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Investing in Climate Solutions®

# Earnings Presentation

## Fourth Quarter and Full Year 2024

# Forward Looking Statements

Some of the information contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used herein, words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "target," or similar expressions, are intended to identify such forward-looking statements. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements include those discussed under the caption "Risk Factors" included in our Form 10-K that will be filed for the year ended December 31, 2024 (the “Form 10-K”) with the U.S. Securities and Exchange Commission (“SEC”), as well as in other reports that we file with the SEC.

Other important factors that we think could cause our actual results to differ materially from expected results are summarized below, including the impact of the Inflation Reduction Act (“IRA”) and on the U.S., regional and global economies, the U.S. climate solutions market and the broader financial markets. Other factors besides those listed could also adversely affect us. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Forward-looking statements are based on beliefs, assumptions and expectations as of December 31, 2024. The guidance discussed herein reflects our estimates of (i) yield on our existing portfolio; (ii) yield on incremental portfolio investments, inclusive of our existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of our forecasted operations; (vi) disruptions to the renewable energy supply chain that may result from changes in the regulatory environment and other factors; (vii) the general interest rate and market environment; (viii) the impact of the Inflation Reduction Act on our industry and our business; (ix) the impact of our revocation of our REIT election; (x) and our ability to expand into new climate solutions markets. All guidance is based on current expectations regarding economic conditions, the regulatory environment, the dynamics of the markets in which we operate and the judgment of our management team, among other factors. In addition, actual dividend distributions are subject to approval by our Board of Directors on a quarterly basis. The Company has not provided GAAP guidance as forecasting a comparable GAAP financial measure, such as net income, would require that the Company apply the HLBV method to these investments. In order to forecast under the HLBV method, the Company would be required to make various assumptions related to expected changes in the net asset value of the various entities and how such changes would be allocated under HLBV. GAAP HLBV earnings over a period of time are very sensitive to these assumptions especially in regard to when a partnership transaction flips and thus the liquidation scenarios change materially. The Company believes that these assumptions would require unreasonable efforts to complete and if completed, the wide variation in projected GAAP earnings based upon a range of scenarios would not be meaningful to investors. Accordingly, the Company has not included a GAAP reconciliation table related to any adjusted earnings guidance. We disclaim any obligation to update, or publicly release the results of any update or revisions to, these forward-looking statements, including to reflect new estimates, events or circumstances after the date of this presentation.

This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information concerning these non-GAAP financial measures as well as reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix herein. Estimated carbon emission savings are calculated using the estimated kilowatt hours, gallons of fuel oil, million British thermal units of natural gas and gallons of water saved as appropriate, for each project. The energy savings are converted into an estimate of metric tons of carbon dioxide equivalent emissions based upon the project’s location and the corresponding emissions factor data from the U.S. Government and International Energy Agency. Portfolios of projects are represented on an aggregate basis. The carbon and water savings information included in this presentation is based on data from a third-party source that we believe to be reliable. We have not independently verified such data, which involves risks and uncertainties and is subject to change based on various factors. Past performance is not indicative nor a guarantee of future returns.

# 2024 Execution Positions us Well for the Future

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| | | |
|---|---|---|
| **$1.62 / $2.45** GAAP/Adjusted EPS[1] | **$2.3b** Transactions Closed | **>10.5%** New Asset Yield[3] |
| **Capital Access** CCH1, Investment Grade, Revolver Upsize | **$13.7b** Managed Assets[2] | **8.3%** Portfolio Yield[4] |

1. For the year ended 12/31/24. GAAP on a fully diluted basis; see Appendix for an explanation of Adjusted Earnings and Earnings per Share (EPS), including reconciliations to the relevant GAAP measures
2. As of 12/31/24. See Appendix for definition of Managed Assets
3. For new portfolio investments closed during the year ended 12/31/24. Excludes follow-on investments
4. As of 12/31/24. Refers solely to portfolio assets. See Appendix for definition of Portfolio Yield

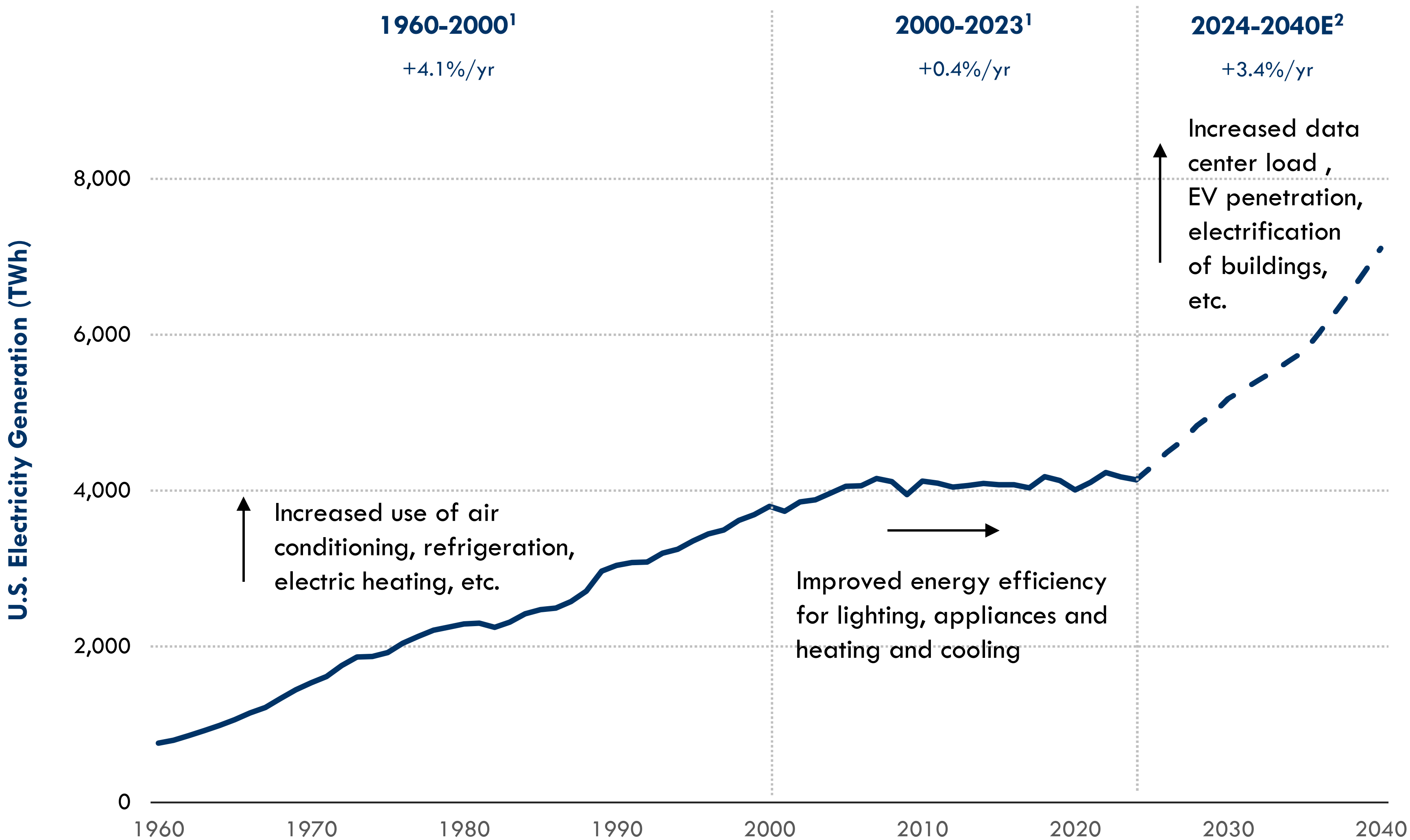
# Strong Confidence and Visibility Enables Guidance Extension

| Guidance Update | Prioritizing Capital Retention |
|---|---|
| Extending by one year due to high visibility on volumes/yields | Announcing dividend of $0.42/ share to be paid in April 2025 |
| Adjusted EPS CAGR of 8-10% 2024 - 2027[1] | Payout ratio of 55-60% by 2027 |

| Resilient Model | 2025 Drivers |
|---|---|
| Long-term recurring revenue from existing portfolio | New investment volumes expected to be slightly higher |
| Grandfathering and safe harboring protects pipeline | Gain on Sale expected to be within the 2021-2023 range |

1. 2023 base year. See Appendix for an explanation of Adjusted Earnings and Earnings per Share (EPS), including reconciliations to the relevant GAAP measures

# A New Era of Growth for the U.S. Power Market




1. Historical data (1960-2023) from the U.S. Energy Industry Association's "Electric Power Monthly"; growth rates represent the compound annual growth rate over each period
2. Forecasts (2024-2040) from McKinsey & Company's "How data centers and the energy sector can sate AI's hunger for power" (Sept. 2024); growth rates represent the compound annual growth rate over each period

# Solar and Wind Offer the Lowest Cost and Fastest-to-Market Solutions

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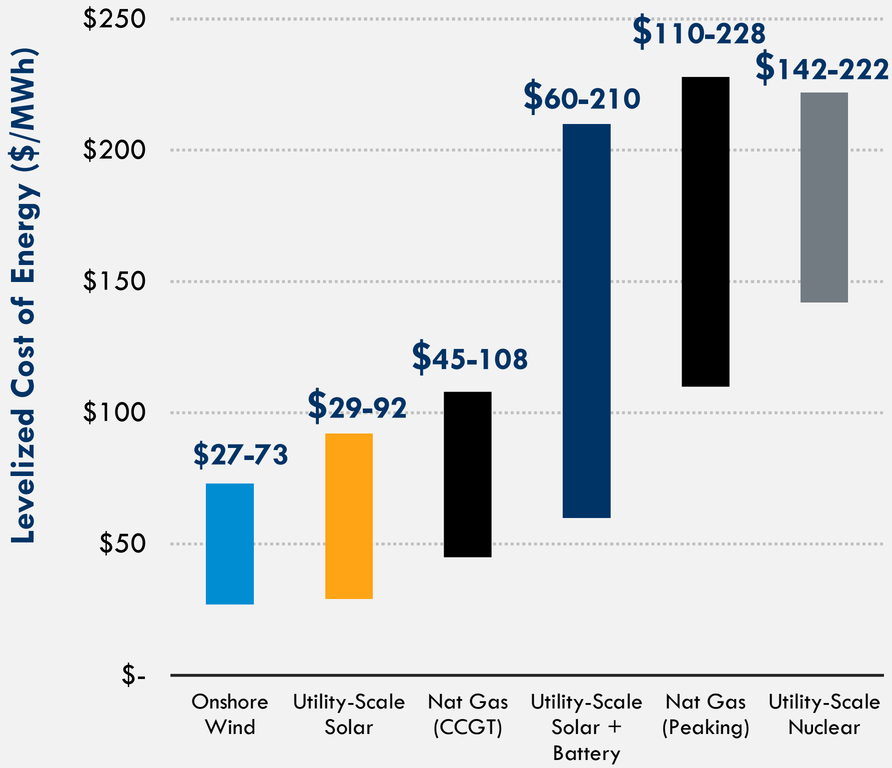
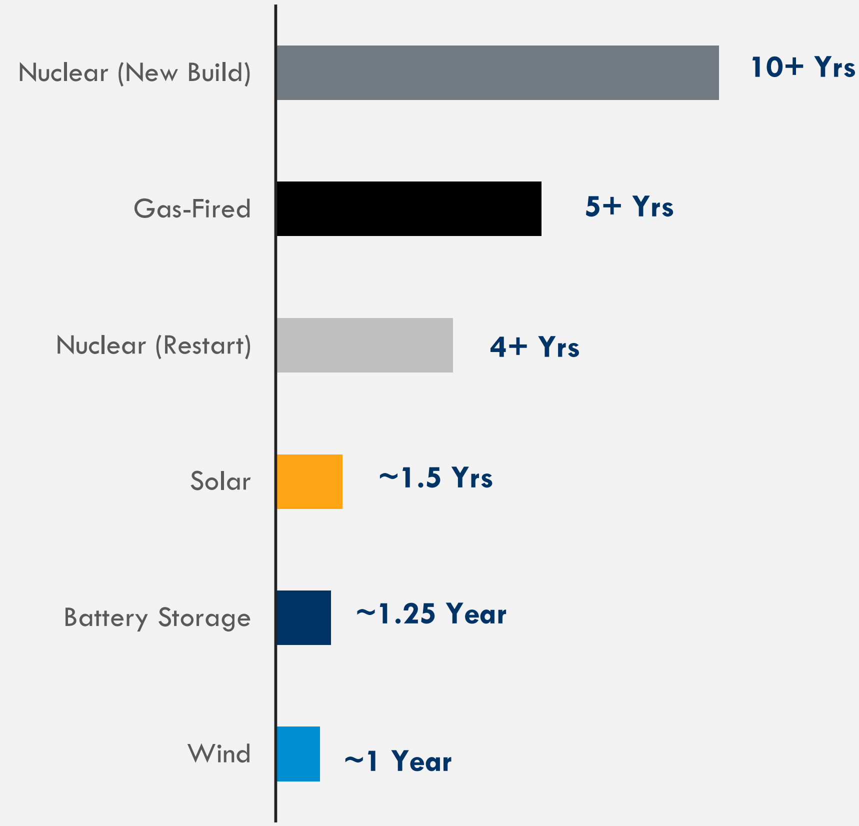
**Unsubsidized solar and wind provide the lowest levelized cost of electricity today[1]**

