HASI

Investing in Climate Solutions®

Earnings Presentation

First Quarter 2024

Forward Looking Statements

Some of the information contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used herein, words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "target," or similar expressions, are intended to identify such forward-looking statements. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements include those discussed under the caption "Risk Factors" included in our Form 10-K filed for the year ended December 31, 2023 (the "Form 10-K") with the U.S. Securities and Exchange Commission ("SEC"), as well as in other reports that we file with the SEC.

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

Forward-looking statements are based on beliefs, assumptions and expectations as of March 31, 2024. The guidance discussed herein reflects our estimates of (i) yield on our existing portfolio; (ii) yield on incremental portfolio investments, inclusive of our existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of our forecasted operations; (vi) disruptions to the renewable energy supply chain that may result from changes in the regulatory environment and other factors; (vii) the general interest rate and market environment; (viii) the impact of the Inflation Reduction Act on our industry and our business; (ix) the impact of our revocation of our REIT election; (x) and our ability to expand into new climate solutions markets. All guidance is based on current expectations regarding economic conditions, the regulatory environment, the dynamics of the markets in which we operate and the judgment of our management team, among other factors. In addition, actual dividend distributions are subject to approval by our Board of Directors on a quarterly basis. We have not provided GAAP guidance as discussed in the Supplemental Financial Data slides of this presentation. We disclaim any obligation to update, or publicly release the results of any update or revisions to, these forward-looking statements, including to reflect new estimates, events or circumstances after the date of this presentation.

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

Executing on Our Plan

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Key Highlights

$2b
KKR Partnership

$0.68
Q1 Adjusted EPS[1]
$0.98 Q1 GAAP EPS[2]

$562m
Q1 Closed Transactions

24%
YoY Growth
in Managed Assets

$0.415
Dividend
Per Share

Affirm
Guidance[3]

1. See Appendix for an explanation of Adjusted Earnings (previously Distributable Earnings), including reconciliations to the relevant GAAP measures | 2. On a fully diluted basis | 3. See Appendix

Evolution of the Funding Platform

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Pre-IPO — Primarily funded by securitizations

2013 — Access to public equity
Initial Public Offering

2019 — Access to unsecured corporate debt
Corporate Debt Ratings

2024 — Access to private infrastructure capital
CarbonCount Holdings 1

CCH1 is a Significant Milestone in the Expansion of Our Access to Diversified Sources of Capital

CarbonCount Holdings 1 Provides Significant Benefits

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Consistent with Capital Light Priority

Reduces Reliance on Capital Markets

Increases Investment Capacity

… As Clean Energy Demand Increases our Opportunities

Fee Income

Diversity & Stability of Revenue

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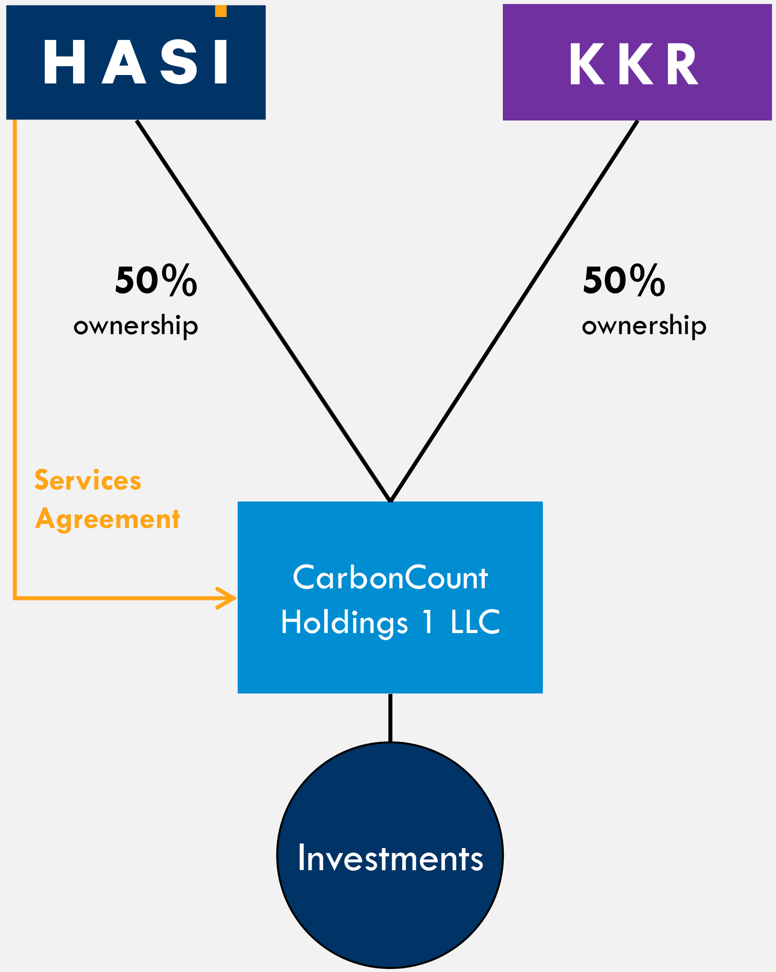
More Dynamic and Resilient

