HASI

Fixed Income Investor Day

September 2023

Forward Looking Statements

HASI

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 for the year ended December 31, 2022 (the "Form 10-K"), on file 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 June 30, 2023. 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 proposed revocation of our REIT election and (x) 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. We have not provided GAAP guidance as discussed in the Supplemental Financial Data slides of this Earnings Presentation. We disclaim any obligation to update, or publicly release the results of any update or revisions to these forward-looking statements reflecting 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 wells as reconciliations of such non-GAAP 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.

Agenda

1	Introduction to HASI Jeff Lipson, President and CEO
2	Business Overview Marc Pangburn, CFO
3	Credit Highlights Rich Santoroski, Chief Risk Officer
4	Concluding Remarks Jeff Lipson, CEO

HASI

HASI

Jeff Lipson

President and Chief Executive Officer

Introduction to HASI

HASI Strategy Simplified

HASI

Climate

- Preeminent Climate Pure Play
- Capital to Facilitate the Energy Transition
- Measure and Report CarbonCount® of Each Investment

Clients

- Programmatic Partnerships Are a Differentiated Approach
- Solve Client Problems
- Never Compete With Clients

Assets

- Invest in Income Generating Real Assets
- Proven Technologies
- Non-Cyclical, Lower Risk, Predictable

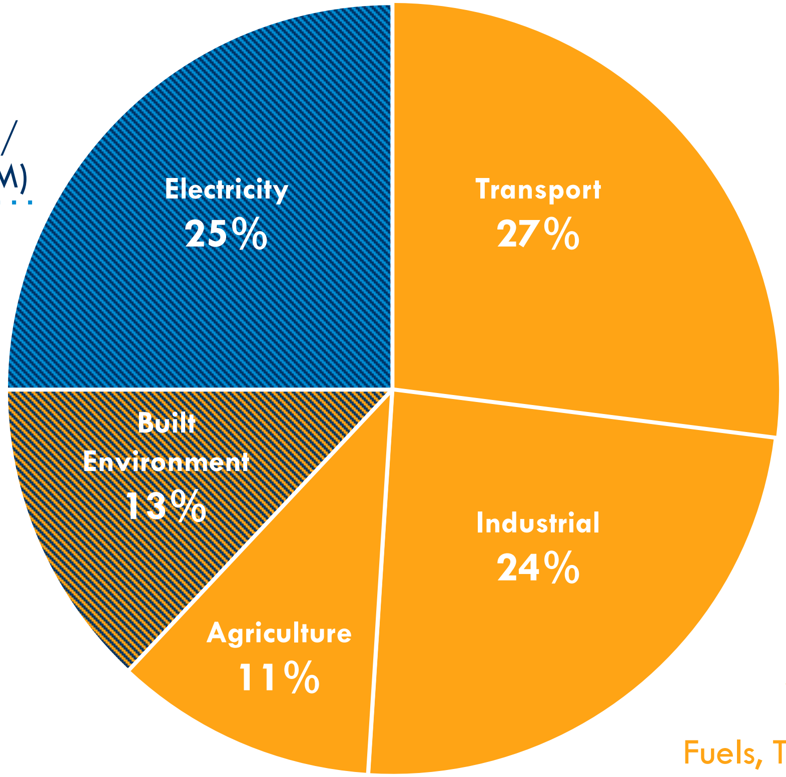
Common Attributes of Our Investments

Driving the Energy Transition

Carbon is Everywhere

U.S. GHG Emissions by Sector[1]

Grid-Connected (GC) / Behind-the-Meter (BTM)



Fuels, Transport & Nature (FTN)

Grid-Connected (GC)

Wind

Solar

Storage

Behind-the-Meter (BTM)

Energy Efficiency

Residential Solar

Community Solar

Fuels, Transport & Nature (FTN)

RNG

Fleet Decarbonization

Ecological Restoration

1. Environmental Protection Agency; Represents U.S. GHG emissions in 2020

Programmatic Clients Drive Repeat Business

HASI

We prioritize programmatic partnerships, driving repeat business and reducing sourcing costs

	Commencement	Transactions	Asset Classes
Johnson Controls	2001	>100	2
AMERESCO	2001	>40	3
Clearway	2013	>20	3
SUNPOWER	2014	>30	3
aes	2016	>20	2
ENGIE	2018	>10	4
sunrun	2018	>5	1
SUMMIT RIDGE ENERGY	2019	>20	1

We invest in multiple sectors and technologies within the energy transition

>340
Energy Efficiency Investments[1]

10.3 GW
of Grid-Connected Wind & Solar Land[1]

4.3 GW
of Grid-Connected Wind[1]

2.1 GW
of Grid-Connected Solar[1]

3.5 GW
of Behind-the-Meter Solar[1]

432
Fleet vehicles[1]

2.7m MMBtu
Annual Renewable Gas Capacity[1]

1. Managed portfolio as of 6/30/23

Myth Busting - Simplifying Items of Perceived Complexity

HASI

Perceived as Complex	Simplified
No direct peers	Best alternative is a cross sectional peer group
Both debt and equity investments across several asset classes	Common attributes
Both on and off-balance sheet assets	Lower yield investments → Securitized Higher yield investments → Balance Sheet
REIT election	Plan to discontinue REIT status subject to board approval in 2024 No material impact on the business
Cashflow and dividend	Simplified cash flow disclosure Dividend guidance provides clarity

Growing Opportunity Set Drives Change in Tax Election

HASI

Strategic Impact	Tax Impact
Expands investment opportunities in renewables and FTN	Anticipate de minimis cash tax due to significant NOLs[2] and other optimization strategies
No change in investment thesis	Equity investments include accelerated depreciation and tax credits
No change in dividend policy	No tax consequence expected upon conversion
<3% of investors are REIT dedicated funds[1]	

Change in REIT status to have a neutral to positive impact on credit

1. Source: Bloomberg, as of 8/3/23
2. Current NOLs: >$500m

Superior Business and Financial Profile With Robust Risk Management

HASI

Proven Business Model	✓Climate | Clients | Assets strategy generates portfolio diversity ✓>$1.8b average annual investments[1]
Exceptional Credit Profile	✓Strong performance across various economic cycles ✓ < 50bps cumulative credit loss and impairments since 2013[2]
Flexible Funding Platform	✓Diverse funding sources ✓Conservative capital structure and leverage profile
Consistent Performance	✓Dual business model drives consistent returns ✓28% Distributable Earnings CAGR since 2014[3]
Outstanding Talent	✓Mission-driven strategy attracts top talent ✓Strong track record of retention of key personnel

1. Annual average volume from 2020 to 2022
2. Calculation represents the cumulative credit losses and impairments as a percent of cumulative originations
3. See appendix for explanation of Distributable Earnings

Marc Pangburn

Chief Financial Officer

Business Overview

Key Terminology

HASI

On-Balance Sheet Activities

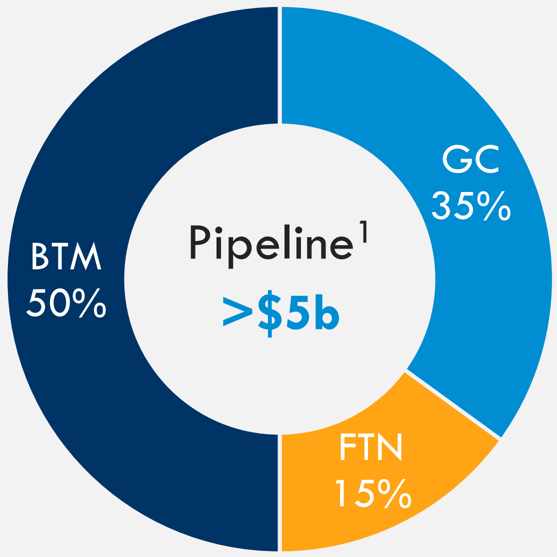
1. **Portfolio:** On-balance sheet investments
2. **Portfolio Yield (Non-GAAP):** The expected cash IRR of the portfolio
3. **Distributable Investment Income (Non-GAAP):** Income accrual based on the Portfolio and Portfolio Yield. Income is measured at each investment, with Portfolio and Portfolio Yield representing the aggregate amounts.
4. **Net Investment Income (Non-GAAP):** Distributable Investment Income minus interest expense

Off-Balance Sheet Activities

1. **Gain on Sale ("GoS"):** The premium received by HASI above book value in a securitization transaction
2. **Securitization Assets:** The mark-to-market value of residuals in off-balance sheet securitization trusts. Residuals are derived from cash flows associated with government and commercial super senior investments.
3. **Securitization Income:** Income derived from servicing fees and income accrual on Securitization Assets, calculated based on the book asset balance and rate set at closing

