



Investing in Climate Solutions®

Corporate Profile

March 2024

HASI
LISTED
NYSE

We actively partner with clients to deploy real assets that facilitate the energy transition

Key Stats

>\$12 Billion

Managed Assets¹

10% CAGR

Distributable EPS²

12%

Annual Total Return³

>7m

MT CO₂ Avoided Annually⁴

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 12/31/23
2. Distributable EPS CAGR uses the first full year of results, which is 2014, as starting point, to full year 2023. 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 3/13/24
4. Cumulative metric tons of carbon dioxide equivalent (CO₂e) emissions avoided through our investments since 2013

Key Pillars of our Business

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

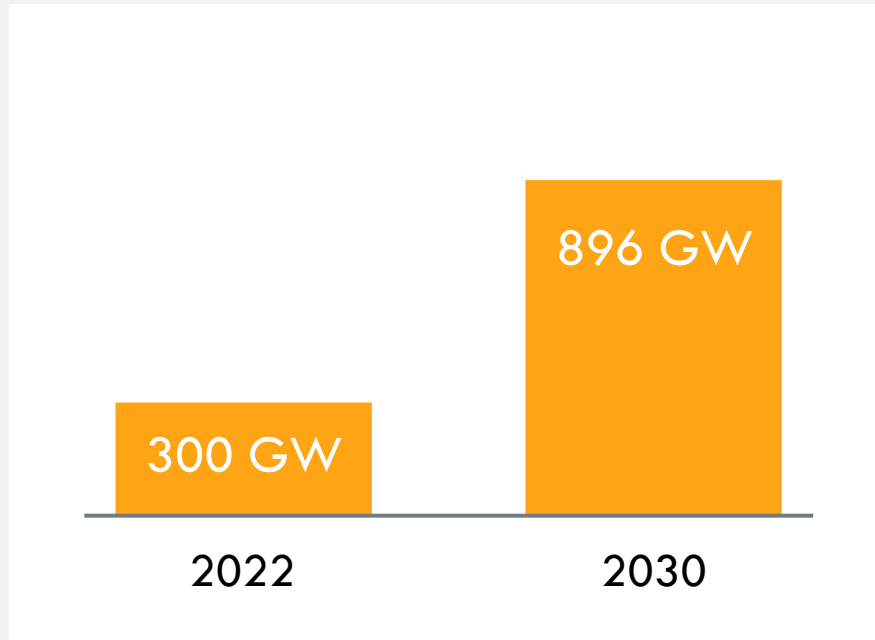
Assets



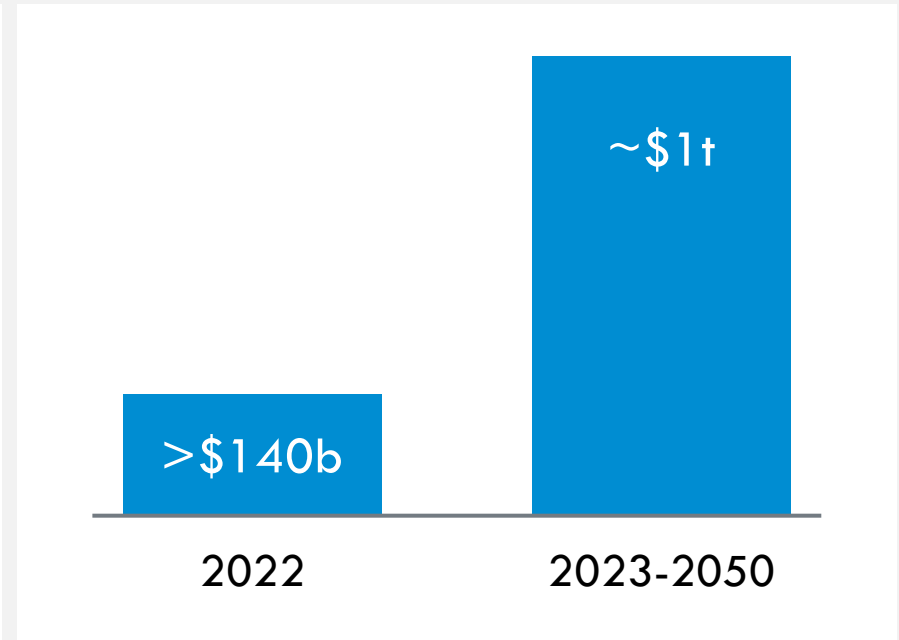
- ✓ Invest in Income Generating Real Assets
- ✓ Proven Technologies
- ✓ Non-Cyclical, Lower Risk, Predictable

Climate Solutions are a Multi-Decade Growth Opportunity

U.S. Clean Energy Capacity¹



U.S. Annual Investment in Energy Transition²



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

HASI



Pipelines expanding with increased focus on energy transition and IRA tailwinds



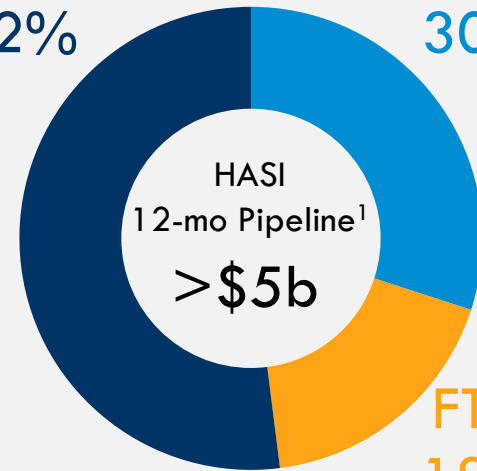
Expansion into adjacent decarbonization markets



>\$25b in 2024 estimated US project capex by top 10 clients²

BTM
52%

GC
30%



FTN
18%

Pipeline of >150 opportunities and >30 programmatic partners that drive consistent and diversified volume

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

1. Next 12-months pipeline as of 12/31/23. BTM is Behind-the-Meter, GC is Grid-Connected, and FTN is Fuels, Transport and Nature. No offshore wind in the pipeline
2. HASI internal estimates based on public filings by top clients and company assumptions

Assets Align with Common Attributes



1. As of 12/31/23

Unique Value Proposition to Investors and Clients

HASI

Clients



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

HASI

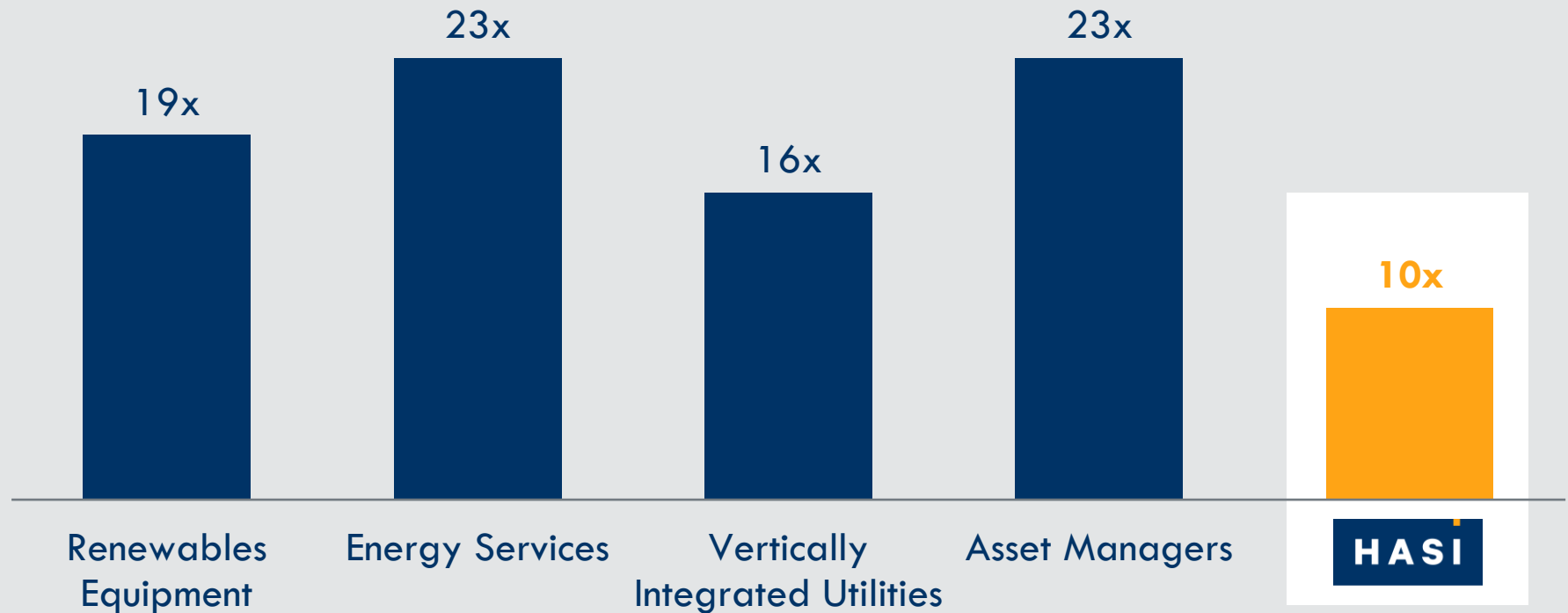
Investors



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

Current Valuation Presents Attractive Entry Point^{1,2}

HASI



Income Generating, Growth Company, at an Attractive Value

1. P/E calculated based on price as of 3/14/24 and consensus earnings per share for next four quarters sourced from Bloomberg
2. Renewables Equipment: ENPH, FSLR, SHLS, ARRY; Energy Services: SU:FP, TT, AMRC; Vertically Integrated Utilities: NEE, XEL, AEE, LNT; Asset Managers: BX, KKR, ARES, APO, BAM