HASI & KKR: A Powerful Collaboration

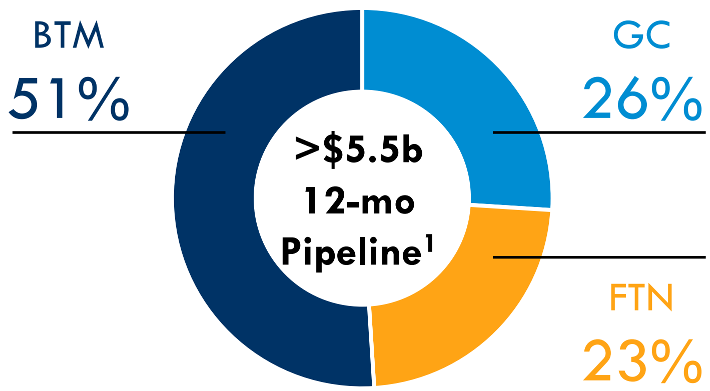
- Partner with KKR Core Infrastructure platform to accelerate pace of investment
- HASI will source and manage investments for CCH1 consistent with existing investment strategy and interface with our clients
- Expect to deploy combined $2b over the next 18 months
- Seed investments of nearly $200m[1] with formation of CCH1
- HASI to earn upfront fees and recurring asset management fees



1. Including deferred fundings

Growth in Pipeline Reflects Long-term Demand for Energy Transition

HASI



- Demand growth continues to drive opportunities
- Pipeline growth in community solar, energy efficiency, GC solar and renewable fuels

Q1 Closed Transactions

Q1 Closed Transactions by Asset Class	$ in millions
Resi Solar	$124
Public Sector	$83
C&I	$82
Community Solar	$50
GC Solar	$46
Other[3]	$177

- $562m closed investments in Q1
- ~10.5%[2] average yield on newly negotiated balance sheet investments

1. 12-months pipeline as of 3/31/24. BTM is Behind-the-Meter, GC is Grid-Connected, and FTN is Fuels, Transport and Nature
2. Excluding follow-on investments of previous transactions
3. Securitization of a decommissioning payment

Higher Gain on Sale Income Driving Q1 Earnings Growth

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Results Unaudited[1]	1Q23	1Q24	Change YoY
GAAP Diluted EPS	$0.26	$0.98	
Adjusted EPS	$0.53	$0.68	+28%
GAAP NII	$12.4m	$8.7m	
Adjusted NII	$47.1m	$64.3m	+37%
Gain on Sale, Fees and Securitization Income	$19.5m	$35.3m	+81%
Transactions Closed	$389m	$562m	
Portfolio[2]	$4.7b	$6.4b	+36%
Managed Assets	$10.4b	$12.9b	+24%
Adjusted ROE[3]	12.0%	13.9%	

Adjusted NII[1]

	1Q23	1Q24
Adjusted NII	$47.1m	$64.3m

Recurring Capital Light Income

*Will include CCH1 recurring management fees

	1Q23	1Q24
Securitization Income	$3.4m	$4.9m

Upfront Capital Light Income

*Will include CCH1 upfront fees

	1Q23	1Q24
GoS & Fees	$16.1m	$30.4m

1. As of 1Q24, Distributable Earnings has been renamed Adjusted Earnings. See Appendix for an explanation of Adjusted Earnings, Adjusted NII and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable
2. GAAP-based
3. Adjusted ROE is calculated using Adjusted Earnings for the period and the respective ending equity balances. Refer to reconciliation of GAAP Earnings to Adjusted Earnings

