full year as a public company, we have delivered earnings per growth at an 11% compound annual rate during a period in which 10-year treasuries were over 3% and well below 1%. Neither the level of rates nor the shape of the yield curve, both of which are

depicted on this graph on the left, has meaningfully diminished our ability to grow earnings. This is in part because we actively manage our margins to our targeted ROE.

Number three. In the graph on the right we demonstrate how our margins have improved as we have maintained our portfolio yield, despite a competitive investing environment, while decreasing our cost of funds. Over the last four years, our interest expense as a percent of our average debt balance has dropped by 80 basis points to 4.6%, as we have optimized our debt platform and taken advantage of tightening corporate debt spreads and the strong bid for credible green bonds.

We remain confident over the long term our margins will be strong and relatively stable, given the combination of our diverse investment strategy and attractive debt platform, even in periods of increasing investment volumes. We also expect these margins will facilitate continued strong growth in net investment income.

And finally number four, I'd note our securitization strategy has functioned well during our four-year (PH) history, including in much higher interest rate environments. So we remain confident we can continue to utilize this source of capital as part of our funding and market risk strategies. In conclusion, our increase and extension of earnings guidance and our dividend increase reflect our confidence in the business model in a variety of interest rate environments.

And with that, I'll turn the call back over to Jeff.

Jeffrey Eckel
Thanks, Jeff, great report. Turning to slide 13, we note a number of ESG accomplishments, not the least of which is embedded in our vision to make only investments that improve our climate future. This vision is still too rare among mainstream financial institutions.

We declared our second annual social dividend to the Hannon Armstrong Foundation and its Climate Scholars Program and other climate justice initiatives. These include partnerships to help nonprofits invest in energy efficiency upgrades, some in concert with our clients, support the development of resilience hubs in low income neighborhoods, and to fund climate core fellows at historically black colleges and universities. Finally, we continue to ensure our governance documents and disclosures are aligned with best-in-class ESG practices that we and our investors expect of our company.

We'll conclude here on slide 14. I'll highlight why we continue to present such a compelling value proposition for investors. First, we've demonstrated a track record of results including growing earnings 21% in 2021. Second, our markets and pipeline are large, growing and diverse. Third, our funding platform drives stable margins and gives us the confidence to increase and extend guidance through 2024.

Last but not least, we integrate our ESG activities into the entire business, including through CarbonCount and strong employee participation in our foundation's activities. It is the deep integration of ESG into our mission that allows us to attract and retain the best people in the industry, and I thank them for all they do.

With that, I'll ask the operator to open the line for questions.

Operator
Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press *1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press *2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for your questions.

Our first questions come from the line of Nate Crossett with Berenberg. Please proceed with your questions.

Nate Crossett
Hey, good evening, guys, and congrats on the results for the year. Maybe just a question on the new guidance. I was curious if you could maybe unpack some of the puts and takes. You know, what are the yields that you guys are kind of assuming for this year? You know, it's obviously been very consistent the last three years, and it sounds like you have the ability to kind of underwrite in conjunction with interest rate moves. But I'm just curious, should we kind of be expecting kind of that mid 7% range?

And then just in terms of the timing of the pipeline, if you could give us any color on when kind of the deal flow is weighted for this year.

Jeffrey Eckel
I'm not sure we've ever gotten that question of when the -- where the pipeline is weighted. It's generally been pretty well spread out, and our ability to predict which quarter a given transaction closes in is not considered all that great. That's why we have a really large pipeline. We don't control the timing of closing, but it should be pretty well spread out over the year.

In terms of yields, I think, you know, you have some of the large grid-connected assets that are going to have probably declining yields, and you're going to have other asset classes and some of them will have higher yields. That hopefully will blend out to where we are right now.

There is another factor we're interested in, is having some shorter-term investment opportunities, given inflation and rising interest rates. So some of these opportunities may be shorter duration than what we've typically done in the past.

Nate Crossett

Okay, that's helpful. You know, clearly have a pretty large spread over cost of capital. I'm just curious, have you guys seen any real changes in competition over the last three months, or would you even say that maybe the macro backdrop is making it harder for competitors; or what could you say on those issues?

Jeffrey Eckel
Great question. I can't say there's a marked uptick or downtick in competition. As I've said, we always have competition on virtually every deal, but given the programmatic relationships, we tend to win more than we lose. You know, I would highlight the Texas solar project with Clearway as an incremental piece of business with Clearway in what is clearly a very competitive and attractive asset class.

Nate Crossett
Okay, I'll leave it there. Thank you.

Jeffrey Eckel
Thank you.