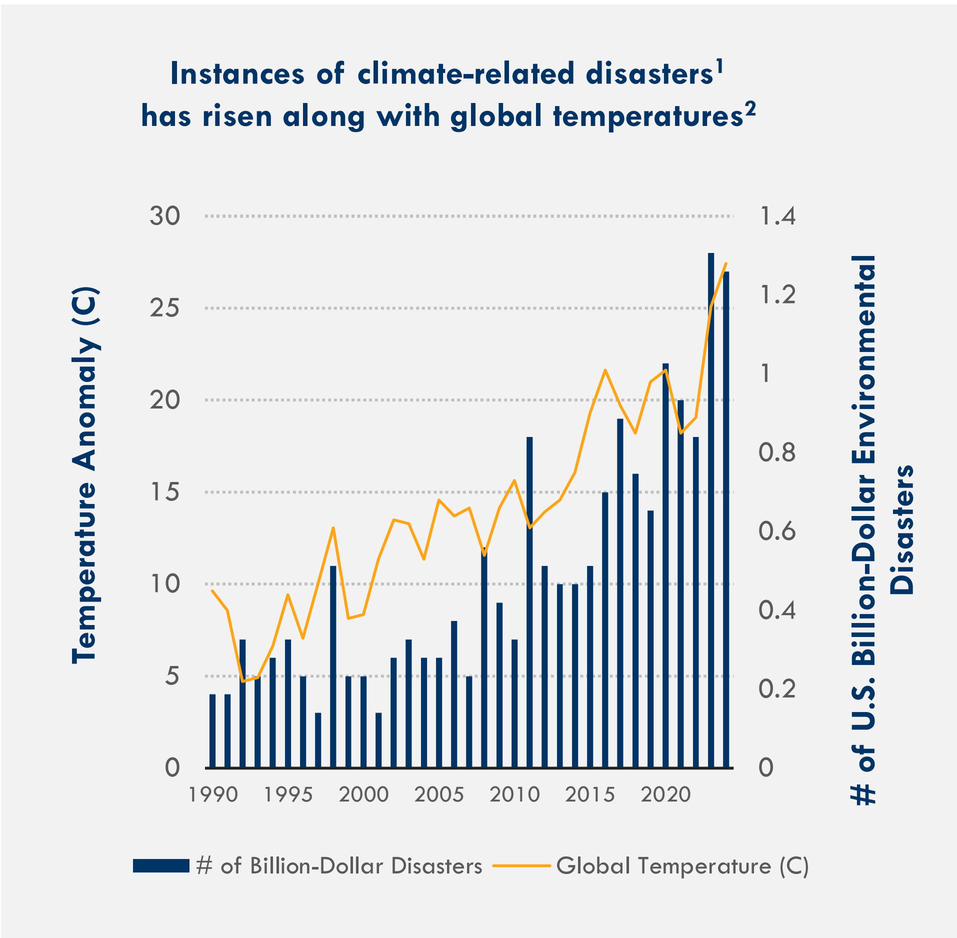


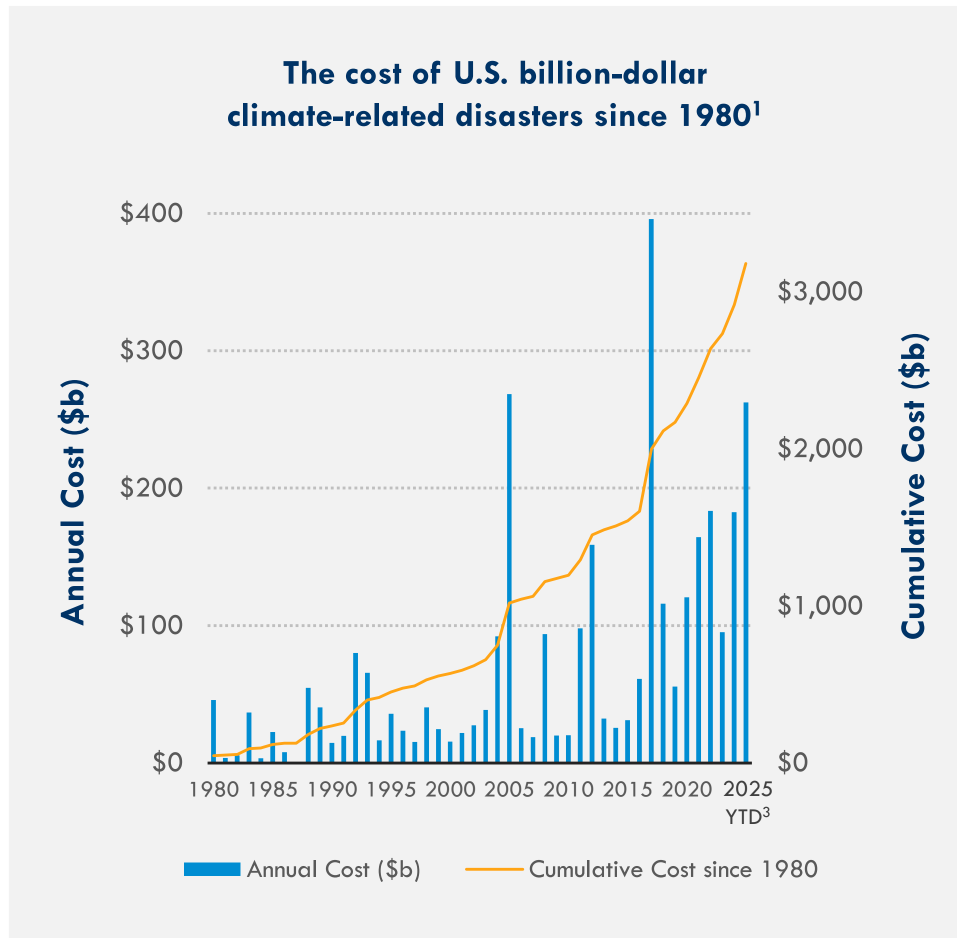

**Solar, wind and battery storage are the only sources of new electric capacity that can be built in <2 years[2]**




1. Lazard's "Levelized Cost of Energy" (June 2024)
2. Nuclear (New Build) based on Vogtle; Nuclear (Restart) based on Three Mile Island projections; Gas-Fired, solar, battery storage, and wind based on commentary from Next Era Energy's Q4 2024 conference call (January 24, 2025)

# The Growing Financial Cost of Higher Emissions




**The cumulative cost of $1 billion-plus climate-related disasters since 1980 now exceeds $3 trillion with >50% of the total cost attributable to events over the last 10 years**

1. National Centers for Environmental Information's "Billion-Dollar Weather and Climate Disasters" (January 10, 2025)
2. Global Land-Ocean Temperature Index from NASA's Goddard Institute for Space Studies
3. Accuweather estimate of cost of 2025 L.A. wildfires (January 13, 2025)

# Resilient Business in this Federal Policy Landscape

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## Executive Actions

- Pause on leases/permits/loans for wind projects on federal land
- 90-day pause on IRA and IIJA disbursements (not tax credits) [1]
- U.S. withdrawal from the Paris agreement

## IRA Outlook

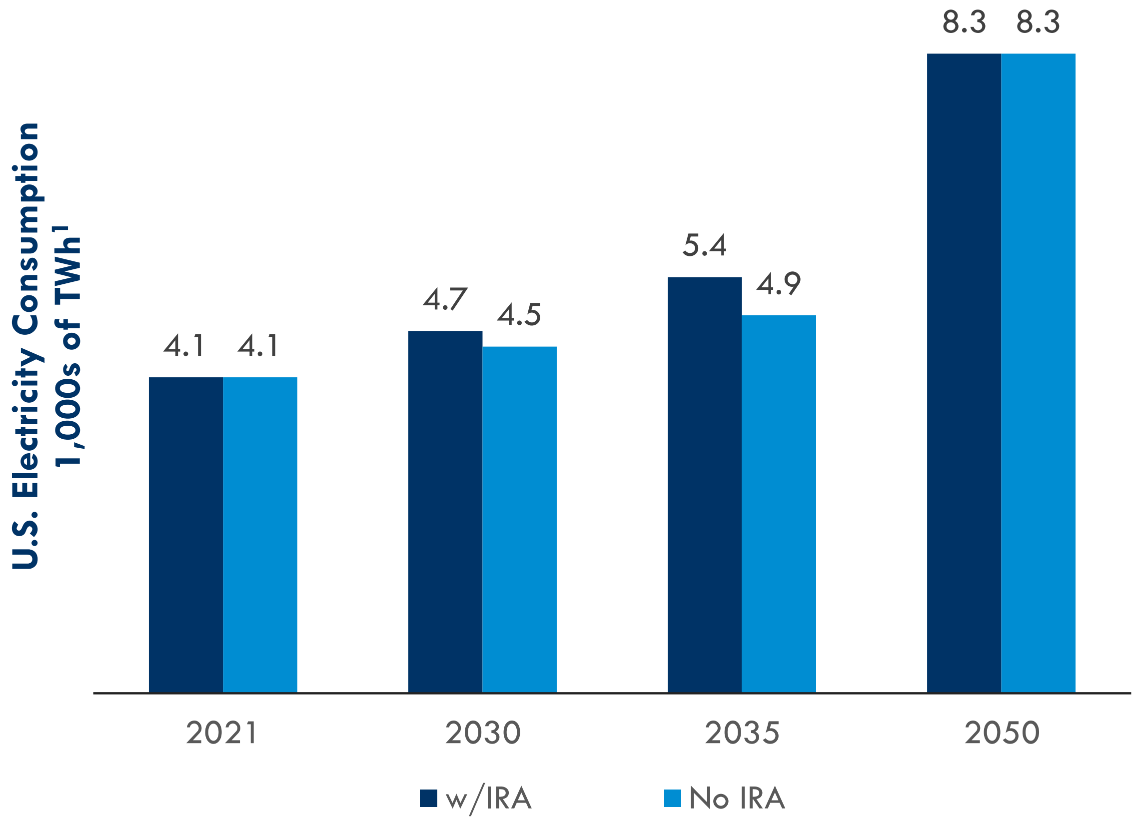
- Initial cuts centered on EVs and manufacturing grants
- A majority of House members support the IRA tax credits
- House memos question the "political viability" of IRA cuts

## New Policy Priorities

- "Unleashing the Golden Era of American Energy Dominance"[2]
- "Facilitating the identification, leasing, siting… and generation of domestic energy resources"[3]
- "Inadequate energy supply and infrastructure causes… high energy prices" [3]

1. IRA refers to the Inflation Reduction Act; IIJA refers to the Infrastructure, Investment & Jobs Act
2. U.S. Department of Energy Secretarial Order (February 5, 2025)
3. "Declaring a National Energy Emergency" executive order (January 20, 2025)

# Growth in U.S. Power Demand is Not Reliant Upon the IRA




**By 2035[2]**

**+~400 TWh**
Data Centers

**+>300 TWh**
Electric Vehicles

**+>200 TWh**
Building Electrification

**+180 TWh**
Industrial Electrification / Onshoring

U.S. electricity consumption is forecast to double to >8,000 TWh by 2050 with or without the IRA, though the IRA would accelerate growth in the interim years[1]

1. McKinsey & Company's "Energy transition in the US power sector and its implications for MISO"
2. Energy + Environmental Economics (E3)'s "U.S. Pathways" model from January 22, 2025

# Power Prices Already Rising with Demand Outpacing Supply

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**Wholesale forward power prices have doubled over the last five years in ERCOT and PJM[1]**


"The significantly higher prices in [PJM's 2025-2026 capacity] auction confirm our concerns that the supply/demand balance is tightening across the RTO. The market is sending a price signal that should incent investment in resources"

*- PJM President and CEO Manu Asthana (July 2024)*

The cost of new natural gas generating capacity has reportedly more than doubled over the last five years due to the turbine supply constraints and higher EPC costs

The latest supply agreement for existing nuclear capacity announced in January 2025 was priced at >$80/MWh[2]