Continued Growth in Portfolio & Managed Assets

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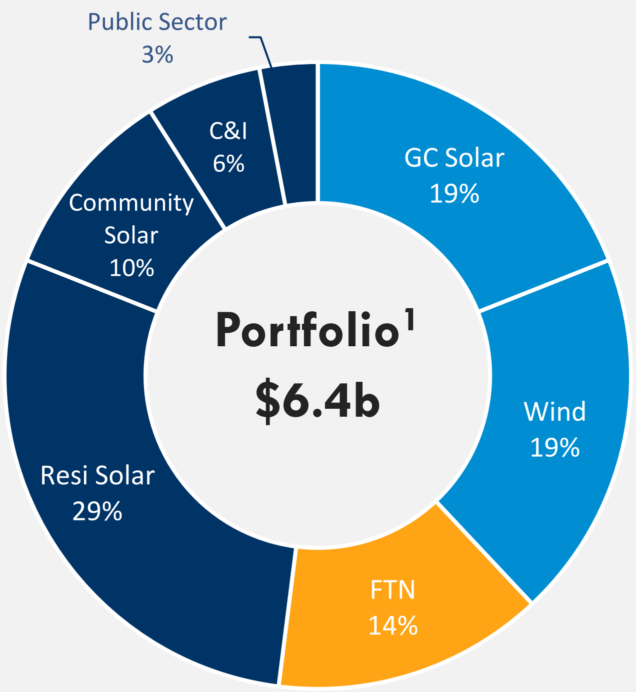
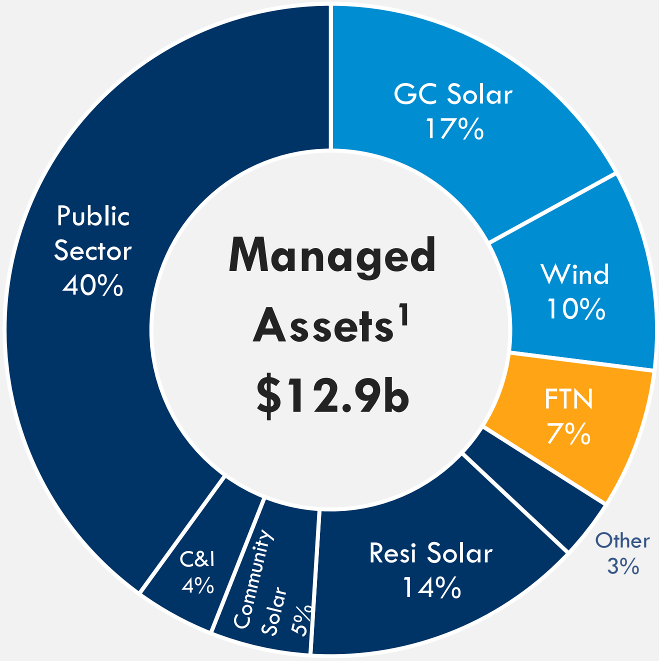
36% growth YoY



24% growth YoY

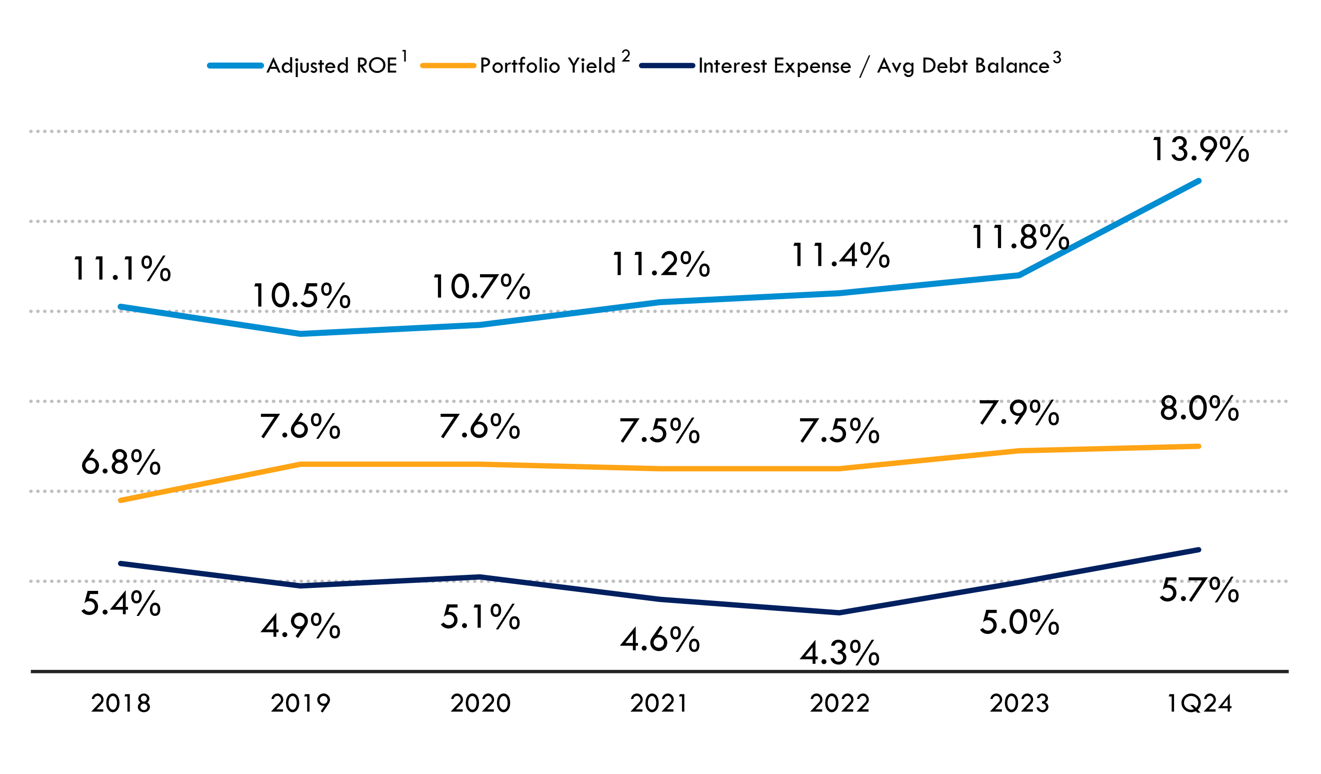


"Portfolio" refers to all investments held on balance sheet

"Managed Assets" incudes (1) the Portfolio, (2) investments managed off-balance sheet in securitization trusts, and (3) investments managed for CCH1 [2]