Operator
Thank you. Our next questions come from the line of Sophie Karp with KeyBank. Please proceed with your questions.

Unknown
Hello, this is Brian (PH) on for Sophie. Thank you for taking our questions. Congratulations on the strong quarter and solid guidance here. Maybe if you could just give us some color on your confidence level with respect to hitting the upper lower end of the 10% to 13% growth range, given all the policy and macro uncertainties we are seeing. Or, in other words, what kind of micro-and policy outcomes are you contemplating that could pull you towards either the bottom or top half of this range?

Jeffrey Eckel
Well, I think the nature of guidance is that we expect to be in the range -- and there are a variety of factors that could push us towards the higher or lower end of the range. Policy items are just one of several. I don't think we point to any specific policy items or policy proposals that would have such a direct impact that we say, oh, if this is passed, we'll be at the high and of the range, or anything quite that specific. But it's one of a number of factors that could lead us to end up in the higher or the lower end of the range.

Unknown
Okay, and then obviously a constructive growth outlook. We were wondering if there was a particular asset class that you expect to outperform the rest of your portfolio and be the main driver of this growth, or perhaps an asset class that you're seeing more heavily represented in your potential pipeline.

Jeffrey Eckel
Well, some of the sustainable infrastructure investments we make, and they're typically in environmental restoration markets. But they could also be in ag and transport, not quite industry yet. And some of those should be potentially higher-yielding, but there's still nascent markets with volume still to build. And when they become, you know, significant and big components, we'll probably give them their own (INAUDIBLE) life. But at this point, it's in sustainable infrastructure.

Unknown
Got it, thank you.

Operator
Thank you. Our next questions come from the line of Chris Souther with B. Riley. Please proceed with your question.

Chris Souther
Hey, guys. Thanks for taking my question here. Great to see the guidance raised. Could you talk a little bit about some of the moving pieces for 2022, between gain on sale versus net investment income? I guess through the middle of last year, you had kind of provided some ranges for those. So I just wanted to get a sense of to where we are tracking relative to those. Obviously, the guidance implies positive across the board here, but I just wanted to get a sense of how we're thinking about kind of the mix in growth for 2022, and beyond this if you don't mind.

Jeffrey Lipson
Sure, Chris. So we did not, as you notice, put out the component parts of the EPS as part of our guidance. And as you mentioned in the second quarter of last year, we put some at least ranges around those. I would say for 2022, you should expect both the distributable net investment income and the gain on sale to rise. This growth trajectory that we are guiding towards today is not overly based on either one of those. The portfolio will grow. We said the margins should remain relatively constant, so we'll have some NNI growth and we think we can continue to grow green on sale (PH) (INAUDIBLE) this year as well.

Chris Souther
Okay. And nice to see an incremental deal with Clearway in Texas. Can you talk a little bit about some of the changes in the funding schedule of closed transactions? It looks like both 2022 and 2023 went up by similar amounts when you kind of back out the stuff that got funded in the fourth quarter. So, you know, it sounded like it was just one deal -- one project in Texas, though, that would be kind of funded more in one shot still (PH). Any color on that would be helpful, I think.

Jeffrey Lipson

Well, I think that funding schedule is the aggregate of several transactions and several ins and outs. As you can see on the schedule next to it, in the quarter we funded $341 million from investments that had closed in prior quarters, so those essentially came out of that table, and then thereby assume that many new transactions went into that table. So it's a more consistent pattern for us now to be closing deals that have fundings that occur a little bit into the future, and again that creates good visibility on growth.

So there wasn't just sort of one big story in that table. It's several ins and outs including, as I mentioned in the prepared remarks, the completion of the ENGIE portfolio fully coming out of that table now.

Chris Souther
Okay, got it. And just last one, the pipeline bump seems really broad-based here. Maybe you could just provide a bit more color on behind-the-meter, kind of the mix between public sector, resi. You know, anything that you can kind of provide there I think would be great.

Jeffrey Eckel
Chris, I think they are all growing. It's really hard to highlight one versus the other. I will say I'm always surprised when industrial energy efficiency projects happen, and they are starting to happen, as I failed in my career to be successful with those. But they're starting to be successful. And I think the solar business, you know, continues to do a great job and has a great value proposition. So I can't give you a whole lot more detail, other than to say they seem to all be growing.

Chris Souther
Okay, thanks, guys.

Jeffrey Eckel
Thank you, Chris.

Operator
Thank you. Our next questions come from the line of Philip Shen with ROTH Capital Partners. Please proceed with your questions.