**Given lower cost and faster speed to market, renewable energy achieves near-term growth in U.S. power demand in a non-inflationary manner**

1. Historical data sourced from Bloomberg
2. Constellation Energy announced an $840m agreement to supply the GSA electricity of >1m MWh per year over 10 years

# Renewables Poised to Play a Prominent Role in the "All-of-the-Above" Strategy Needed to Supply U.S. Power Demand

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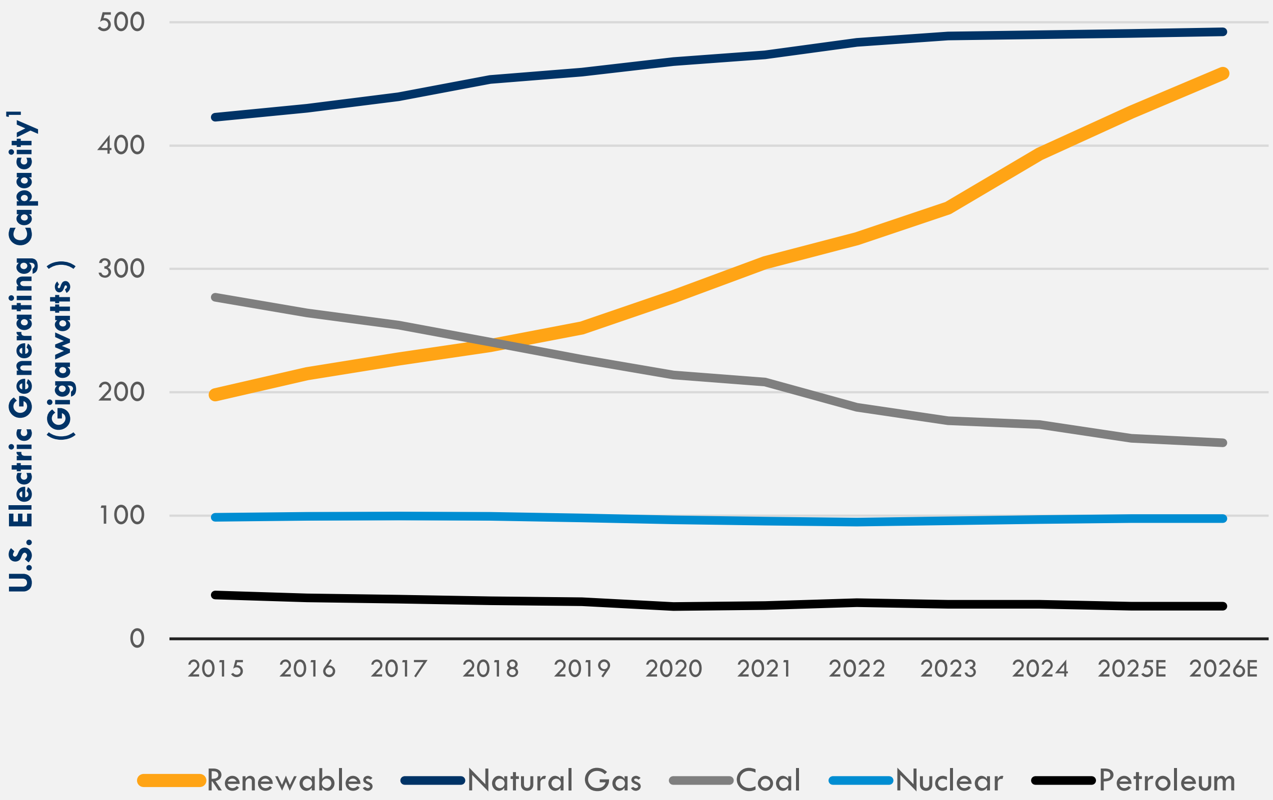
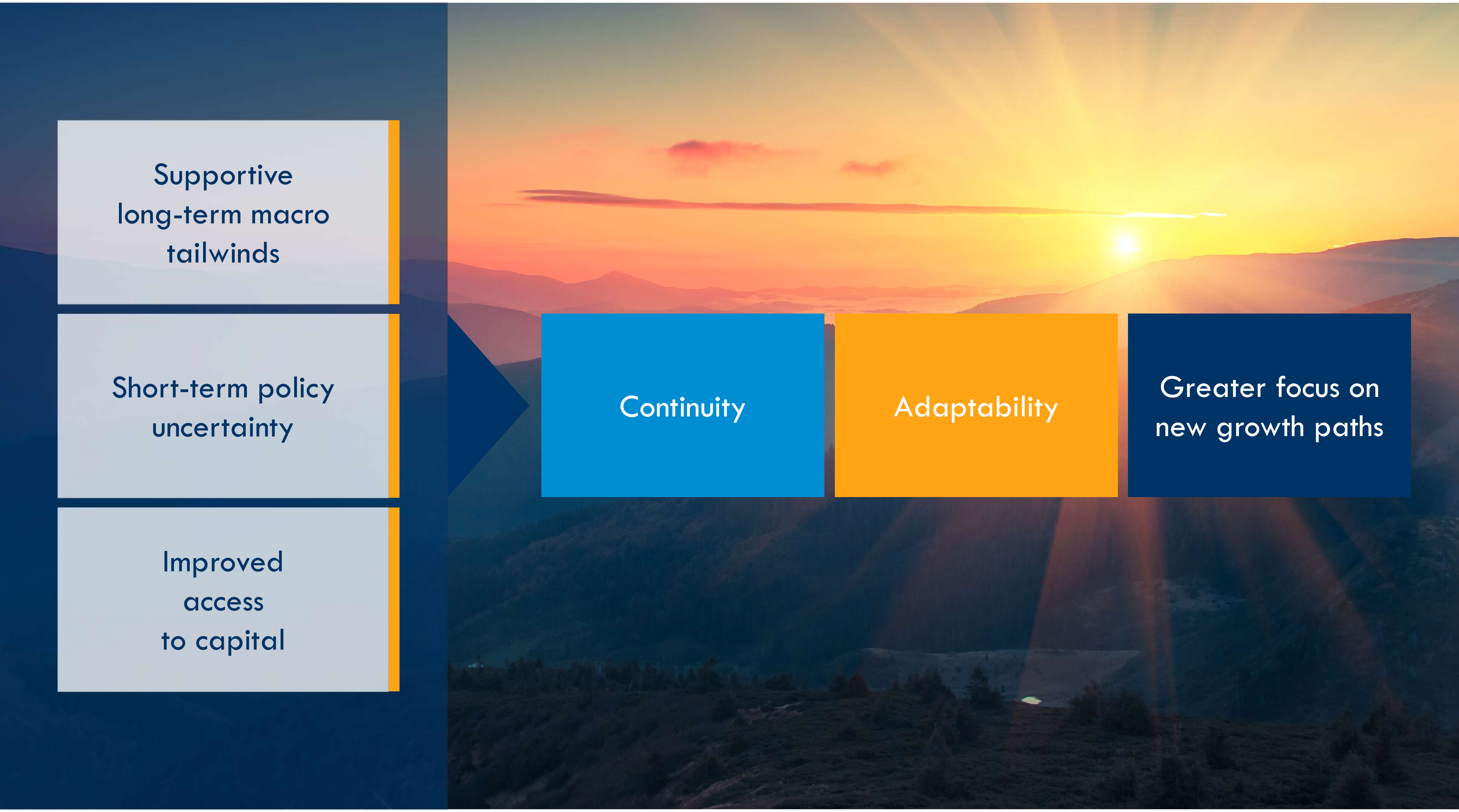



- The latest 5-year load forecast would require ~125 GW of new generation capacity by 2030.[2]
- Solar and battery storage account for 80% of the interconnection queue.[3]
- New gas-fired generating capacity is not expected to be available at scale until 2030 and beyond.
- Nuclear has re-emerged as a likely contributor but little capacity is scheduled to come online before 2030.

**Federal Energy Regulatory Commission's "high probability" forecasts for new U.S. generating capacity include 92 GW of solar, 24 GW of wind, 15 GW of natural gas and zero nuclear from 2025 to 2027[4]**

1. U.S. Energy Information Administration, Short-Term Energy Outlook, January 2025
2. Grid Strategies' "Strategic Industries Surging: Driving US Power Demand" (Dec 2024)
3. Interconnection.FYI, January 2025
4. Federal Energy Regulatory Commission's "Office of Energy Projects Energy Infrastructure Update for December 2024"

# Climate | Clients | Assets



Supportive long-term macro tailwinds

Short-term policy uncertainty

Improved access to capital

Continuity

Adaptability

Greater focus on new growth paths

# Identified Paths to Growth

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## March 2023 Investor Day

| Growth Paths | Accomplishments |
| --- | --- |
| 1 Grow with our clients | $3.5b investments with >20 existing repeat clients[1] |
| 2 Increase new clients | 15 new clients[1] |
| 3 Develop new asset classes | $1.2b of FTN originations[1] |

## Today

1. Grow with our clients
2. Increase new clients
3. Develop new asset classes
4. Non-U.S. investments with existing clients
5. New forms of investments

**No change in underwriting principles**

1. 2023-2024

# The Continuing Evolution of Our Investment Strategy

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### HASI's Business Foundations

| HASI's Business Foundations |
|---|
| Public Sector Energy Efficiency |

### HASI's Business Today

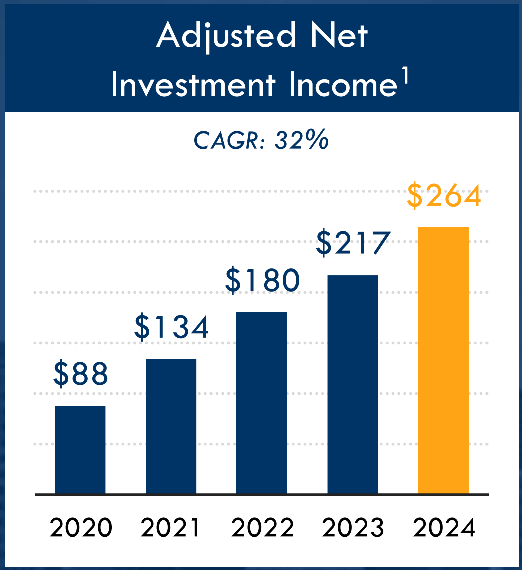
| HASI's Business Today |
|---|
| RNG |
| Fleet Decarbonization |
| Ecological Restoration |
| Utility-Scale Storage |
| Utility-Scale Solar |
| Onshore Wind |
| C&I |
| Community Solar |
| Residential Solar |
| Public Sector Energy Efficiency |

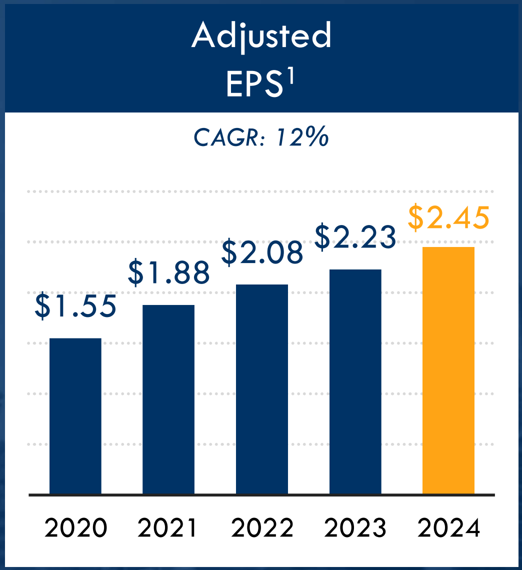
### The Next Frontier

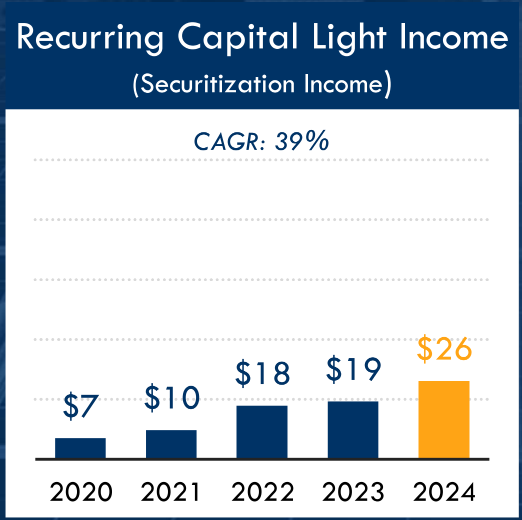
| The Next Frontier | |
|---|---|
| Building Electrification | CHP |
| Data Centers | Fuel Cell |
| Next-Gen Geothermal | Hydrogen |
| Hydropower | Manufacturing |
| Natural Gas w/CCUS | Advanced Nuclear |
| Other Clean Fuels | Resiliency & Adaptation |
| Sustainable Agriculture | Sustainable Aviation Fuel |
| Sustainable Materials | Transmission |
| RNG | |
| Fleet Decarbonization | |
| Ecological Restoration | |
| Utility-Scale Storage | |
| Utility-Scale Solar | |
| Onshore Wind | |
| C&I | |
| Community Solar | |
| Residential Solar | |
| Public Sector Energy Efficiency | |

