HASI

Investing in Climate Solutions®

Corporate Profile

August 2023

Company Overview

HASI

HASI LISTED NYSE

We invest in real assets that facilitate the energy transition.

Key Stats

>$10 Billion
Managed Assets[1]

11% CAGR
Distributable EPS[2]

13%
Annual Total Return[3]

6.9m
MT CO_2 avoided annually[1]

Markets & Asset Classes

Behind-the-Meter
Energy Efficiency
Residential Solar
Community Solar

Grid-Connected
Wind
Solar
Storage

Fuels, Transport & Nature
RNG
Fleet Decarbonization
Ecological Restoration

1. As of 6/30/23
2. Distributable EPS CAGR uses the first full year of results, which is 2014, as starting point, to full year 2022. See Appendix for an explanation of Distributable Earnings, including reconciliations to the relevant GAAP measures
3. Total shareholder return since IPO based on the closing price 4/18/13 to 8/11/23

Key Pillars of our Business

HASI

Climate

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

Clients

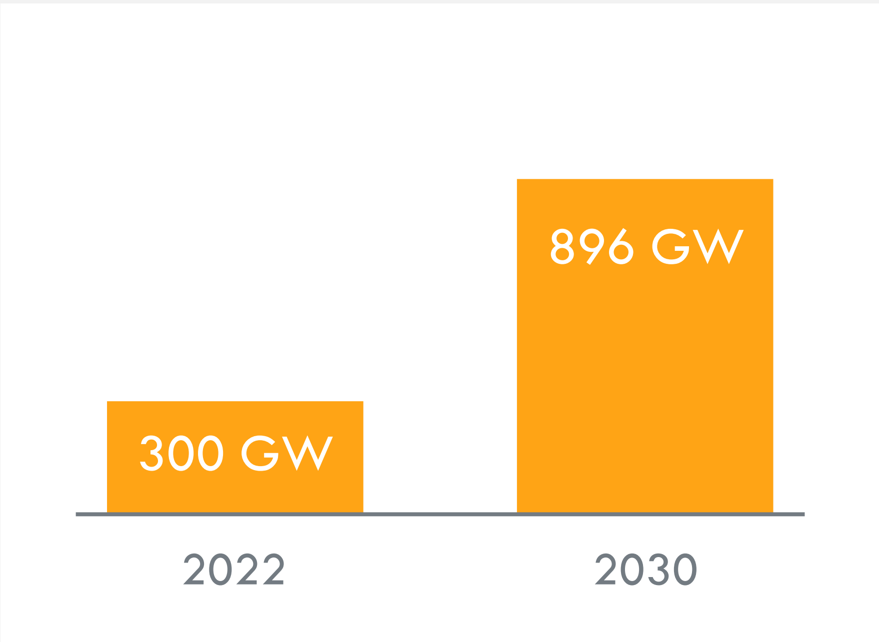
- Programmatic Partnerships Are a Differentiated Approach
- Solve Client Problems
- Never Compete With Clients

Assets

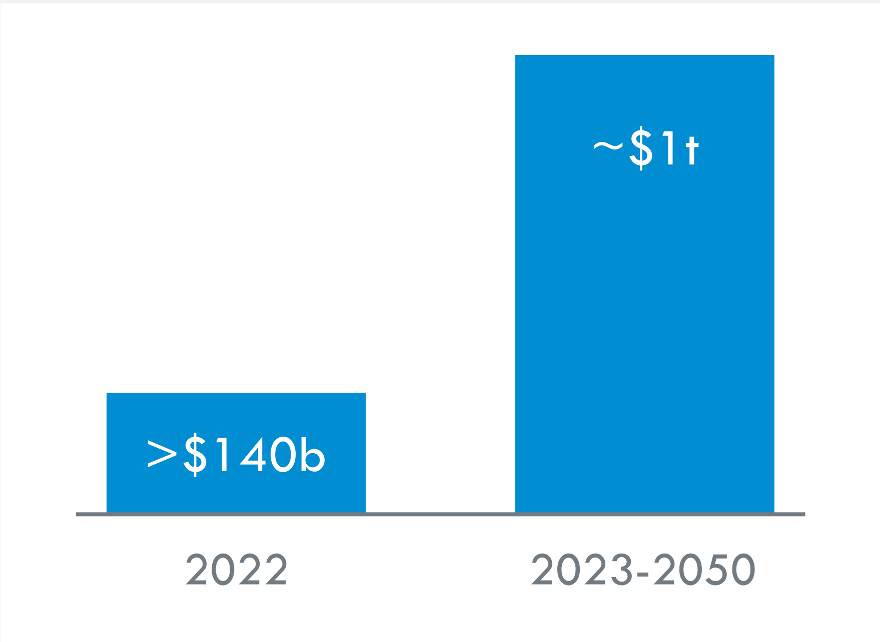
- Invest in Income Generating Real Assets
- Proven Technologies
- Non-Cyclical, Lower Risk, Predictable

Climate Solutions are a Multi-Decade Growth Opportunity

U.S. Clean Energy Capacity[1]



U.S. Annual Investment in Energy Transition[2]



HASI is well-positioned to maintain or grow market share

1. Cumulative installed capacity for Solar PV, Wind and Storage Technology. Source: BNEF, New Energy Outlook 2022
2. Average annual need through 2050 to achieve net zero emissions. Source BNEF

Client Ambition Expands our Opportunity Set

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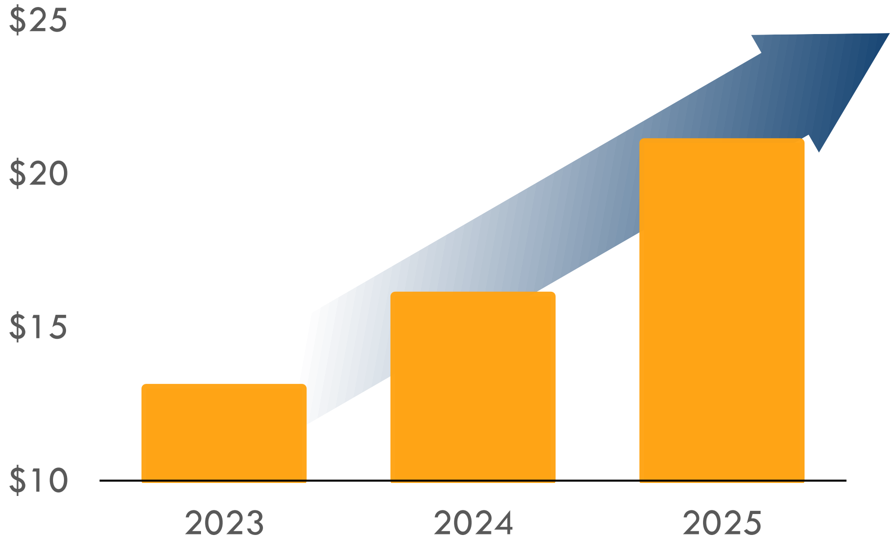
Pipelines expanding with increased focus on climate and IRA tailwinds

Expansion into adjacent decarbonization markets

>$50b project-level capital needs[1] through 2025 by top programmatic clients alone