Philip Shen
Hey, guys, thanks for taking my questions. I'm juggling a couple calls today, so sorry if you addressed some of this. But just was wondering if you might be able to talk through by end market what the asset yields look like. I think on the last call, it sounded like some of the solar end markets were having some compression in the yield. Are you continuing to see that with -- it seems like PPA prices are going higher, so perhaps there's been a bit of a reversal.

And then on the flip side, on the funding side can you talk about, you know, with base rates going higher, spreads also going higher with the overall macro risk from Ukraine and so forth, how do you expect your cost of funding to trend as well? Thanks.

Jeffrey Eckel
Why don't I take the first part and, Jeff, you take the second? Hi, Phil, nice to hear your voice again. You know, not surprisingly, the large grid-connected solar projects -- well, first of all, every project probably needs a higher PPA price just to recover the development fee or a portion of the development fee and to preserve returns, with inflation and higher cost of capital. So I wouldn't equate quite higher PPA prices with ROEs going up, because you need that to just cover the costs.

You would expect the large grid-connected solar projects to be the most competitive and bid up. Yields on distributed solar continue, because it's relatively smaller, to be more interesting for us.

Jeffrey Lipson
And on the cost of funds, Phil, clearly the base rates are higher. As you mentioned, there's some volatility in the debt markets. So clearly, we are at a place today, for instance, where our debt that we issued last year would be trading at a discount, and our cost of funds would be a little bit higher. But I wouldn't, to part of your question, forecast where they go from here. I think that would be a challenging thing to do. But I would say, as I said in my prepared remarks, we're hyper focused on margins. So we'll continue to invest at a margin to that cost of funds, whatever it may be, and we'll remain focused on the targeted ROE for the business.

Philip Shen
Okay, thanks for the color. As it relates to the green bonds, it looks like they're trading below par right now, based on my quick check. Just what's your outlook for a new issuance of green bonds? Would you think that we might need to wait a bit before your next issuance there, or do you think we could see something around the corner?

Jeffrey Lipson
Well, I won't answer that specifically in terms of guiding to when we might issue debt, but I would just say that we are a business that is in a growth mode and we'll be -- you should expect us to be issuing debt. You should expect us to be issuing equity. You should be expecting us to use our $600 million credit facility that we put in place. And we're not in a sort of wait-and-see mode of let's see where our spreads go from here and then maybe we'll invest, maybe we'll issued debt. I think we are a company that's going to ride the curve up and down. We have cash flow coming back all the time as well from the existing portfolio, and we're going to actively invest and actively issue debt.

Philip Shen
Okay, great. Thanks for taking the questions, and nice report here. Thanks.

Jeffrey Lipson
Thanks, Phil.

Operator
Thank you. Our next questions come from the line of Julien Dumoulin-Smith. Please proceed with your questions.

Unknown
Hey, guys, this is Anya filling in for Julien. So my first question is with the ENGIE deal now fully funded, is there a potential to do further deals with them in the future? Or maybe more broadly asking that, how do you see the programmatic opportunity ahead with any of your other partners? For instance, Sunrun, you had the resi solar deal that you just signed last quarter.

Jeffrey Eckel
Hi, Anya, this is Jeff Eckel. I would say we see the programmatic opportunity with ENGIE, Clearway, Sunrun, SunPower, and not to exclude 36 other clients that we enjoy a programmatic relationship with as strong. It's a mutually beneficial relationship, and there will be periods where we don't necessarily meet with our clients on individual transactions.

But generally, once we acquire a client and have a relationship and work with them through some of the problems that are inevitable through all the asset management challenges, we tend to win more than we lose on the incremental business. So that's a very broad statement that we look forward to doing more business with all of those companies.

Was there a second part of the question I missed? Okay.

Unknown
No, that was it. Great, thanks. And then a second, I was just wondering if you could provide an update on the energy efficiency opportunity, just ongoing RFP activity on federal ESCCs, and how that's progressing.

Jeffrey Eckel
Good question. I think it's a variety of responses, depending on the ESCOs. It certainly has been a little bit slower than the ESCOs like. So, you know, it's not been great. There hasn't been an executive order. There's been an executive order, but not setting a specific goal. And really the efficiency bureaucracy in the federal government really responds well to goals. So we'd like to see a goal -- specific dollar goal be raised, and that would really help. I mean, deals are still getting done, just it's not off the charts like you might have expected with a Biden administration versus a Trump administration.

Unknown
Okay, great, that's fair. I'll jump back in the queue now.

Operator
Thank you. Our next questions come from the line of Noah Kaye with Oppenheimer. Please proceed with your questions.