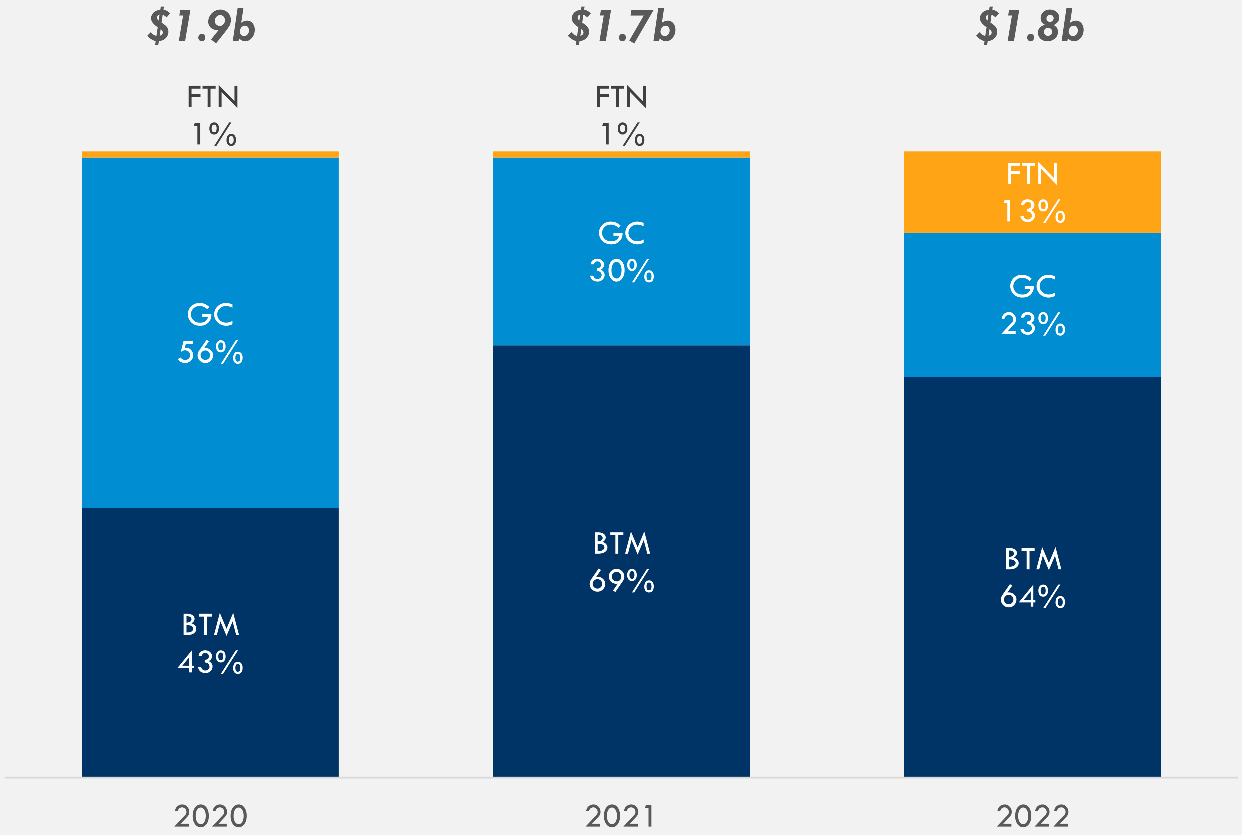
Pipeline Diversity Ensures Business Resilience

Pipeline Breakdown



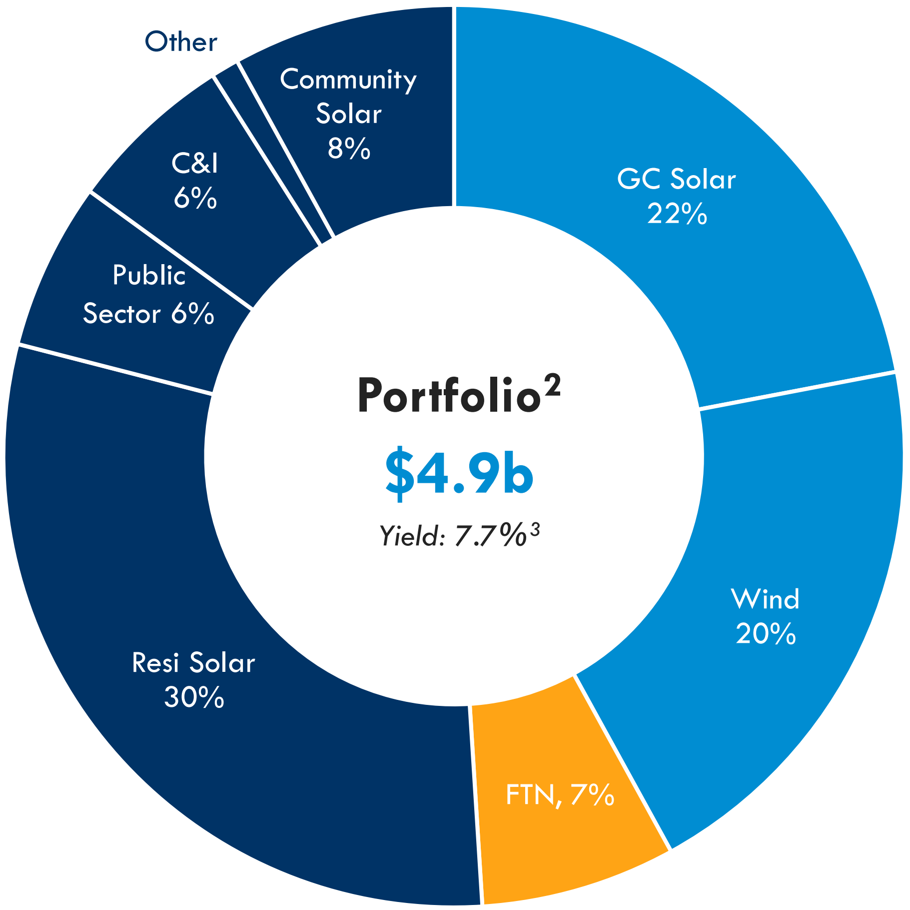
- Well diversified pipeline avoids over-reliance on any one asset class
- Allows participation across entire energy transition market

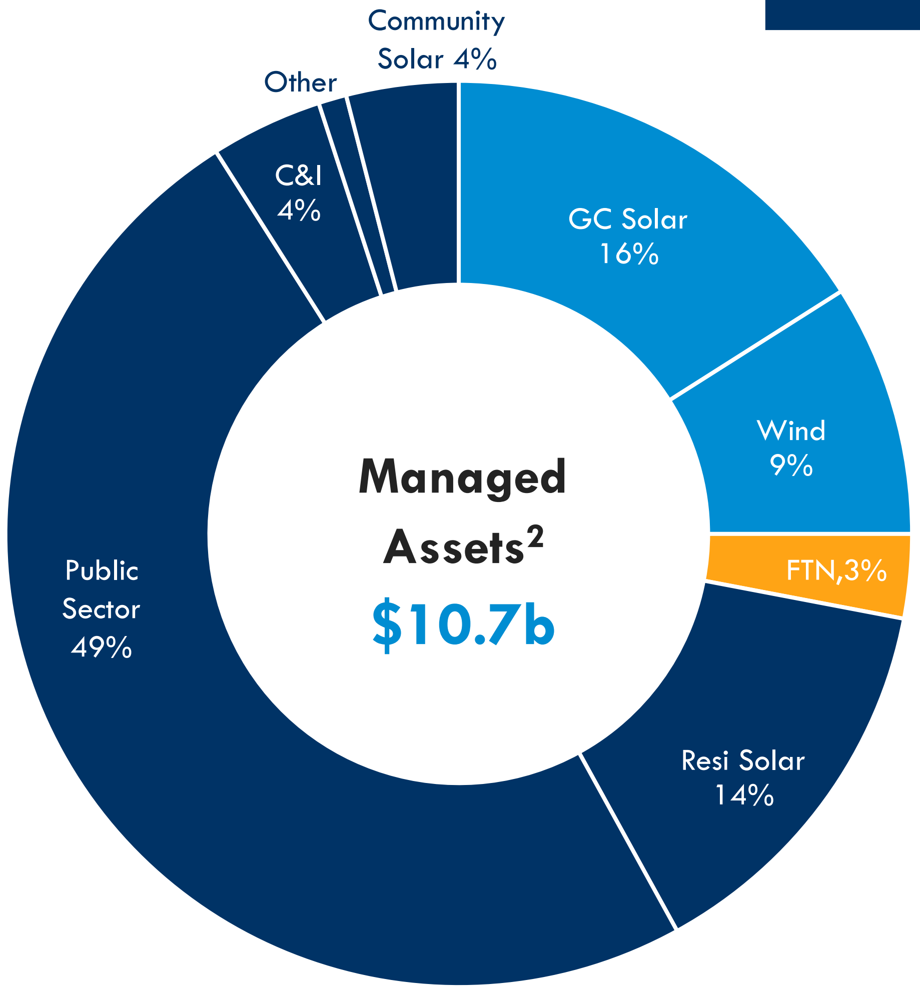
Annual Closed Transactions[2]



1. Next 12-months pipeline as of 6/30/23. BTM is Behind-the-Meter, GC is Grid-Connected, and FTN is Fuels, Transport and Nature
2. As of 12/31 of 2020, 2021 and 2022, respectively

14% 5-Year CAGR in Managed Assets[1]

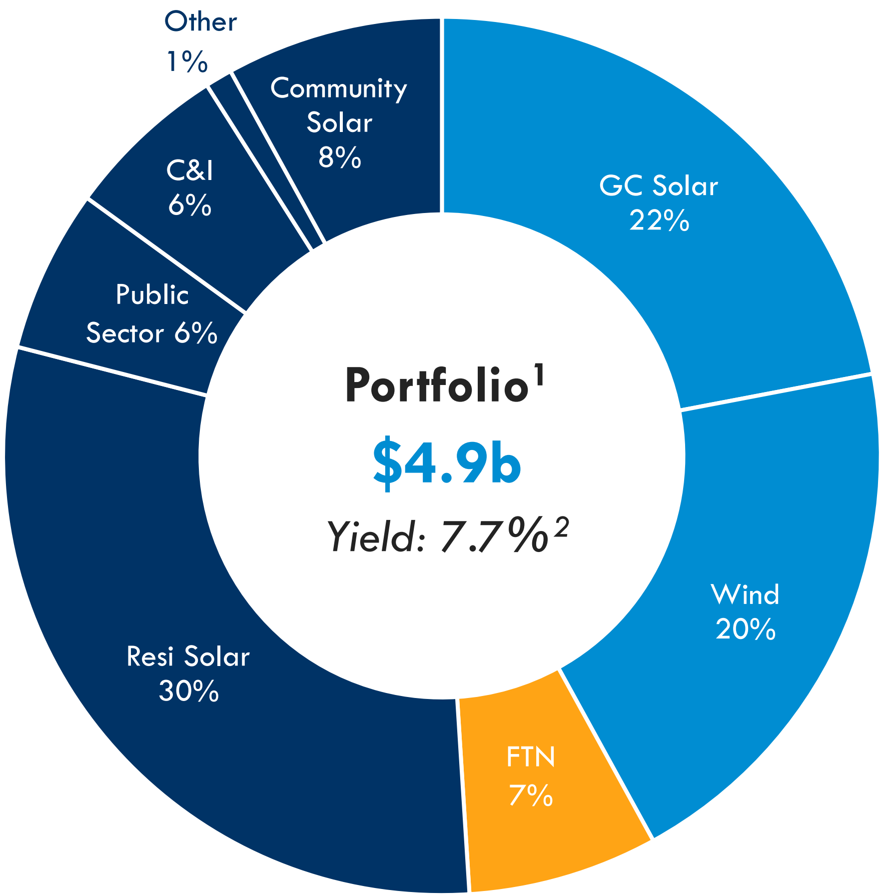




***"Portfolio"** refers to all investments held on balance sheet*
***"Managed Assets"** refers both (1) the Portfolio and (2) other investments managed off-balance sheet in securitization trusts*