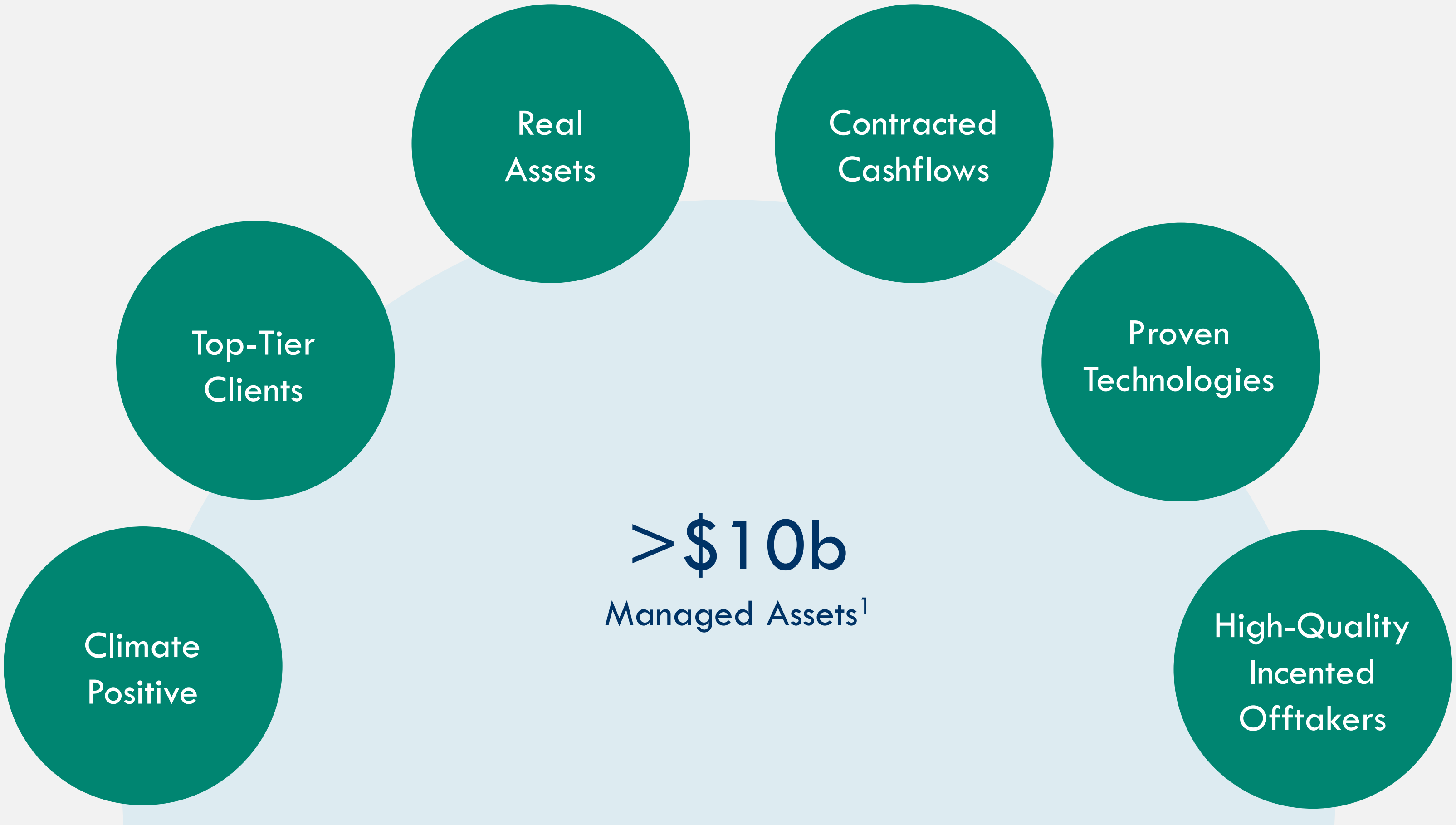
Top-Tier Client Project-Level Capital Needs ($b)[1]



Pace, scale, and market complexity favor a trusted financial partner offering efficiency and replicability

1. Represents estimated total project-level capital required (e.g., debt, tax equity, and cash equity financing) by our Top 8 Clients (2023-2025) in existing HASI asset classes, based on publicly available data and internally developed estimates as of March 2023

Assets Align with Common Attributes



1. As of 6/30/23

Unique Value Proposition to Investors and Clients

Clients

- Trusted Partnership With Aligned Goals
- Programmatic Transactions Improve Efficiencies
- Market and Policy Expertise
- Flexible and Permanent Capital

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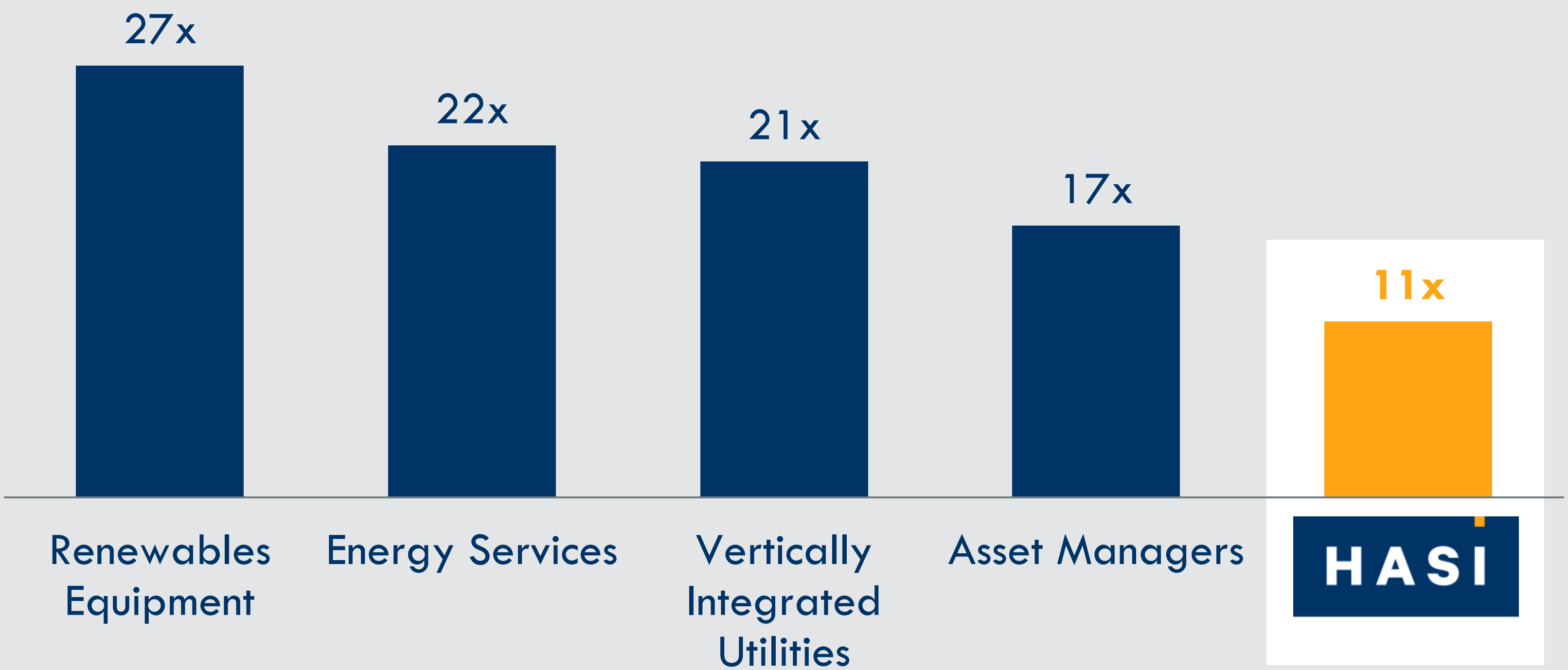
Investors

- Access to Energy Transition in Lower-Risk Structure
- Non-Cyclical Business Model
- Diverse End Markets
- Attributes of Growth, Income and Value

1. Represents guidance for Distributable EPS and Dividend Per Share for 2021-2024, relative to 2020 baseline

Current Valuation Presents Attractive Entry Point[1,2]



Income Generating, Growth Company, at an Attractive Value

1. P/E calculated based on closing price as of 8/1/23 and expected median 2023 earning per share sourced from Bloomberg
2. Renewables Equipment: ENPH, FSLR, SHLS, ARRY; Energy Services: SU:FP, TT, AMRC; Vertically Integrated Utilities: S&P Utilities Index; Asset Managers: BX, KKR, ARES, APO, BAM

Pipeline, Portfolio and Managed Assets

Programmatic Clients Drive Repeat Business

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We invest in partners, and our programmatic partnership drives repeat and expanding business…

…in multiple sectors and technologies within the energy transition

	Commencement	Transactions	Asset Classes
Johnson Controls	2001	>100	2
AMERESCO Green • Clean • Sustainable	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

