



HA Sustainable Infrastructure Capital, Inc.

First Quarter 2026 Results Conference Call

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HASI Presenters

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Chuck Melko, Senior Managing Director, Chief Financial Officer and Treasurer

Susan Nickey, Senior Managing Director and Chief Client Officer

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Q&A Analysts

Vikram Bagri – Citigroup

Christopher Dendrinis – RBC Capital Markets

Ben Kallo – Baird

Maheep Mandloi – Mizuho Securities

Noah Kaye – Oppenheimer & Co.

Aaron Chew, Sr. VP, Investor Relations

Good afternoon to everyone joining us, today, for HASI's First Quarter 2026 Conference Call. Earlier this afternoon, HASI distributed a press release reporting our first quarter 2026 results, a copy of which is available on our website, along with the slide presentation we will be referring to, today. This conference call is being webcast live on the Investor Relations page of our website, where a replay will be available later today.

Some of the comments made in this call are forward-looking statements which are subject to 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 stated. Today's discussion also includes some non-



GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is available in our earnings release and presentation.

Joining us on the call today are Jeff Lipson, the company's President and CEO, as well as Chuck Melko, our Chief Financial Officer. Also available for Q&A is Susan Nickey, our Chief Client Officer.

To kick things off, I will turn it over to our President and CEO, Jeff Lipson, who will begin on Slide 3. Jeff?

Jeff Lipson, President and CEO

Thank you, Aaron, and welcome to our first quarter 2026 earnings call. We are pleased to report a strong start to 2026 with outstanding financial results and a positive outlook for the business.

In Q1, Adjusted EPS was \$0.77, driven by growth in revenue across the board, along with zero new share issuance from our ATM. Adjusted ROE was 15.7%, the highest quarterly level in our history. Adjusted Recurring Net Investment Income was up 29%, year-over-year, to \$101 million, and our Managed Assets were up 13%, year-over-year, to \$16.4 billion.

We continue to execute on our 2026 business plan, and we are reaffirming our 2028 guidance of \$3.50 to \$3.60 Adjusted Earnings per Share and Adjusted ROE of 17%.

Moving to Slide 4, it's important to highlight how our Q1 results represent particularly strong performance, in light of the ongoing volatile geopolitical and macroeconomic developments impacting financial and energy markets.

Most notable, of course, is the Iran war, creating volatility, particularly in oil prices and jet fuel availability. Separately, the increase in power prices in the U.S. has created affordability challenges. Additionally, credit and liquidity challenges have emerged in the private credit sector with implications across financial and credit markets.

Despite these challenges impacting the economy, our business has remained consistently profitable with ongoing earnings growth as we effectively address this volatility. In fact, certain of these developments reinforce the value of renewable energy and HASI's investment thesis.

For example, once installed and operational, renewable energy projects have minimal operating costs and do not depend on an ongoing supply of fuels but instead, are powered by naturally replenishing resources.

Renewable energy projects are less vulnerable to geopolitical volatility and bolster energy independence and national security, and they provide a high degree of cost certainty and visibility. The intermittency of renewables can be increasingly improved, by continued storage development.

In addition, beyond the implications for renewable energy, the recent geopolitical and macroeconomic uncertainty has also served to accentuate the prominent attributes underpinning HASI's business model of offering differentiated capital solutions to clients supported by project cash flows.

This business model results in HASI offering our investors low-risk, diversified exposure to growth in U.S. energy transition infrastructure, stability and visibility of long-term predictable revenue, and a proven track record of exceptional risk-adjusted returns. In the face of this backdrop, we continue to demonstrate the resilience of our business and our ability to execute at a high level with strong operating results.

Turning to Page 5, we closed more than \$460 million in new transactions in the quarter that will be held at CCH1 and on our balance sheet. And we increased fee-generating assets 130%, year-over-year, to \$1.1 billion. In terms of the returns on these investments, new asset yields on portfolio transactions closed in the quarter remain over 10.5% for the eighth quarter in a row. Supported by the increase in new asset yields over this period, our portfolio yield rose 90 basis points, year-over-year, to 9.2%.