Noah Kaye
Hey, good afternoon. Thanks for taking the questions. Could we start with the sustainable infrastructure asset class? Again, the representation of that asset class in the pipeline is really striking. You know, it was not a major part of funding, obviously, the last couple of years.

So what in your view maybe breaks the logjam, or is there anything in particular that really starts to open up that asset class for you this year; anything that you would point to in terms of on the ground developments, policy changes (INAUDIBLE)?

Jeffrey Eckel
Hi, Noah. Thanks for the question. So a couple things I'd point to. The state legislation around Pay For Success environmental outcome projects, we've been very active in the state of Maryland, which is the principal state surrounding the Chesapeake Bay to accelerate using an ESPC like structure. I believe that will be law in Maryland. It's Governor Hogan's number one legislative priority and enjoys really strong bipartisan support.

So that's a kind of thing that if it passes and our clients start to do more projects, I think we'll get to see quite a bit more business. There's been a lot of activity in the ag business from sustainable farming to renewable natural gas that looks to be interesting and is growing quite well. So those would be a couple -- a couple anecdotes.

Noah Kaye
Great, thanks. You know, the disclosure around the 40 programmatic partners, if it's possible to provide comparison to the past, that would be helpful. But I think the broader question is really about, you know, how you're growing an organization to serve those clients, and perhaps also how you are extending the ways in which you serve them.

I'd be curious to get some color on that, because obviously there's the support of the transaction itself, but then there's an ongoing relationship around those assets. So can you talk a little bit about kind of the expansion of your capabilities and the services you're providing, and then how the number of partners may have grown over time?

Jeffrey Eckel
Thank you for that question, Noah, because I was just kicking myself that we didn't include a slide on that. I think we've grown to over 100 people. And I think pre-pandemic, Jeff, we were --

Jeffrey Lipson
Low 60s (PH).

Jeffrey Eckel
So we've added quite a bit of talent, and I think the people we are seeing are terrific, and it's hard to hire people. So we've done a very good job on building out specialty skills that we need. We've also done a fantastic job, and I give Jeff L. and his team credit on our technology buildout. One of the things that makes our platform more scalable is using data, and our team is doing a great job. There's a tremendous amount still to do to build out our technology platform, but it is definitely happening here, and I'm always surprised at how much our team is using data in new and novel ways.

I think the single most important thing we do to expand clients and expand relationships with clients is to zipper our organization, from CEO to head of a business unit to investment teams to legal and portfolio management. We have a very rigorous way to track that. We make sure everybody's got a counterparty at the other side, and we get a lot of information that way. And a lot of it is very supportive.

I enjoy the calls I have with the CEOs of our clients, and we commiserate about industry issues, but they know a couple things about us. We understand their business, we appreciate how hard it is, and we will never ever compete with them. And most financial services companies can't say that.

Finally, we did make an organizational change as the portfolio got bigger and the complexity of our asset classes. We created an internal matrix organization. So there's somebody in charge of, let's say, resi solar on the investment team in portfolio management and in legal. So that we start to get economies of scale in doing transactions. We have feedback loops for additional investments for how things are actually performing.

And it's definitely a -- as the organization scales and the portfolio and AUM scale, we need a lot more business leaders. And I'm super excited about that rollout of that matrix. It's gone very well.

Jeffrey Lipson
That would've made a good slide, Jeff.

Noah Kaye
Thanks, Jeff. Yeah, it would. There's always next quarter, but I appreciate the color. And I think to ask one more clarifying question if you don't mind, it's really around your comments around how duration of some of the investments may be shifting. So I just want to clarify, is that largely due to mix, and certainly if you take --

Jeffrey Eckel
Yes, yes.

Noah Kaye
-- C&I energy efficiency, it's shorter duration, right? So --

Jeffrey Eckel
Yes.

Noah Kaye
Yeah, please go ahead.

Jeffrey Eckel
Yeah, it's mix.

Noah Kaye
Okay. And if you can give me a color to that, it's mix of say more industrial energy efficiency? Is it --

Jeffrey Eckel
Yeah, industrial energy efficiency projects might be 10 years, where federal efficiency project is almost always 25.

Noah Kaye
right.

Jeffrey Eckel
Some of the storm water remediation projects are 5 to 7-year type projects.

Noah Kaye
okay, excellent. Thank you.

Jeffrey Eckel
Thank you, Noah.

Jeffrey Lipson
Thanks, Noah.

Operator
Thank you. There are no further questions at this time. And with that, ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines at this time. Have a good day.