Average >10-year relationship with leading programmatic partners

>340
Energy Efficiency[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

Pipeline Diversity Ensures Business Resilience

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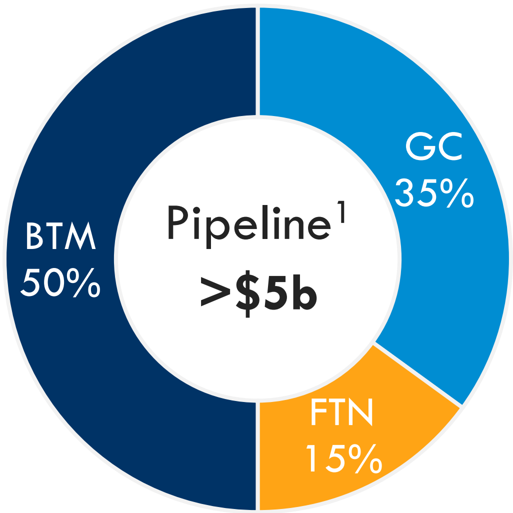
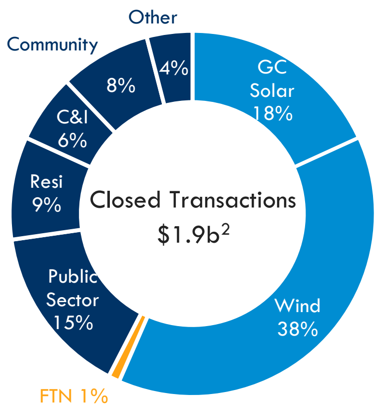
Pipeline

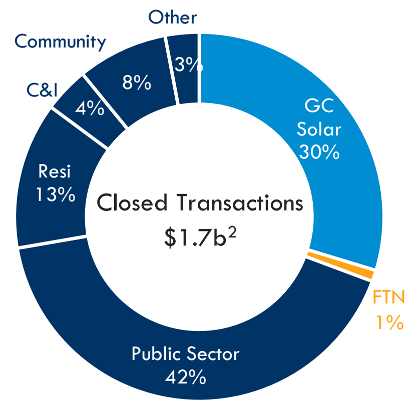


- Well diversified pipeline avoids over-reliance on any one asset class
- Allows participation across entire energy transition market

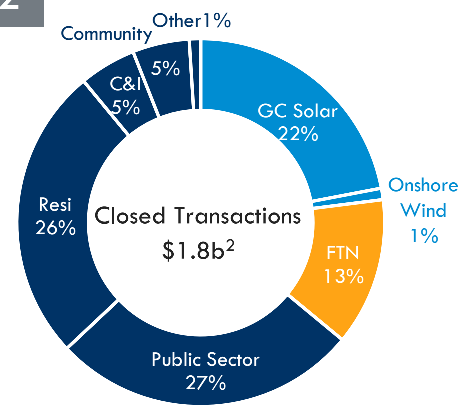
2020



2021



2022



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

Successful Pipeline Conversion at Attractive Asset Yields

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Pace of strong execution continues in 2nd quarter, with total of $815m closed transactions in 1H23

Asset Class	% of Closed Transactions (1H23)
Public Sector	28%
GC Solar	23%
Fuels, Transport & Nature	16%
Residential	15%
Community	9%
C&I	9%

Successful Recent Transactions With Measurable Impact

Clearway Rosamond BESS
- 147MW battery storage expansion to an existing solar project. CC[1] - 0.1

GridPoint Energy Optimization
- $150m facility for energy efficiency retrofits at commercial sites. CC - 5.2

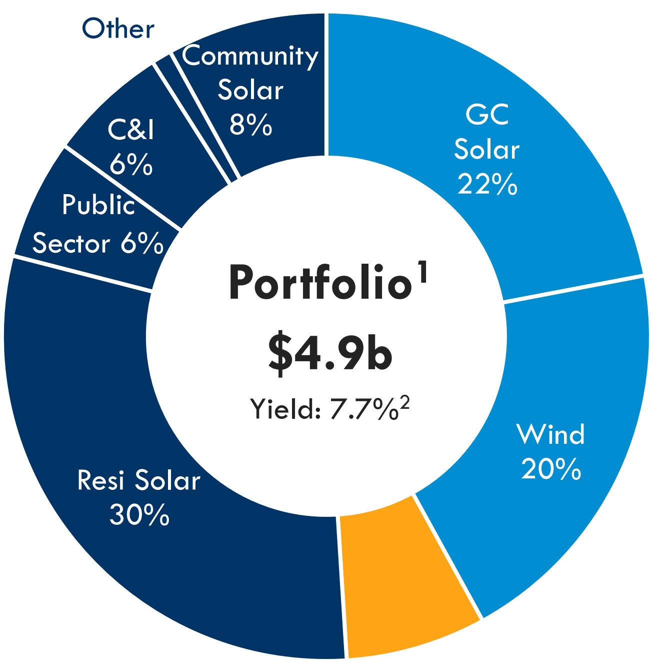
ForeFront DG Solar + Storage
- 48.5MW portfolio of C&I solar and storage. CC - 0.2

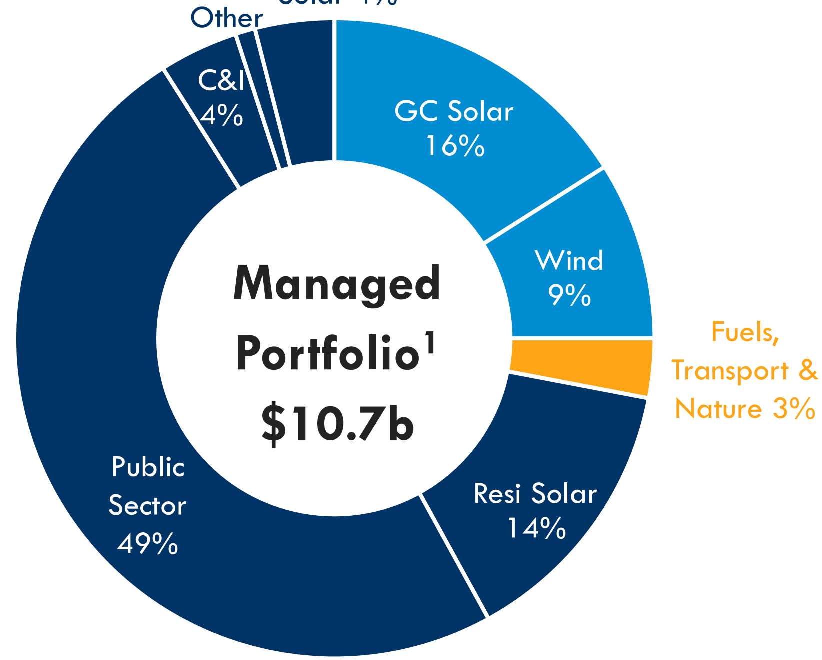
SunPower Resi Solar
- Expand the longstanding partnership to finance solar loan portfolio. CC - 0.2

Bioenergy Devco RNG
- $30m investment in anaerobic digestion facilities for organic recycling. CC - 0.5

1. CarbonCount is a decision tool that evaluates investments in U.S.-based renewable energy, energy efficiency, and climate resilience projects to determine how efficiently they reduce CO2 equivalent (CO2e) emissions per $1,000 of investment

Portfolio Yield Increased from 7.5% to 7.7%





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

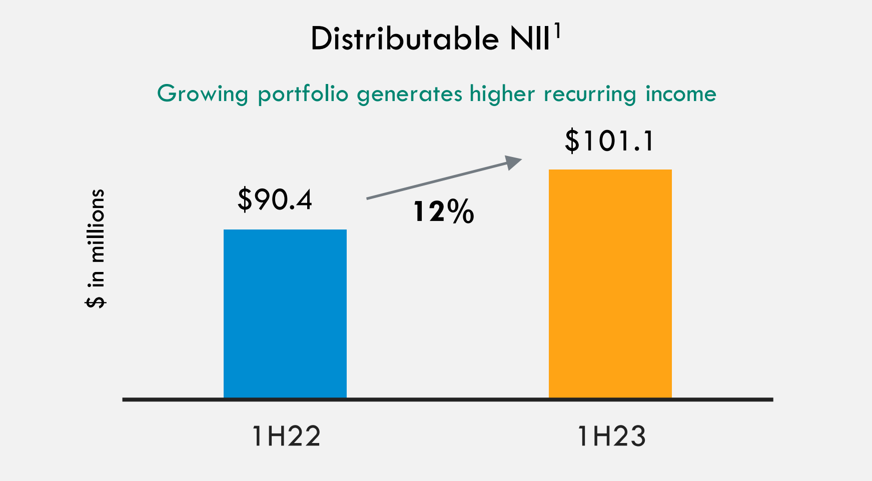
1. GAAP-based Portfolio, as of 6/30/23
2. See Appendix for an explanation of Portfolio Yield