Finally, we continued to optimize our balance sheet in the first quarter of 2026. As Chuck will provide greater detail on shortly, we were active issuing low-cost, long-duration debt and redeeming higher coupon debt, while issuing no ATM shares in the quarter.

Turning to Slide 6, we highlight the investment activity for the quarter, including a robust Q1 total volume of \$637 million, of which \$462 million will be held by CCH1 and on our balance sheet. This volume keeps us on pace for the \$2 billion to \$3 billion expectation for 2026 that we discussed on the Q4 call. The investments were well diversified and underwritten with attractive risk-adjusted returns. Our investment platform is continuing to deliver on our goals and fueling the continued growth in our profitability.

Turning to Page 7, on Monday, we jointly announced with Ameresco the creation of Neogenyx, a newly formed joint venture representing the spin-off of Ameresco's biofuels business. We are excited about co-investing in what we expect to be the premier developer and owner-operator of biofuels projects.

Ameresco has been a partner of HASI for over 20 years and across more than 60 investments, and we have tremendous familiarity and confidence in Mike Bakas and their team.

This investment fits well into the HASI business model, as it includes a very strong partner, an asset class—renewable natural gas—in which we have extensive experience, operating projects that we were able to

diligence, a business model well suited to current and expected future market demand and a structure that provides a priority position on cash flows.

Neogenyx' existing portfolio of operating projects allow the company to have scale from day one and a strong pipeline of identified development opportunities that will facilitate future growth. Our investment in the venture is initially \$400 million, and we will own 30% of the enterprise with a priority position on cash distributions, until a hurdle return is achieved. And our long-term expected return on investment is higher than our typical investment, given the large upside potential of the business.

Turning to Page 8, our pipeline remains greater than \$6.5 billion as end market dynamics, including consolidation, continue to result in a wide variety of developers and sponsors seeking project level capital. In addition, power demand continues to result in an elevated level of development activity and policy items are well understood and workable.

I also want to mention a definitional change. We first introduced the concept of what we called the Next Frontier in our Q4 2024 call to illustrate the tremendous growth opportunities for the business. We continue to pursue certain of these asset classes, and we'll disclose closings as they occur. However, from a presentation perspective, we have recategorized these into the three existing core segments and an Other Sustainable Infrastructure category, as appropriate, in order to simplify our disclosure.

And with that, I would like to turn the call over to Chuck to discuss our financial results and funding activity in greater detail.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Thanks, Jeff. We are continuing to build off the success achieved in 2025 and have had a great start to the year. We have increased our Adjusted EPS to \$0.77 per share in the first quarter, compared to \$0.64 per share in the same period last year. Our Adjusted Earnings increased 31% from Q1 last year to \$102 million in Q1 this year. This increase is predominantly driven from the growth in our investments in CCH1 and our Portfolio.

Our focus on being more efficient with the deployment of equity capital has contributed to our higher Adjusted ROE this quarter to 15.7%, compared to 12.8% in the same period last year. The marginal ROE that we are generating is making an impact, and we are benefiting from the reduction of share issuances that we need to fund the growth of our business.

While we achieved growth in our Adjusted EPS, our GAAP results included an HLBV loss related to the timing of tax credit sale proceeds distributed to tax equity investors. And we expect this HLBV accounting will fully reverse next quarter.

On the next slide, we have seen growth in our Adjusted Recurring Net Investment Income of 29% to just over \$100 million, and this source of income is not only generating a good base of recurring earnings, but is also growing into a larger component of our overall earnings relative to our other sources of income, as we illustrated on last quarter's call.

Our Gain on Sale this quarter was \$23 million, and as we often highlight, our Gain on Sale income does not increase quarter-to-quarter on a trend line. And while we do expect full year Gain on Sale to be similar to last year, because of the higher level of gain on sale this quarter, it is reasonable to expect lower levels of Gain on Sale for the remaining quarters of the year.

The other component of our revenues that consists of upfront fees from CCH1 and other advisory-related fees continue to increase and contributed \$9 million to our earnings, this quarter.