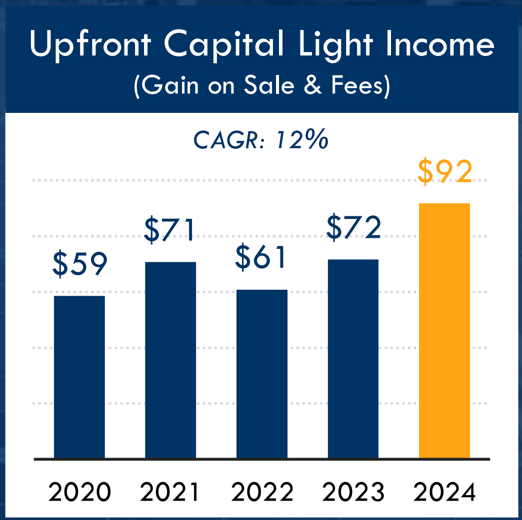
# 2024 Profitability Metrics

| | 2023 | 2024 |
|---|---|---|
| GAAP Diluted EPS | $1.42 | $1.62 |
| Adjusted EPS[1] | $2.23 | $2.45 |
| GAAP NII | $58m | $24m |
| Adjusted NII[1] | $217m | $264m |
| Gain on Sale, Fees and Securitization Income | $91m | $118m |
| Adjusted ROE[2] | 11.8% | 12.5% |



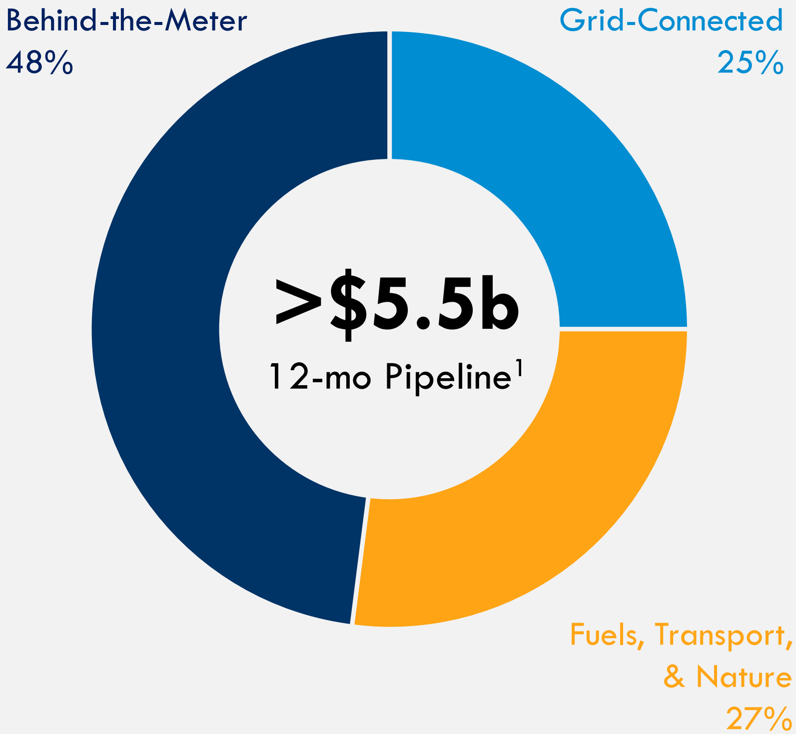




1. See Appendix for explanation of Adjusted Net Investment Income and Adjusted Earnings, including reconciliations to the relevant GAAP measures.
2. Adjusted ROE is calculated using Adjusted Earnings for the period and the average of the ending quarterly Stockholders' Equity balances for the period. Refer to reconciliation of GAAP Earnings to Adjusted Earnings.

# Insulated Pipeline Supports Near-Term Outlook

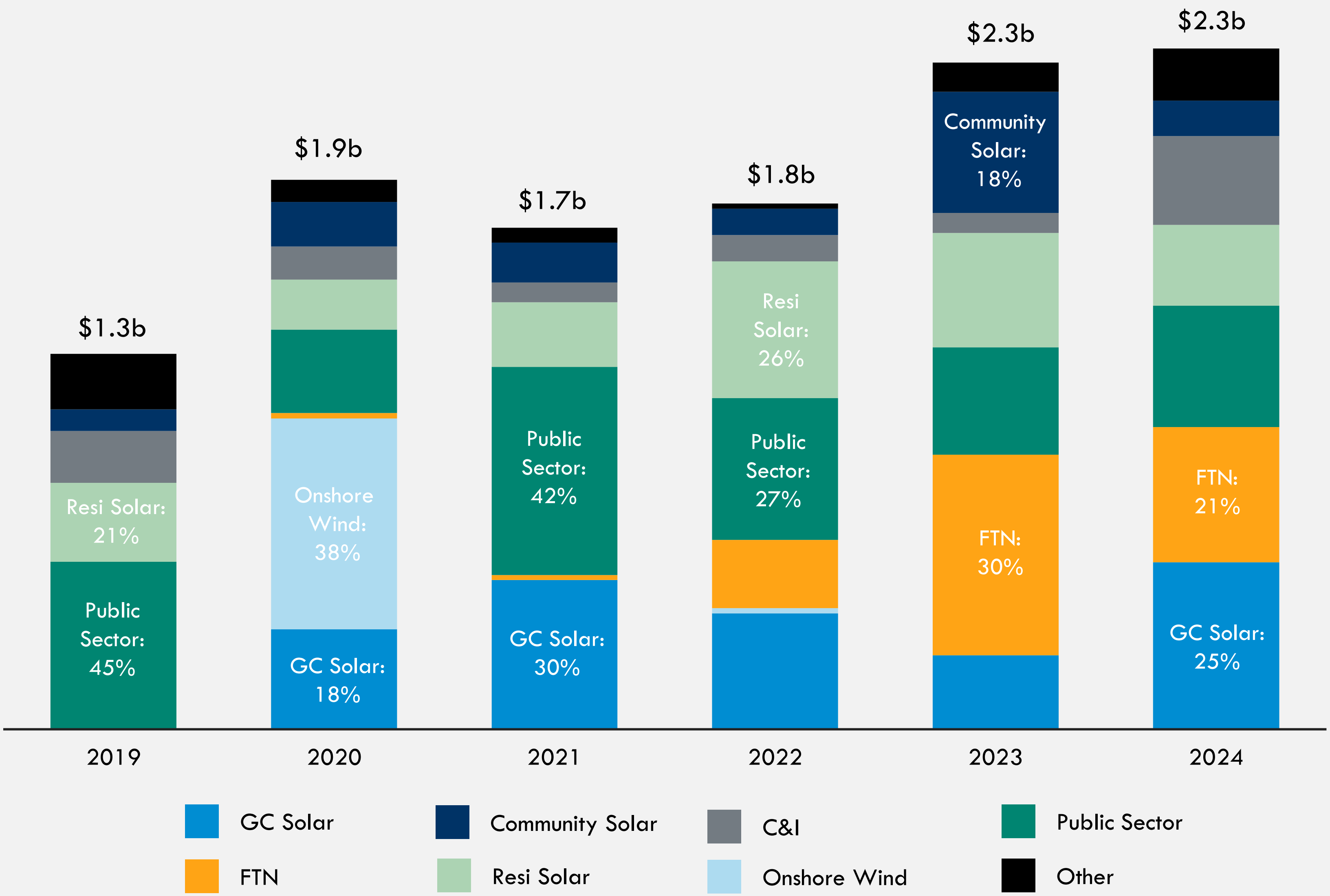



- BTM: The rising retail cost of power—driven by higher electric utility rates—continues to drive market opportunities, including energy efficiency projects
- GC: Primarily solar and solar + storage projects; de minimis wind in pipeline
- FTN: Share of our pipeline grew by ~50% last year from 18% at 2023YE to 27% at 2024YE

1. As of 12/31/24

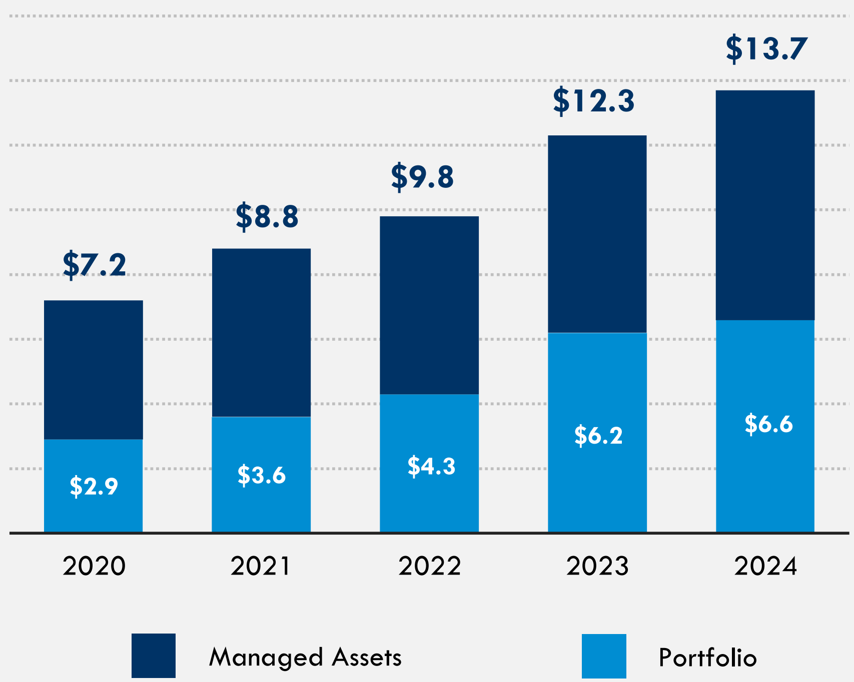
# New Investments Have Become Increasingly More Diversified over the Years

**Top two asset classes of new investments change each year**



# Managed Assets of $13.7b with CCH1 Ramping

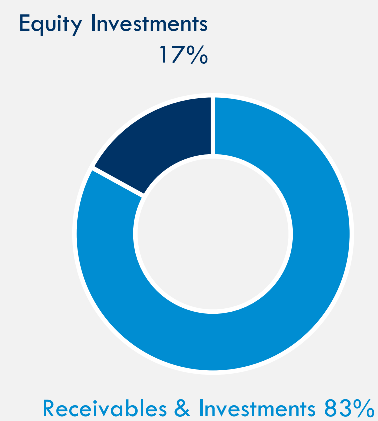
## Managed Assets Up >90% since 2020[1]

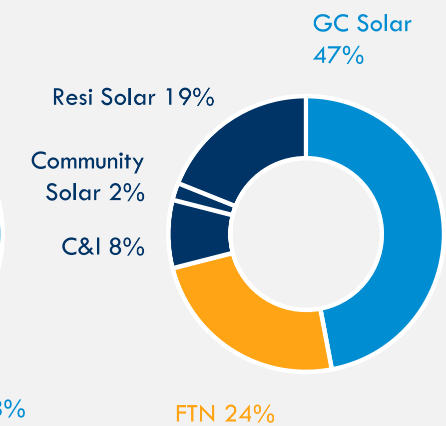



## CCH1 on track and growing[2]

**CCH1**
CarbonCount® Holdings 1 LLC

- Strategic partnership with KKR established in May 2024 to co-invest $2b in sustainable infrastructure projects
- $815m of investments committed, $600m of which have been funded