1. GAAP-based Portfolio, as of 3/31/24. Total may not sum due to rounding
2. As of 1Q24, assets managed in CCH1 is zero

Higher ROE in Q1 and Maintaining Strong Margins



Gain on Sale from asset rotation driving higher Q1 ROE

New asset yields in Q1 of ~10.5%[4]

Temporary compression contemplated in guidance due to newly issued corporate debt yet to be deployed in higher yielding assets

Capital light activities continue to drive ROE higher than historical results

Proforma refinancing of 2025 and 2026 corporate bonds using current market credit spreads and existing hedges results in blended cost of debt of 6.0%[5]

1. Adjusted ROE is calculated using Adjusted Earnings for the period and the average equity ending balances for the period. Refer to reconciliation of GAAP Earnings to Adjusted Earnings
2. For explanation of Portfolio Yield, see Appendix
3. Excludes incremental interest expense related to debt prepayments. Shown here as a % of average debt balance
4. Excluding follow-on investments of previous transactions
5. Proforma calculation assumes debt balances as of 3/31/24

Successfully Extended and Upsized Bank Facilities

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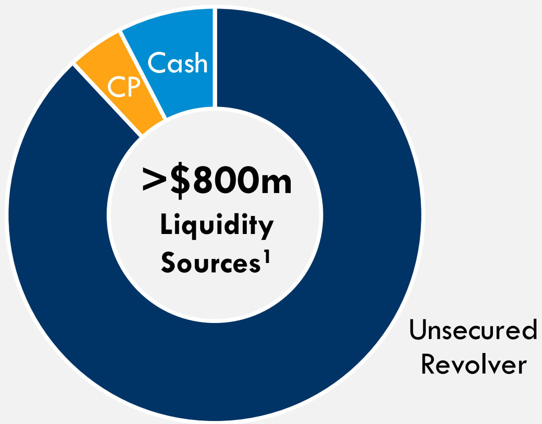
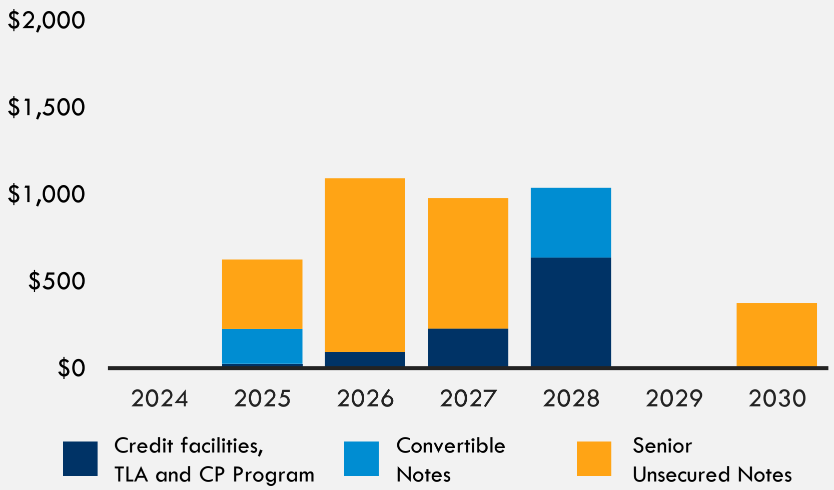
Revolver primarily undrawn



- 1.9x debt to equity[2]
- 97% of debt fixed or hedged[3]
- Baa3/BB+/BB+ Positive Outlook (MDY/S&P/Fitch)

Laddered Debt Maturities[4]



- Increased capacity in bank facilities to >$1.6b
- Unsecured revolver extended to 2028, TLA to 2027 and CP to 2026
- $200m add-on to 2027 bonds

1. As of 3/31/24
2. Below target limit of less than 2.5x, As of 3/31/24
3. Includes base rate fixed or hedged. See Appendix for details
4. As of 3/31/24, proforma for debt facility extensions in April 2024