On the next slide, as we close transactions, they become Managed Assets, which are held either on our balance sheet directly or indirectly, through CCH1. These transactions can also be held in securitization trusts where we typically hold a residual interest. We generate upfront and ongoing income from these transactions and a growing base results in more earnings.

Our Managed Assets are now at \$16.4 billion, up 13% year-over-year, and we are continuing to see the high-quality performance of these assets that are reflective of our prudent underwriting with an average annual realized loss rate of less than 10 basis points.

The Portfolio continues to be well diversified. And in addition to the diversity of asset classes, each of the individual investments also, typically, consists of multiple projects with uncorrelated cash flows. The earnings power of our portfolio, demonstrated by our Portfolio Yield, has increased to 9.2% and is a result of the continued closing of transactions into our portfolio at higher yields.

The CCH1 assets, in which we hold 50% of the equity in our Portfolio, are now at \$2.3 billion and are providing a growing stream of ongoing management fees.

We also just recently completed a private debt placement at CCH1 in which the notes were priced at a spread of 195 basis points to the 10-year treasury, a tighter spread than the previous issuance. This is further validation of the quality of the assets that we are investing in and a contributor to the increasing returns on our investments in CCH1.

On the next slide, we are continuing to realize a lower cost of capital and successfully manage our liability structure, as demonstrated through the transactions that we executed in February. We issued a total of \$1 billion in bonds between a \$400 million senior bond priced at 6% and a \$600 million junior sub note, priced at 7.125%.

The proceeds of these transactions were used to retire our remaining \$450 million senior bonds, due 2027, with an 8% coupon and create additional liquidity for the upcoming \$600 million maturity. The outcome of these transactions resulted in a lower cost of capital as the spread on our senior bonds improved 50 basis points and the subordination premium on the junior sub notes improved by 48 basis points from the most recent issuances.

The maturity profile of our debt platform was significantly extended with the senior bond offering a 10-year maturity and on our junior sub note a 30-year maturity. Adjusting for the upcoming 2026 maturity, which we have already reserved for with our existing liquidity, the weighted average maturity of our corporate term debt extended from 7.9 years to 12.8 years.

On the next slide, I've already made some brief comments on the topics outlined here, but there are items that really emphasize the benefits of our capital platform. First is our liquidity position. It is a real strength to our business to have the flexibility and timing to access the market and raise capital opportunistically and reduce our costs.

We currently have \$2.3 billion available, a portion of which we plan to use to pay off the \$600 million of remaining notes due in June. After this maturity, our next corporate bond is not due until 2028.

Lastly, with our focus on funding more investment with the need for less additional equity, the use of CCH1, issuance of junior sub notes and the higher reinvested portfolio cash resulted in no additional shares issued through our ATM in the first quarter, and we are on track to issue a minimum amount in 2026 based on our current funding expectations. When coupled with the growth in our Managed Assets, we are on track to meaningfully accelerate our profitability.

I will now turn the call back to Jeff.

Jeff Lipson, President and CEO

Thanks, Chuck. Turning to Slide 14, we display our sustainability and impact highlights, noting our cumulative CarbonCount and WaterCount numbers, reflecting the significant impact of our investment strategy.



Let's wrap up on Slide 15. We reiterate the themes of strong returns in the business, coupled with ongoing access to low-cost capital that will continue to drive our business towards achieving our guidance levels.

I will conclude by addressing the management changes announced today. First, I would like to welcome Christy Freer to our executive team as our Chief Legal Officer and look forward to working with Christy. Next, I want to acknowledge Marc Pangburn for his tremendous contribution to HASI over the last 12 years, as Marc has been instrumental in closing countless important transactions that have led to our success. In his new role at GoodFinch, we will continue to work closely with Marc, and he will continue to provide value for HASI by optimizing our SunStrong business.

Our prosperity has always been a function of numerous dedicated and talented individuals. The four executives identified in today's press release are all enormously talented and have already built teams and contributed, significantly, to HASI's success.