Pipeline, Portfolio and Managed Assets



Programmatic Clients Drive Repeat Business



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



...in multiple sectors and technologies within the energy transition

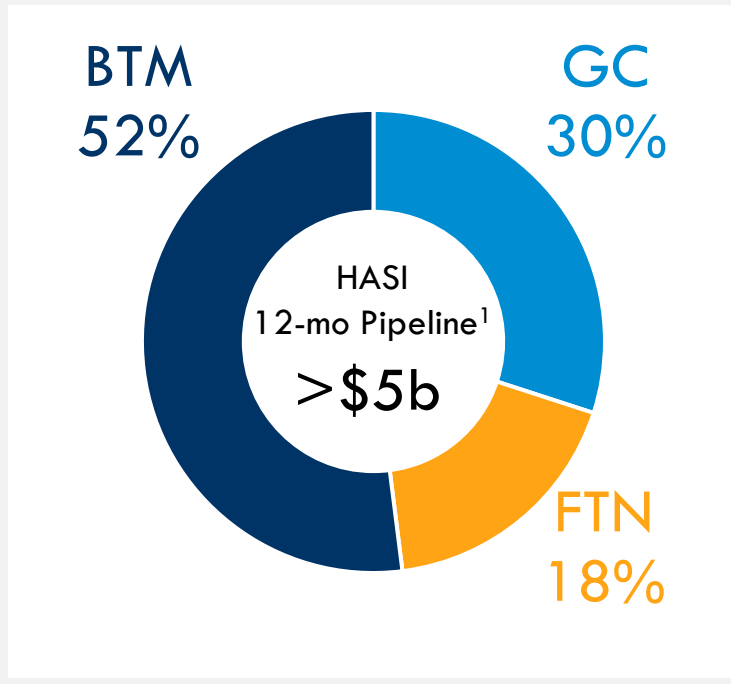
	Commencement	Transactions	Asset Classes
	2001	>100	2
	2001	>40	3
	2013	>20	3
	2014	>30	3
	2016	>20	2
	2018	>10	4
	2018	>5	1
	2019	>20	1

Average >10-year relationship with leading programmatic partners

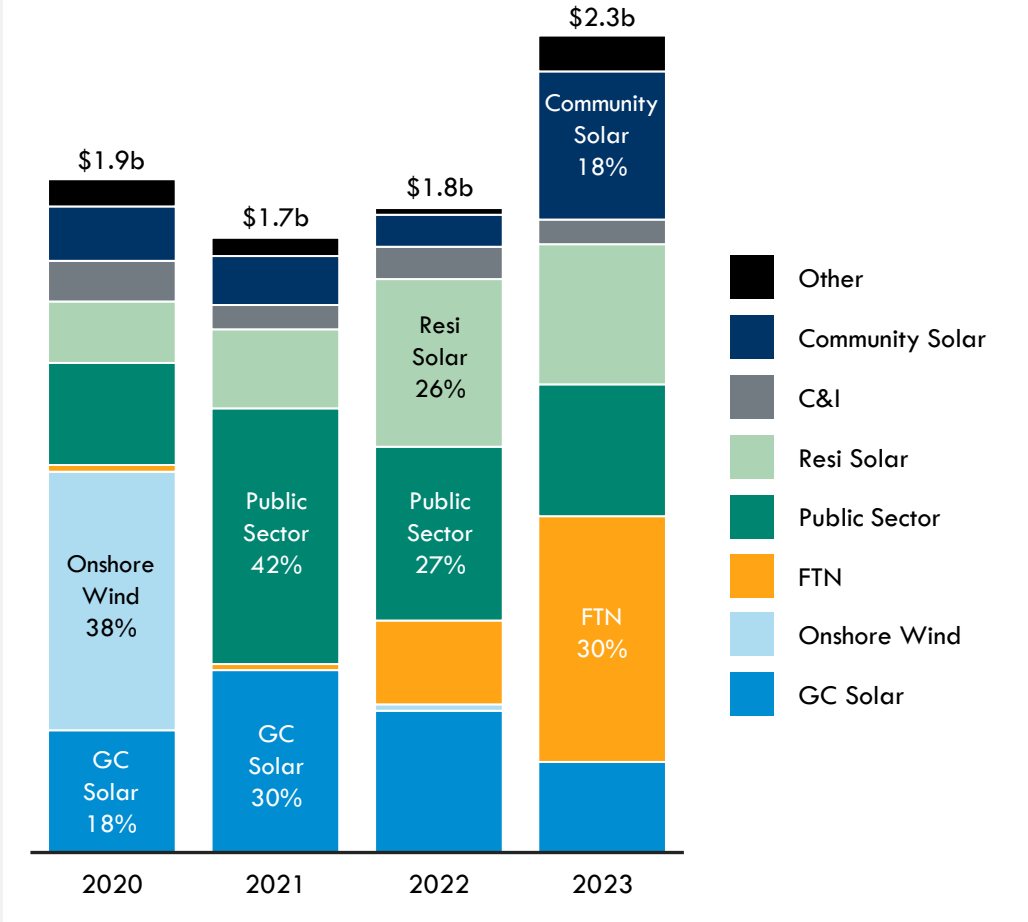
- >360 Energy Efficiency¹
- 11.4 GW of Grid-Connected Wind & Solar Land¹
- 4.3 GW of Grid-Connected Wind¹
- 2.7 GW of Grid-Connected Solar¹
- 4.3 GW of Behind-the-Meter Solar¹
- >770 Fleet vehicles¹
- 5.8m MMBtu Annual Renewable Gas Capacity¹

1. Managed portfolio as of 12/31/23

Programmatic Partners Drive Consistent Diversified Volume



Closed Transactions² Two Highest Volume Asset Classes have Changed Every Year



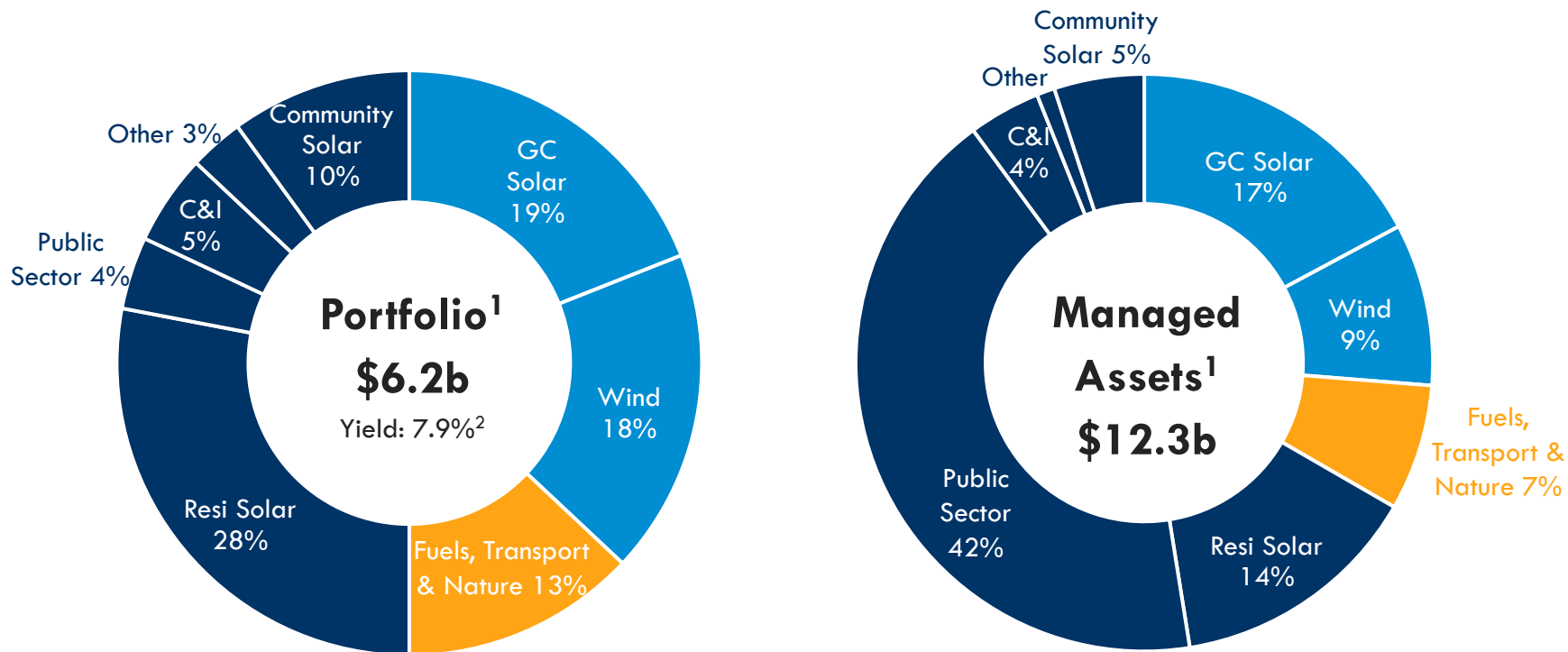
> 30 Programmatic partners

> 150 Opportunities

> \$25b In 2024 estimated U.S. project capex by top 10 clients³

1. Next 12-months pipeline as of 12/31/23. BTM is Behind-the-Meter, GC is Grid-Connected, and FTN is Fuels, Transport & Nature. No offshore wind in the pipeline
 2. As of 12/31 2020, 2021, 2022 and 2023, respectively
 3. HASI internal estimates based on public filings by top clients and company assumptions

Portfolio Yield Increased from 7.7% to 7.9% QoQ



“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. GAAP-based Portfolio, as of 12/31/23. Total may not sum due to rounding
2. See Appendix for an explanation of Portfolio Yield

Financial Performance & Funding Platform

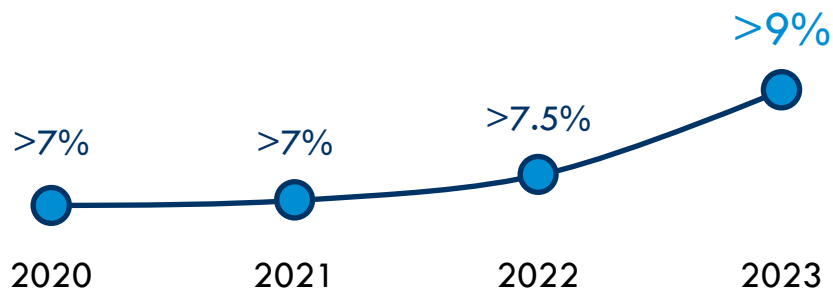


Continued Growth in Portfolio, Dist. NII and GoS Fees

Financial Results (FY23)