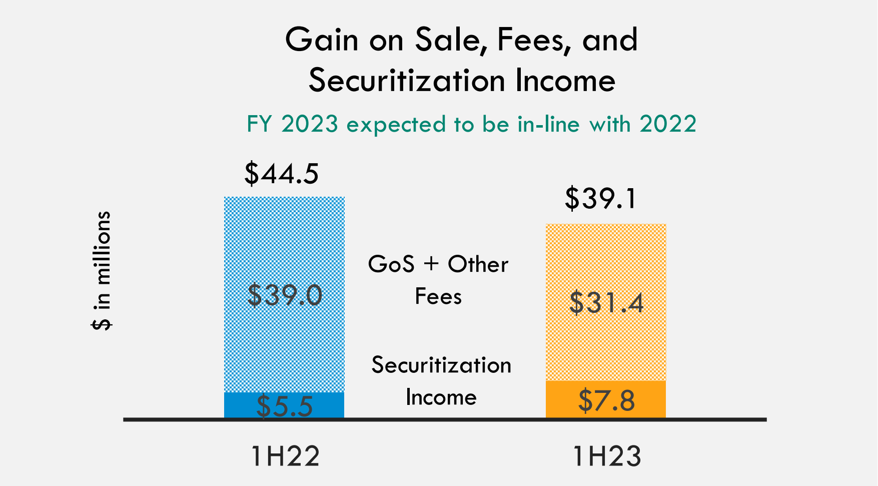
Financial Performance & Funding Platform

Continued Growth in Recurring Income

Financial Results (2Q23)

Results Unaudited[1]	2Q22	2Q23	Change YoY
GAAP Diluted EPS	$(0.21)	$0.14	
Distributable EPS	$0.60	$0.53	
GAAP NII	$11.1m	$14.8m	
Distributable NII	$47.9m	$54.0m	+13%
Gain on Sale, Fees and Securitization Income	$22.8m	$19.6m	
Transactions Closed	$340m	$426m	
Portfolio[2]	$3.9b	$4.9b	+26%
Managed Assets	$9.3b	$10.7b	+15%
Distributable ROE[3]	13.4%	11.6%	





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

Long Term Consistent High Growth in NII and Managed Assets

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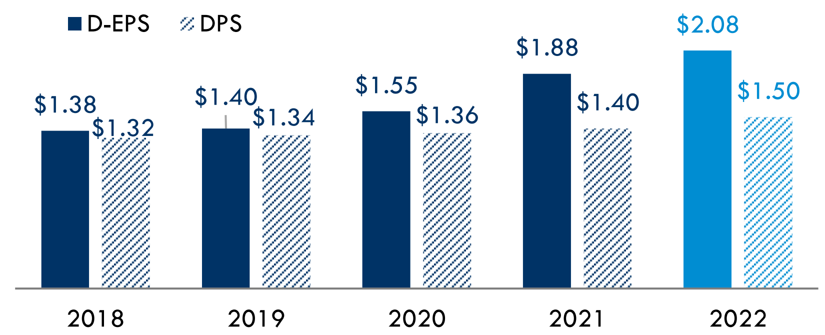
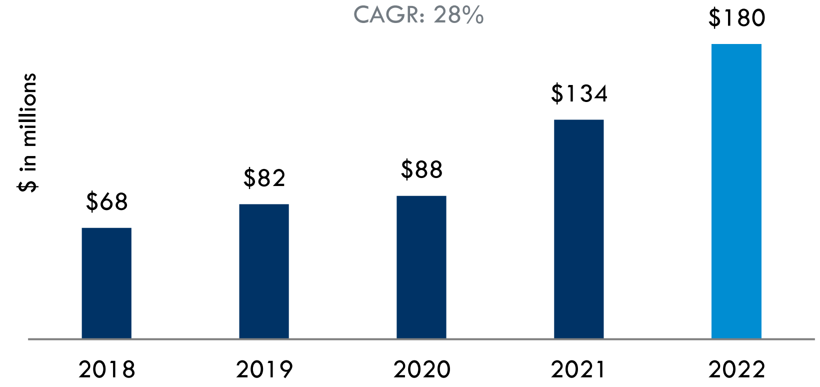
Distributable EPS[1] and DPS[2]

D-EPS CAGR: 11%



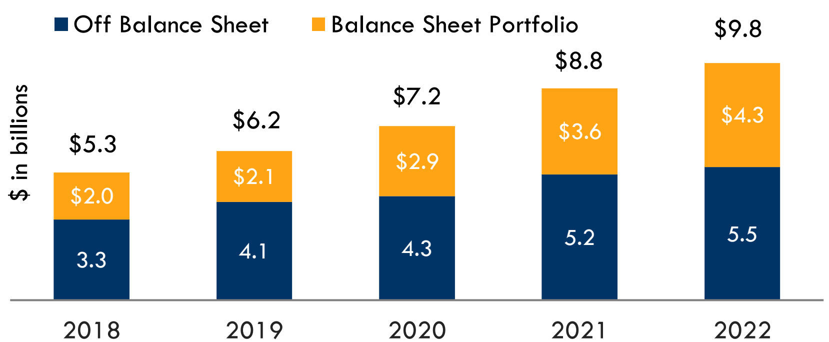
Distributable NII[1]

CAGR: 28%

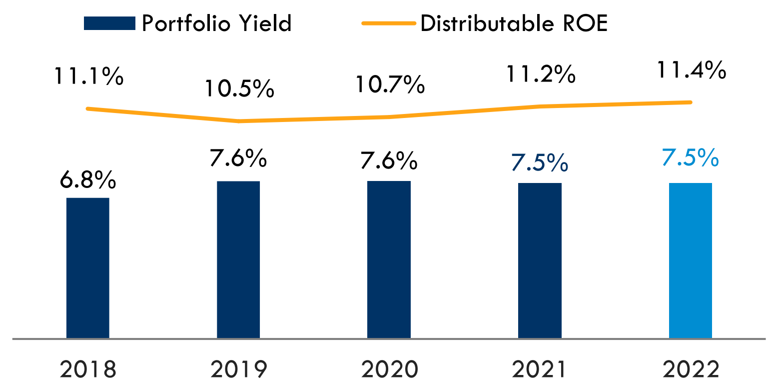


Managed Assets[1]

CAGR: 17%



Portfolio Yield[1] and Distributable ROE[3]



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. Dividends per share declared in the year
3. Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances

Illustrative Business Model

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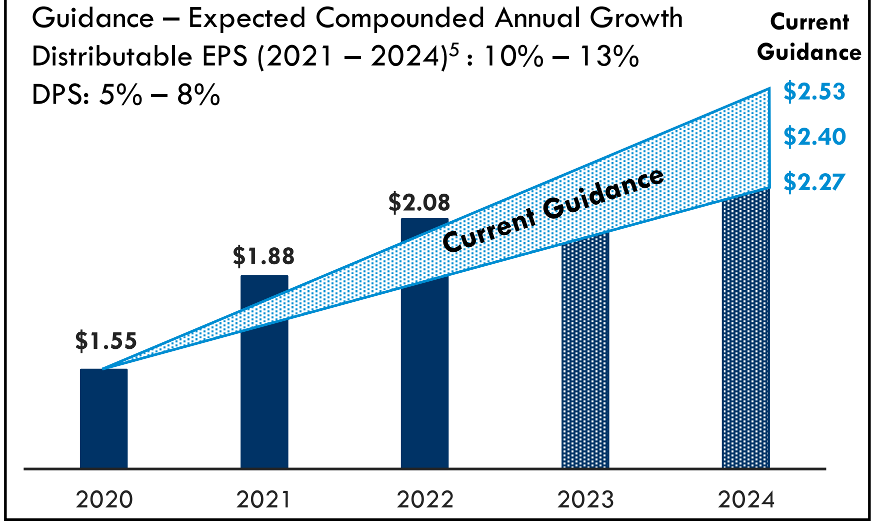
As a % of Assets [1]	
Portfolio Yield[2]	**7.75% - 8.25%**
(-) Interest Expense[3]	(3.75% - 4.25%)
= Net Investment Margin	**3.50% - 4.50%**
(+) Gain on Sale & Fees	1.50%
(-) SG&A	(1.50%)
= Illustrative ROA	3.50% - 4.50%
Debt / Equity	~1.7x
= Illustrative ROE[4]	**10% - 12%**