1. Through Q2 2023
2. GAAP-based Portfolio, as of 6/30/23
3. See Appendix for an explanation of Portfolio Yield

Project Investments with Cash Flow Preference



Positive Credit Attributes	Portfolio (%)[3]	Structural Seniority	Offtaker Credit
Residential	30%	Typically Preferred	> 325k consumers WAVG FICO: "Very Good"[4]
GC Solar	22%	Typically Super Senior or Preferred	Typically IG corporates or utilities
Wind	20%	Typically Preferred	Typically IG corporates or utilities
Community	8%	Typically Preferred	Typically creditworthy consumers and/or IG corporates
Fuels, Transport & Nature	7%	Senior	Various incentivized offtakers
C&I	6%	Senior or Preferred	Typically IG corporates
Public Sector	5%	Senior or Preferred	Predominantly IG govt or quasi-govt entities
Green Real Estate	1%	Super Senior or Subordinated Debt	Real-estate secured

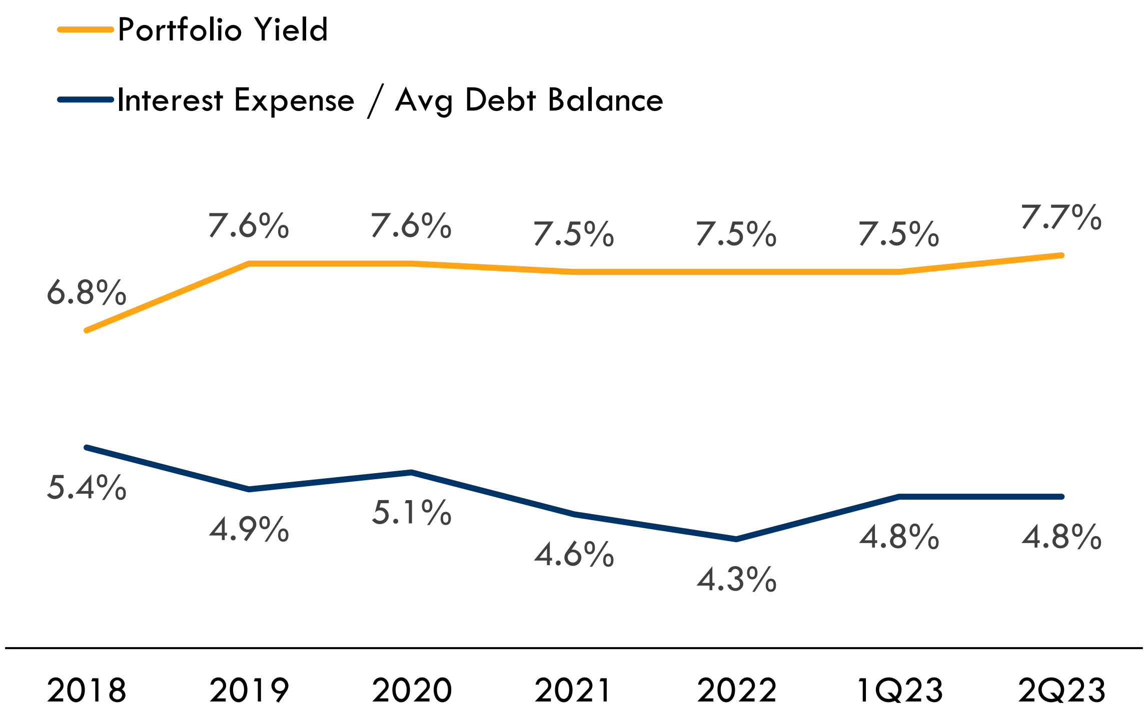
Diversified asset-level investments with structural seniority

1. GAAP-based Portfolio, as of 6/30/23
2. See Appendix for an explanation of Portfolio Yield
3. Total may not sum due to rounding
4. As of 2Q23;located across 21 states and the District of Columbia, Puerto Rico, and Guam; qualitative FICO Rating corresponds to average FICO Score Range for consumer obligations (as of lease origination dates)

Successfully Navigating Higher Interest Rates

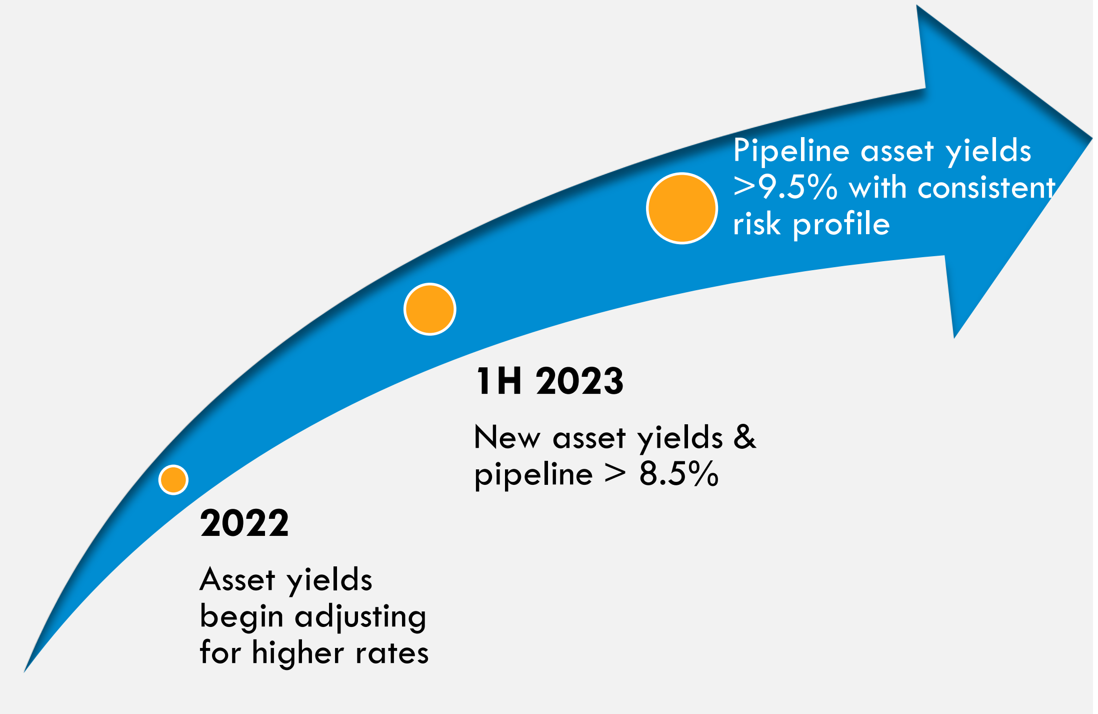
HASI

Portfolio Yield[1] vs. Cost of Debt[2]



Proforma refinancing of 2025 and 2026 bonds using current market credit spreads and existing hedges results in cost of debt of ~5.6%

Increasing Yields



Disciplined focus on margins

1. For explanation of Portfolio Yield, see Appendix
2. Excludes incremental interest expense related to debt prepayments. Shown here as a % of average debt balance

Robust and Disciplined Monitoring & Evaluation Process

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Quarterly Investment Review Process

Loans/Leases	EMI	Securitization Assets
• Each investment has its own model which is updated upon a payment issue or performance concern • Model updates evaluated to determine if adjustments for CECL reserves, or non-accrual status is appropriate	• Each investment has its own model that is updated periodically (typically every 6 months) to evaluate changes in return expectations • If investment return expectation changes Portfolio Yields and future earnings recognitions are revised and may result in impairments based on magnitude relative to existing book value	• Mark-to-Market quarterly for market discount rates and any expected change to investment cash flows
• *Zero Non-Accruals as of Q2 2023* • *< 20 bps Cumulative Credit Loss Since 2013*[1]	• *< 60 bps of Non-Accruals (non-GAAP) as of Q2 2023* • *30 bps Cumulative Impairments Since 2013*[2]	• *Zero credit losses on >$5b of securitization volume since IPO*

1. Calculation represents credit losses as a percentage of cumulative originations
2. Cumulative GAAP impairments over Cumulative Investments

Strong Cash Collections

Cash Collections ($ m)[1]	2Q23 TTM	2022	2021
Adjusted Cash Flow from Operations Plus Other Portfolio Collections[2]	**$228**	**$287**	**$259**
(+) Interest Paid	$118	$99	$108
(=) Cash Available for Debt Service	**$346**	**$386**	**$367**
(-) Interest Paid	($118)	$(99)	$(108)
(-) Dividend	($139)	($132)	($114)
(=) Cash Available for Reinvestment	**$89**	**$155**	**$146**