I have full confidence in each of them in their expanded roles, and I'm thrilled we have this depth of talent in our organization. Annmarie Reynolds, who recently closed Neogenyx and Manny Haile-Mariam, who recently closed SunZia, are extremely well qualified to be our Co-Chief Investment Officers. They both possess outstanding leadership qualities and significant commercial acumen, as well as a track record of success.

Daniela Shapiro, who has grown our BTM business significantly over the last four years, and Viral Amin, who has upgraded our risk management infrastructure, are both accomplished leaders who will do a tremendous job as our Co-Chief Risk Officers and investment committee members. They both possess leadership, credit and commercial skills, extremely well-suited to their critical roles. I'm very excited by these executive appointments, and I congratulate all. Thank you.

Operator, please open the line for questions.

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. If you would like to ask a question, please press "star", and "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "star", and "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. Ladies and gentlemen, we will wait for a moment while we poll for questions.

And our first question we'll hear from Vikram Bagri with Citi. Please state your question.

Vikram Bagri – Citi

Good evening, everyone. To start off, I wanted to dig into this new JV with Ameresco. I understand the return on that project is higher than where you have been tracking, recently. Could you clarify what the yields are or returns are on that investment?

Also, if you can clarify, relative to your 30% equity interest, what would be the initial cash flow from that, your take of cash flow will be, initially? And then finally, how do you see this JV evolve? Is this going to be a vehicle for consolidation, organic growth? Do you envision this JV to take the company public at some point, or Ameresco buys you out in the long term? And then I have a follow-up. Thank you.

Jeff Lipson, President and CEO

Sure, Vikram. Thanks for the question. I would say the venture is primarily focused initially on organic growth. There may be consolidation over time, in terms of buying other platforms, but that's not the principal objective. There's a critical mass of operating projects going in day one, and there's a very strong pipeline that the team there has developed. So it's a little bit more focused on organic growth.

In the long term, whether we someday jointly take this public is much too early to say. We're kicking it off this month, so again, we're focused on building this up into something very special, but the exit strategy, it's a little premature to talk about.

In terms of our cash flow, the initial investment based on the operating projects is roughly \$100 million. The other \$300 million will go in as additional projects are developed. And then our—I think you asked about our cash flow coming back. That's not something we would disclose. Obviously, we have an expectation based on contracts of a certain amount of cash coming back and has a very strong cash yield, but we won't disclose that, specifically.

Vikram Bagri – Citi

Got it. And then as a follow-up, I see you moved two receivables from Category One to Category Two. Can you provide more details on that? Fully understanding that this is relatively small for you. I'm just trying to understand in which market are you seeing some stress? Are these residential solar assets, utility-scale, RNG, and if both the assets are in the same sector? Any color you can share on that would be helpful. Thank you.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Hey, Vikram, this is Chuck. Yes. So on the question of the Category Two there, I mean, just to set the stage here, I mean, you definitely hit on the point that we do have very small amounts in that category. It isn't often you see too much movement in that category, but we still have 98% of our portfolio that's in the Category One bucket.

The item that moved in there, I mean, I think what we'd say with that is that there is a project that is having some technical challenges with some of the equipment, and it needs a little bit more investment to correct the issue at hand with the equipment, itself. But there are various plans to get that project where it needs to be on our original economics, and we certainly think there's a good outlook for that.

So it's one of those things where we track projects, as you know, every quarter. And when we see something that there's something going a little bit in one direction here that we need to pay attention to, we will not hesitate to put in Category Two because we are paying attention to it.

Vikram Bagri – Citi

Thank you.

Chuck Melko, CFO

You're welcome.

Operator

Our next question comes from Chris Dendrinios with RBC Capital Markets. Please state your question.

Chris Dendrinios – RBC Capital Markets

Great, thank you. And maybe to follow up on Vik's question there and ask this more directly. There is some challenges going on in the resi space right now, and a few other folks have highlighted some debt challenges. Are you seeing any of that on your end, and is there any kind of risk exposure there that you could speak to? Thanks.