Illustrative Capital Plan
Portfolio Additions

60-70% Debt	• 1.5-2.0x debt / equity • Investment Grade (Moody's)
30-40% Equity	• Retained and new issue • Accretive to Distributable EPS

Guidance – Expected Compounded Annual Growth
Distributable EPS (2021 – 2024)[5] : 10% – 13%
DPS: 5% – 8%



1. This information is hypothetical and for illustrative purposes only and is not based on actual operations nor is it a prediction or projection of future results. The amounts are based on various assumptions and estimates based on the Company's model. Assumptions and estimates may prove to be inaccurate and actual results may prove materially different and will vary between periods based on market conditions and other factors. Investors should note that the illustrative model does not represent management's estimates or projections and should not be relied upon for any investment decision.
2. See Appendix for an explanation of Portfolio Yield
3. Excludes incremental interest expense related to debt prepayments. Shown here as a % of assets
4. Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances for the period
5. Relative to the 2020 baseline

Improved Margins

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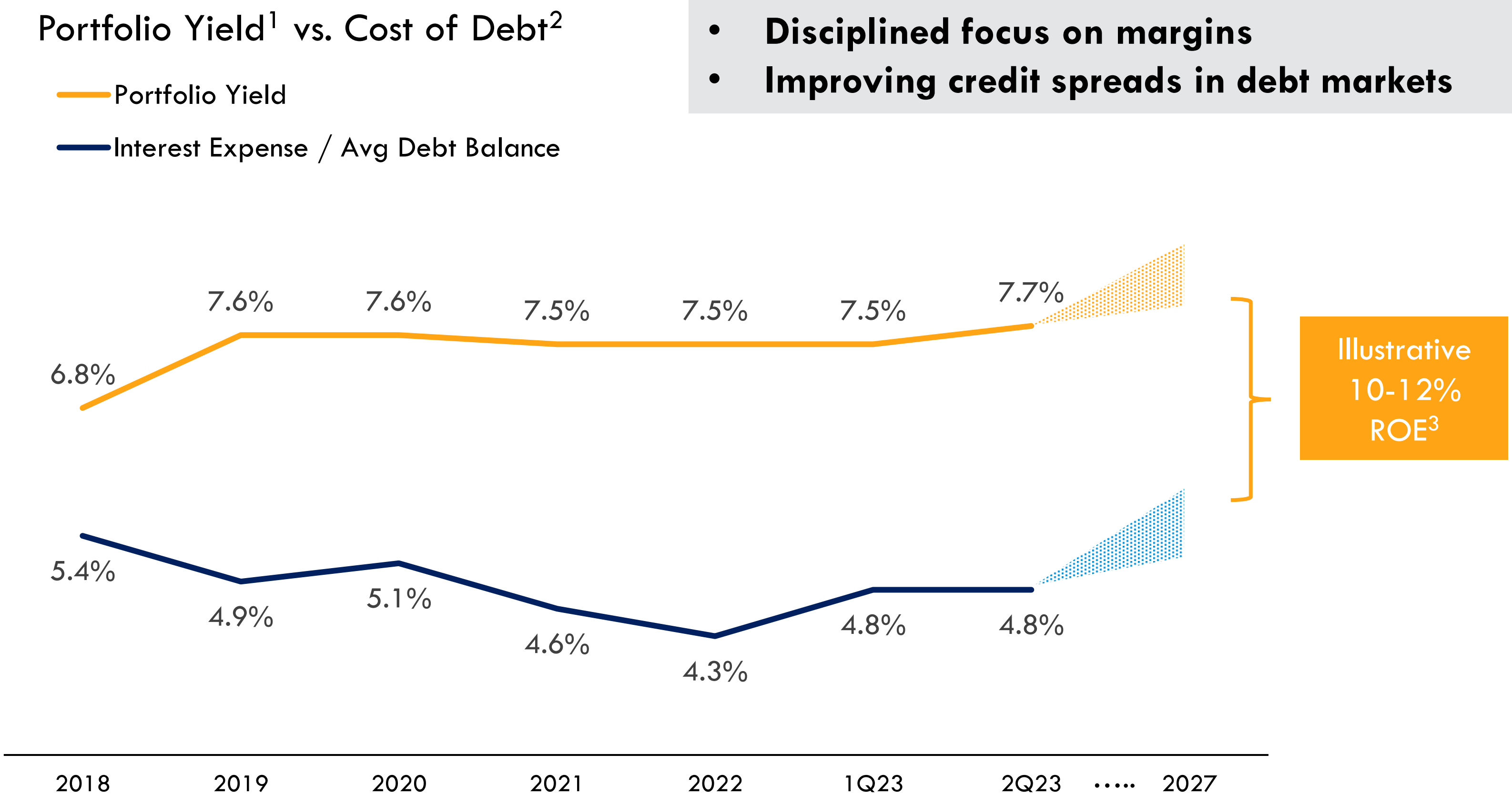
- **Disciplined focus on margins**
- **Improving credit spreads in debt markets**



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

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
3. Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances for the period

Strong Liquidity Through Capital Markets Diversification

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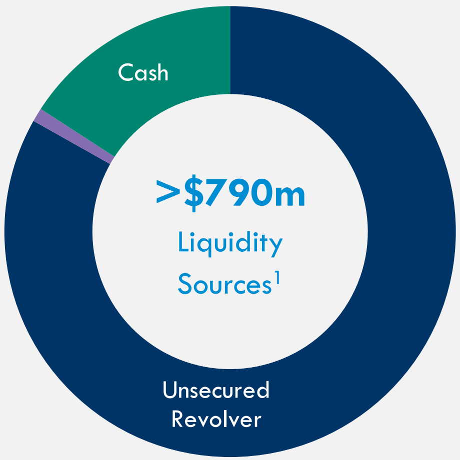
Maintaining Ample Liquidity



HASI Funding Platform

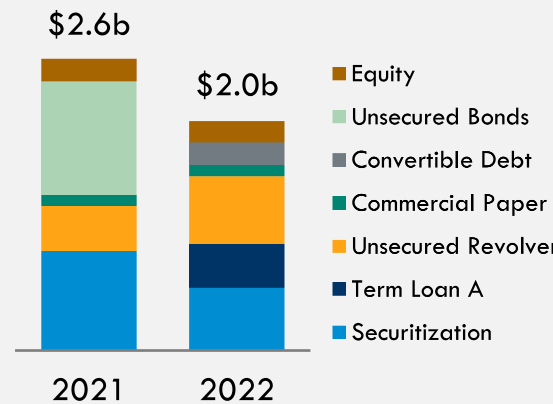
Bank Debt
Unsecured and Secured

Private Debt
Institutional Investors

Public Equity
Marketed Offerings and ATM

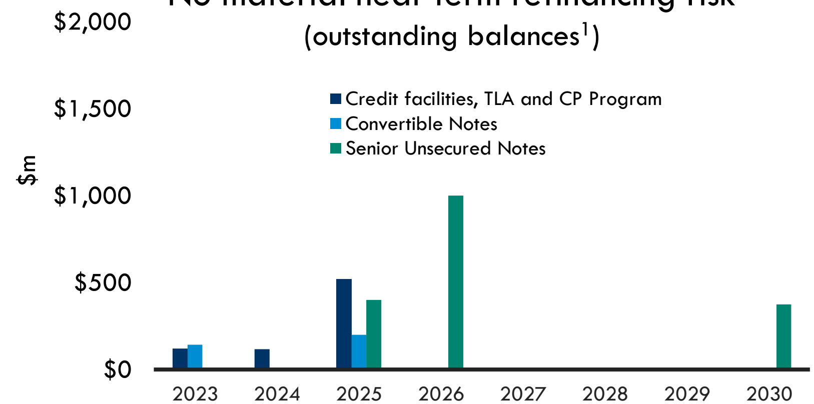
Capital Markets Debt
Unsecured and Convertible Green Bonds