1Q24 Sustainability and Impact Highlights

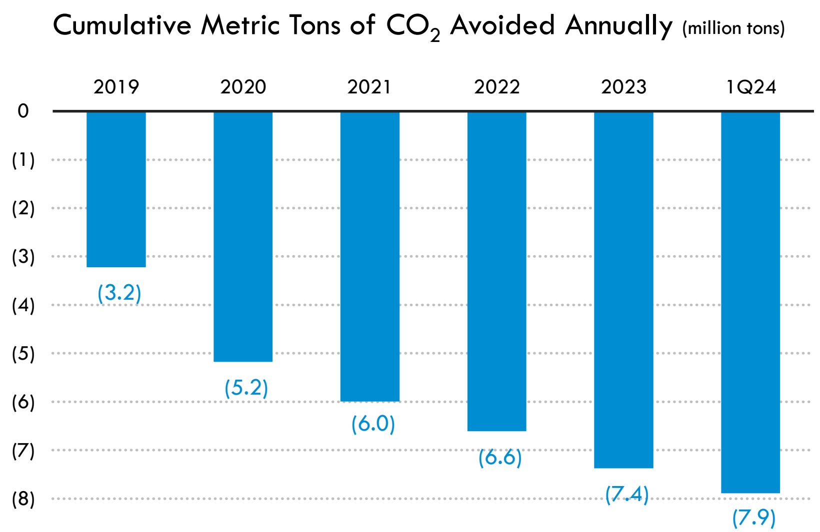
HASI

Published 2023 Sustainability & Impact Report[1]

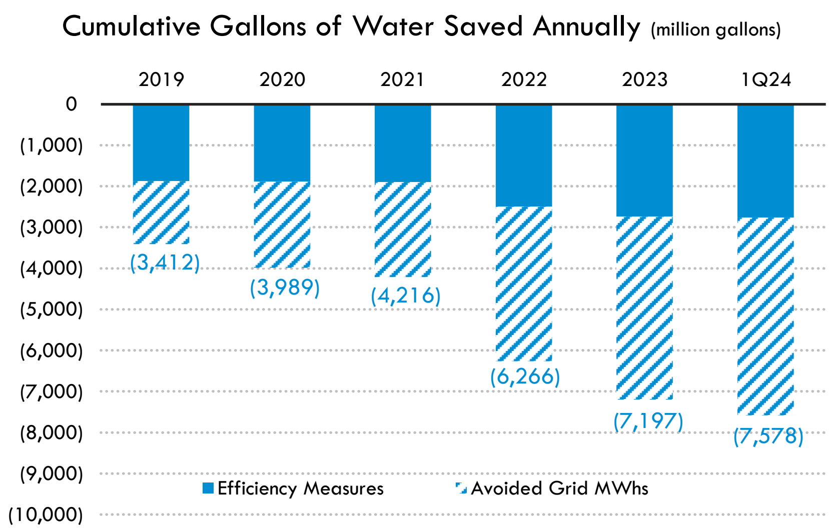
HASI donated $2.5 million Social Dividend to HASI Foundation to support Climate Justice initiatives

Verified Scope 3, Category 15 (financed) emissions with Apex

Carbon Emissions[2] CarbonCount: 0.94 (1Q24)



Water Savings[3] WaterCount: 700 (1Q24)



1. 2023 Sustainability & Impact Report published: https://www.hasi.com/wp-content/uploads/2024/05/HASI-Sustainability-and-Impact-Report-2023_vf.pdf
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 dioxide equivalent (CO2e) emissions.
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.

Capital Light Partnership to Transform and Scale Business

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Strategy Well-Positioned for Increasing Demand	Climate | Clients | Assets
CCH1	Consistent with capital light priority to scale Managed Assets and generate fee income
Executing on Goal to Reduce Equity Raises	Previously announced payout ratio guidance coupled with newly announced partnership

Appendix

CarbonCount Holdings 1 (CCH1) FAQ

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Q What is the structure of CCH1?

A CCH1 is a 50/50 partnership between HASI and KKR

Q Does KKR have any required buy outs, conversions, step-ups or other forms of cash flow preference?

A No

Q Is CCH1 a permanent capital vehicle?

A Yes

Q Has KKR acquired any HASI shares as part of this transaction?

A No

Q How will investments into CCH1 be originated?

A HASI will source and manage the investments

Q Is HASI changing its investment strategy as part of this transaction?

A No, HASI will maintain its current investment strategy. KKR's interest in the transaction was driven by its desire to invest alongside the HASI platform, and to obtain access to future investments consistent with HASI's long-term successful track record.

Q What is the CCH1 governance structure?

A CCH1 will be governed by a Board that includes equal representation from HASI and KKR. HASI will manage CCH1 under a services agreement.

Q Will HASI receive fees?

A Yes, HASI will be paid upfront fees to originate investments and recurring management fees associated with the services it will provide to CCH1.

Q Will CCH1 have exclusivity on HASI's pipeline?

A For a majority of our pipeline (excluding securitized investments), HASI has provided exclusivity and CCH1 has committed to fund, per pre-agreed criteria. This arrangement will remain in place during an 18 month investment period.

Q Is HASI increasing its 2024-26 earnings guidance?

A No, an expectation of a co-investment transaction was included in our earnings guidance established in February 2024.