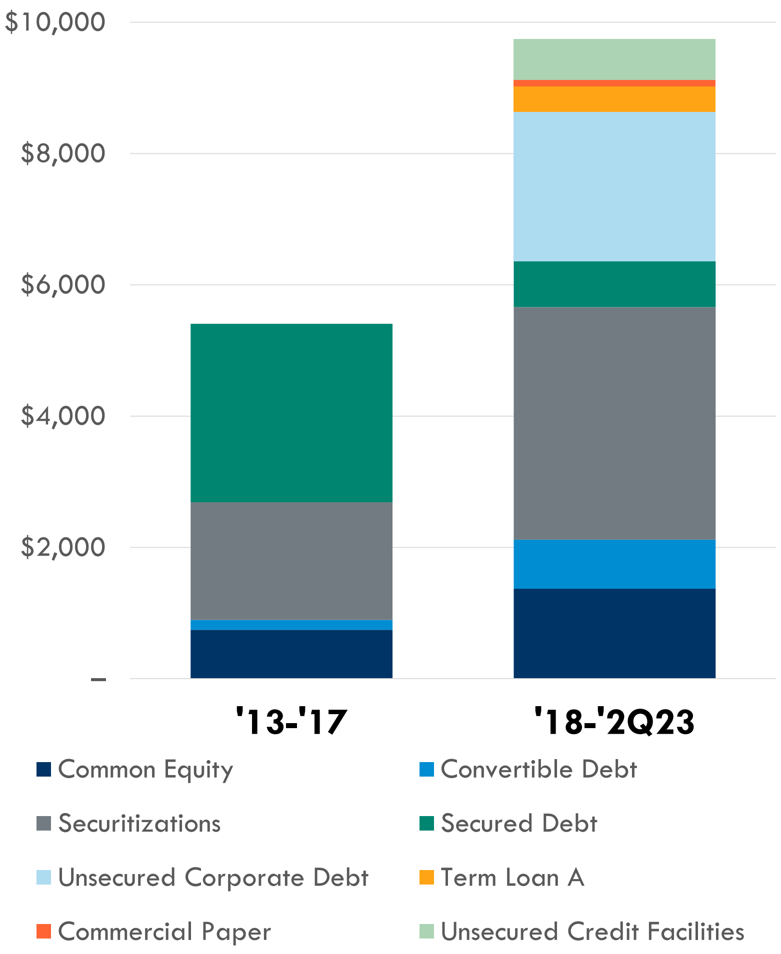
~3x cash interest coverage

1. Amounts may not sum due to rounding. 2Q23 reflects Trailing Twelve Months (TTM) of cashflows
2. See explanatory notes for an explanation of Adjusted Cash Flow from Operations Plus Other Portfolio Collections

Demonstrated Access to Capital & Strong Liquidity

HASI

Sources of Capital ($ m)[1]



2023 Capital Raise Highlights

$240m Revolver Upsize

2 new lenders (Citi and Truist) increases total participant banks to 15

$402.5m Convertible Debt

3.75% coupon with dilution protection up to 100% of price from capped call option

$370m Equity

$345m follow-on (first since 2018) and $25m ATM

Maintaining Substantial Liquidity

As of 6/30/2023	
Cash	$127m
Credit Facility Capacity	$669m
Total Liquidity	**$796m**

1. As of 6/30/23, including the $402.5m 3.75% Exchangeable Notes due 2028 that closed in August 2023; Includes drawn and undrawn capacities where applicable

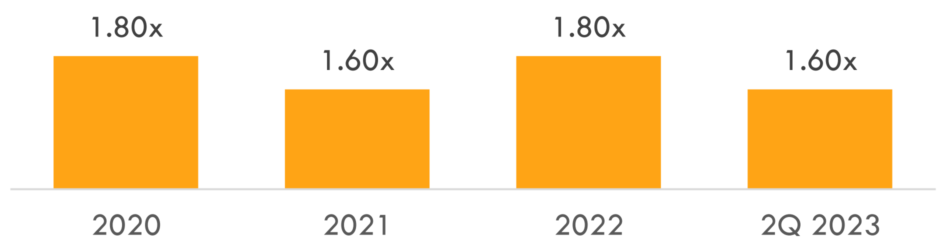
Financial Discipline Reduces Risk

HASI

Conservative Capital Structure

- Baa3/BB+/BB+ Positive Outlook (M/S/F)
- Target leverage of 1.5-2.0x debt to equity
- Substantial unencumbered assets vs unencumbered debt
- Average 4-year dividend coverage >2.5x[1]

Debt to Equity

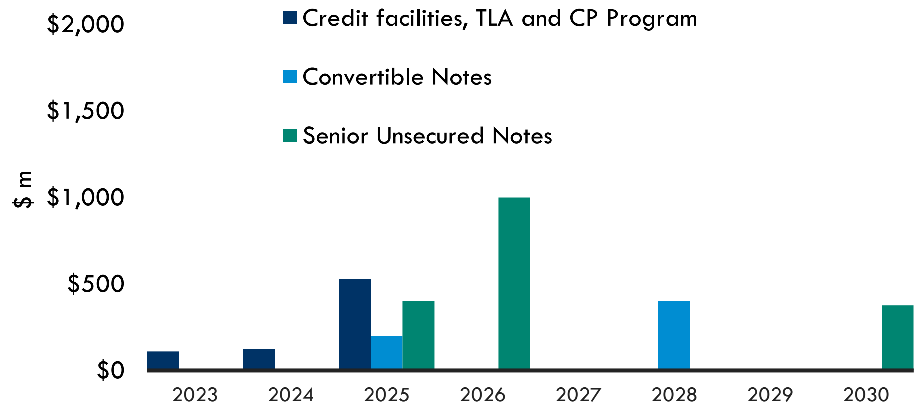


Hedging Program Manages Asset/Liability Duration

Hedges	Notional	Rate
10y from 3/23	$400m	3.79%
7y fwd starting 6/26	$400m	2.98%
7y fwd starting 6/26	$600m	3.09%
10y fwd starting 4/25	$400m	3.08%
3y from 5/23	$250m	3.70-4.00%

No material near term refinancing risk

(outstanding balances[2])

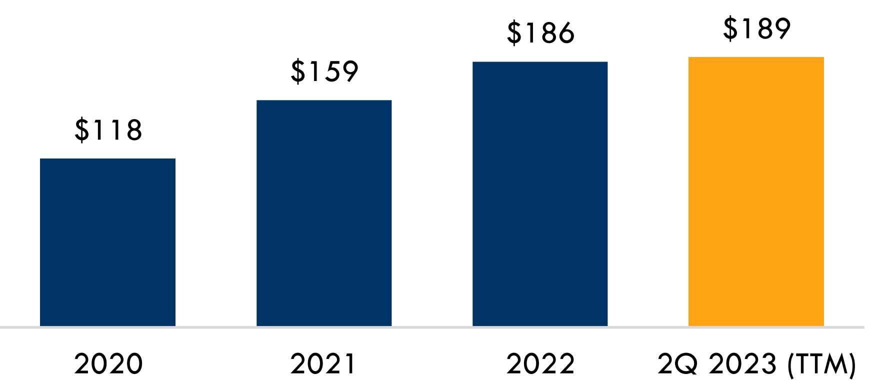


1. Average dividend coverage from 2019-2022; Dividend coverage calculated as adjusted cash flow from operations plus other portfolio collections/dividend
2. As of 6/30/23, including the $402.5m Exchangeable Notes due 2028 that closed in August 2023 and pay-off at maturity of the $144m Convertible Notes due 2023

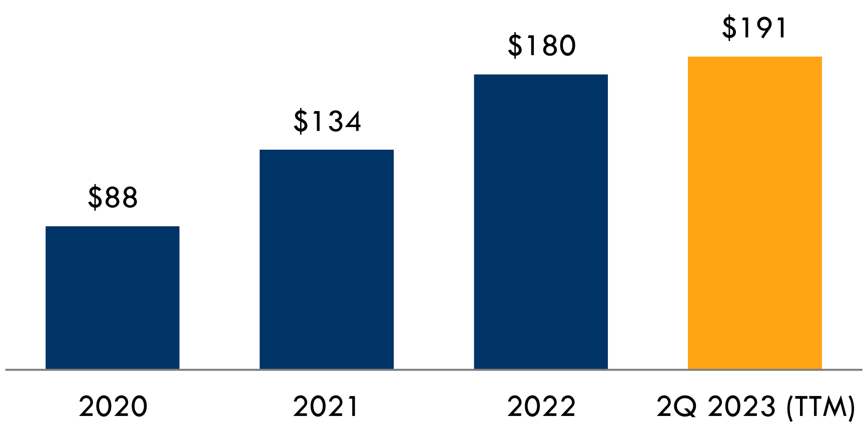
History of Strong Financial Performance

HASI

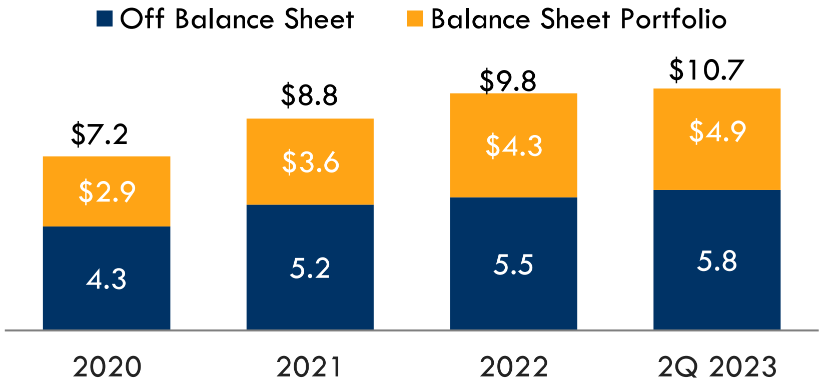
Distributable Earnings ($ m)[1]