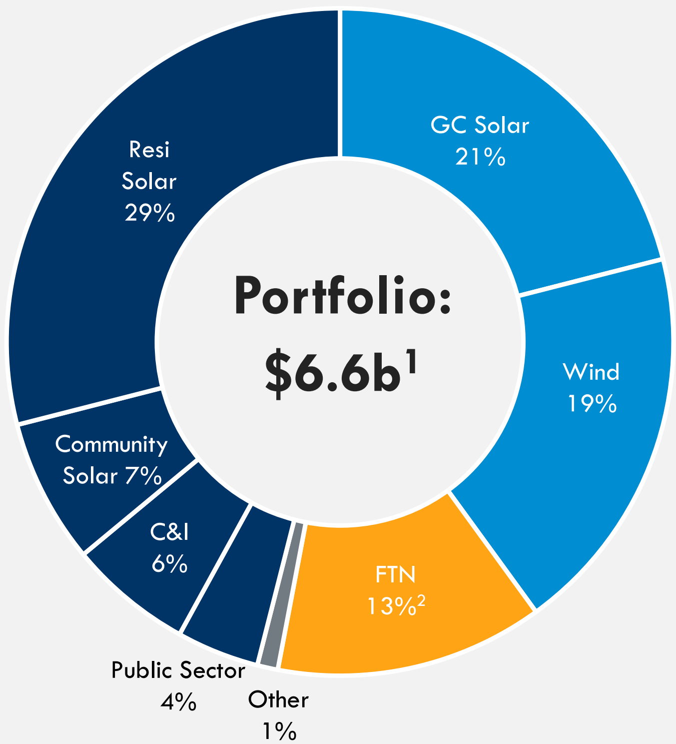




**Managed Assets include (1) our Portfolio, (2) investments managed off-balance sheet in securitization trusts, and (3) investments managed for our partner in CCH1**

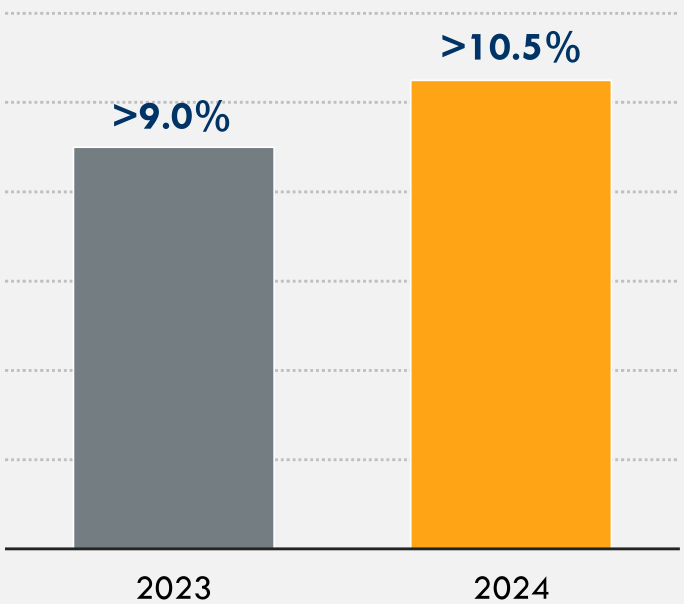
1. As of 12/31/24. See Appendix for complete definition
2. As of 12/31/24

# New Portfolio Asset Yields Rose to >10.5% in 2024

## Diversification across asset classes



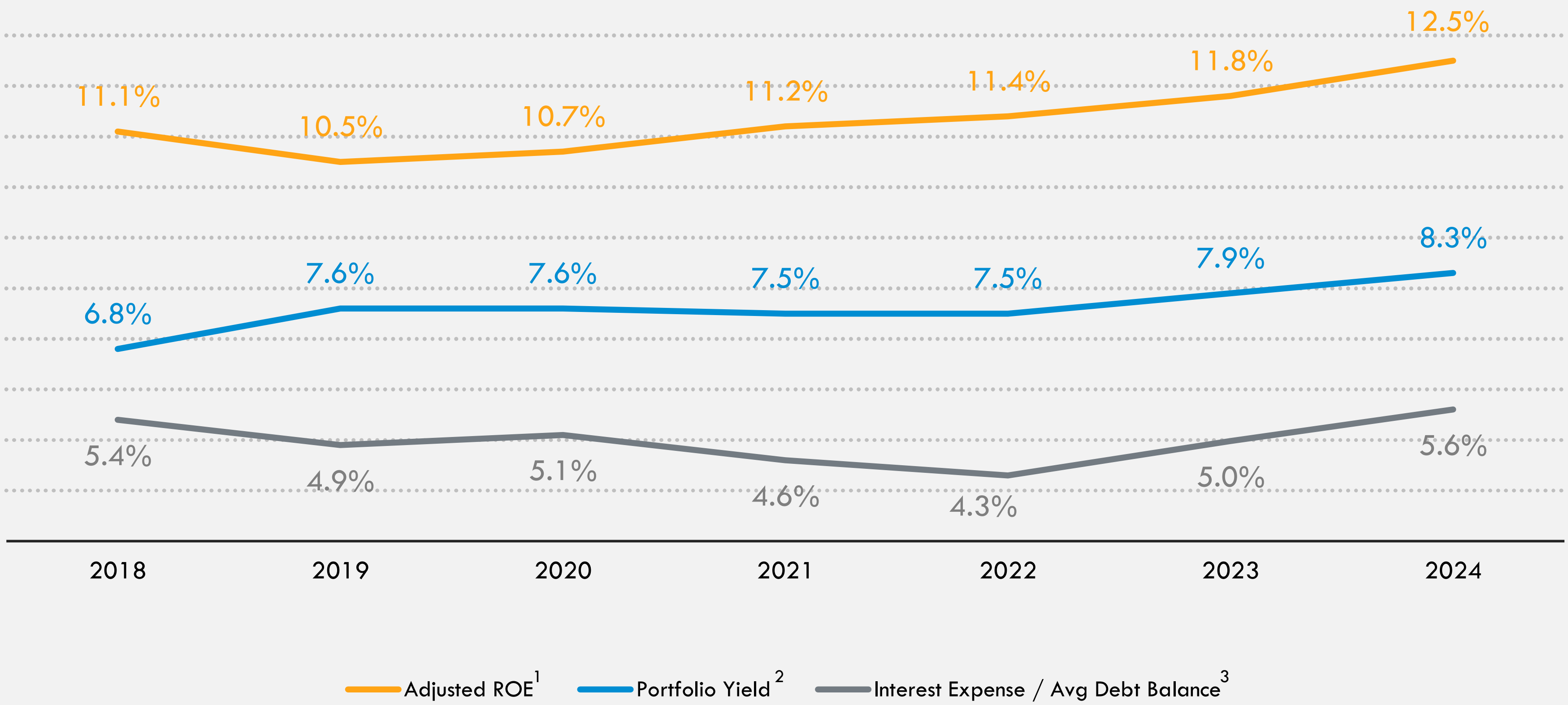

## Yield on new portfolio assets[3]




**At 12/31/24, Portfolio Yield was 8.3%, up from 7.9% at the end of 2023[3]**

1. As of 12/31/24. For explanation of Portfolio, see Appendix.
2. FTN primarily consists of renewable natural gas (RNG)
3. Represents yields on portfolio assets only; excludes follow-on investments of previous transactions. For explanation of Portfolio Yield, see Appendix

# Effectively Navigating a Higher Interest Rate Environment




**Driving higher ROE amidst higher interest rate cycle**

1. Adjusted ROE is calculated using Adjusted Earnings for the period and the average ending quarterly balances for the period. Refer to reconciliation of GAAP Earnings to Adjusted Earnings
2. As of the end of each period. For explanation of Portfolio Yield, see Appendix
3. Excludes incremental interest expense related to debt prepayments. Shown here as a % of average debt balance

# Ample Liquidity to Invest in Our Pipeline

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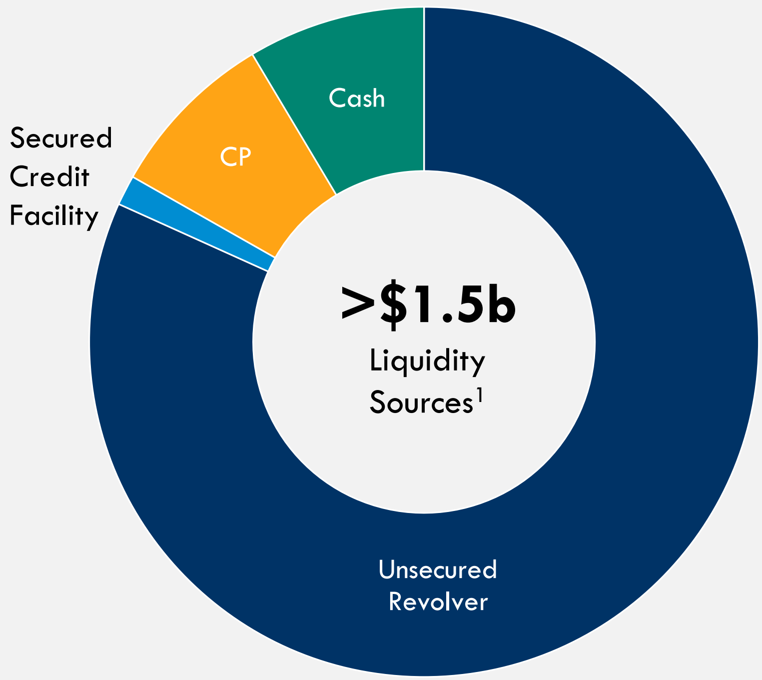
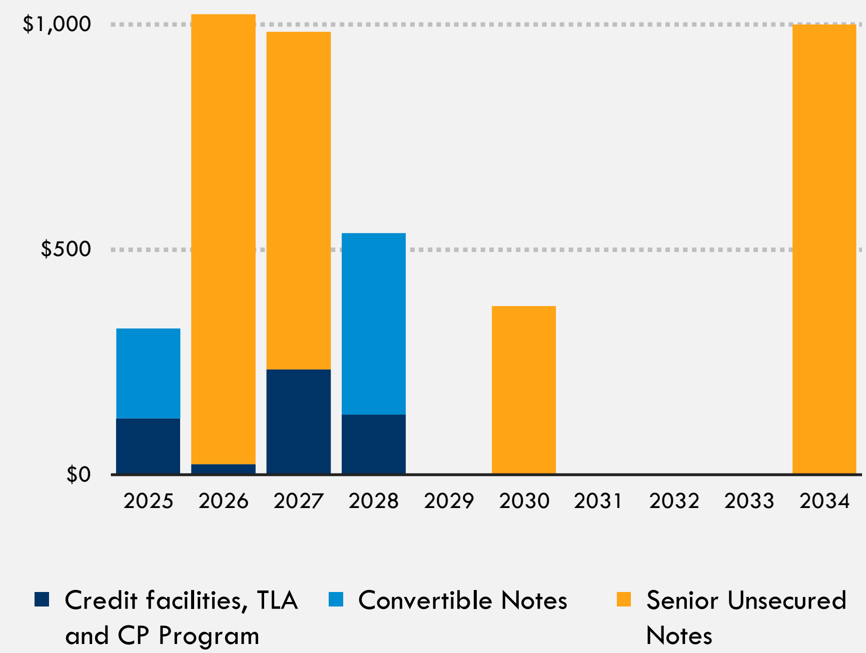
## Revolver largely undrawn




## Debt maturities extend out to 2034[1]




1.8x Debt-to-Equity ratio (within 1.5-2.0 target)
100% of debt fixed or hedged[2]

BBB-/Baa3/BB+ Positive
(Fitch/Moody's/S&P)

1. As of 12/31/24
2. Includes base rate fixed or hedged. See Slide 28 of the Appendix for detail on our hedge portfolio

# 4Q24 Sustainability and Impact Highlights

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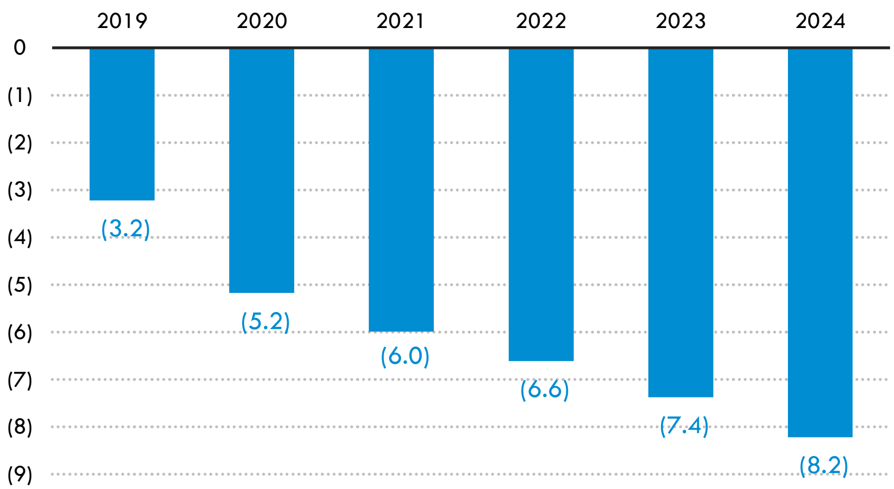
>870k metric tons of $CO_2$ emissions estimated to be avoided annually from our 2024 investments

Achieved an 'A' Score from CDP for 3rd Consecutive Year

Named one of the World's Best Companies in Sustainable Growth in 2025 by TIME Magazine