Q How will CCH1 be reported in the financial statements?

A Given the shared control, CCH1 will be deconsolidated and be treated as an equity method investment. Our GAAP and non-GAAP methodology will remain consistent with existing equity method investments.

2024-26 Guidance Bridge to Long-Term Business Model

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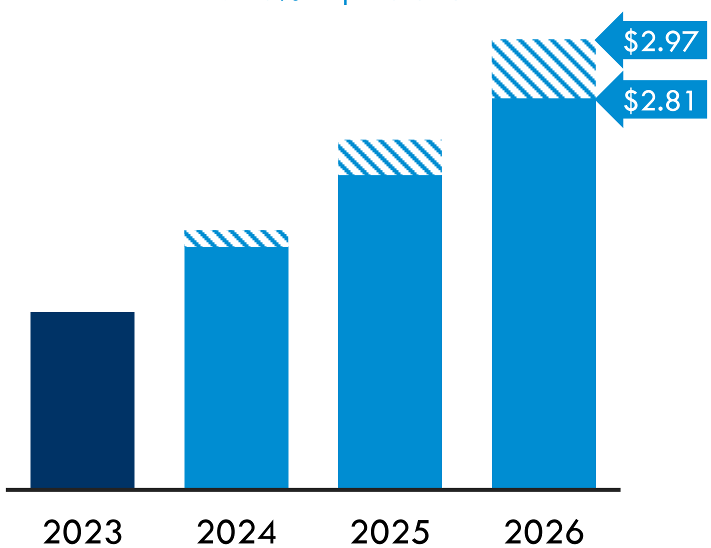
	Adjusted EPS[1]	Dividend Per Share (DPS)
Long-Term Business Model	10% CAGR (Realized 2014-2023 CAGR of 10%)	50% payout ratio
2024 – 2026 Guidance	8-10% CAGR[2]	60-70% payout ratio

Guidance Adjusted EPS[1]



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 Adjusted Earnings, including reconciliations to the relevant GAAP measures
2. Using 2023 base year
3. Based on declaration date

Cash Flow Sources and Uses

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$ millions[1]	1Q24 (TTM)	2023	2022	2021
Adjusted Cash Flow from Operations Plus Other Portfolio Collections[2]	$465	$266	$287	$259
(-) Dividend	($170)	($160)	($132)	($114)
(=) Cash Available for Reinvestment	$296	$106	$155	$146
(-) Investments Funded[3]	($2,125)	($2,225)	($871)	($960)
(+) Capital Raised	$1,661	$1,969	$693	$796
Other Sources/Uses of Cash	$82	$50	($51)	($41)
Change in Cash	($87)	($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

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Debt Facility	Debt Amount (millions) [1]	Interest Rate[2]	Maturity Year
Corporate Senior Unsecured Notes	$1,000	3.38%	2026
Corporate Senior Unsecured Notes	$750	8.00%	2027
Term Loan A	$525	6.38%	2025
Convertible Notes	$403	3.75%	2028
Corporate Senior Unsecured Notes	$400	6.00%	2025
Corporate Senior Unsecured Notes	$375	3.75%	2030
Convertible Notes	$200	3.25%	2025
Revolving Line of Credit	$200	5.64%	2025
Rhea Debt Facility	$172	6.77%	2028
Harmony	$95	6.78%	2043
Commercial Paper Notes[3]	$65	6.77%	2024
Other Non-Recourse	$42	3.15%-7.23%	2024 to 2032

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

Hedged Instrument[1]	Notional ($ in millions)	Fixed Rate	Hedge Structure	Termination Date
2026 Sr. Notes	$600	3.085%	Fwd-starting Pay fixed / Receive SOFR	6/15/2033[4]
2026 Sr. Notes	$400	2.980%	Fwd-starting Pay fixed / Receive SOFR	6/15/2033[4]
2025 Sr. Notes	$400	3.075%	Fwd-starting Pay fixed / Receive SOFR	4/15/2035[4]
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 March 31, 2024
2. Interest rate includes hedge rate where applicable
3. CP is renewed periodically on short term basis
4. These swaps are forward-starting, mandatory early termination swaps or that begin on the maturity date of the hedged instruments terminate three months thereafter

Strong Portfolio with Positive Credit Attributes

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Recent Portfolio Performance

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

Outstanding Credit History

Average annual loss on underwritten investment[4]	0.06%

Positive Credit Attributes

Asset Class	Portfolio(%)[6]	Structural Seniority	Obligor Credit
Residential	29%	Typically Preferred	> 355k consumers WAVG FICO: "Very Good"[5]
GC Solar	19%	Typically Super Senior or Preferred	Typically IG corporates or utilities
Wind	19%	Typically Preferred	Typically IG corporates or utilities
Fuels, Transport & Nature	14%	Senior	Various incentivized offtakers
Community	10%	Typically Preferred	Typically creditworthy consumers and/or IG corporates
C&I	6%	Senior or Preferred	Typically IG corporates
Public Sector	3%	Senior or Preferred	Predominantly IG govt or quasi-govt entities