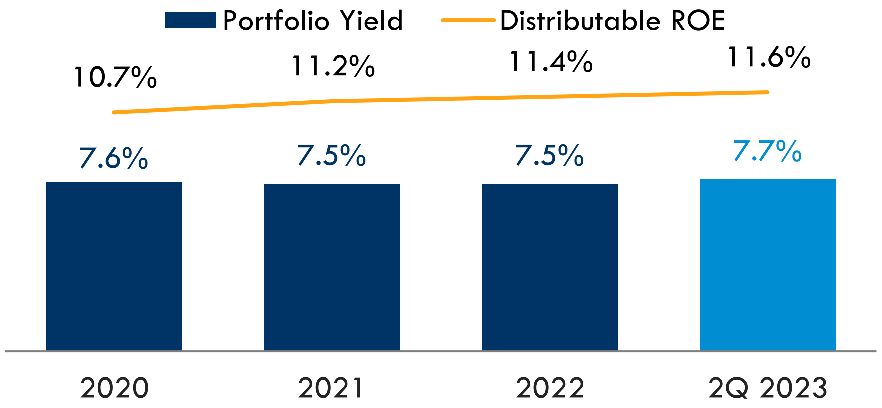
Distributable NII ($ m)[1]



Managed Assets ($ b)[1]



Portfolio Yield[1] and Distributable ROE[2]



1. See Appendix for an explanation of Distributable Earnings, Distributable Net Investment Income, Managed Assets, and Portfolio Yield, including reconciliations to the relevant GAAP measures, where applicable.
2. Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances

Rich Santoroski

Chief Risk Officer

Credit Highlights

Portfolio Management Team Well Equipped to Support Business Growth

HASI

People

- In-house subject matter experts
  - Engineering/Technical
  - Power markets
  - Quantitative analysis
  - Transmission
  - Energy assessment & performance

Data

- 10+ years of asset level operating and financial data
- Invested in the tools to analyze, gain insights, and support business decisions

Clients

- Governance structure provides opportunity for active oversight
- Our experience enables collaborative problem solving

Robust and Disciplined Underwriting, Monitoring, and Evaluation Process

HASI

	Primary Underwriting Metrics	Variability of Performance	Primary Post-closing Activities
Residential Solar	Credit Quality Re-contracting Regulatory	Collection Revenue Savings to Customer	Monitoring Delinquencies and Defaults (% of total value)
Grid-Connected	Generation/Availability Curtailment Revenue Contract Structure Market/Regulatory	Volume Hedge Effectiveness Commodities/Basis	Monitoring Resource and Operational Variability (actual/expected GWh) Contract Management and Hedging Support Industry Group Participation/Regulatory Support
Community Solar	Generation/Availability Pricing/Tariff Subscription Level	Volume Revenue	Monitoring Resource and Operational Variability Engineering and Operational Assistance
C&I Solar	Generation/Availability Credit Quality Post Contract	Volume Revenue	Monitoring Resource and Operational Variability Engineering and Operational Assistance
Renewable Natural Gas	Gas Production Market/Policy Feedstock Contracts	Feedstock Quality and Energy Content Upgrading Performance Environmental Commodity Value	Performance Monitoring (Pipeline Quality MMBtu) Commercial and Contracting Support

Diversified Offtakers with Limited Concentration

HASI

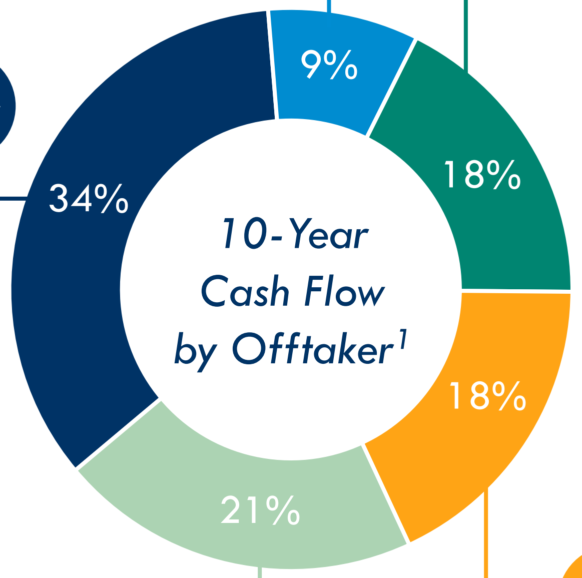
Residential Solar

# of active customers	>270k
WA FICO	747
Avg Monthly Payment	~$150
Customer Savings[2]	5-45%
# of States[3]	23

Community Solar

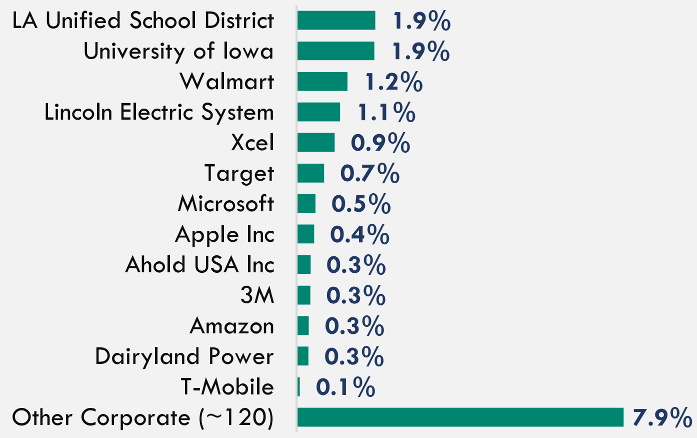
# of Projects	>80
# of States	5

- Diversified high credit quality portfolio
- Significant customer savings
- Excellent payment history
- Prompt replacement of delinquent CS customers



Corporate / Utilities / P3

>130 High Quality and Primarily Investment Grade Offtakers



ISOs[4] / Spot Power

ISO new england
California ISO
ercot
New York ISO Independent System Operator
pjm
SPP Southwest Power Pool
MISO

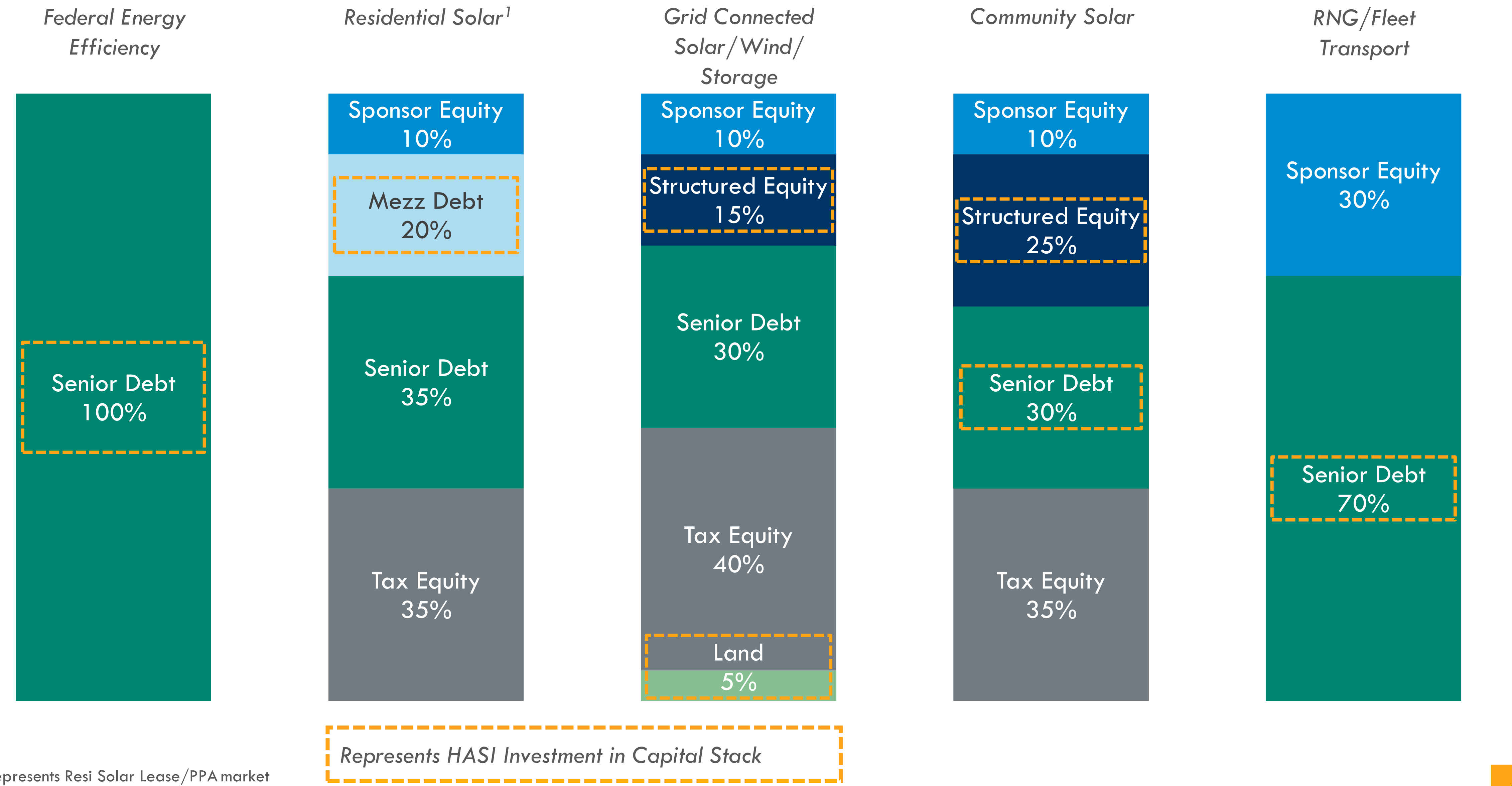
Other Offtakers

Primarily super senior payments (such as rent) or highly creditworthy parties (public sector)