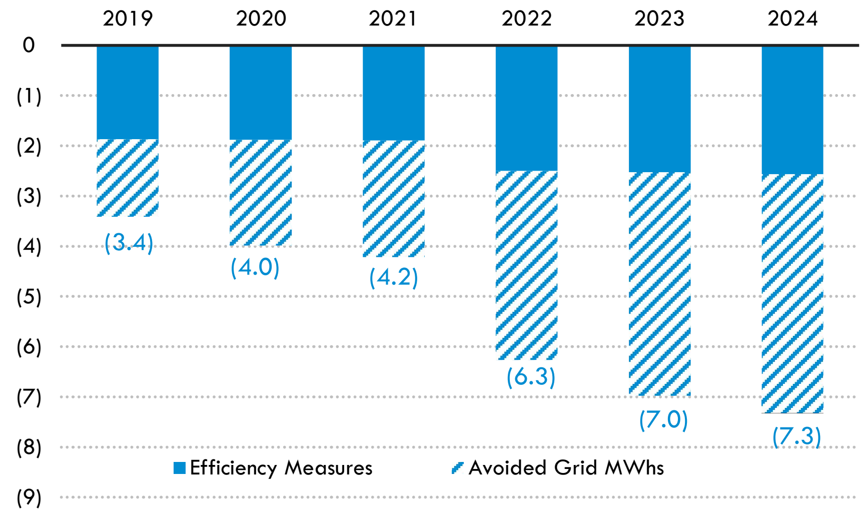
## Carbon Emissions[1] CarbonCount: 0.21 (4Q24)

Cumulative Metric Tons of $CO_2$ Avoided Annually (million tons)




## Water Savings[2] WaterCount: 150 (4Q24)

Cumulative Gallons of Water Saved Annually (billion gallons)




1. CarbonCount® is a proprietary scoring tool for evaluating real assets to determine the efficiency by which each dollar of invested capital avoids annual carbon dioxide equivalent (CO2e) emissions.
2. WaterCountTM is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.

# Highly Resilient and Non-Cyclical Business

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| | |
|---|---|
| Political Cycles | Proven history of growing new investments and Managed Assets regardless of the policy regime |
| Interest Rate Cycles | Strong track record of maintaining margins in any interest rate environment |
| Economic Cycles | Consistent Adjusted EPS growth throughout multiple economic cycles |

# Appendix

# Portfolio Bridge: Q3 2024 to Q4 2024

| | $ millions |
|---|---|
| Portfolio at 9/30/24 | $6,296 |
| Funding of new investments | $250 |
| Funding of prior investments | $160 |
| Principal collections | ($132) |
| Syndications and securitizations | ($53) |
| Other | $73 |
| **Portfolio at 12/31/24** | **$6,594** |

# Adjusted Cash Flow from Operations Plus Other Portfolio Collections[1]

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| $ millions[2] | 2024 | 2023 | 2022 |
|---|---|---|---|
| Cash collected from our Portfolio | $891 | $442 | $424 |
| Cash collected from sale of assets[3] | $325 | $34 | $47 |
| Cash used for compensation and benefits and G&A expenses | ($86) | ($79) | ($64) |
| Interest paid[4] | ($173) | ($138) | ($99) |
| Securitization asset and other income | $33 | $27 | $19 |
| Principal payments on non-recourse debt | ($73) | ($22) | ($31) |
| Other | ($8) | $2 | ($9) |
| **Adjusted Cash from operations plus other portfolio collections** | **$910** | **$266** | **$287** |
| (-) Dividend | ($192) | ($160) | ($132) |
| **Cash Available for Reinvestment** | **$718** | **$106** | **$155** |
| (-) Investments Funded[5] | ($1,075) | ($2,225) | ($871) |
| (+) Net Capital Raised | $419 | $1,969 | $693 |
| Other Sources/Uses of Cash | $13 | $50 | ($51) |
| Change in Cash | $75 | ($100) | ($74) |

1. See explanatory notes for an explanation of Adjusted Cash Flow from Operations Plus Other Portfolio Collections and Cash Available for Reinvestment
2. Amounts may not sum due to rounding
3. Includes cash from the sale of assets on our balance sheet as well as securitization transactions
4. For 2024, interest paid includes a $19 million benefit from the settlement of a derivative which was designated as a cash flow hedge
5. Does not include receivables held-for-sale

# Strong Portfolio with Positive Credit Attributes

## Recent Portfolio Performance

| Rating | Description | Performance Metric |
|---|---|---|
| 1 | Performing[1] | ~99% |
| 2 | Slightly below metrics[2] | ~1% |
| 3 | Significantly below metrics[3] | ~0% |

## Outstanding Credit History

| | |
|---|---|
| Average annual realized loss on underwritten investment (Non-GAAP)[4] | 0.07% |
| Average annual recognized loss on underwritten investment (GAAP)[4] | 0.12% |

## Positive Credit Attributes

| Asset Class | Portfolio(%)[6] | Structural Seniority | Obligor Credit |
|---|---|---|---|
| Residential | 29% | Typically Preferred | > 355k consumers WAVG FICO: "Very Good" [5] |
| GC Solar | 21% | Typically Super Senior or Preferred | Typically IG corporates or utilities |
| Wind | 19% | Typically Preferred | Typically IG corporates or utilities |
| Fuels, Transport & Nature | 13% | Senior | Various incentivized offtakers |
| Community | 7% | Typically Preferred | Typically creditworthy consumers and/or IG corporates |
| C&I | 6% | Senior or Preferred | Typically IG corporates |
| Public Sector | 4% | Senior or Preferred | Predominantly IG govt or quasi-govt entities |

1. This category includes our assets where based on our credit criteria and performance to date we believe that our risk of not receiving our invested capital remains low. | 2. This category includes our assets where based on our credit criteria and performance to date we believe there is a moderate level of risk to not receiving some or all of our invested capital | 3. This category includes our assets where based on our credit criteria and performance to date, we believe there is substantial doubt regarding our ability to recover some or all of our invested capital | 4. Average Annual Recognized (GAAP)/ Realized (Non-GAAP) Loss on Managed Assets is the average rate of our annual recognized (GAAP)/ realized (Non-GAAP) losses, calculated as a percentage of recognized (GAAP)/ realized (Non-GAAP) losses incurred in each year relative to average Managed Assets. This metric includes the 10 year period ending December 31, 2024. These losses include both losses related to equity method investments and receivables and investments. | 5. As of December 31, 2024; located across 21 states and the District of Columbia, Puerto Rico and Guam; qualitative FICO Rating corresponds to average FICO Score range for consumer obligors (as of lease origination dates) | 6. Total may not sum due to rounding

# Summary of Total Debt and Hedge Portfolio

HASI

| Debt Facility | Debt Amount (millions) [1] | Interest Rate[2] | Maturity Year |
|---|---|---|---|
| Corporate Senior Unsecured Notes | $1,000 | 3.38% | 2026 |
| Corporate Senior Unsecured Notes | $750 | 8.00% | 2027 |
| Term Loan A | $247 | 5.76% | 2027 |
| Convertible Notes | $403 | 3.75% | 2028 |
| Corporate Senior Unsecured Notes | $375 | 3.75% | 2030 |
| Corporate Senior Unsecured Notes | $1,000 | 6.21% | 2034 |
| Convertible Notes | $200 | 3.25% | 2025 |
| Revolving Line of Credit | $0 | N/A | 2028 |
| Rhea Debt Facility | $167 | 6.76% | 2028 |
| Harmony | $96 | 6.78% | 2042 |
| Commercial Paper Notes[3] | $100 | 5.35% | 2028 |
| Other Non-Recourse | $39 | 3.15%-7.23% | 2024 to 2032 |

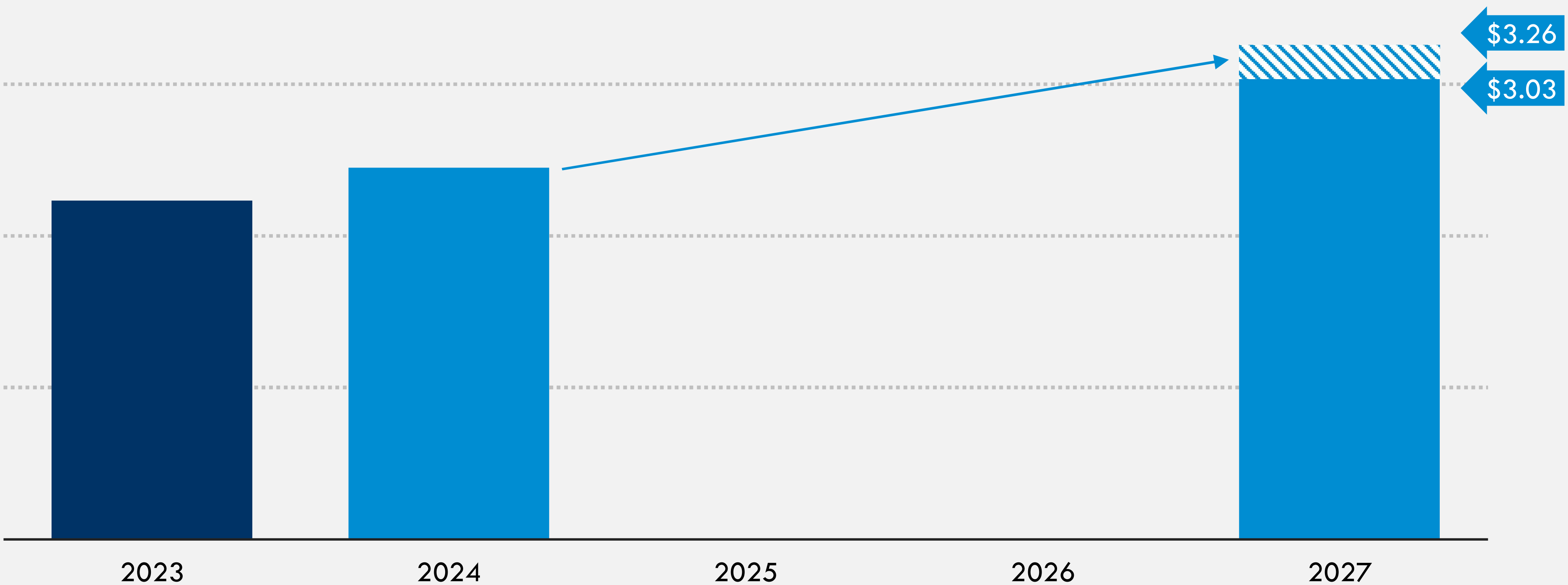
Fixed Rate Debt    Floating Rate Debt, Swapped to Fixed Where Noted Below

| Hedged Instrument[1] | Notional ($ in millions) | Fixed Rate | Hedge Structure | Termination Date |
|---|---|---|---|---|
| 2026 Sr. Notes[4] | $600 | 3.085% | Fwd-starting Pay Fixed / Receive SOFR | 6/15/2033 |
| 2026 Sr. Notes[4] | $400 | 2.980% | Fwd-starting Pay Fixed / Receive SOFR | 6/15/2033 |
| Term Loan A | $200 | 3.788% | Pay fixed / Receive 1-mo Term SOFR | 3/27/2033 |
| Revolving Line of Credit | $250 | 3.695% (Floor) 4.000% (Cap) | Collar | 5/26/2026 |
| Rhea Debt Facility | $168 | 4.41% | Pay fixed / Receive Daily SOFR | 6/10/2033 |
| 2027 Sr. Notes[5] | $375 | 3.72% | Fwd-starting Pay Fixed / Receive SOFR | 6/15/2037 |

1. As of December 31, 2024
2. Interest rate includes hedge rate where applicable
3. CP is renewed periodically on short term basis
4. 2026 Sr. Note Hedges have a mandatory early termination provision by 9/15/2026
5. 2027 Sr. Note Hedges have a mandatory early termination provision by 6/15/2027

# 2024-27 Guidance Bridge to Long-Term Business Model

| | Adjusted EPS[1] | Dividend |
|---|---|---|
| Long-Term Business Model | 10% CAGR (Realized 2014-2024 CAGR of 10%) | 50% payout ratio[2] |
| 2024 – 2027 Guidance | 8-10% CAGR[3] | 55-60% payout ratio by 2027[2] |




1. See Appendix for an explanation of Adjusted Earnings, including reconciliations to the relevant GAAP measures
2. Payout ratio is as a percentage of Adjusted EPS
3. Using 2023 base year