Results Unaudited ¹	FY22	FY23	Change YoY
GAAP Diluted EPS	\$0.47	\$1.42	
Distributable EPS	\$2.08	\$2.23	+7%
GAAP NII	\$45m	\$58m	
Distributable NII	\$180m	\$217m	+21%
Gain on Sale, Fees and Securitization Income	\$79m	\$91m	+15%
Transactions Closed	\$1.8b	\$2.3b	
Portfolio ²	\$4.3b	\$6.2b	+44%
Managed Assets	\$9.8b	\$12.3b	+26%
Distributable ROE ³	11.4%	11.8%	

Higher New Investment Yields in 2023 Improve Long Term Distributable NII



CarbonCount Investment Highlight

Energy efficiency investment with automated management of energy usage, driving energy and customer savings, across 585 high energy usage commercial sites



carboncount®

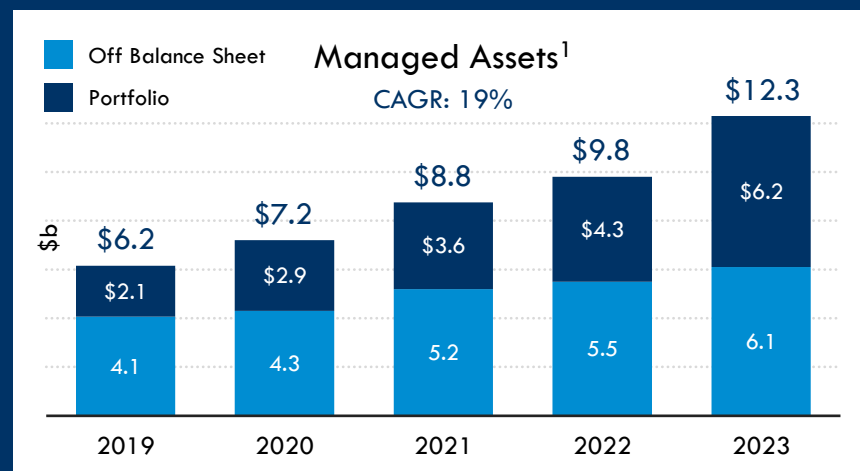
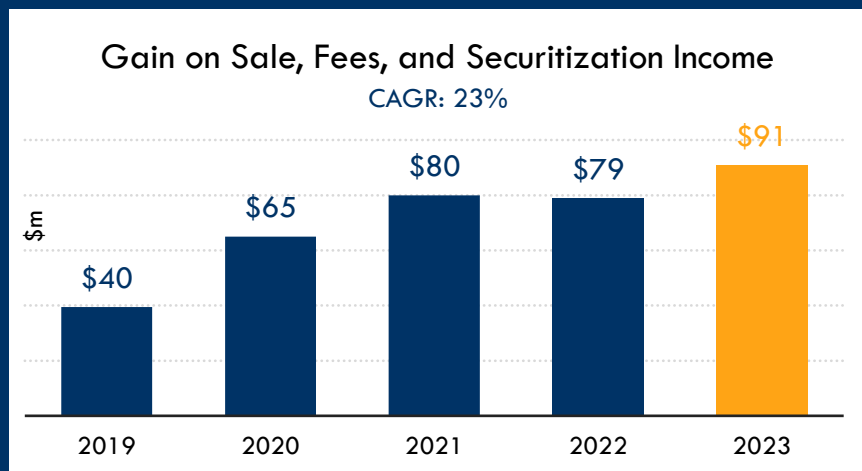
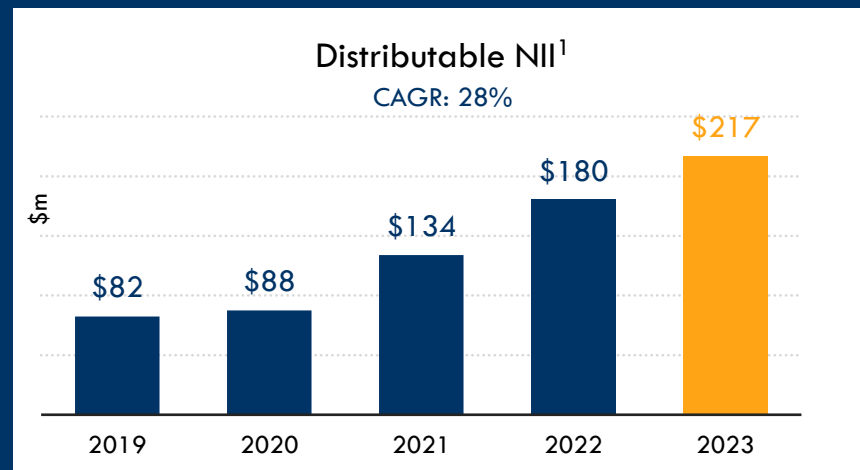
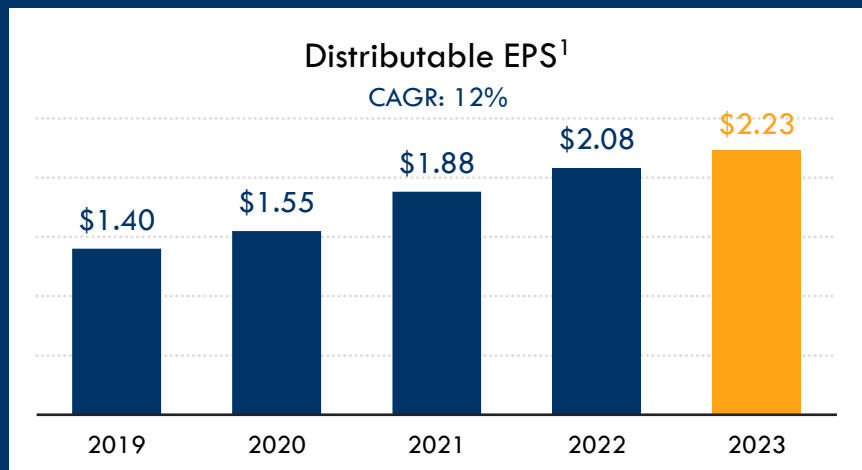
Metric Tons of CO² Avoided Annually per \$1000 Invested

1. See Appendix for an explanation of Distributable Earnings, Distributable 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. Refer to reconciliation of GAAP Earnings to Distributable Earnings

Consistent High Growth in Key Metrics



1. See Appendix for an explanation of Distributable Earnings, Distributable NII and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable.

Illustrative Business Model

HASI

As a % of Assets¹

Portfolio Yield² **7.75% - 8.25%**

(-) Interest Expense³ (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%**

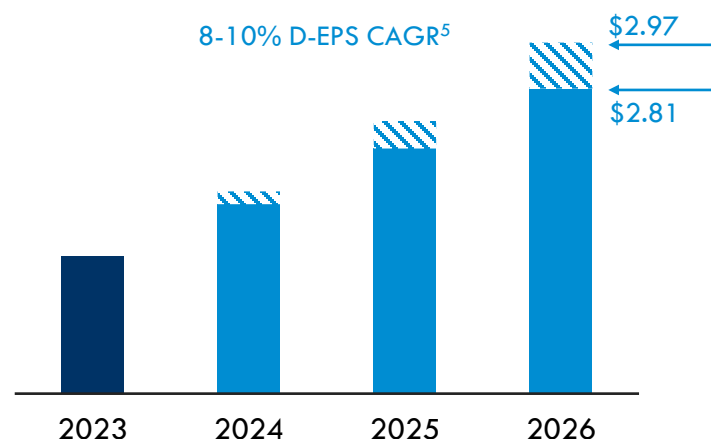
Debt / Equity ~1.7x

= Illustrative ROE⁴ **10% - 12%**

Illustrative Capital Plan Portfolio Additions

- | | |
|---------------|--|
| 60-70% Debt | <ul style="list-style-type: none"> • 1.5-2.0x debt / equity • Investment Grade (Moody's) |
| 30-40% Equity | <ul style="list-style-type: none"> • Retained and new issue • Accretive to Distributable EPS |

Guidance - Distributable EPS²



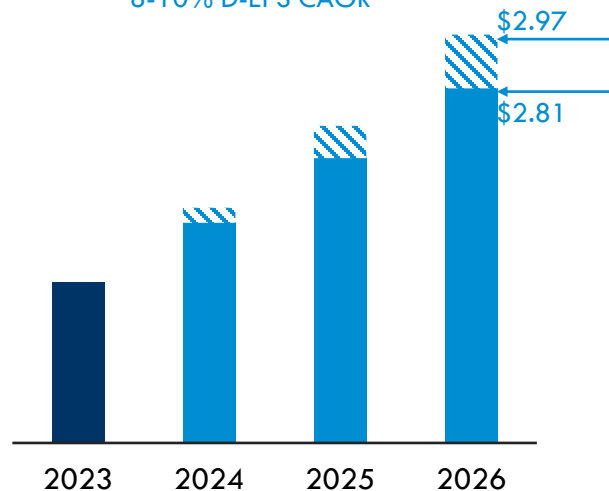
1. This information is hypothetical and for illustrative purposes only and is not based on actual operations nor is it a prediction or projection of future results. The amounts are based on various assumptions and estimates based on the Company's model. Assumptions and estimates may prove to be inaccurate 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, Distributable Earnings, including reconciliations to the relevant GAAP measures
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 2023 base year

2024-26 Guidance Bridge to Long-Term Business Model

	Distributable EPS ¹	Dividend Per Share (DPS)
Long-Term Business Model	10% CAGR (Realized 2014-2023 CAGR of 10%)	50% payout ratio
2024 – 2026 Guidance	8-10% CAGR ²	60-70% payout ratio