Federal Government, State & Local	Solar Project Land (Rent)

1. Data represents HASI on-balance sheet portfolio as of 12/31/2022, based on 10 years of forecasted cashflows
2. First year savings compared to electric utility bills, sourced from Sunrun's Investor Presentation as of 9/30/2022, and indicative of HASI portfolio
3. Including DC and PR
4. ("ISO") independent system operator, an organization formed that coordinates, controls and monitors electric grid in specific geographical, multi-state areas

Illustrative Capital Stacks by Asset Class



1. Represents Resi Solar Lease/PPA market

Jeff Lipson

President and Chief Executive Officer

Concluding Remarks

Premier Green Bond Platform

HASI

$9.7 b Green Debt Issuances since 2013[1]

$5.7 b Sustainable Yield Bonds	➢ Non-recourse, asset-backed debt
$2.7 b Corporate Green Bonds	➢ Senior unsecured or convertible bonds issued as corporate obligations
$1.3 b Other Green Debt[2]	➢ Syndicate Sustainability Linked Unsecured Revolving Line of Credit, Term Loan A and Green Carbon Count Commercial Paper Program

Best in Class Green Bond Issuer

- ✓ Every Investment is an Eligible Green Project
- ✓ Proprietary scoring tool CarbonCount® measures granular climate impact of every investment
- ✓ Committed to report avoided emissions and renewable generation associated with allocated proceeds

CDP A LIST 2022 CLIMATE

MSCI ESG RATINGS AA

SUSTAINALYTICS Low Risk

Sustainability Award Silver Class 2022 S&P Global
95th industry percentile

ISS ESG
Top 10th percentile

Climate positive investing embedded in our corporate vision - every investment improves our climate future

1. From IPO through 8/31/23
2. Represents total commitments of our Sustainability Linked Unsecured RLOC, Sustainability Linked Term Loan A, and Green Carbon Count Commercial Paper Program

Positive Momentum to Rating Upgrade

HASI

Current Ratings: Baa3 / BB+ / BB+ Positive Outlook (Moodys/ S&P / Fitch)

Fitch BB+ Positive Outlook reflects the sustained improvement in HASI funding flexibility, continued strong asset quality, and consistent operating performance, despite more challenging macro economic back drop

Upside Scenario

- ✓ If HASI maintains market position in a more competitive environment with adequate liquidity resources to cover funding needs and maturities for at least 12 months
- ✓ If HASI maintains leverage within target, 1.5x–2.0x
- ✓ If there is no material change in the current risk profile of the portfolio

Record 1H 2023 investment volumes with avg. yield of >8.5% with consistent risk profile

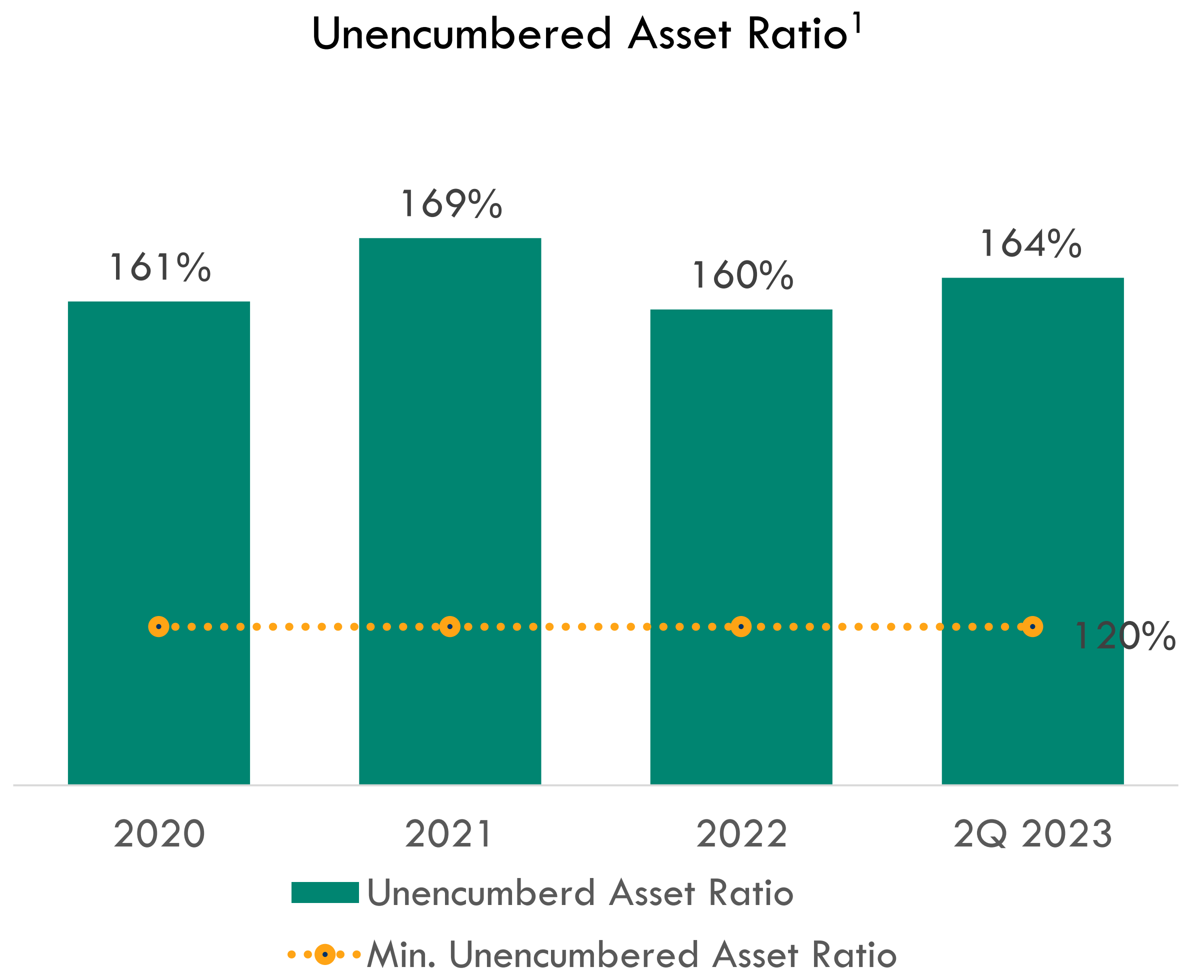
	2022	2Q 2023
Market Position		
Managed Assets	$9.8b	$10.7b
Portfolio Yield	7.50%	7.70%
Distributable Net Investment Income[1]	$180m	$191m
Conservative Leverage and Funding Flexibility		
Total Debt/Tangible Equity[2]	1.8x	1.7x
Liquidity to Short-Term Funding[2]	3.9x	3.2x
Unsecured Debt / Total Debt[2]	84%	85%
Strong Asset Quality		
Impairments as % of Balance Sheet Portfolio[2]	0.70%	0.50%
Consistent Profitability		
Distributable Earnings[1]	$186m	$189m
Pre-Tax Earnings/Average Assets[1,2]	3.40%	3.30%

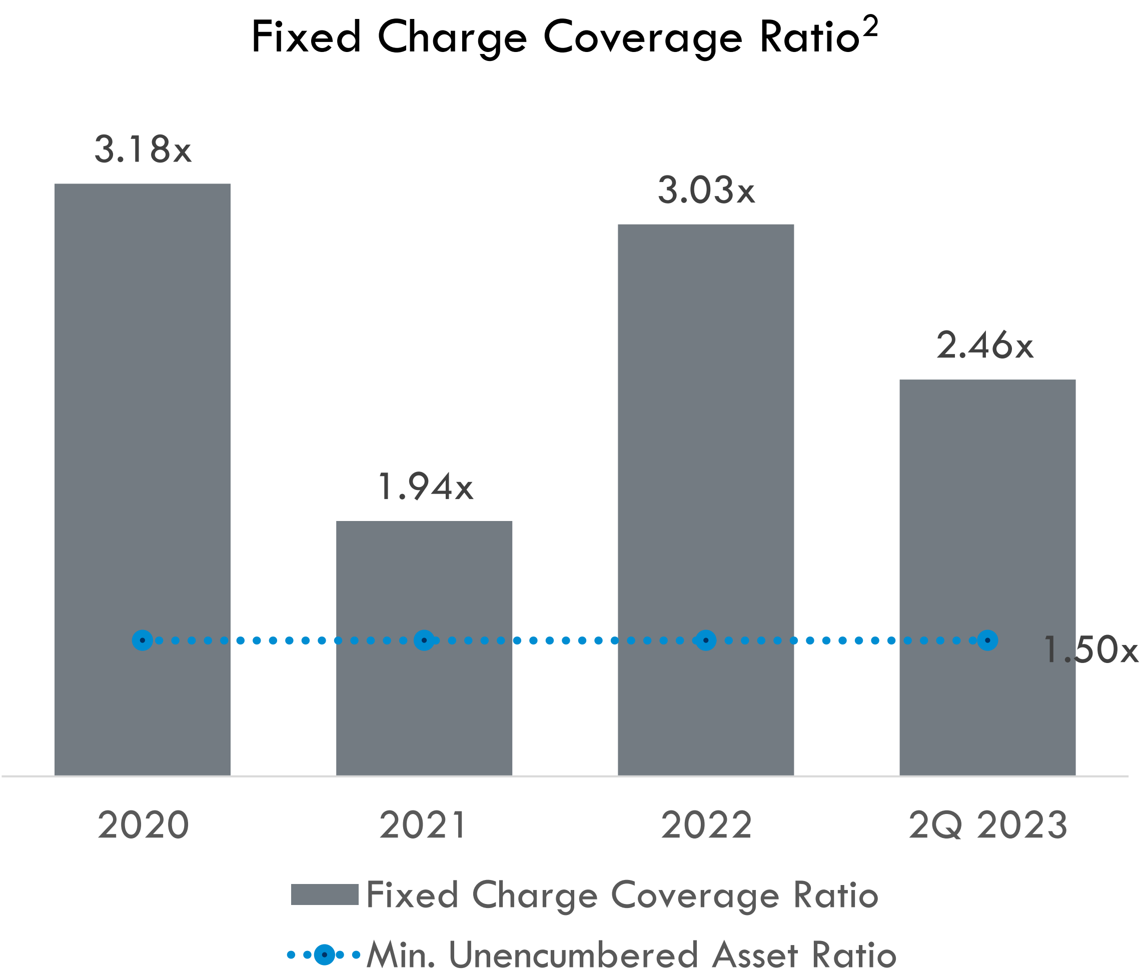
1. 2Q 2023 is calculating based on trailing twelve months
2. Commentary on upside rating scenarios are included in the Fitch HASI report dated June 23, 2023; Metrics not included in the report are calculated by HASI using Fitch methodology