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

Explanatory Notes

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

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

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Adjusted Earnings and Earnings on Equity Method Investments

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

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 Adjusted Earnings, for certain of these investments where there are characteristics as described above, we further adjust GAAP net income (loss) to take into account our calculation of the return on capital (based upon the underwritten investment rate) from our renewable energy equity method investments, as adjusted to reflect the performance of the project and the cash distributed. We believe this equity method investment adjustment to our GAAP net income (loss) in calculating our Adjusted Earnings measure is an important supplement to the HLBV income allocations determined under GAAP for an investor to understand the economic performance of these investments where HLBV income can differ substantially from the economic returns.

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

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

Supplemental Financial Data

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Assets Under Management

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.

Adjusted Net Investment Income

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

Portfolio Yield

We calculate portfolio yield as the weighted average underwritten yield of the investments in our Portfolio as of the end of the period. Underwritten yield 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 Adjusted 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 Adjusted 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

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

	For the Three Months Ended March 31,	
	2024	2023
Revenue		
Interest income	$ 68,692	$ 43,108
Rental income	1,846	6,487
Gain on sale of assets	28,611	15,719
Securitization asset income	4,898	3,432
Other income	1,768	355
Total revenue	**105,815**	**69,101**
Expenses		
Interest expense	61,872	37,216
Provision for loss on receivables	2,022	1,883
Compensation and benefits	20,676	18,369
General and administrative	9,053	8,022
Total expenses	**93,623**	**65,490**
Income before equity method investments	**12,193**	**3,611**
Income (loss) from equity method investments	158,550	22,418
Income (loss) before income taxes	**170,743**	**26,029**
Income tax (expense) benefit	(46,195)	(1,431)
Net income (loss)	**$ 124,548**	**$ 24,598**
Net income (loss) attributable to non-controlling interest holders	1,523	492
Net income (loss) attributable to controlling stockholders	**$ 123,025**	**$ 24,106**
Basic earnings (loss) per common share	$ 1.08	$ 0.26
Diluted earnings (loss) per common share	$ 0.98	$ 0.26
Weighted average common shares outstanding—basic	112,617,809	91,102,374
Weighted average common shares outstanding—diluted	130,998,775	94,129,174

Balance Sheet

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

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 61,419	$ 62,632
Equity method investments	3,263,391	2,966,305
Receivables, net of allowance of $52 million and $50 million, respectively	3,112,810	3,073,855
Receivables held-for-sale	5,422	35,299
Real estate	2,992	111,036
Investments	7,223	7,165
Securitization assets, net of allowance of $3 million and $3 million, respectively	220,003	218,946
Other assets	54,690	77,112
Total Assets	**$ 6,727,950**	**$ 6,552,350**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 203,753	$ 163,305
Credit facilities	201,270	400,861
Green commercial paper notes	65,278	30,196
Term loan facility	692,777	727,458
Non-recourse debt (secured by assets of $304 million and $239 million, respectively)	133,297	160,456
Senior unsecured notes	2,550,058	2,318,841
Convertible notes	608,102	609,608
Total Liabilities	4,454,535	4,410,725
Stockholders' Equity:		
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 450,000,000 shares authorized, 113,475,576 and 112,174,279 shares issued and outstanding, respectively	1,135	1,122
Additional paid in capital	2,415,118	2,381,510
Accumulated deficit	(227,820)	(303,536)
Accumulated other comprehensive income (loss)	29,111	13,165
Non-controlling interest	55,871	49,364
Total Stockholders' Equity	2,273,415	2,141,625
Total Liabilities and Stockholders' Equity	**$ 6,727,950**	**$ 6,552,350**