Guidance Distributable EPS¹

8-10% D-EPS CAGR²



Continued DPS Growth While Reducing Payout Ratio

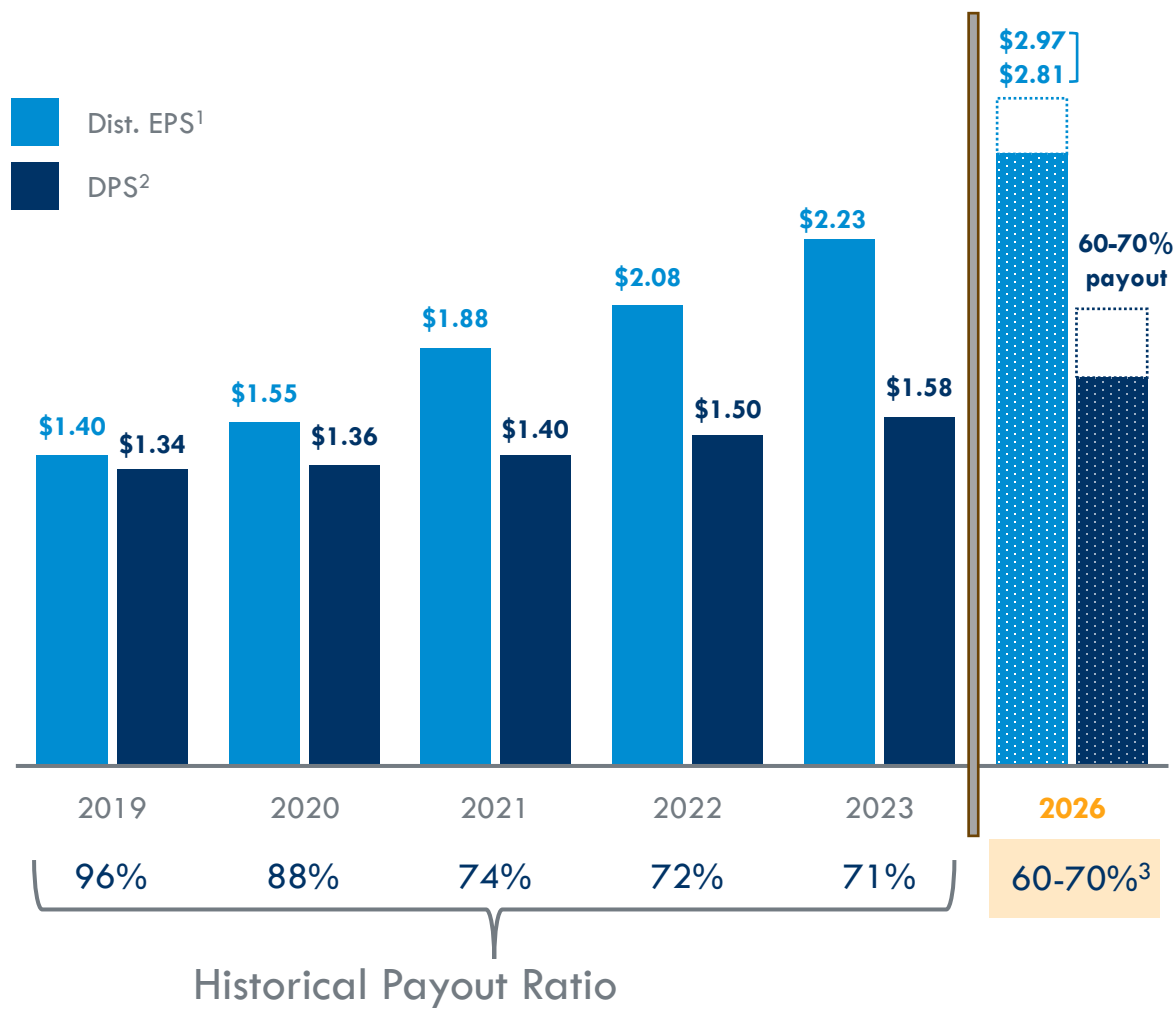
Year	Payout Ratio	Dividend per share ³
2018	96%	\$1.32
2019	96%	\$1.34
2020	88%	\$1.36
2021	74%	\$1.40
2022	72%	\$1.50
2023	71%	\$1.58
2024	60-70%	\$1.66
2025-26	60-70%	

Primary upside potential not included in Guidance:

- Second IG rating
- Expansion with current clients or into new markets and assets
- Market drives higher asset economics

1. See Appendix for an explanation of Distributable Earnings, including reconciliations to the relevant GAAP measures
 2. Using 2023 base year
 3. Based on declaration date

Growing Both Dividend & Retained Earnings

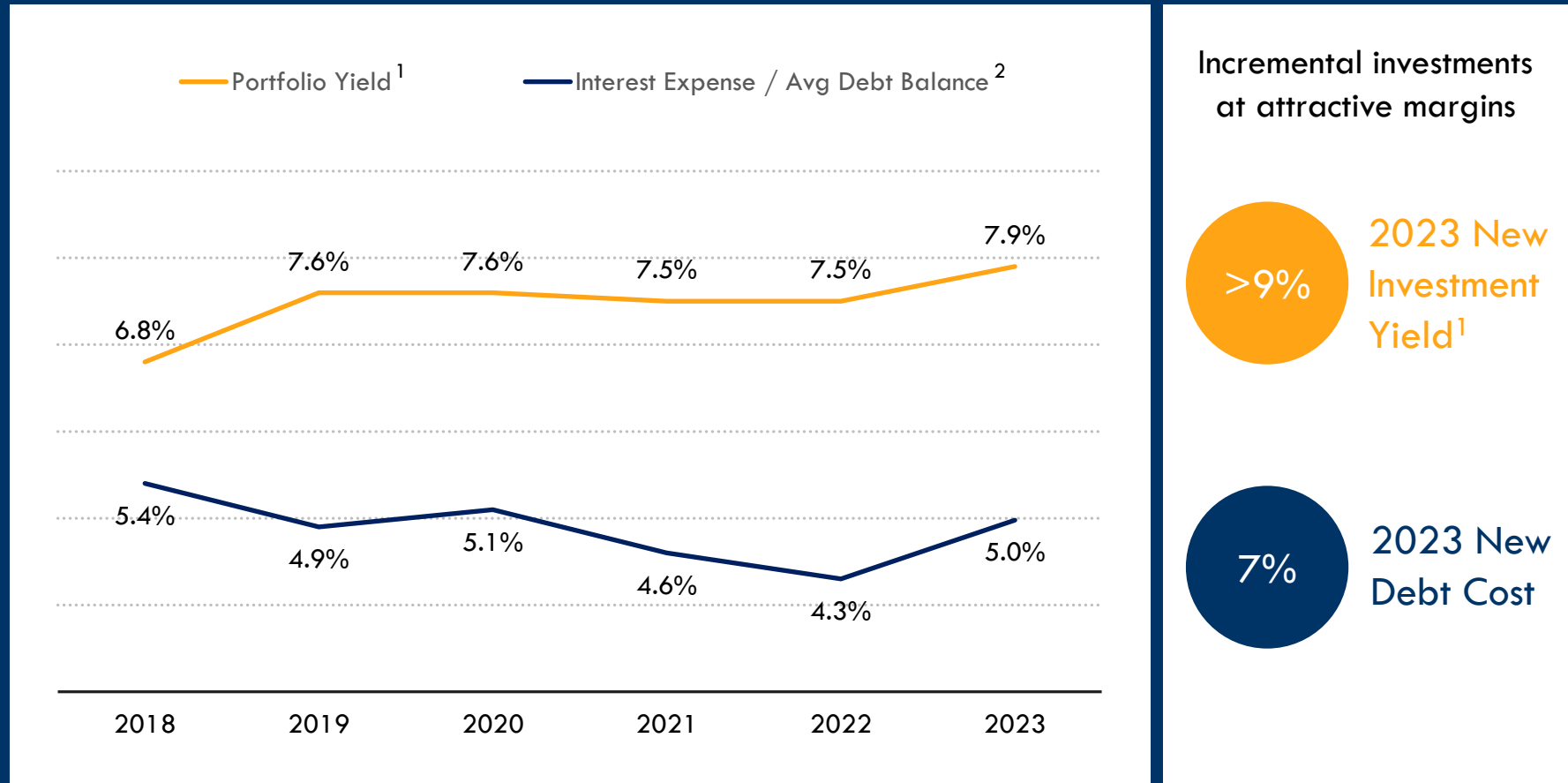


...By 2030

- Equity Primarily Generated Through Retained Earnings
- Continued Dividend Growth
- Payout Target of 50%

1. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix
 2. Dividend declared for the year
 3. Based on Guidance

Strong Margins through Various Interest Rate Environments



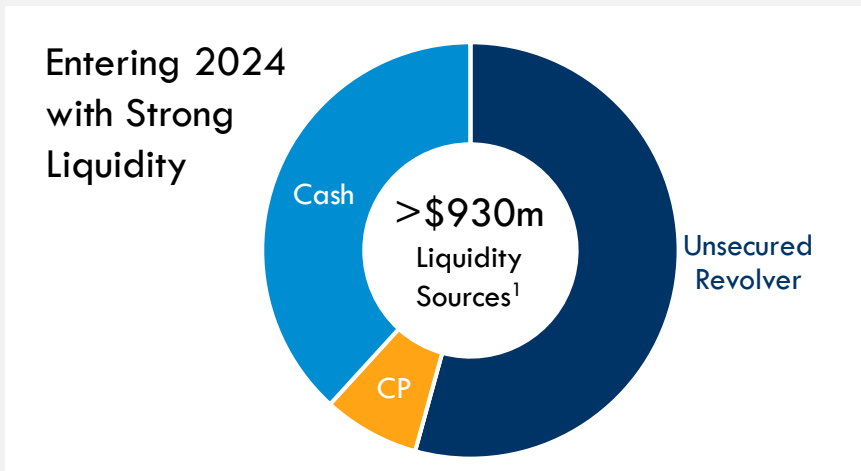
Proforma refinancing of 2025 and 2026 corporate bonds using current market credit spreads and existing hedges results in blended cost of debt of ~5.6%, resulting in an ROE >12.5%³

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. Assuming current leverage and Gain on Sale, Fees & Securitization Income equals SG&A. Proforma calculation assumes debt balances as of 12/31/23

Robust Funding Platform Supports Business Growth



- Raised \$550m in corporate unsecured bonds in December, followed by \$200m add-on in January
- 2.0x debt to equity²
- 92% of debt fixed or hedged³
- Baa3/BB+/BB+ Positive Outlook (MDY/S&P/Fitch)