Diversified Sources[3]



- 1.6x debt to equity[2]
- Credit rating of Baa3 (Investment Grade) by Moody's, BB+ by S&P, BB+ with Positive Outlook by Fitch
- Hedged base rate on bank term loan, unsecured revolver and 2025/26 debt maturities
- Increased unsecured revolver capacity by $240m to $840m capacity with 15 banks. Revolver credit spread remains 1.875%
- $345m follow-on equity offering utilized to fund accretive investments

No material near term refinancing risk
(outstanding balances[1])



1. As of 6/30/23
2. Below target limit of less than 2.5x, As of 6/30/23
3. Includes drawn and undrawn sources as applicable

Growing Both Dividend & Retained Earnings

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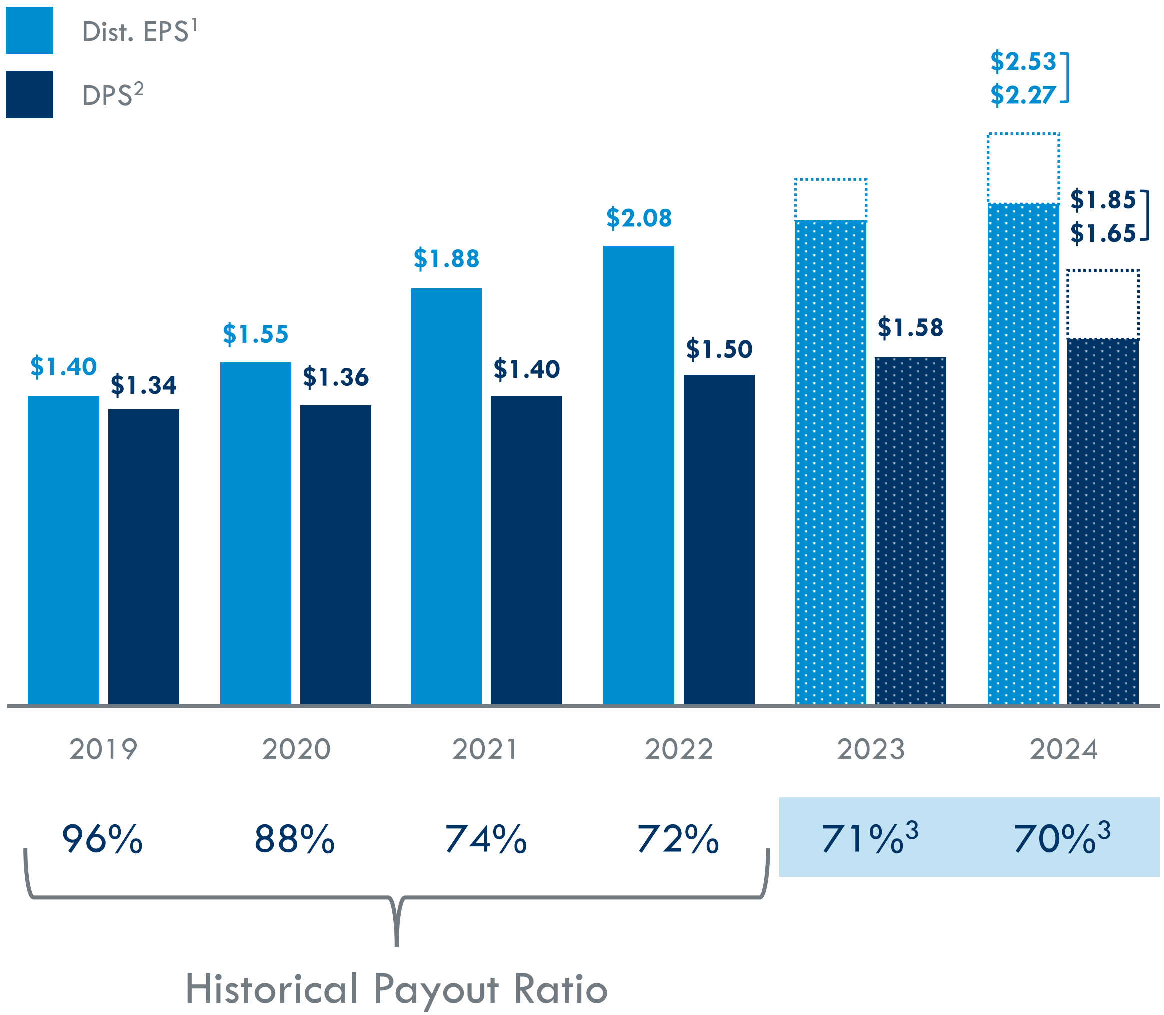

...By 2030

Equity Primarily Generated Through Retained Earnings

Continued Dividend Growth

Payout Target of 50-60%

1. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix to our Earnings Presentation for the year ended December 31, 2022, which can be found at investors.HASI.com, and any other SEC filings, as applicable
2. Dividend declared for the year
3. Midpoint of guidance

Cash Flow Sources and Uses

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$ millions[1]	2Q23 TTM	2022	2021
Adjusted Cash Flow from Operations Plus Other Portfolio Collections[2]	**$228**	**$287**	**$259**
(-) Dividend	**($139)**	**($132)**	**($114)**
(=) Cash Available for Reinvestment	**$89**	**$155**	**$146**
(-) Investments Funded[3]	($1,224)	($871)	($960)
(+) Capital Raised	$957	$693	$796
Other Sources/Uses of Cash	$25	($51)	($41)
Change in Cash	($152)	($74)	($59)

- Certain companies consolidate the projects and include project cash flows in Cash Flows from Operations; since we don't consolidate, we report project cash flows in Cash Flows from Investing

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
3. Does not include receivables held-for-sale

Sustainability Leadership & Impact

Unwavering Commitment to Climate Action, Diversity and Social Justice

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Engage in Meaningful Community Investment Through HASI Foundation

Since 2020, HASI has declared nearly ~$4m in social dividends to fund the Foundation's climate justice initiatives

Climate Solutions for Disadvantaged Communities

Climate Solutions Career Pathways

Local Impact

Carbon Reduction

CarbonCount: 0.31 (2Q23)

6.9 cumulative metric tons of CO_2 Avoided Annually

Water Savings

WaterCountTM: 367 (2Q23)

6.5 billion cumulative Gallons of Water Saved Annually

HASI maps investment and corporate activities to the UN SDGs

Recognition that Matters

CDP A LIST 2022 CLIMATE

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

STATE STREET GLOBAL ADVISORS
R-Factor™
Leader
Top 10th Percentile

1. Includes voluntary, non-retirement separations

Recent ESG Activity

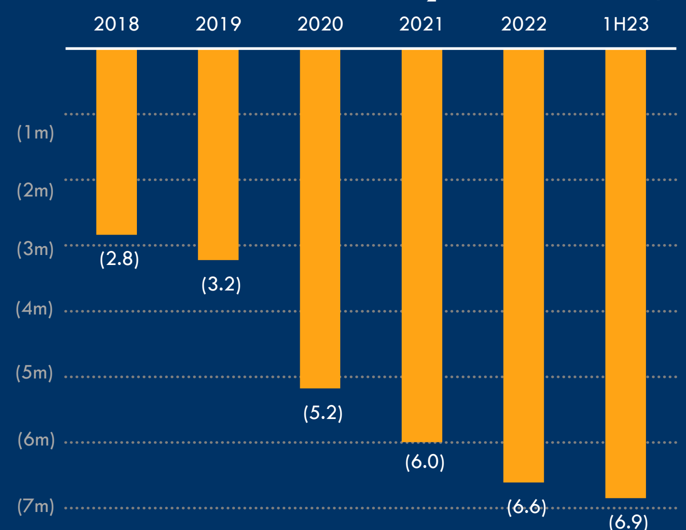
HASI

E	Environmental	Quantified our Scope 3, Category 15 portfolio emissions for 2022 with the goal of setting a Scope 3 Science-Based Target later this year
S	Social	HASI Foundation approved over $300k in grants to mission-aligned nonprofits
G	Governance	Board members who are women and from underrepresented communities now constitute a majority of our Independent Directors