Jeff Lipson, President and CEO

Thanks, Chris. I would say, generally, no, there is a bit of an uptick in some delinquencies in the resi sector generally, and we're seeing a little bit of that in our portfolio as well. But it's tracking well within our original underwriting expectation of charge-offs and our loans there are all performing, literally 100% of

the loans in resi are performing. So again, it's well within our underwriting guidelines, and we're not seeing stress in that portfolio.

Chris Dendrinios – RBC Capital Markets

Got it, thanks. And then maybe as a follow-up here, the tightness in the tax equity markets have been kind of broadly highlighted that some of the banks are maybe taking a step back near term, waiting for treasury clarity. Is that translating into any sort of funding opportunity for you all where maybe there's a hole in the cap stack and you're able to kind of fill it here? Thanks.

Jeff Lipson, President and CEO

I'm going to ask Susan to answer that, or at least respond to the part about the tightness in the market. In terms of refilling gaps in the capital stack, that's usually not the dynamic. The tax equity obviously serves a specific purpose in terms of the tax attributes that it would be hard to substitute traditional HASI capital for that tranche. But the first part of the question around the tightness of tax equity, I'm going to let Susan answer.

Susan Nickey, Senior MD and Chief Client Officer

Yeah, thanks. A couple of comments on that. One is that just in terms of the tightness, it's important to note that the reports from last year is that the tax equity market actually grew significantly. Crux is one of the—the Crux platform tracks some of that data, and the total market increased 26% to \$63 billion. And very importantly, the tax transfer market, which is still in its third year, grew 50% to \$42 billion.

So as we move—and some of the, at the end of the year, some of the corporates, and there's now nearly 25% of Fortune 1000 companies participating in the market who are dealing with their own understanding of where their corporate tax bill was going to settle with the change in the tax laws.

But as we move into this year, I think some of that tightening that's been reported is, what we're seeing and hearing from some of the stakeholders, but also from Crux is starting to have more liquidity as corporate buyers know where they're settling out in that regard and providing some uplift.

I think the second issue, which is a bit different, is regarding the FEOC rules related to clean energy tax credits being transferred and not to Foreign Entity of Concern ownership. And that relates again, to 2026 tech-neutral tax credits, not the '25 or before substantial safe harbor pipeline through '23, which many of the players already have their inventory set.

So, what we expect in that regard is certainly the IRS and treasury have been coming out with guidelines, and we need them—people are waiting for that guideline to be clarified on the tax credit ownership. And again, there's precedents, but as we know, with ambiguity, some tax equity investors and banks are waiting for that clarity, which should come. And that is important obviously for the whole industry because nuclear, carbon capture, geothermal, all the technologies need that guidance.

And I'd say lastly, we certainly want to keep working to expand the tax credit market, given there'll be continuing growth in the supply with all the different projects being built with these technologies and manufacturing. And HASI is working with the industry and American Clean Power to develop standardization documents to help facilitate growing the corporate tax credit market. Does that help address what you've heard?

Chris Dendinos – RBC Capital Markets

Yeah, well, I guess maybe just a quick follow-up would be, I mean, is this any way have a bearing on the investment pace that you all are going on right now?

Susan Nickey, Senior MD and Chief Client Officer

Not in our pipeline. Again, as we've talked about significant, our sponsors, and it's really across certainly the Grid Connected, and I think Sunrun and others have mentioned it, have safe harbored their pipelines through 2030, if not the next two years. So it wouldn't directly impact what we're seeing in terms of growth.

Chris Dendinos – RBC Capital Markets

Yeah, thanks.

Operator

Our next question comes from Ben Kallo with Baird. Please state your question.

Ben Kallo – Baird

Hi, good evening. My first question is just on CCH1 and the capacity left there under that agreement. And then following that, has anything changed with your partner in their appetite to invest more after that first tranche?

Jeff Lipson, President and CEO

So, thanks, Ben. On the second part of the question, no, our partner has continued to express significant enthusiasm around the partnership, and as evidenced by the upside late last year, has shown a strong willingness to continue to invest. As we disclosed here on Page 11, the assets are \$2.3 billion. The commitments are a bit higher than that for some things that are in CCH1, just haven't funded yet.