2023 Debt Capital Raised ¹	(\$ in billions)
Revolver	0.3
TLA	0.2
Secured Debt	0.3
Convertible	0.4
Senior Notes	0.7
TOTAL	1.9

- Recent debt raises and existing liquidity to fund majority of the balance sheet portfolio growth for 2024
- Consider opportunistic windows for refinancing 2025-26 debt
- Capital-light efforts remain a priority

1. As of 12/31/23; Including corporate bond add-on of \$200m and additional secured debt of \$94m in January 2024

2. Below target limit of less than 2.5x, As of 12/31/23

3. Includes base rate fixed or hedged. See Appendix for details

Cash Flow Sources and Uses

\$ millions¹	2023	2022	2021
Adjusted Cash Flow from Operations Plus Other Portfolio Collections²	\$266	\$287	\$259
(-) Dividend	(\$160)	(\$132)	(\$114)
(=) Cash Available for Reinvestment	\$106	\$155	\$146
(-) Investments Funded³	(\$2,225)	(\$871)	(\$960)
(+) Capital Raised	\$1,969	\$693	\$796
Other Sources/Uses of Cash	\$50	(\$51)	(\$41)
Change in Cash	(\$100)	(\$74)	(\$59)

1. Amounts may not sum due to rounding

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

Summary of Total Debt and Hedge Portfolio



Debt Facility	Debt Amount (millions) ¹	Interest Rate ²	Maturity Year
Corporate Senior Unsecured Notes	\$1,000	3.38%	2026
Corporate Senior Unsecured Notes	\$550	8.00%	2027
Term Loan A	\$532	6.47%	2025
Convertible Notes	\$403	3.75%	2028
Revolving Line of Credit ³	\$400	6.62%	2025
Corporate Senior Unsecured Notes	\$400	6.00%	2025
Corporate Senior Unsecured Notes	\$375	3.75%	2030
Convertible Notes	\$200	3.25%	2025
Rhea Debt Facility	\$200	6.88%	2028
Sustainable Yield Bond 2015-1A	\$68	4.28%	2034
Sustainable Yield Bond 2016-2	\$50	4.35%	2037
Commercial Paper Notes ⁴	\$30	6.80%	2024
Other Non-Recourse	\$44	3.15%-7.23%	2024 to 2032

Fixed Rate Debt

Floating Rate Debt, Swapped to Fixed Where Noted Below

Hedged Instrument	Notional (\$ in millions)	Fixed Rate	Hedge Structure	Termination Date
2026 Sr. Notes	\$600	3.085%	Fwd-starting Pay fixed / Receive SOFR	6/15/2033 ⁵
2026 Sr. Notes	\$400	2.980%	Fwd-starting Pay fixed / Receive SOFR	6/15/2033 ⁵
2025 Sr. Notes	\$400	3.075%	Fwd-starting Pay fixed / Receive SOFR	4/15/2035 ⁵
Term Loan A	\$400	3.788%	Pay fixed / Receive 1-mo Term SOFR	3/27/2033
Revolving Line of Credit	\$250	3.695% (Floor) 4.000% (Cap)	Collar	5/26/2026
Rhea Debt Facility	\$170	4.41%	Pay fixed / Receive Daily SOFR	9/10/2033

1. As of December 31, 2023

2. Interest rate includes hedge rate where applicable

3. \$250m interest rate collar with a floor of 3.70% and a cap of 4.00% hedges the floating rate exposure from short term borrowings

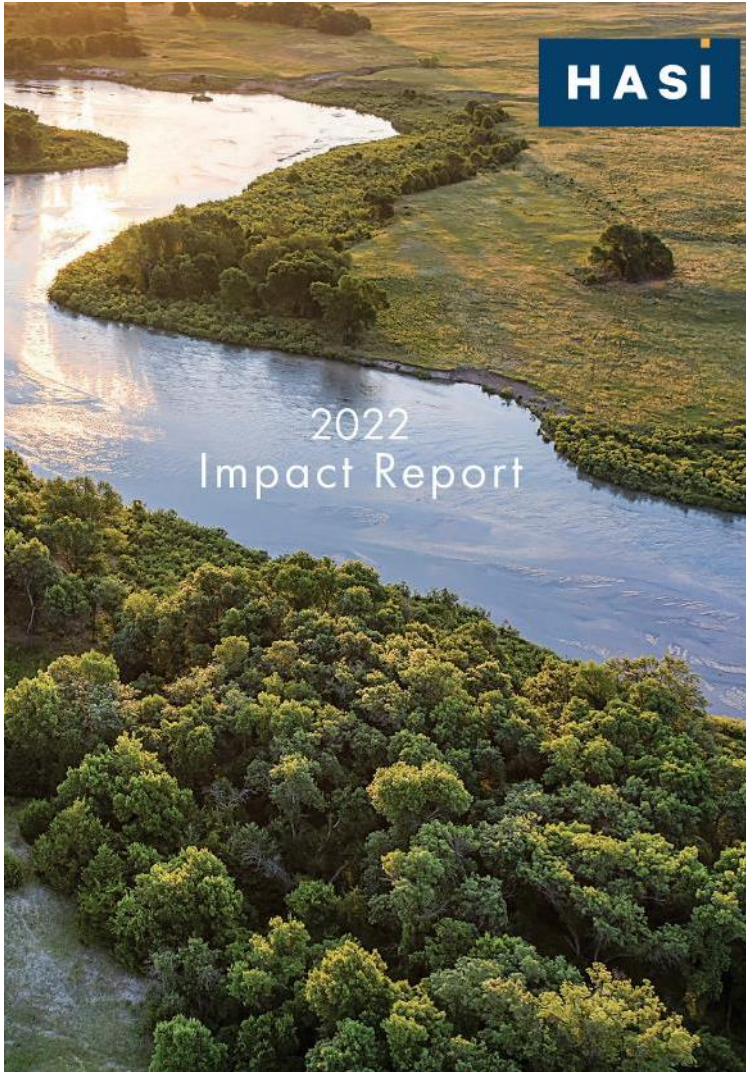
4. CP is renewed periodically on short term basis

5. These swaps are forward-starting, mandatory early termination swaps or that begin on the maturity date of the hedged instruments terminate three months thereafter

Sustainability & Impact



Sustainability and Impact: Unwavering Commitment to Climate Action and Diversity



Engage in Meaningful Community Investment through the HASI Foundation

Since 2020, HASI has declared over \$6.5m 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®: 0.33 (FY23)

>7 million cumulative metric tons of CO₂ Avoided Annually



Water Savings

WaterCount™: 300 (FY23)

~7 billion cumulative Gallons of Water Saved Annually

HASI maps investment and corporate activities to the UN SDGs



Recognition that Matters



MSCI
ESG RATINGS



CCC | B | BB | BBB | A | AA | AAA

STATE STREET GLOBAL ADVISORS
R-Factor™

Leader
Top 10th Percentile

2023 Sustainability & Impact Highlights



Reported to investors that HASI is 100% aligned with the EU Taxonomy and believe that holding our shares is in compliance with SFDR Articles 6, 8, and 9¹



Submitted formal comments in support of an “Emissions Matching” approach – in alignment with our longstanding CarbonCount methodology – to inform the Greenhouse Gas Protocol Scope 2 update process



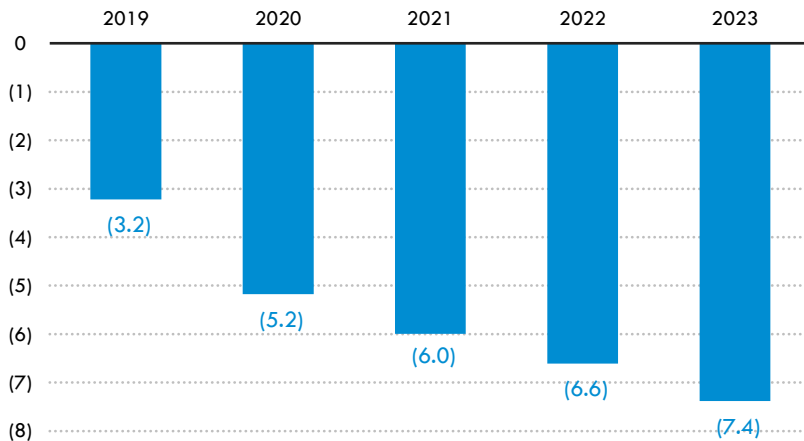
Granted nearly \$1m to >10 nonprofits from the HASI Foundation

Carbon Emissions^{1,2}

CarbonCount: 0.33 (FY23)



Cumulative Metric Tons of CO₂ Avoided Annually (million tons)

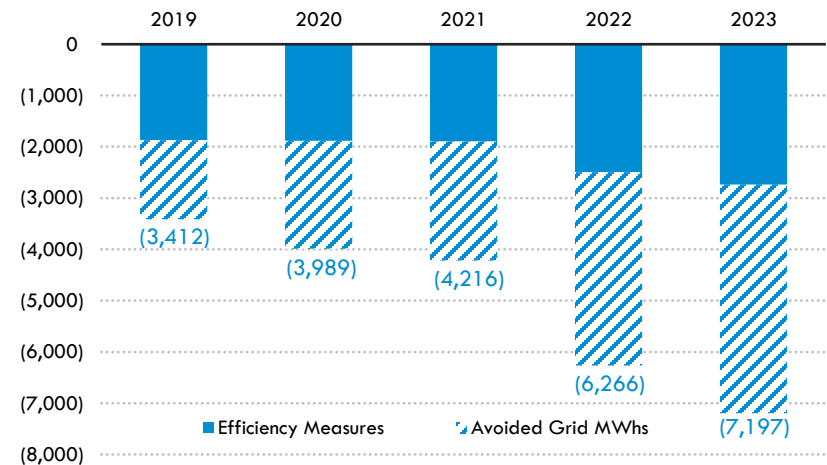


Water Savings³

WaterCount: 300 (FY23)



Cumulative Gallons of Water Saved Annually (million gallons)



1. Independent third-party verification of underlying sustainability data is available in our [CDP Verification Statement](#)
2. CarbonCount® is a proprietary scoring tool for evaluating real assets to determine the efficiency by which each dollar of invested capital avoids annual carbon emissions (CO₂e)
3. 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