# Income Statement

HASI

HA SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

| | For the Three Months Ended December 31, | | For the Year Ended December 31, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Revenue** | | | | |
| Interest income | $ 68,253 | $ 62,170 | $ 263,792 | $ 207,794 |
| Rental income | 83 | 2,239 | 2,095 | 21,251 |
| Gain on sale of assets | 18,257 | 15,722 | 80,341 | 68,637 |
| Securitization asset income | 6,857 | 5,878 | 26,054 | 19,259 |
| Other income | 7,848 | 576 | 11,313 | 2,930 |
| **Total revenue** | **101,298** | **86,585** | **383,595** | **319,871** |
| **Expenses** | | | | |
| Interest expense | 61,560 | 50,595 | 242,364 | 171,008 |
| Provision for loss on receivables | 2,003 | (649) | 1,059 | 11,832 |
| Compensation and benefits | 22,608 | 15,817 | 81,319 | 64,344 |
| General and administrative | 8,904 | 6,457 | 32,905 | 31,283 |
| **Total expenses** | **95,075** | **72,220** | **357,647** | **278,467** |
| **Income before equity method investments** | **6,223** | **14,365** | **25,948** | **41,404** |
| Income (loss) from equity method investments | 85,858 | 113,545 | 247,878 | 140,974 |
| **Income (loss) before income taxes** | **92,081** | **127,910** | **273,826** | **182,378** |
| Income tax (expense) benefit | (20,769) | (36,920) | (70,198) | (31,621) |
| **Net income (loss)** | **$ 71,312** | **$ 90,990** | **$ 203,628** | **$ 150,757** |
| Net income (loss) attributable to non-controlling interest holders | 1,225 | 1,228 | 3,591 | 1,921 |
| **Net income (loss) attributable to controlling stockholders** | **$ 70,087** | **$ 89,762** | **$ 200,037** | **$ 148,836** |
| Basic earnings (loss) per common share | $ 0.59 | $ 0.80 | $ 1.72 | $ 1.45 |
| Diluted earnings (loss) per common share | $ 0.54 | $ 0.74 | $ 1.62 | $ 1.42 |
| Weighted average common shares outstanding—basic | 118,615,360 | 111,277,751 | 115,548,087 | 101,844,551 |
| Weighted average common shares outstanding—diluted | 137,130,030 | 129,656,080 | 130,501,006 | 109,467,554 |

# Balance Sheet

HASI

HA SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 129,758 | $ 62,632 |
| Equity method investments | 3,612,394 | 2,966,305 |
| Receivables, net of allowance of $50 million and $50 million, respectively | 2,895,837 | 3,073,855 |
| Receivables held-for-sale | 75,556 | 35,299 |
| Real estate | 2,984 | 111,036 |
| Investments | 6,818 | 7,165 |
| Securitization assets, net of allowance of $3 million and $3 million, respectively | 248,688 | 218,946 |
| Other assets | 108,210 | 77,112 |
| **Total Assets** | **$ 7,080,245** | **$ 6,552,350** |
| **Liabilities and Stockholders' Equity** | | |
| Liabilities: | | |
| Accounts payable, accrued expenses and other | $ 275,639 | $ 163,305 |
| Credit facilities | 1,001 | 400,861 |
| Commercial paper notes | 100,057 | 30,196 |
| Term loans payable | 407,978 | 727,458 |
| Non-recourse debt (secured by assets of $307 million and $239 million, respectively) | 131,589 | 160,456 |
| Senior unsecured notes | 3,139,363 | 2,318,841 |
| Convertible notes | 619,543 | 609,608 |
| Total Liabilities | 4,675,170 | 4,410,725 |
| Stockholders' Equity: | | |
| Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding | — | — |
| Common stock, par value $0.01 per share, 450,000,000 shares authorized, 118,960,353 and 112,174,279 shares issued and outstanding, respectively | 1,190 | 1,122 |
| Additional paid-in capital | 2,592,964 | 2,381,510 |
| Accumulated deficit | (297,499) | (303,536) |
| Accumulated other comprehensive income (loss) | 40,101 | 13,165 |
| Non-controlling interest | 68,319 | 49,364 |
| Total Stockholders' Equity | 2,405,075 | 2,141,625 |
| **Total Liabilities and Stockholders' Equity** | **$ 7,080,245** | **$ 6,552,350** |

# Statement of Cashflows

HASI

**HA SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(DOLLARS IN THOUSANDS)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Cash flows from operating activities** | | | |
| Net income (loss) | $ 203,628 | $ 150,757 | $ 41,911 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for loss on receivables | 1,059 | 11,832 | 12,798 |
| Depreciation and amortization | 1,003 | 3,127 | 3,993 |
| Amortization of financing costs | 17,039 | 12,958 | 11,685 |
| Equity-based compensation | 23,151 | 18,386 | 20,101 |
| Equity method investments | (179,747) | (108,025) | 16,403 |
| Non-cash gain on sale or securitization | (70,685) | (43,542) | (28,614) |
| (Gain) loss on sale of assets | 7,299 | 1,305 | (218) |
| Changes in receivables held-for-sale | (29,273) | 51,538 | (62,953) |
| Loss on debt extinguishment | — | — | — |
| Changes in accounts payable, accrued expenses and other | 101,410 | 48,485 | 18,176 |
| Change in accrued interest on receivables and investments | (78,639) | (44,105) | (15,414) |
| Cash received (paid) upon hedge settlement | 20,311 | — | — |
| Other | (10,704) | (3,027) | (17,638) |
| Net cash provided by operating activities | 5,852 | 99,689 | 230 |
| **Cash flows from investing activities** | | | |
| Equity method investments | (396,613) | (869,412) | (127,867) |
| Equity method investment distributions received | 39,142 | 30,140 | 110,064 |
| Proceeds from sales of equity method investments | 9,472 | — | 1,700 |
| Purchases of and investments in receivables | (667,140) | (1,338,860) | (726,931) |
| Principal collections from receivables | 600,652 | 197,784 | 125,976 |
| Proceeds from sales of receivables | 171,991 | 7,634 | 5,047 |
| Purchases of real estate | — | — | (4,550) |
| Sales of real estate | 115,767 | — | 4,550 |
| Purchases of investments | (10,537) | (14,404) | (2,329) |
| Proceeds from sales of investments and securitization assets | 5,390 | — | 7,020 |
| Collateral provided to hedge counterparties | (27,090) | (93,550) | — |
| Collateral received from hedge counterparties | 27,570 | 84,950 | — |
| Funding of escrow accounts | — | — | (5,476) |
| Withdrawal from escrow accounts | — | — | 22,757 |
| Other | 204 | 2,915 | (2,071) |
| Net cash provided by (used in) investing activities | (131,192) | (1,992,803) | (592,110) |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Cash flows from financing activities** | | | |
| Proceeds from credit facilities | 1,296,792 | 1,177,000 | 100,000 |
| Principal payments on credit facilities | (1,696,792) | (827,000) | (150,000) |
| Proceeds from (repayment of) commercial paper notes | 70,000 | 30,000 | (50,000) |
| Proceeds from issuance of non-recourse debt | 94,000 | — | 32,923 |
| Principal payments on non-recourse debt | (72,989) | (21,606) | (30,581) |
| Proceeds from issuance of term loan | 250,000 | 365,000 | 383,000 |
| Principal payments on term loan | (567,952) | (16,478) | — |
| Proceeds from issuance of senior unsecured notes | 1,199,956 | 550,000 | — |
| Redemption of senior unsecured notes | (400,000) | — | — |
| Proceeds from issuance of convertible notes | — | 402,500 | 200,000 |
| Principal payments on convertible notes | — | (143,748) | (461) |
| Purchase of capped calls related to the issuance of convertible notes | — | (37,835) | — |
| Net proceeds of common stock issuances | 203,528 | 492,377 | 188,881 |
| Payments of dividends and distributions | (192,269) | (159,786) | (132,198) |
| Withholdings on employee share vesting | (529) | (1,488) | (3,211) |
| Redemption premium paid | — | — | — |
| Payment of debt issuance costs | (30,331) | (22,894) | (11,754) |
| Collateral provided to hedge counterparties | (151,330) | (166,600) | — |
| Collateral received from hedge counterparties | 199,300 | 176,050 | — |
| Other | (969) | (3,268) | (9,820) |
| Net cash provided by (used in) financing activities | 200,415 | 1,792,224 | 516,779 |
| Increase (decrease) in cash, cash equivalents, and restricted cash | 75,075 | (100,890) | (75,101) |
| Cash, cash equivalents, and restricted cash at beginning of period | 75,082 | 175,972 | 251,073 |
| **Cash, cash equivalents, and restricted cash at end of period** | $ 150,157 | $ 75,082 | $ 175,972 |
| Interest paid | $ 192,960 | $ 138,418 | $ 98,704 |
| **Supplemental disclosure of non-cash activity** | | | |
| Residual assets retained from securitization transactions | $ 43,329 | $ 35,483 | $ 28,614 |
| Equity method investments retained from securitization and deconsolidation transactions | 32,564 | 144,603 | — |
| Issuance of common stock from conversion of convertible notes | — | — | 7,674 |
| Equity method investments retained from sale of assets to co-investment structure | 115,249 | — | — |
| Deconsolidation of non-recourse debt and other liabilities | 51,233 | 257,746 | — |
| Deconsolidation of assets pledged for non-recourse debt | 51,761 | 374,608 | — |
| Assumption of deferred financing obligation | 32,910 | — | — |

# Adjusted Cash Flow from Operations Plus Other Portfolio Collections

HASI

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | | (in thousands) | |
| Net cash provided by operating activities | $ 5,852 | $ 99,689 | $ 230 |
| Changes in receivables held-for-sale | 29,273 | (51,538) | 62,953 |
| Equity method investment distributions received | 39,142 | 30,140 | 110,064 |
| Proceeds from sales of equity method investments | 9,472 | — | 1,700 |
| Principal collections from receivables | 600,652 | 197,784 | 125,976 |
| Proceeds from sales of receivables | 171,991 | 7,634 | 5,047 |
| Proceeds from sales of land | 115,767 | — | 4,550 |
| Principal collections from investments (1) | 47 | 3,805 | 171 |
| Proceeds from the sale of a previously consolidated VIE (1) | 5,478 | — | — |
| Proceeds from sales of investments and securitization assets | 5,390 | — | 7,020 |
| Principal payments on non-recourse debt | (72,989) | (21,606) | (30,581) |
| Adjusted cash flow from operations and other portfolio collections | $ 910,075 | $ 265,908 | $ 287,130 |
| Less: Dividends | (192,269) | (159,786) | (132,198) |
| Cash Available for Reinvestment | $ 717,806 | $ 106,122 | $ 154,932 |

(1) Included in Other in the cash provided (used in) investing activities section of our statement of cash flows.

# Reconciliation of GAAP Net Income to Adjusted Earnings

| | Three months ended December 31, | | | | For the year ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | $ | per share | $ | per share | $ | per share | $ | per share |
| | (dollars in thousands, except per share amounts) | | | | | | | |
| Net income attributable to controlling stockholders [(1)] | 70,087 | $0.54 | $ 89,762 | $0.74 | $ 200,037 | $1.62 | $ 148,836 | $1.42 |
| Adjustments: | | | | | | | | |
| Reverse GAAP (income) loss from equity method investments | (85,858) | | (113,545) | | (247,878) | | (140,974) | |
| Add equity method investments earnings [(2)] | 64,843 | | 43,304 | | 239,032 | | 156,757 | |
| Elimination of proportionate share of fees earned from co-investment structures [(3)] | (1,797) | | — | | (2,144) | | — | |
| Equity-based expense | 4,149 | | 3,409 | | 25,608 | | 19,782 | |
| Provision for loss on receivables [(4)] | 2,003 | | (649) | | 1,059 | | 11,832 | |
| (Gain) loss on debt modification or extinguishment | — | | — | | 953 | | — | |
| Amortization of intangibles | 1 | | 213 | | 180 | | 2,473 | |
| Non-cash provision (benefit) for taxes | 20,769 | | 36,920 | | 70,198 | | 31,621 | |
| Current year earnings attributable to non-controlling interest | 1,225 | | 1,228 | | 3,591 | | 1,921 | |
| Adjusted earnings | $ 75,422 | $0.62 | $ 60,642 | $0.53 | $ 290,636 | $2.45 | $ 232,248 | $2.23 |
| Shares for adjusted earnings per share [(5)] | 121,838,785 | | 113,847,831 | | 118,648,176 | | 104,319,803 | |

(1) The per share data reflects the GAAP diluted earnings per share and is the most comparable GAAP measure to our adjusted earnings per share.

(2) This is a non-GAAP adjustment to reflect the return on capital of our equity method investments as described above.

(3) This adjustment is to eliminate the intercompany portion of fees received from co-investment structures that for GAAP net income is included in the Equity method income line item. Since we remove GAAP Equity method income for purposes of our Adjusted Earnings metric, we add back the elimination through this adjustment.