And as I think we mentioned last quarter, as structured right now and given our pipeline, we certainly have enough capacity for this year, and we're working on a CCH2. We've started to commence some activity there. I can't say too much in terms of detail there, but we certainly are intending to have that up and going by the time CCH1 capacity has been utilized.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Ben, just also to provide a little bit of context for the capacity that we have, we've said that in the past that we've got roughly about \$5 billion of capacity available. And that's comprised of the equity commitments between us and KKR. It's roughly about \$3 billion.

And then, as we said before, and we did mention in our call here that we have issued some debt at CCH1. So keeping our leverage ratio at CCH1 under 1x, anywhere between 0.5 to 1x debt-to-equity, that gets you to a total of \$5 billion and comparing that to the \$2.3 billion that we currently have in there.

Ben Kallo – Baird

Okay. Great. In terms of your cost of capital, can you talk about how much you think you can reduce your cost of capital? I know you guys have done a lot. But also, just going from '25, I think on Slide 17, you had 5.8% interest expense over average debt balance. It ticked up in Q1. So maybe could you explain that a bit? And then just how much more you think you can reduce your cost of—your total cost of capital, going forward? Thank you, guys.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Yeah, so the uptick that you're seeing in Q1 is largely attributable to the issuance that we've done on the junior subordinated notes. So they do carry a little bit higher of a coupon. But from an overall cost of capital standpoint, because we get 50% equity credit for purposes of our leverage ratios with the rating agencies, we do get to issue less equity.

So, a little bit higher coupon that we're paying an interest expense, but we are issuing less shares. So overall, it is a benefit to our cost of capital. And I think if you took out from that 6.1%, the interest expense related to those hybrids, the debt cost is relatively flat, around 5.8% or so, compared to last year.

Now, on the how much further can it go question, we've obviously seen a benefit and reduction of spreads on the debt that we're issuing. And I think a large part of that is due to just the efforts that we put into getting out there and talking to the investment-grade investor market, and we've had some success with that. We're still relatively new to the market, so there is a little bit improvement we could see on the spread.

But as you probably know, spreads across the board are a little bit tight in the investment-grade market, and they can only go so far. But right now, with the guidance that we have out there, do we need this to go lower? No, we absolutely don't. And with the margins and the yields that we're seeing on our assets, and the equity efficiency that we're seeing, we don't really need it to go down to further increase our returns.

Ben Kallo – Baird

Great. Thank you, guys.

Operator

As a reminder to all participants, to ask a question, please press “star”, and “1” on your telephone keypad. Our next question comes from Maheep Mandloi with Mizuho Securities. Please state your question.

Maheep Mandloi – Mizuho Securities

Hey, thanks for the question. Maheep Mandloi from Mizuho. Maybe just on the investment with Ameresco's Neogenyx, can you just talk about the rationality over there or like what motivated you to invest? Is it somewhat similar to what we have seen on the resi solar side, which helps with ITC or something else which helps you capture more value with the RNG assets?

Jeff Lipson, President and CEO

Sure. Thanks, Maheep. I think, and I talked a little bit about this in the prepared remarks, some of the attributes that really attracted us here were, first and foremost, the partnership we have with Ameresco

and the trust and familiarity we have with their team. It's very consistent with how we've built the business with programmatic partners. Here, we were able to, again, diligence all of the investments, day one. RNG is something we're very familiar with, and we've been very active in RNG, as you know. And so, it's an asset class we well understood.

And then there was great alignment with the Ameresco team of what we want to do with this business going forward, what the relative structure of the parties would be in terms of ownership and cash flows. And so, it's a real opportunity for us to do something perhaps slightly different than we've done in the past, but with very, very similar attributes, and certainly, more upside than most of what we do at the project level investing.

Maheep Mandloi – Mizuho Securities

Appreciate it. And on the Ameresco's deck, they kind of talked about a \$2 million to \$4 million of net income to you guys for this year for Neogenyx. Is that like the framework we should think about and build upon that going forward, or how to think about the modeling here?