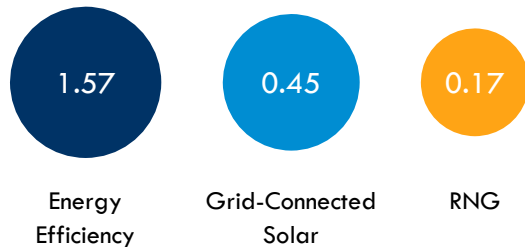
CarbonCount is a proprietary scoring tool for evaluating real assets to determine the efficiency by which each dollar of invested capital avoids annual carbon emissions (CO₂e)

$$\frac{\text{Annual Hourly MWh Generation Avoided by Project} \times \text{Locational Marginal Emissions Factor (Metric Tons of CO}_2\text{e / MWh)}^1}{\text{Total Capital Cost of the Project}} = \text{carboncount}^{\text{®}}$$

Metric Tons of CO₂e Avoided Annually per \$1,000 Invested

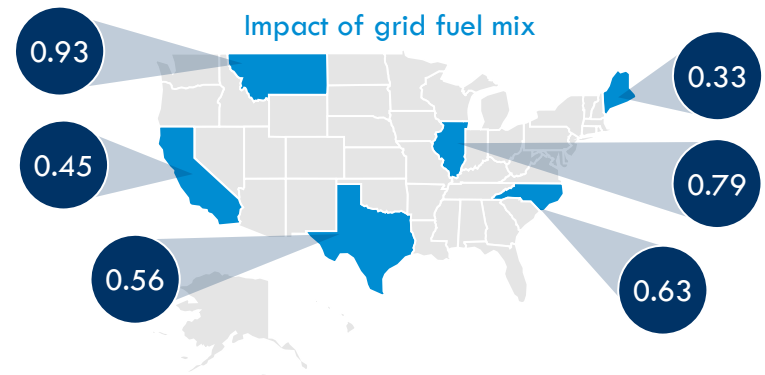
Indicative CarbonCount by Technology Type

Impact of capacity factor and cost per MW



Indicative CarbonCount for an Identical Sample Solar Project in Different Regions

Impact of grid fuel mix



1. Where available; find more details in the HASI White Paper [CarbonCount 2.0: Carbon Confidence in Climate Finance \(April 2023\)](#)

A photograph of a solar farm in a desert landscape. In the foreground, several rows of solar panels are mounted on black metal frames, tilted towards the sun. The ground is dry and sandy. In the background, a vast, flat valley stretches out, leading to a range of rugged, blue-toned mountains under a clear sky.

Appendix

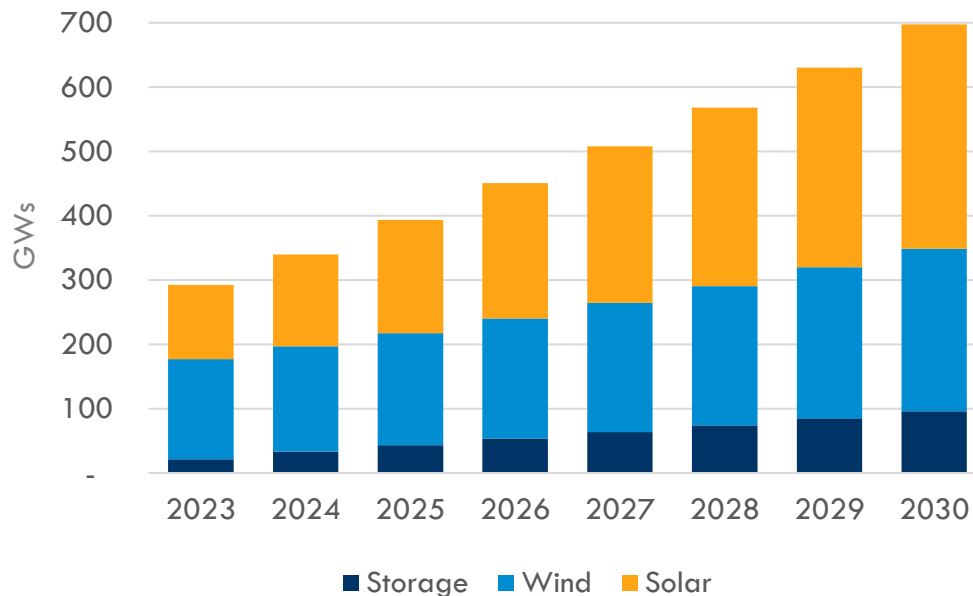
Market Highlights & Investment Examples



GC Market Highlights

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

GC Market Expected to More Than Double by 2030¹

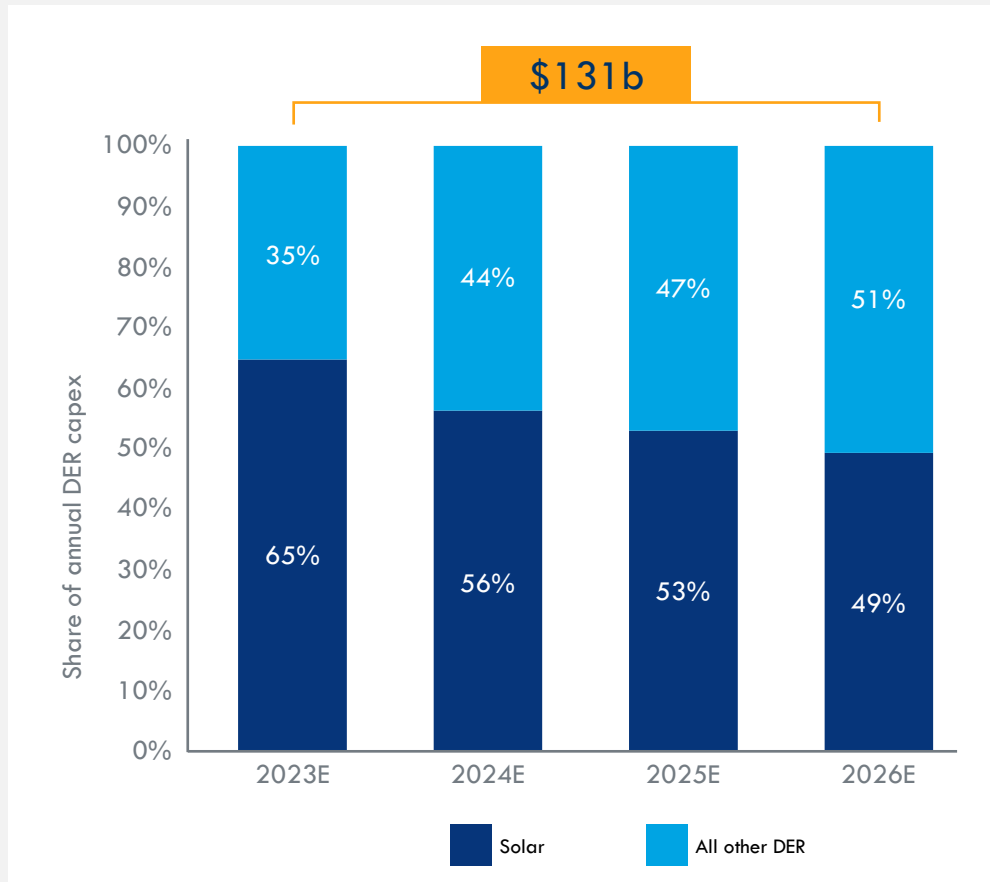


Strong Fundamentals With Tremendous Growth

- ✓ 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

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



✓ \$131b of cumulative investments through 2026¹

Key Demand Drivers:

✓ Emissions / Resilience / Energy Cost

Key Enablers:

✓ Legislation / Digitalization / Market Design

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

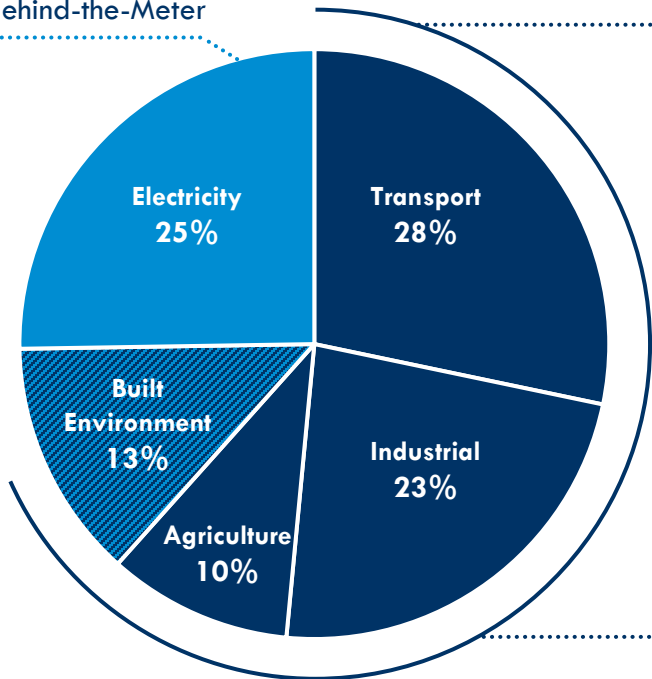
Capturing Decarbonization Opportunities Beyond the Power Sector