Appendix

Financial Covenants

Significant Cushion on Financial Covenants





1. HASI will no longer be required to maintain the Unencumbered Asset Ratio if the Notes have Investment Grade Status from two or more specified rating agencies and No EOD has occurred and is continuing as defined in the underlying bond indenture
2. Fixed Charge Coverage Ratio represents an incurrence covenant that is only required to be calculated upon the occurrence of certain events as defined in the underlying bond indenture

HASI

Appendix

Enterprise Risk Management

Enterprise Risk Management

HASI incorporates risk management best practices as part of its corporate culture

- Chief Risk Officer oversees enterprise risk and is a member of the Leadership Team and Investment Committee
- Finance and Risk Committee of the Board provides governance related to risk matters
- Established Enterprise Risk Management Framework in consultation with PwC
- Established best practices on internal controls policy and procedures in consultation with PwC
- Quarterly company-wide risk assessment designed to proactively review existing risk mitigation activities and identify new risks

Track record of successful business decisions, strategic initiatives, responsiveness to industry change reflected in market outperformance

✓ Industry-leading ESG

Proven ability to manage through economic cycles

✓ Conservative capital structure and disciplined liquidity management

✓ Diversified liquidity platform and strong capital markets access through multiple credit cycles

Substantial investments in systems and processes to support growth

✓ Significant investment in upgraded information systems

✓ Exceptional servicing team works closely with investors & clients

Experienced team focused on project performance, commodity markets, technology

✓ Strong underwriting and dedicated in-house portfolio management, engineering, credit, and analytics experts drive credit quality

✓ Non-cyclical assets and creditworthy obligors

Appendix

Recent Financials

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 necessary operating and debt service payments to assess the amount of cash we have available to fund investments and distributions. 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 below is how Adjusted Cash Flow from Operations plus Other Portfolio Collections compares to GAAP Net cash provided by operating activities.

Adjusted Cash Flow from Operations plus Other Portfolio Collections differs from GAAP Net cash provided by operating activities on our Statement of Cash Flows, in that it (A) excludes Changes in receivables held-for-sale, (B) adds cash flow from Equity method investment distributions received, Proceeds from sales of equity method investments, Principal collections from receivables, Proceeds from sales of receivables, Principal collections from investments, and Proceeds from sales of investments and securitization assets, and (C) subtracts Principal payments on non-recourse debt. For an illustration of this calculation for our fiscal years ended December 31, 2020, 2021 and 2022, see our Earnings Presentation Fourth Quarter and Full Year 2022 in the Presentations section under the investor tab on our website (www.hasi.com).

In addition, in order to calculate this measure for the 12 months ended June 30, 2023, the following methodology should be used: (1) Apply the methodology set forth in the immediately preceding paragraph to our Statement of Cash Flows for the year ended December 31, 2022; (2) apply the methodology set forth in the immediately preceding paragraph to our Statement of Cash Flows for the quarter ended June 30, 2023; (3) apply the methodology set forth in the immediately preceding paragraph to our Statement of Cash Follows for the quarter ended June 30, 2022; (4) add the result obtained in clause (2) above to the result obtained in clause (1) above; and (5) subtract the result obtained in clause (3) from the result obtained in clause (4) above. Our Statement of Cash Flows for the year ended December 31, 2022 is included in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the U.S. Securities and Exchange Commission (SEC) on February 21, 2023. Our Statements of Cash Flows for the three months ended June 30, 2023 and June 30, 2022 are included in the Appendix herein. This measure is not intended to demonstrate an alternative view of cash available from investment returns for dividend payment.
Also, Adjusted Cash Flow from Operations plus Other Portfolio Collections differs from Net cash provided by (used in) investing activities in that it excludes many of the uses of cash used in our investing activities such as in Equity method investments, Purchases of and investments in receivables, Purchases of real estate, Purchases of investments, Funding of escrow accounts, and excludes Withdrawal from escrow accounts, and Other.

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

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Distributable Earnings and Earnings on Equity Method Investments

We calculate distributable 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 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 distributable 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, distributable 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.

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. Thus, in calculating Distributable 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 Distributable 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.

We believe a non-GAAP measure, such as Distributable 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. As a REIT, we are required to distribute substantially all of our taxable income to investors in the form of dividends, which is a principal focus of our investors. Additionally, we believe that our investors also use Distributable 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 Distributable Earnings is useful to our investors in any one period.

However, Distributable 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 Distributable Earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported Distributable Earnings may not be comparable to similar metrics reported by other companies.

Supplemental Financial Data

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Managed Assets

As we both consolidate assets on our balance sheet and securitize assets, certain of our receivables and other assets are not reflected on our balance sheet where we may have a residual interest in the performance of the investment, such as servicing rights or a retained interest in cash flows. Thus, we present our investments on a non-GAAP managed basis, which assumes that securitized receivables are not sold. 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 securitized receivables. 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.

Distributable Net Investment Income

Distributable 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 Distributable 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 Distributable Earnings measure. Our Distributable 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

We expect that annual Distributable Earnings per share will grow at a compounded annual rate of 10% to 13% from 2021 to 2024, relative to the 2020 baseline of $1.55 per share, which is equivalent to a 2024 midpoint of $2.40 per share. We also expect growth of annual dividends per share to be at a compounded annual rate of 5% to 8%. This guidance reflects our judgments and estimates of (i) yield on its 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, and (vi) the general interest rate and market environment. 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, distributions are subject to approval by our Board of Directors on a quarterly basis. We have not provided GAAP guidance as discussed in the Forward-Looking Statements section of the press release.

Adjusted Cash Flow from Operations plus Other Portfolio Collections

GAAP Cashflow Statement

$ Millions		2022	2021	2020	2019
Cash flows from operating activities					
Net income (loss)		42	127	83	82
Adjustments to reconcile net income to net cash provided by operating activities:			0	0	0
Provision for loss on receivables		13	0	10	8
Depreciation and amortization		4	4	4	4
Amortization of financing costs		12	11	8	6
Equity-based compensation		20	17	17	14
Equity method investments		16	(95)	13	(34)
Non-cash gain on securitization		(29)	(48)	(55)	(57)
Gain (loss) on sale of receivables and investments		(0)	(1)	14	13
Changes in receivables held-for-sale	−	(63)	(22)	0	0
Loss on debt extinguishment		-	15	0	0
Changes in accounts payable and accrued expenses		18	11	8	5
Change in accrued interest on receivables and investments		(15)	(1)	(24)	(18)
Other		(18)	(6)	(3)	6
Net cash provided by operating activities	+	**0**	**13**	**73**	**29**
Cash flows from investing activities			0	0	0
Equity method investments		(128)	(402)	(886)	(152)
Equity method investment distributions received	+	110	22	99	71
Proceeds from sales of equity method investments	+	2	0	0	81
Purchases of and investments in receivables		(727)	(553)	(256)	(498)
Principal collections from receivables	+	126	149	133	58
Proceeds from sales of receivables	+	5	76	59	135
Purchases of real estate		(5)	0	0	0
Sales of real real estate	+	5			
Purchases of investments		(2)	(5)	(40)	(46)
Principal collections from investments	+	-	0	2	7
Proceeds from sales of investments and securitization assets	+	7	15	69	139
Funding of escrow accounts		-	(12)	(23)	(29)
Withdrawal from escrow accounts		-	2	8	31
Other		15	5	4	2
Net cash provided by (used in) investing activities		(592)	**(703)**	**(832)**	**(201)**
Cash flows from financing activities			0	0	0
Proceeds from credit facilities		100	100	126	102
Principal payments on credit facilities		(150)	(22)	(135)	(328)
Proceeds from issuance of commercial paper notes		-	50	0	0
Principal payments of commercial paper notes		(50)	0	0	0
Proceeds from issuance of non-recourse debt		33	0	16	131
Principal payments on non-recourse debt	+	(31)	(38)	(126)	(207)
Proceeds from issuance of senior unsecured notes		-	1,000	771	507
Proceeds from issuance of term loan		383			
Redemption of senior unsecured notes		-	(500)	0	0
Proceeds from issuance of convertible notes		200	0	144	0
Payments on deferred funding obligations			0	0	(19)
Net proceeds of common stock issuances		189	201	298	138
Payments of dividends and distributions		(132)	(114)	(100)	(86)
Withholdings on employee share vesting		(3)	(14)	(17)	(9)
Redemption premium paid			(14)	0	0
Payment of debt issuance costs		(12)	(18)	0	0
Other		(10)	(0)	(15)	(10)
Net cash provided by (used in) financing activities		**517**	**631**	**962**	**219**
Increase (decrease) in cash, cash equivalents, and restricted cash		(75)	(59)	204	47
Cash, cash equivalents, and restricted cash at beginning of period		251	310	107	59
Cash, cash equivalents, and restricted cash at end of period		176	251	310	107