Jeff Lipson, President and CEO

Sorry, I missed one word there, Mandeep. Can you just repeat that question, please?

Maheep Mandloi – Mizuho Securities

Yes, sure. On Ameresco's presentation, they talked about your minority interest in the net income at around \$2 million to \$4 million for this joint venture. Just curious if that's something we should assume for modeling purposes for this year for on your modeling?

Jeff Lipson, President and CEO

No, from a HASI perspective, our accounting, of course, is different than Ameresco's. Our accounting here will be simply an equity method investment, consistent with what we've done in the past. We underwrote this in terms of cash-on-cash IRR, and we're going to account for it consistent with how we've accounted for our other equity method investments. So there's no pass-through of direct income as part of our accounting. And Chuck may want to expand on that.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Yeah, Maheep, I think at Ameresco's release, all they did for that number was simply just take 30% of the total EBITDA expectations for that project, which, as we've mentioned, this is an investment that is very similar to what we do where it's a structured equity investment. And when you have structured equity investments, we're focused on the cash-on-cash returns. There's targeted returns that we go after. And it's not as simple as just taking 30% of the total project EBITDA.

Maheep Mandloi – Mizuho Securities

Got it. Appreciate it.

Jeff Lipson, President and CEO

Thanks, Maheep

Operator

Our next question comes from Noah Kaye with Oppenheimer & Company. Please state your question.

Noah Kaye – Oppenheimer & Co.

Sure, thanks all for taking the questions and hope you're all well. The first one, just on the 12-month pipeline. You replenished this, quarter-over-quarter, it's still greater than \$6.5 billion. It looks like the largest percentage increase and therefore, dollar increase was in Grid-Connected assets. And certainly, that tracks with the increase in grid-scale renewables being deployed. But maybe just comment a little bit on what drove that uptick? And can you talk a little bit about the nature of those transactions? Are these primarily mezz debt, pref equity or of a different nature?

Jeff Lipson, President and CEO

Sure. Thanks, Noah, for the question. And I always caution against too much precision on pipeline disclosure. Of course, it's greater than \$6.5 billion and it's a 12-month pipeline, so there's always a little bit of judgment involved. But to answer your question, Grid-Connected does have a very strong pipeline. The vast majority of it is programmatic partners that HASI has worked with before and the majority of it is pref equity on solar projects. So I think that's the majority of that pie slice of the pipeline.

Noah Kaye – Oppenheimer & Co.

Very helpful, thanks. And then this was a quarter where there was zero ATM issuance. The progress from the company and becoming more capital light, we're all seeing it. I think in the deck, it says "minimal" equity issuance expected for '26. Not asking you to put any kind of finer point on that, but from an equity perspective, I mean, how close do you feel this business is to really a self-funding model?

Jeff Lipson, President and CEO

I would say very close. I think that minimal, you can interpret as if the volume of fundings this year is within the expectation that we set, that could very well be zero. If we're a little more successful than that estimate and we end up doing \$4 billion or \$5 billion, then certainly you would see us issuing more equity, but that's accretive equity, and that's a really big year in terms of new originations, so that's a good scenario as well. But I think if we hit the expectation range that we established, I think we are already self-funding.

Chuck Melko, Senior MD, Chief Financial Officer and Treasurer

Noah, I'll also add to this that we certainly have seen an uptick in transaction closings that we've had. And looking forward, we do expect some growth in that number. And if you go back to the slide that we prepared last quarter where it shows how far our—each dollar of equity goes, we are making much better progress on how little equity we need to issue when we're making our fundings. But what you will see—certainly see in the future is that if we are issuing equity, the percentage of that equity relative to the total fundings is much, much lower percentage than you've seen, historically.

Noah Kaye – Oppenheimer & Co.

Yeah, a very significant milestone, so congratulations to all. I'll jump back in queue.

Jeff Lipson, President and CEO

Thanks, Noah.

Operator

Ladies and gentlemen, that was the last question for today. The conference call of HASI has now concluded. Thank you for your participation. You may now disconnect your lines.

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