Carbon is Everywhere

U.S. GHG Emissions by Sector¹



Grid-Connected /
Behind-the-Meter

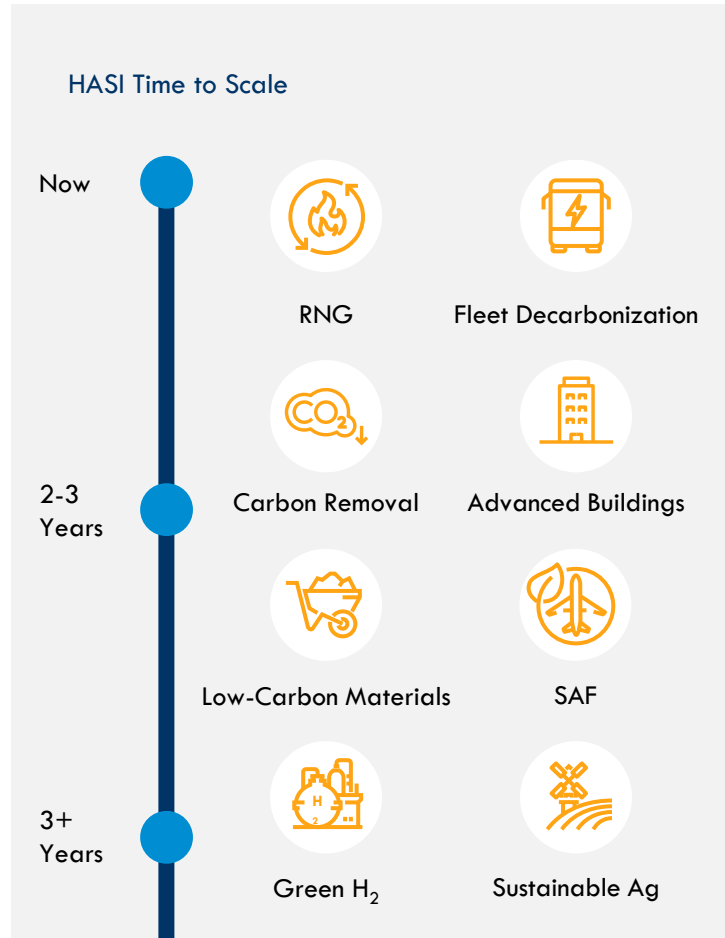


Climate Solutions expanding to include Industrial, Transport, Agriculture, and Built Environment comprising 75% of U.S. GHG emissions¹



Fuels, Transport & Nature

HASI Time to Scale



1. Environmental Protection Agency emissions tracker; U.S. Greenhouse Gas Emissions in 2021; subtotals may not sum due to rounding

Illustrative Investments



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

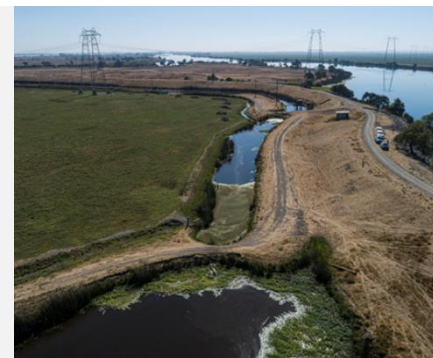


Grid-Connected

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



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.

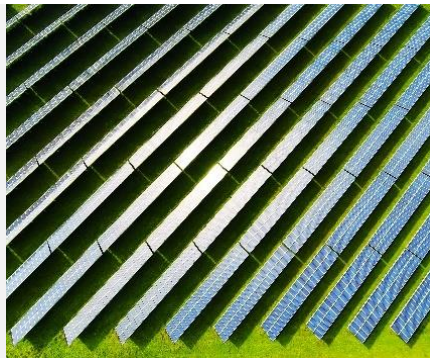


Behind-the-Meter

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

Recent Portfolio Performance

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

Outstanding Credit History⁶

De minimis <20 bps cumulative credit losses

<30 bps cumulative equity impairments

Zero credit losses on securitization assets

Positive Credit Attributes

Asset Class	Portfolio (%) ⁴	Structural Seniority	Obligor Credit
Residential	28%	Typically Preferred	> 295k consumers WAVG FICO: "Very Good" ⁵
GC Solar	19%	Typically Super Senior or Preferred	Typically IG corporates or utilities
Wind	18%	Typically Preferred	Typically IG corporates or utilities
Fuels, Transport & Nature	13%	Senior	Various incentivized offtakers
Community	10%	Typically Preferred	Typically creditworthy consumers and/or IG corporates
C&I	5%	Senior or Preferred	Typically IG corporates
Public Sector	4%	Senior or Preferred	Predominantly IG govt or quasi-govt entities
Other	3%	Senior or Subordinated debt	Various

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. As of December 31, 2023; 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).
5. Total may not sum due to rounding
6. Calculation presented as a percentage of cumulative originations

Quarterly Investment Review Process

Loans/Leases	EMI	Securitization Assets
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Mark-to-Market quarterly for market discount rates and any expected change to investment cash flows
<ul style="list-style-type: none"> Zero Non-Accruals as of Q2 2023 <u>≤ 20 bps</u> Cumulative Credit Loss Since 2013¹ 	<ul style="list-style-type: none"> <u>≤ 60 bps</u> of Non-Accruals (non-GAAP) as of Q2 2023 <u>30 bps</u> Cumulative Impairments Since 2013² 	<ul style="list-style-type: none"> 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

Robust and Disciplined Underwriting and Monitoring

	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 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

Residential Solar

# of active customers	>310k
WA FICO	746
Avg Monthly Payment	~\$150
Customer Savings ²	5-45%
# of States ³	23

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

Community Solar

# of Projects	>80
# of States	5

Other Offtakers

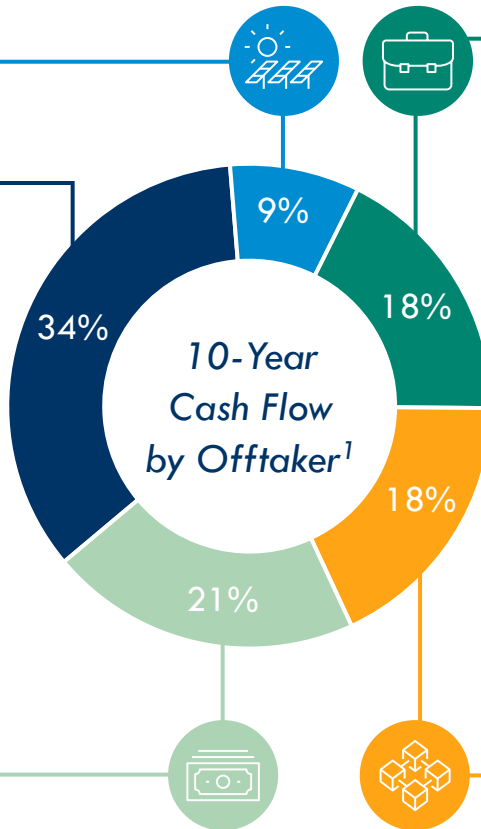
Primarily super senior payments (such as rent) or highly creditworthy parties (public sector)

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



ISOs⁴ / Spot Power

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

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

Adjusted Cash Flow from Operations plus Other Portfolio Collections

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

Also, Adjusted Cash Flow from Operations plus Other Portfolio Collections differs from Net cash provided by (used in) investing activities in that it excludes many of the uses of cash used in our investing activities such as 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.

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. 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

The logo for HASI, consisting of the letters 'H', 'A', 'S', and 'I' in white, bold, sans-serif font, set against a dark blue rectangular background.

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

Guidance

The Company expects that annual distributable earnings per share will grow at a compounded annual rate of 8% to 10% from 2024 to 2026, relative to the 2023 baseline of \$2.23 per share, which is equivalent to a 2026 midpoint of \$2.89 per share. The Company also expects distributions of annual dividends per share from 2024 to 2026 to be set at a payout ratio of 60-70% of annual distributable earnings per share. This guidance reflects the Company's judgments and estimates of (i) yield on its existing portfolio; (ii) yield on incremental portfolio investments, inclusive of the Company's existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of the Company's forecasted operations; and (vi) the general interest rate and market environment. In addition, distributions are subject to approval by the Company's Board of Directors on a quarterly basis. The Company has not provided GAAP guidance as discussed in the Forward-Looking Statements section of this press release.

Income Statement

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

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Revenue				
Interest income	\$ 62,170	\$ 36,752	\$ 207,794	\$ 134,656
Rental income	2,239	6,529	21,251	26,245
Gain on sale of receivables and investments	15,722	5,935	68,637	57,187
Securitization income	5,878	7,962	19,259	17,905
Other income	576	1,130	2,930	3,744
Total revenue	86,585	58,308	319,871	239,737
Expenses				
Interest expense	50,595	30,524	171,008	115,559
Provision for loss on receivables	(649)	6,576	11,832	12,798
Compensation and benefits	15,817	13,337	64,344	63,445
General and administrative	6,457	7,238	31,283	29,934
Total expenses	72,220	57,675	278,467	221,736
Income before equity method investments	14,365	633	41,404	18,001
Income (loss) from equity method investments	113,545	(27,241)	140,974	31,291
Income (loss) before income taxes	127,910	(26,608)	182,378	49,292
Income tax (expense) benefit	(36,920)	6,412	(31,621)	(7,381)
Net income (loss)	\$ 90,990	\$ (20,196)	\$ 150,757	\$ 41,911
Net income (loss) attributable to non-controlling interest holders	1,228	(268)	1,921	409
Net income (loss) attributable to controlling stockholders	\$ 89,762	\$ (19,928)	\$ 148,836	\$ 41,502
Basic earnings (loss) per common share	\$ 0.80	\$ (0.73)	\$ 1.45	\$ 0.47
Diluted earnings (loss) per common share	\$ 0.74	\$ (0.71)	\$ 1.42	\$ 0.47
Weighted average common shares outstanding—basic	111,277,751	89,601,922	101,844,551	87,500,799
Weighted average common shares outstanding—diluted	129,656,080	89,601,922	109,467,554	90,609,329

Balance Sheet

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

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 62,632	\$ 155,714
Equity method investments	2,966,305	1,869,712
Commercial receivables, net of allowance of \$50 million and \$41 million, respectively	2,983,170	1,887,483
Government receivables	90,685	102,511
Receivables held-for-sale	35,299	85,254
Real estate	111,036	353,000
Investments	7,165	10,200
Securitization assets	218,946	177,032
Other assets	77,112	119,242
Total Assets	\$ 6,552,350	\$ 4,760,148
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 163,305	\$ 120,114
Credit facilities	400,861	50,698
Commercial paper notes	30,196	192
Term loan facility	727,458	379,742
Non-recourse debt (secured by assets of \$239 million and \$632 million, respectively)	160,456	432,756
Senior unsecured notes	2,318,841	1,767,647
Convertible notes	609,608	344,253
Total Liabilities	4,410,725	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, 112,174,279 and 90,837,008 shares issued and outstanding, respectively	1,122	908
Additional paid in capital	2,381,510	1,924,200
Accumulated deficit	(303,536)	(285,474)
Accumulated other comprehensive income (loss)	13,165	(10,397)
Non-controlling interest	49,364	35,509
Total Stockholders' Equity	2,141,625	1,664,746
Total Liabilities and Stockholders' Equity	\$ 6,552,350	\$ 4,760,148