Carbon Emissions[1]

CarbonCount: 0.31 (2Q23)

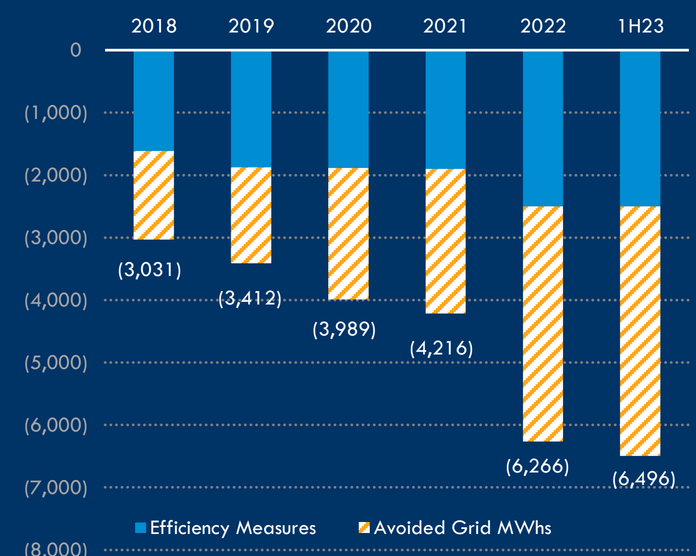
Cumulative Metric Tons of CO_2 Avoided Annually



Water Savings[2]

WaterCount™: 367 (2Q23)

Cumulative Gallons of Water Saved Annually (million gallons)



1. CarbonCount is a decision tool that evaluates investments in U.S.-based renewable energy, energy efficiency, and climate resilience projects to determine how efficiently they reduce CO2 equivalent (CO2e) emissions per $1,000 of investment.
2. WaterCount™ is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.

CarbonCount®: Transparent, Comparable, Accountable

Measuring the Climate Impact of Every Investment

CarbonCount® is a proprietary scoring tool for evaluating investments in U.S. based renewable energy, energy efficiency, and climate resilience projects to determine the efficiency by which each dollar of invested capital reduces annual carbon dioxide equivalent (CO2e) emissions

Annual Hourly MWh Generation Avoided by Underlying Renewable Energy and/or Efficiency Project(s) × Location Specific Hourly Grid Emissions Factor Metric Tons of CO_2 / MWh

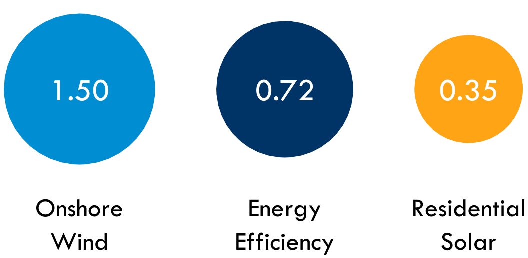
divided by

Total Capital Cost of the Projects

= carboncount® (Metric Tons of CO_2 Offset Annually per $1,000 invested)

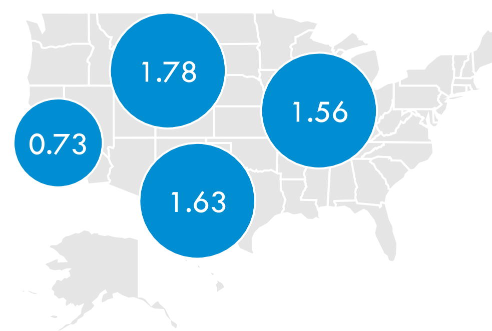
Indicative CarbonCount® by Technology Type

Impact of capacity factor and cost per MW



Indicative CarbonCount® for an Identical Sample Wind Project in Different Regions

Impact of grid fuel mix



Appendix

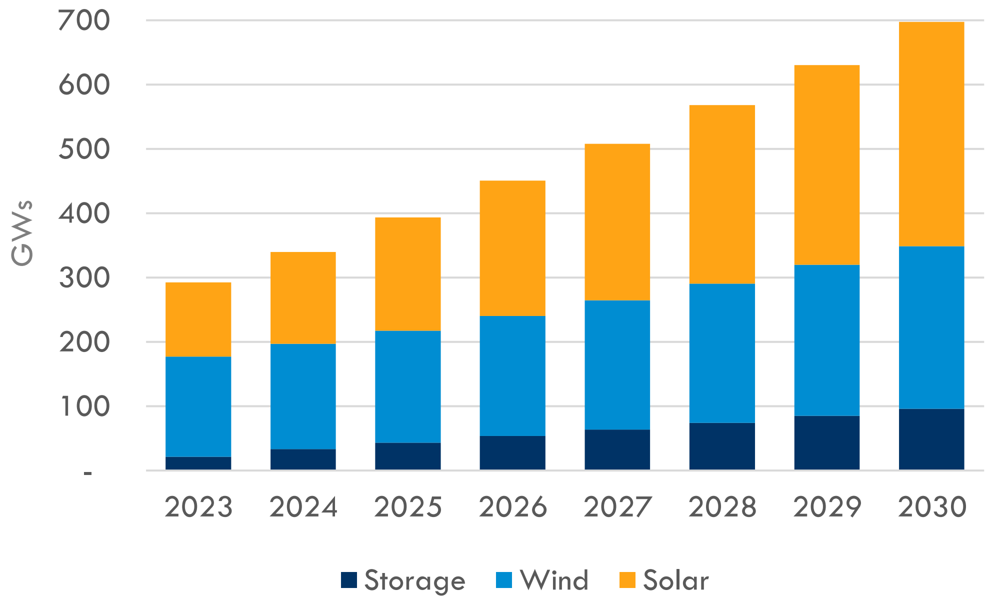
Market Highlights &

Investment Examples

GC Market Highlights

HASI GC business consists of utility-scale wind, solar and storage investments

GC Market Expected to More Than Double by 2030[1]



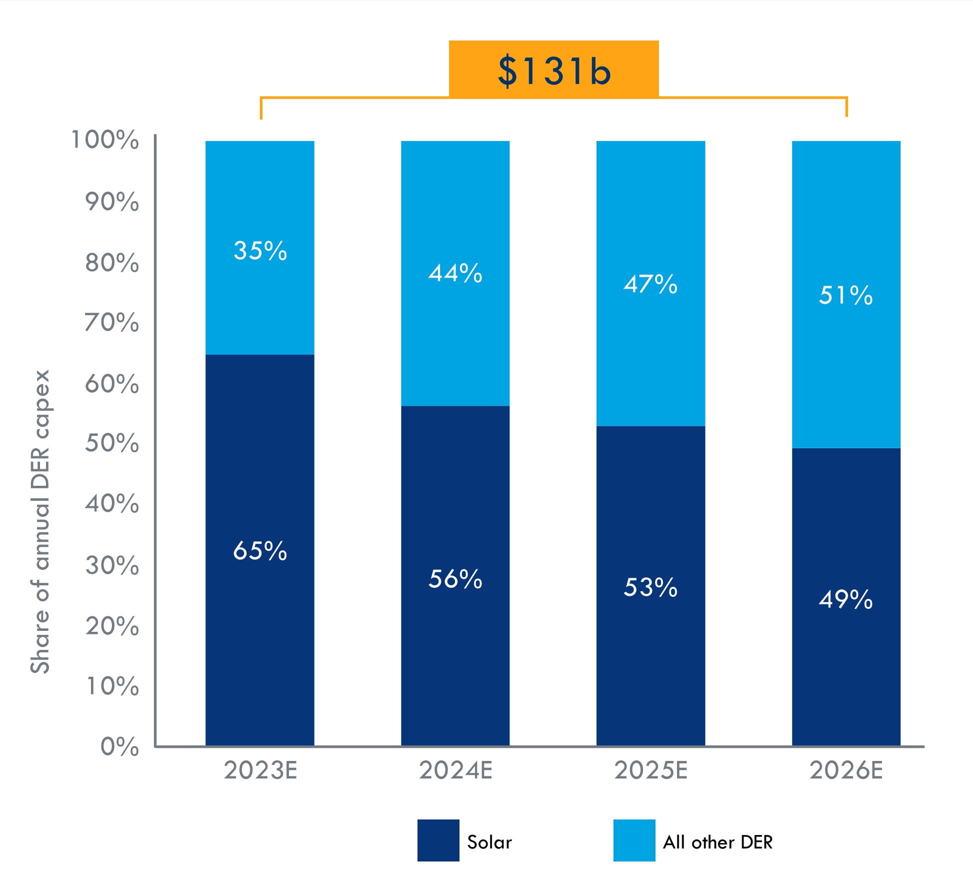
Strong Fundamentals With Tremendous Growth