Statement of Cashflows

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities		
Net income (loss)	$ 124,548	$ 24,598
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for loss on receivables	2,022	1,883
Depreciation and amortization	340	926
Amortization of financing costs	4,012	3,250
Equity-based compensation	6,601	7,898
Equity method investments	(145,900)	(11,415)
Non-cash gain on securitization	(32,342)	(6,882)
(Gain) loss on sale of receivables and investments	9,869	1,305
Changes in receivables held-for-sale	3	37,249
Changes in accounts payable and accrued expenses	59,123	936
Change in accrued interest on receivables and investments	(17,709)	(12,231)
Other	10,364	1,287
Net cash provided by (used in) operating activities	20,931	48,804
Cash flows from investing activities		
Equity method investments	(127,422)	(362,831)
Equity method investment distributions received	3,762	1,469
Purchases of and investments in receivables	(230,885)	(96,842)
Principal collections from receivables	141,594	22,741
Proceeds from sales of receivables	24,769	7,634
Proceeds from sale of real estate	115,767	—
Posting of hedge collateral	—	(20,350)
Receipt of hedge collateral	2,920	—
Other	(450)	(548)
Net cash provided by (used in) investing activities	(69,945)	(448,727)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from financing activities		
Proceeds from credit facilities	250,000	312,000
Principal payments on credit facilities	(450,000)	(5,000)
Principal payments on term loan	(35,339)	—
Proceeds from issuance of non-recourse debt	94,000	—
Proceeds from issuance of commercial paper notes	35,000	100,000
Principal payments on non-recourse debt	(68,910)	(5,140)
Proceeds from issuance of senior unsecured notes	205,500	—
Net proceeds of common stock issuances	30,386	23,256
Payments of dividends and distributions	(45,093)	(35,142)
Withholdings on employee share vesting	(157)	(1,317)
Payment of financing costs	(7,498)	—
Receipt of hedge collateral	69,000	—
Other	(725)	(503)
Net cash provided by (used in) financing activities	51,264	388,154
Increase (decrease) in cash, cash equivalents, and restricted cash	2,250	(11,769)
Cash, cash equivalents, and restricted cash at beginning of period	75,082	175,972
Cash, cash equivalents, and restricted cash at end of period	**$ 77,332**	**$ 164,203**
Interest paid	$ 33,207	$ 20,343
Supplemental disclosure of non-cash activity		
Residual assets retained from securitization transactions	$ 6,715	$ 5,330
Equity method investments retained from securitization transactions	32,564	—
Deconsolidation of non-recourse debt	51,233	32,923
Deconsolidation of assets pledged for non-recourse debt	51,761	31,371

Adjusted Cash Flow from Operations Plus Other Portfolio Collections

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	For the year ended,	Plus: For the three months ended,	Less: For the three months ended,	For the TTM ended,
	December 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024
	(in thousands)			
Net cash provided by operating activities	$ 99,689	$ 20,931	$ 48,804	$ 71,816
Changes in receivables held-for-sale	(51,538)	(3)	(37,249)	(14,292)
Equity method investment distributions received	30,140	3,762	1,469	32,433
Principal collections from receivables	197,784	141,594	22,741	316,637
Proceeds from sales of receivables	7,634	24,769	7,634	24,769
Proceeds from sales of land	—	115,767	—	115,767
Principal collection from investments [1]	3,805	—	62	3,743
Principal payments on non-recourse debt	(21,606)	(68,910)	(5,140)	(85,376)
Adjusted cash flow from operations and other portfolio collections	265,908	237,910	38,321	465,497
Less: Dividends	(159,786)	(45,093)	(35,142)	(169,737)
Cash Available for Reinvestment	106,122	192,817	3,179	295,760

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

Reconciliation of GAAP Net Income to Adjusted Earnings

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	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
	(dollars in thousands, except per share amounts)			
	$	*per share*	*$*	*per share*
Net income attributable to controlling stockholders [1]	$ 123,025	$ 0.98	$ 24,106	$ 0.26
Adjusted earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(158,550)		(22,418)	
Add equity method investments earnings	55,462		33,957	
Equity-based expense	9,058		9,435	
Provision for loss on receivables	2,022		1,883	
Amortization of intangibles [2]	171		772	
Non-cash provision (benefit) for income taxes	46,195		1,431	
Net income attributable to non-controlling interest	1,523		492	
Adjusted earnings [3]	**$ 78,906**	**$ 0.68**	**$ 49,658**	**$ 0.53**

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

In addition to these provisions, in the current period, we concluded that an equity method investment along with certain loans we had made to this investee, were not recoverable. The equity method investment and loans had a carrying value of $0 due to the GAAP losses which had been incurred from the operations of the investee. We have excluded the write-off from Adjusted earnings, as this investment was in a corporate entity which carries a different risk profile that our other investments, the vast majority of which are backed by operating climate solutions projects.

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

(3) Adjusted earnings per share for the three months ended March 31, 2024 and 2023, are based on 115,400,151 shares and 93,266,916 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. We will consider the impact of any capped calls in assessing whether an instrument is equity-like or debt like.

Reconciliation of GAAP-based NII to Adjusted NII

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	Three months ended March 31,	
	2024	2023
	(in thousands)	
Interest income	$ 68,692	$ 43,108
Rental income	1,846	6,487
GAAP-based investment revenue	70,538	49,595
Interest expense	61,872	37,216
GAAP-based net investment income	8,666	12,379
Equity method earnings adjustment (1)	55,462	33,957
Amortization of real estate intangibles (2)	171	772
Adjusted net investment income	**$ 64,299**	**$ 47,108**

(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	
	March 31, 2024	December 31, 2023
	(dollars in millions)	
Equity method investments	$ 3,263	$ 2,966
Receivables, net of allowance	3,113	3,074
Receivables held-for-sale	5	35
Real estate	3	111
Investments	7	7
GAAP-Based Portfolio	6,391	6,193
Assets held in securitization trusts	6,502	6,060
Managed assets	**$ 12,893**	**$ 12,253**

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