Statement of Cashflows



HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (DOLLARS IN THOUSANDS)

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities			
Net income (loss)	\$ 150,757	\$ 41,911	\$ 127,346
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loss on receivables	11,832	12,798	496
Depreciation and amortization	3,127	3,993	3,801
Amortization of financing costs	12,958	11,685	11,316
Equity-based compensation	18,386	20,101	17,047
Equity method investments	(108,025)	16,403	(94,773)
Non-cash gain on securitization	(43,542)	(28,614)	(48,332)
(Gain) loss on sale of assets	1,305	(218)	(720)
Changes in receivables held-for-sale	51,538	(62,953)	(22,035)
Loss on debt extinguishment	—	—	14,584
Changes in accounts payable and accrued expenses	48,485	18,176	11,313
Change in accrued interest on receivables and investments	(44,105)	(15,414)	(859)
Other	(3,027)	(17,638)	(5,875)
Net cash provided by operating activities	99,689	230	13,309
Cash flows from investing activities			
Equity method investments	(869,412)	(127,867)	(401,856)
Equity method investment distributions received	30,140	110,064	21,777
Proceeds from sales of equity method investments	—	1,700	300
Purchases of and investments in receivables	(1,338,860)	(726,931)	(553,366)
Principal collections from receivables	197,784	125,976	148,769
Proceeds from sales of receivables	7,634	5,047	75,582
Purchases of real estate	—	(4,550)	—
Sales of real estate	—	4,550	—
Purchases of investments and securitization assets	(14,404)	(2,329)	(4,830)
Proceeds from sales of investments and securitization assets	—	7,020	15,197
Collateral provided to hedge counterparties	(93,550)	—	—
Collateral received from hedge counterparties	84,950	—	—
Funding of escrow accounts	—	(5,476)	(12,069)
Withdrawal from escrow accounts	—	22,757	1,756
Other	2,915	(2,071)	5,338
Net cash provided by (used in) investing activities	(1,992,803)	(592,110)	(703,402)
Cash flows from financing activities			
Proceeds from credit facilities	1,177,000	100,000	100,000
Principal payments on credit facilities	(827,000)	(150,000)	(22,441)
Proceeds from issuance of commercial paper notes	30,000	—	50,000
Principal payments on commercial paper notes	—	(50,000)	—
Proceeds from issuance of non-recourse debt	—	32,923	—
Principal payments on non-recourse debt	(21,606)	(30,581)	(37,974)
Proceeds from issuance of term loan	365,000	383,000	—
Principal payments on term loan	(16,478)	—	—
Proceeds from issuance of senior unsecured notes	550,000	—	1,000,000
Redemption of senior unsecured notes	—	—	(500,000)
Proceeds from issuance of convertible notes	402,500	200,000	—
Principal payments on convertible notes	(143,748)	(461)	—
Purchase of capped calls related to the issuance of convertible notes	(37,835)	—	—
Net proceeds of common stock issuances	492,377	188,881	200,641
Payments of dividends and distributions	(159,786)	(132,198)	(113,510)
Withholdings on employee share vesting	(1,488)	(3,211)	(14,018)
Redemption premium paid	—	—	(14,101)
Payment of debt issuance costs	(22,894)	(11,754)	(17,750)
Collateral provided to hedge counterparties	(166,600)	—	—
Collateral received from hedge counterparties	176,050	—	—
Other	(3,268)	(9,820)	(12)
Net cash provided by (used in) financing activities	1,792,224	516,779	630,835
Increase (decrease) in cash, cash equivalents, and restricted cash	(100,890)	(75,101)	(59,258)
Cash, cash equivalents, and restricted cash at beginning of period	175,972	251,073	310,331
Cash, cash equivalents, and restricted cash at end of period	\$ 75,082	\$ 175,972	\$ 251,073
Interest paid	\$ 138,418	\$ 98,704	\$ 108,267
Supplemental disclosure of non-cash activity			
Residual assets retained from securitization transactions	\$ 35,483	\$ 28,614	\$ 56,432
Equity method investments received upon deconsolidation of a special purpose entity	144,603	—	—
Issuance of common stock from conversion of convertible notes	—	7,674	141,810
Deconsolidation of non-recourse debt and other liabilities	257,746	—	126,139
Deconsolidation of assets pledged for non-recourse debt	374,608	—	130,513

Reconciliation of GAAP Net Cash Operating Activities to Adjusted Cash Flow from Operations and Other Portfolio Collections

	For the year ended December 31,		
	2023	2022	2021
	<i>(in thousands)</i>		
Net cash provided by operating activities	\$ 99,689	\$ 230	\$ 13,309
Changes in receivables held-for-sale	(51,538)	62,953	22,035
Equity method investment distributions received	30,140	110,064	21,777
Proceeds from sales of equity method investments	—	1,700	300
Principal collections from receivables	197,784	125,976	148,769
Proceeds from sales of receivables	7,634	5,047	75,582
Proceeds from sales of land	—	4,550	—
Principal collections from investments ⁽¹⁾	3,805	171	414
Proceeds from sales of investments and securitization assets	—	7,020	15,197
Principal payments on non-recourse debt	(21,606)	(30,581)	(37,974)
Adjusted cash flow from operations and other portfolio collections	\$ 265,908	\$ 287,130	\$ 259,409
Less: Dividends	(159,786)	(132,198)	(113,510)
Cash Available for Reinvestment	\$ 106,122	\$ 154,932	\$ 145,899

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

Reconciliation of GAAP Net Income to Distributable Earnings

	For the Three Months Ended December 31, 2023		For the Three Months Ended December 31, 2022	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders ⁽¹⁾	\$ 89,762	\$ 0.74	\$ (19,928)	\$ (0.22)
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(113,545)		27,241	
Add equity method investments earnings	43,304		32,802	
Equity-based expense	3,409		2,108	
Provision for loss on receivables	(649)		6,576	
Amortization of intangibles	213		768	
Non-cash provision (benefit) for taxes	36,920		(6,412)	
Current year earnings attributable to non-controlling interest	1,228		(268)	
Distributable earnings ⁽²⁾	\$ 60,642	\$ 0.53	\$ 42,887	\$ 0.47

- (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) Distributable earnings per share for the three months ended December, 2023 and 2022, are based on 113,847,831 shares and 91,536,442 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 an expectation of the likelihood of conversion based on current conditions. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument. We will consider the impact of any capped calls in assessing whether an instrument is equity-like or debt like.

Reconciliation of GAAP Net Income to Distributable Earnings

	Twelve Months Ended December 31, 2023		Twelve Months Ended December 31, 2022	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders ⁽¹⁾	\$ 148,836	\$ 1.42	\$ 41,502	\$ 0.47
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(140,974)		(31,291)	
Add equity method investments earnings	156,757		131,762	
Equity-based expense	19,782		20,101	
Provision for loss on receivables ⁽²⁾	11,832		12,798	
Amortization of intangibles	2,473		3,129	
Non-cash provision (benefit) for taxes	31,621		7,381	
Current year earnings attributable to non-controlling interest	1,921		409	
Distributable earnings ⁽³⁾	\$ 232,248	\$ 2.23	\$ 185,791	\$ 2.08

- (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) In addition to these provisions, in the second quarter of 2022 we wrote-off two commercial receivables with a combined total carrying value of approximately \$8 million which represented assignments of land lease payments from two wind projects that we had originated in 2014 as a part of an acquisition of a large land portfolio. In 2017, the operator of the projects terminated the lease, at which time we filed a legal claim and placed these assets on non-accrual status. In 2019, we received a court decision indicating that the owners of the projects were within their rights under the contract terms to terminate the lease which impacts the land lease assignments to us, at which time we reserved the receivables for their full carrying amount. In the second quarter of 2022, we received a court decision indicating that our appeal was not successful, and accordingly wrote off the full amount of the receivable. We have excluded the write off from Distributable earnings due to the infrequent occurrence of credit losses as well as the unique nature of the receivables, as the assignment of land lease payments from wind projects represent a small portion of our total portfolio.
- (3) Distributable earnings per share for the years ended December 31, 2023 and 2022, are based on 104,319,803 shares and 89,355,907 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 an expectation of the likelihood of conversion based on current conditions. If the instrument is more debt-like then we will include any related interest expense and exclude the underlying shares issuable upon conversion of the instrument. If the instrument is more equity-like and is more dilutive when treated as equity then we will exclude any related interest expense and include the weighted average shares underlying the instrument. We will consider the impact of any capped calls in assessing whether an instrument is equity-like or debt like.

Reconciliation of GAAP-based NII to Distributable NII

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	<i>(in thousands)</i>			
Interest income	\$ 62,170	\$ 36,752	\$ 207,794	\$ 134,656
Rental income	2,239	6,529	21,251	26,245
GAAP-based investment revenue	64,409	43,281	229,045	160,901
Interest expense	50,595	30,524	171,008	115,559
GAAP-based net investment income	13,814	12,757	58,037	45,342
Equity method earnings adjustment ⁽¹⁾	43,304	32,802	156,757	131,762
Amortization of real estate intangibles ⁽²⁾	213	768	2,473	3,061
Distributable net investment income	\$ 57,331	\$ 46,327	\$ 217,267	\$ 180,165

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

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

Additional GAAP to Non-GAAP Reconciliations

	As of	
	December 31, 2023	December 31, 2022
	<i>(dollars in millions)</i>	
Equity method investments	\$ 2,966	\$ 1,870
Commercial receivables, net of allowance	2,983	1,887
Government receivables	91	103
Receivables held-for-sale	35	85
Real estate	111	353
Investments	7	10
GAAP-Based Portfolio	6,193	4,308
Assets held in securitization trusts	6,060	5,486
Managed assets	\$ 12,253	\$ 9,794

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