Adjusted Cash Flow from Operations Plus Other Portfolio Collections

	$ Millions
2022	287
2021	259
2020	309
2019	314

Income Statement

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

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Revenue				
Interest income	$ 48,222	$ 33,358	$ 91,330	$ 63,601
Rental income	6,487	6,609	12,973	13,108
Gain on sale of receivables and investments	14,791	19,664	30,510	36,762
Securitization income	4,330	2,798	7,762	5,540
Other income	504	374	860	2,269
Total revenue	**74,334**	**62,803**	**143,435**	**121,280**
Expenses				
Interest expense	39,903	28,827	77,118	55,479
Provision for loss on receivables	806	8,064	2,689	8,685
Compensation and benefits	13,862	22,246	32,232	37,176
General and administrative	10,095	7,408	18,117	14,546
Total expenses	**64,666**	**66,545**	**130,156**	**115,886**
Income before equity method investments	**9,669**	**(3,742)**	**13,279**	**5,394**
Income (loss) from equity method investments	2,252	(19,585)	24,670	27,981
Income (loss) before income taxes	**11,921**	**(23,327)**	**37,949**	**33,375**
Income tax (expense) benefit	1,601	4,789	171	(6,209)
Net income (loss)	**$ 13,522**	**$ (18,538)**	**$ 38,120**	**$ 27,166**
Net income (loss) attributable to non-controlling interest holders	—	(89)	492	270
Net income (loss) attributable to controlling stockholders	**$ 13,522**	**$ (18,449)**	**$ 37,628**	**$ 26,896**
Basic earnings (loss) per common share	$ 0.14	$ (0.21)	$ 0.39	$ 0.31
Diluted earnings (loss) per common share	$ 0.14	$ (0.21)	$ 0.39	$ 0.30
Weighted average common shares outstanding—basic	96,996,805	87,049,777	94,065,873	86,316,464
Weighted average common shares outstanding—diluted	99,989,158	87,049,777	97,075,329	89,541,858

Balance Sheet

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

	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 126,907	$ 155,714
Equity method investments	2,298,962	1,869,712
Commercial receivables, net of allowance of $44 million and $41 million, respectively	2,134,154	1,887,483
Government receivables	96,558	102,511
Receivables held-for-sale	5,244	85,254
Real estate	351,455	353,000
Investments	10,213	10,200
Securitization assets	203,743	177,032
Other assets	147,993	119,242
Total Assets	**$ 5,375,229**	**$ 4,760,148**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 114,446	$ 120,114
Credit facilities	282,859	50,698
Green commercial paper notes	100,044	192
Term loan facility	374,996	379,742
Non-recourse debt (secured by assets of $599 million and $632 million, respectively)	389,950	432,756
Senior unsecured notes	1,770,047	1,767,647
Convertible notes	348,982	344,253
Total Liabilities	3,381,324	3,095,402
Stockholders' Equity:		
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 450,000,000 shares authorized, 106,769,719 and 90,837,008 shares issued and outstanding, respectively	1,068	908
Additional paid in capital	2,283,255	1,924,200
Accumulated deficit	(326,413)	(285,474)
Accumulated other comprehensive income (loss)	(8,003)	(10,397)
Non-controlling interest	43,998	35,509
Total Stockholders' Equity	1,993,905	1,664,746
Total Liabilities and Stockholders' Equity	**$ 5,375,229**	**$ 4,760,148**

Statement of Cashflows

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HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash flows from operating activities		
Net income (loss)	$ 38,120	$ 27,166
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for loss on receivables	2,689	8,685
Depreciation and amortization	1,862	1,925
Amortization of financing costs	6,318	5,632
Equity-based compensation	11,478	15,933
Equity method investments	(6,355)	(12,186)
Non-cash gain on securitization	(14,603)	(14,952)
(Gain) loss on sale of receivables and investments	1,305	(218)
Changes in receivables held-for-sale	51,538	(51,649)
Changes in accounts payable and accrued expenses	(9,733)	3,666
Change in accrued interest on receivables and investments	(14,518)	(7,334)
Other	(2,375)	(3,558)
Net cash provided by (used in) operating activities	65,726	(26,890)
Cash flows from investing activities		
Equity method investments	(429,944)	(136,582)
Equity method investment distributions received	4,203	36,381
Proceeds from sales of equity method investments	—	1,700
Purchases of and investments in receivables	(317,805)	(264,618)
Principal collections from receivables	74,328	87,799
Proceeds from sales of receivables	7,634	5,047
Purchases of real estate	—	(4,550)
Purchases of investments and securitization assets	(12,969)	(2,329)
Proceeds from sales of investments and securitization assets	—	7,020
Withdrawal from escrow accounts	—	15,156
Posting of hedge collateral	(13,380)	—
Other	(473)	(574)
Net cash provided by (used in) investing activities	(688,406)	(255,550)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash flows from financing activities		
Proceeds from credit facilities	467,000	100,000
Principal payments on credit facilities	(235,000)	—
Principal payments on term loan	(4,788)	—
Proceeds from issuance of commercial paper notes	100,000	50,000
Principal payments on non-recourse debt	(10,069)	(13,529)
Proceeds from issuance of convertible notes	—	200,000
Net proceeds of common stock issuances	357,594	77,974
Payments of dividends and distributions	(72,129)	(64,930)
Withholdings on employee share vesting	(1,433)	(3,161)
Payment of financing costs	(921)	(8,241)
Other	(1,768)	(2,545)
Net cash provided by (used in) financing activities	598,486	335,568
Increase (decrease) in cash, cash equivalents, and restricted cash	(24,194)	53,128
Cash, cash equivalents, and restricted cash at beginning of period	175,972	251,073
Cash, cash equivalents, and restricted cash at end of period	**$ 151,778**	**$ 304,201**
Interest paid	$ 68,167	$ 48,402
Supplemental disclosure of non-cash activity		
Residual assets retained from securitization transactions	$ 26,020	$ 14,952
Issuance of common stock from conversion of Convertible Notes	—	7,674
Deconsolidation of non-recourse debt	32,923	—
Deconsolidation of assets pledged for non-recourse debt	31,371	—

Reconciliation of GAAP Net Income to Distributable Earnings

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	For the three months ended June 30, 2023		For the three months ended June 30, 2022	
	(dollars in thousands, except per share amounts)			
	$	per share	$	per share
Net income attributable to controlling stockholders (1)	$ 13,522	$ 0.14	$ (18,449)	$ (0.21)
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(2,252)		19,585	
Add equity method investments earnings	38,461		36,048	
Equity-based expense	3,438		12,393	
Provision for loss on receivables	806		8,064	
Amortization of intangibles (2)	772		761	
Non-cash provision (benefit) for income taxes	(1,601)		(4,789)	
Net income attributable to non-controlling interest	—		(89)	
Distributable earnings (3)	**$ 53,146**	**$ 0.53**	**$ 53,524**	**$ 0.60**

(1) The per share amounts represent GAAP diluted earnings per share and is the most comparable GAAP measure to our distributable earnings per share.

(2) Adds back non-cash amortization of lease and pre-IPO intangibles.

(3) Distributable earnings per share for the three months ended June 30, 2023 and 2022, are based on 99,581,898 shares and 88,994,421 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest. As it relates to Convertible Notes, we will assess the market characteristics around the instrument to determine if it is more akin to debt or equity based on the value of the underlying shares compared to the conversion price. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument.

Reconciliation of GAAP Net Income to Distributable Earnings

HASI

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	(dollars in thousands, except per share amounts)			
	$	*per share*	*$*	*per share*
Net income attributable to controlling stockholders [1]	$ 37,628	$ 0.39	$ 26,896	$ 0.30
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(24,670)		(27,981)	
Add equity method investments earnings	72,419		67,645	
Equity-based expense	12,873		15,933	
Provision for loss on receivables	2,689		8,685	
Amortization of intangibles [2]	1,544		1,600	
Non-cash provision (benefit) for income taxes	(171)		6,209	
Net income attributable to non-controlling interest	492		270	
Distributable earnings [3]	**$ 102,804**	**$ 1.07**	**$ 99,257**	**$ 1.13**

(1) The per share amounts represent GAAP diluted earnings per share and is the most comparable GAAP measure to our distributable earnings per share.

(2) Adds back non-cash amortization of lease and pre-IPO intangibles.

(3) Distributable earnings per share for the three months ended June 30, 2023 and 2022, are based on 96,441,450 shares and 88,100,480 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest. As it relates to Convertible Notes, we will assess the market characteristics around the instrument to determine if it is more akin to debt or equity based on the value of the underlying shares compared to the conversion price. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument.

Reconciliation of GAAP-based NII to Distributable NII

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	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
		(in thousands)		
Interest income	$ 48,222	$ 33,358	$ 91,330	$ 63,601
Rental income	6,487	6,609	12,973	13,108
GAAP-based investment revenue	54,709	39,967	104,303	76,709
Interest expense	39,903	28,827	77,118	55,479
GAAP-based net investment income	14,806	11,140	27,185	21,230
Equity method earnings adjustment (1)	38,461	36,048	72,419	67,645
Amortization of real estate intangibles (2)	772	761	1,544	1,532
Distributable net investment income	**$ 54,039**	**$ 47,949**	**$ 101,148**	**$ 90,407**

(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	
	June 30, 2023	December 31, 2022
	(dollars in millions)	
Equity method investments	$ 2,299	$ 1,870
Commercial receivables, net of allowance	2,134	1,887
Government receivables	97	103
Receivables held-for-sale	5	85
Real estate	351	353
Investments	10	10
GAAP-Based Portfolio	4,896	4,308
Assets held in securitization trusts	5,793	5,486
Managed assets	**$ 10,689**	**$ 9,794**

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