(4) In addition to these provisions, in 2022 we wrote off two commercial receivables with a combined total carrying value of approximately $8 million which represented assignments of land lease payments from two wind projects that we had originated in 2014 as a part of an acquisition of a large land portfolio. In 2017, the operator of the projects terminated the lease, at which time we filed a legal claim and placed these assets on non-accrual status. In 2019, we received a court decision indicating that the owners of the projects were within their rights under the contract terms to terminate the lease which impacts the land lease assignments to us, at which time we reserved the receivables for their full carrying amount. In 2022, we received a court decision indicating that our appeal was not successful, and accordingly wrote off the full amount of the receivable. We have excluded the write-off from Adjusted earnings for the year ended December 31, 2022, due to the infrequent occurrence of credit losses as well as the unique nature of the receivables, as the assignment of land lease payments from wind projects represent a small portion of our total portfolio. In 2024, we concluded that an equity method investment, along with certain loans we had made to this investee, were not recoverable. The equity method investment and loans had a carrying value of $0 due to the losses already recognized through GAAP income from equity method investments as a result of operating losses sustained by the investee. We have excluded this write-off from Adjusted earnings, as this investment was an investment in a corporate entity which is not a part of our current investment strategy and is immaterial to our Portfolio. The loss associated with these investments is included in our Average Annual Realized Loss on Managed Assets metric disclosed below.

(5) Shares used to calculated Adjusted earnings per share represents the weighted average number of shares outstanding including our issued unrestricted common shares, restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuances related to share-based compensation units in the amount we believe is reasonably certain to vest. As it relates to Convertible Notes, we will assess the market characteristics around the instrument to determine if it is more akin to debt or equity based on the value of the underlying shares compared to the conversion price. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument. We will consider the impact of any capped calls in assessing whether an instrument is equity-like or debt like.

# Reconciliation of GAAP-based NII to Adjusted NII

HASI

| | Three months ended December 31, | | Year ended December 31, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | *(in thousands)* | | | |
| Interest income | $ 68,253 | $ 62,170 | $ 263,792 | $ 207,794 |
| Rental income | 83 | 2,239 | 2,095 | 21,251 |
| GAAP-based investment revenue | 68,336 | 64,409 | 265,887 | 229,045 |
| Interest expense | 61,560 | 50,595 | 242,364 | 171,008 |
| GAAP-based net investment income | 6,776 | 13,814 | 23,523 | 58,037 |
| Equity method earnings adjustment (1) | 64,843 | 43,304 | 239,032 | 156,757 |
| (Gain) loss on debt modification or extinguishment | — | — | 953 | — |
| Amortization of real estate intangibles (2) | 1 | 213 | 180 | 2,473 |
| **Adjusted net investment income** | **$ 71,620** | **$ 57,331** | **$ 263,688** | **$ 217,267** |

(1) Reflects adjustment for equity method investments described above.

(2) Adds back non-cash amortization related to acquired real estate leases.

# Additional GAAP to Non-GAAP Reconciliations

| | As of December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | *(dollars in millions)* | |
| Equity method investments | $ 3,612 | $ 2,966 |
| Receivables, net of allowance | 2,896 | 3,074 |
| Receivables held-for-sale | 76 | 35 |
| Real estate | 3 | 111 |
| Investments | 7 | 7 |
| GAAP-based Portfolio | 6,594 | 6,193 |
| Other investors' share of assets held in securitization trusts | 6,809 | 6,060 |
| Other investors' share of assets held in co-investment structures [1] | 300 | — |
| Managed assets | $ 13,703 | $ 12,253 |

(1) Total assets in co-investment structures are $600 million as of December 31, 2024.

# Explanatory Notes

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**Adjusted Cash Flow from Operations plus Other Portfolio Collections**

We operate our business in a manner that considers total cash collected from our portfolio and making necessary operating and debt service payments to assess the amount of cash we have available to fund dividends and investments. We believe that the aggregate of these items, which combine as a non-GAAP financial measure titled Adjusted Cash Flow from Operations plus Other Portfolio Collections, is a useful measure of the liquidity we have available from our assets to fund both new investments and our regular quarterly dividends. This non-GAAP financial measure may not be comparable to similarly titled or other similar measures used by other companies. Although there is also not a directly comparable GAAP measure that demonstrates how we consider cash available for dividend payment, set forth further in the Appendix is a reconciliation of this measure to GAAP Net cash provided by operating activities.

Also, Adjusted Cash Flow from Operations plus Other Portfolio Collections differs from Net cash provided by (used in) investing activities in that it excludes many of the uses of cash used in our investing activities such as Equity method investments, Purchases of and investments in receivables, Purchases of investments, and Collateral provided to and received from hedge counterparties.

In addition, Adjusted Cash Flow from Operations plus Other Portfolio Collections is not comparable to Net cash provided by (used in) financing activities in that it excludes many of our financing activities such as proceeds from common stock issuances and borrowings and repayments of unsecured debt.

**Cash Available for Reinvestment**

Cash available for reinvestment is a non-GAAP measure which is calculated as adjusted cash flow from operations plus other portfolio collections less dividend and distribution payments made during the period. We believe Cash available for reinvestment is useful as a measure of our ability to make incremental investments from reinvested capital after factoring in all necessary cash outflows to operate the business. Management uses Cash available for reinvestment in this way, and we believe that our investors use it in a similar fashion.

# Supplemental Financial Data

HASI

**Adjusted Earnings and Earnings on Equity Method Investments**

We calculate Adjusted earnings as GAAP net income (loss) excluding non-cash equity compensation expense, provisions for loss on receivables, amortization of intangibles, non-cash provision (benefit) for taxes, gains or (losses) from modification or extinguishment of debt facilities, any one-time acquisition related costs or non-cash tax charges and the earnings attributable to our non-controlling interest of our Operating Partnership. We also make an adjustment to eliminate our portion of fees we earn from related-party co-investment structures, and for our equity method investments in the renewable energy projects as described below. We will use judgment in determining when we will reflect the losses on receivables in our Adjusted earnings, and we will consider certain circumstances such as, the time period in default, sufficiency of collateral as well as the outcomes of any related litigation. In the future, Adjusted earnings may also exclude one-time events pursuant to changes in GAAP and certain other adjustments as approved by a majority of our independent directors.

We believe a non-GAAP measure, such as Adjusted Earnings, that adjusts for the items discussed above is and has been a meaningful indicator of our economic performance in any one period and is useful to our investors as well as management in evaluating our performance as it relates to expected dividend payments over time. We believe that our investors also use Adjusted Earnings, or a comparable supplemental performance measure, to evaluate and compare our performance to that of our peers, and as such, we believe that the disclosure of Adjusted Earnings is useful to our investors.

Certain of our equity method investments in renewable energy and energy efficiency projects are structured using typical partnership “flip” structures where the investors with cash distribution preferences receive a pre-negotiated return consisting of priority distributions from the project cash flows, in many cases, along with tax attributes. Once this preferred return is achieved, the partnership “flips” and the common equity investors, often the operator or sponsor of the project, receive more of the cash flows through its equity interests while the previously preferred investors retain an ongoing residual interest. We have made investments in both the preferred and common equity of these structures. Regardless of the nature of our equity interest, we typically negotiate the purchase prices of our equity investments, which have a finite expected life, based on our underwritten cash flows projects discounted back to the net present value, based on a target investment rate, with the cash flows to be received in the future reflecting both a return on the capital (at the investment rate) and a return of the capital we have committed to the project. We use a similar approach in the underwriting of our receivables.

Under GAAP, we account for these equity method investments utilizing the HLBV method. Under this method, we recognize income or loss based on the change in the amount each partner would receive, typically based on the negotiated profit and loss allocation, if the assets were liquidated at book value, after adjusting for any distributions or contributions made during such quarter. The HLBV allocations of income or loss may be impacted by the receipt of tax attributes, as tax equity investors are allocated losses in proportion to the tax benefits received, while the sponsors of the project are allocated gains of a similar amount. The investment tax credit available for election in solar projects is a one-time credit realized in the quarter when the project is considered operational for tax purposes and is fully allocated under HLBV in that quarter (subject to an impairment test), while the production tax credit required for wind projects and electable for solar projects is a ten year credit and thus is allocated under HLBV over a ten year period. In addition, the agreed upon allocations of the project’s cash flows may differ materially from the profit and loss allocation used for the HLBV calculations. We also consider the impact of any other-than-temporary impairment in determining our income from equity method investments.

The cash distributions for those equity method investments where we apply HLBV are segregated into a return on and return of capital on our cash flow statement based on the cumulative income (loss) that has been allocated using the HLBV method. However, as a result of the application of the HLBV method, including the impact of tax allocations, the high levels of depreciation and other non-cash expenses that are common to renewable energy projects and the differences between the agreed upon profit and loss and the cash flow allocations, the distributions and thus the economic returns (i.e., return on capital) achieved from the investment are often significantly different from the income or loss that is allocated to us under the HLBV method in any one period. Thus, in calculating Adjusted Earnings, for certain of these investments where there are characteristics as described above, we further adjust GAAP net income (loss) to take into account our calculation of the return on capital (based upon the underwritten investment rate) from our renewable energy equity method investments, as adjusted to reflect the performance of the project and the cash distributed. We believe this equity method investment adjustment to our GAAP net income (loss) in calculating our Adjusted Earnings measure is an important supplement to the HLBV income allocations determined under GAAP for an investor to understand the economic performance of these investments where HLBV income can differ substantially from the economic returns.

Adjusted Earnings does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), or an indication of our cash flow from operating activities (determined in accordance with GAAP), or a measure of our liquidity, or an indication of funds available to fund our cash needs, including our ability to make cash distributions. In addition, our methodology for calculating Adjusted Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Adjusted Earnings may not be comparable to similar metrics reported by other companies.

# Supplemental Financial Data

**Managed Assets**

As we consolidate assets on our balance sheet, securitize assets off-balance sheet, and manage assets in which we co-invest with other parties, certain receivables and other assets are not reflected on our balance sheet where we may have a residual interest in the performance of the investment, such as a retained interest in cash flows. Thus, we present our investments on a non-GAAP managed basis. We believe that our Managed Asset information is useful to investors because it portrays the amount of both on- and off-balance sheet receivables that we manage, which enables investors to understand and evaluate the credit performance associated with our portfolio of receivables, investments and residual assets in off-balance sheet assets. Our management also uses Managed Assets in this way. Our non-GAAP Managed Assets measure may not be comparable to similarly titled measures used by other companies.

**Adjusted Net Investment Income**

Adjusted Net Investment Income is calculated as GAAP-based Net Investment Income (Interest Income and Rental Income less Interest Expense) as reported within our financial statements prepared in accordance with US GAAP plus Adjusted Earnings from our Equity Method Investments when allocating cash distributions between a return on and return of invested capital plus amortization of real estate intangibles. We utilize this measure in operating our business and believe it is useful information for our investors and management for the reasons discussed in our Adjusted Earnings measure. Our Adjusted Net Investment Income measure may not be comparable to similarly titled measures used by other companies.

**Portfolio Yield**

We calculate portfolio yield as the weighted average underwritten yield of the investments in our Portfolio as of the end of the period. Underwritten yield is the rate at which we discount the cash flows from the assets in our portfolio to determine our purchase price. In calculating underwritten yield, we make certain assumptions, including the timing and amounts of cash flows generated by our investments, which may differ from actual results, and may update this yield to reflect our most current estimates of project performance. We believe that portfolio yield provides an additional metric to understand certain characteristics of our Portfolio as of a point in time. Our management uses portfolio yield this way and we believe that our investors use it in a similar fashion to evaluate certain characteristics of our portfolio compared to our peers, and as such, we believe that the disclosure of portfolio yield is useful to our investors. Our Portfolio Yield measure may not be comparable to similarly titled measures used by other companies.

**Guidance**

The Company expects that annual Adjusted earnings per share will grow at a compounded annual rate of 8% to 10% from 2024 to 2027, relative to the 2023 baseline of $2.23 per share, which is equivalent to a 2027 midpoint of $3.15 per share. The Company also expects the payout ratio of distributions of annual dividends per share as a percentage of annual Adjusted earnings per share to decline annually to 55%-60% by 2027. This guidance reflects the Company's judgments and estimates of (i) yield on its existing portfolio; (ii) yield on incremental portfolio investments, inclusive of the Company's existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of the Company's forecasted operations; and (vi) the general interest rate and market environment. In addition, distributions are subject to approval by the Company's Board of Directors on a quarterly basis. The Company has not provided GAAP guidance as discussed in the Forward-Looking Statements.

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