- Most cost-effective energy source
- Required for corporates and utilities to meet their renewable energy transition targets
- Inflation Reduction Act provides long-term certainty to enable long term investments

1. BNEF 2H 2022 U.S. Clean Energy Market Outlook

BTM Market Highlights

High growth enabled by favorable legislation, technology advancement and strong demand



- $131b of cumulative investments through 2026[1]
- **Key Demand Drivers:** Emissions / Resilience / Energy Cost
- **Key Enablers:** Legislation / Digitalization / Market Design

1. Woodmac's 2021 U.S. DER Outlook

Capturing Decarbonization Opportunities Beyond the Power Sector

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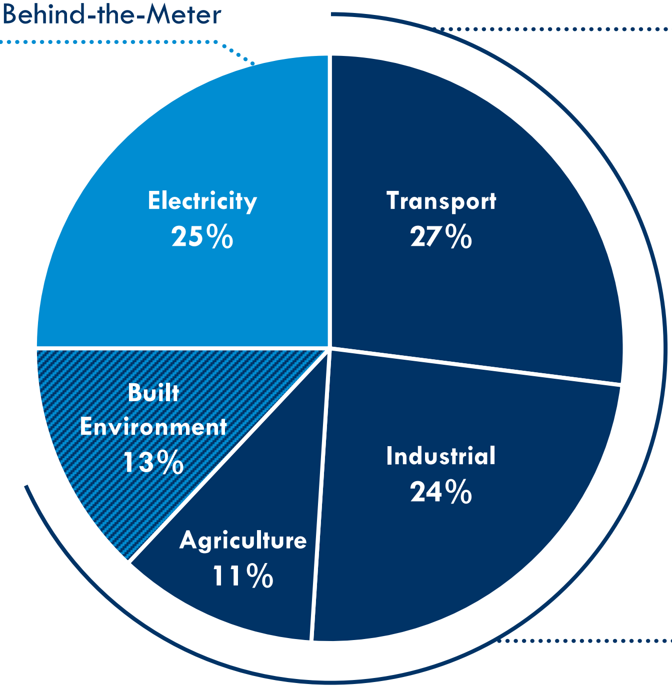
Carbon is Everywhere
U.S. GHG Emissions by Sector[1]

Grid-Connected / Behind-the-Meter



Climate Solutions expanding to include Industrial, Transport, Agriculture, and Built Environment comprising 75% of U.S. GHG emissions[1]

Fuels, Transport & Nature

HASI Time to Scale

Now
- RNG
- Fleet Decarbonization

2-3 Years
- Carbon Removal
- Advanced Buildings
- Low-Carbon Materials
- SAF

3+ Years
- Green H_2
- Sustainable Ag

1. EPA

Illustrative Investments

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Fuels, Transport & Nature

Renewable Natural Gas

$125 million

Senior debt investment with an energy service company in a portfolio of operating Landfill Gas (LFG)-to-RNG and Wastewater Treatment Biogas (WWTPB)-to-RNG plants

Behind-the-Meter

C&I Solar

<$30 million

Equity investment with a solar sponsor in a high-quality 131 MW portfolio of distributed solar and solar-plus-storage projects across 10 states

Grid-Connected

Wind & Solar

>1.3 GW

Minority stake, common equity investment in a portfolio of 17 operating solar projects and one operating wind project located across six states

Fuels, Transport & Nature

Ecological Restoration

>$40 million

Receivables investment with an environmental development firm in a tidal restoration project to restore wetland habitat and mitigate flood risk in the Sacramento River Delta

Illustrative Investments

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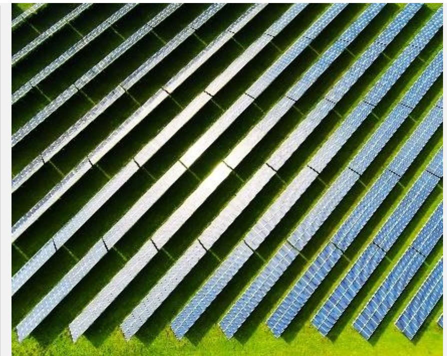


Behind-the-Meter

Residential Solar

>$200 million

Investment in a portfolio of high credit quality residential leases with a residential solar provider, totalling 335 MW with more than 45,000 separate homeowners.

Behind-the-Meter

Microgrid Resiliency

>$20 million

Investment in energy savings performance contract project featuring a 5 MW solar, 11.6 MWh energy storage microgrid at The United States Coast Guard's Petaluma Training Center

Grid-Connected

Solar Land

>$100 million

Acquisition of 4,000 acres of land and lease streams with utilities and solar sponsors, underlying dozens of utility-scale solar projects with a capacity of nearly 700 MW

Fuels, Transport & Nature

Fleet Decarbonization

>$70 million

Investment with a sustainable transportation fleet provider to modernize the fleet services through software for a major metropolitan school district, and eventual electrification of the bus fleet

Appendix

Risk & Underwriting

Strong Portfolio with Positive Credit Attributes

HASI

Recent Portfolio Performance

Rating	Description	Performance Metric
1	Performing[1]	~100%
2	Slightly below metrics[2]	~0%
3	Significantly below metrics[3]	~0%

Outstanding Credit History

De minimis <20 bps cumulative credit losses since 2012[4]

Positive Credit Attributes

Asset Class	Portfolio (%) [6]	Structural Seniority	Obligor Credit
Residential	30%	Typically Preferred	> 325k consumers WAVG FICO: "Very Good"[5]
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

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. Calculation represents credit losses as a percentage of cumulative originations, excluding equity method investments.
5. 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 obligors (as of lease origination dates).
6. Total may not sum due to rounding

Robust and Disciplined Underwriting and Monitoring

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 Wind/Solar	Generation/Availability Curtailment Hedge 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 Quality and Energy Content Upgrading Performance Environmental Commodity Value	Performance Monitoring (Pipeline Quality MMBtu) Commercial and Contracting Support

Diversified Offtakers With Limited Concentration

HASI

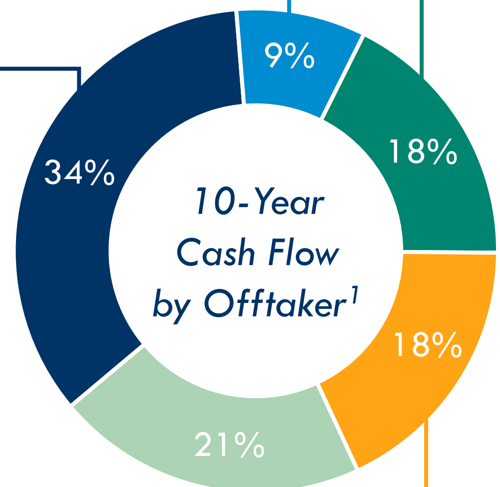
Residential Solar

# of active customers	>325k
WA FICO	746
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

LA Unified School District	1.9%
University of Iowa	1.9%
Walmart	1.2%
Lincoln Electric System	1.1%
Xcel	0.9%
Target	0.7%
Microsoft	0.5%
Apple Inc	0.4%
Ahold USA Inc	0.3%
3M	0.3%
Amazon	0.3%
Dairyland Power	0.3%
T-Mobile	0.1%
Other Corporate (~120)	7.9%

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 12/31/22, based on 10 years of forecasted cashflows.
2. First year savings compared to electric utility bills, sourced from Sunrun's Investor Presentation as of 9/30/22, 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.

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.

Supplemental Financial Data

HASI

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

HASI

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.

Income Statement

HASI

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,		For the Six Months Ended June 30,	
	2023	2022	2023	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

HASI

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

HASI

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

	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

HASI

	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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