HASI

Investing in Climate Solutions®

Earnings Presentation

Third Quarter 2023

Forward Looking Statements

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Some of the information contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used herein, words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "target," or similar expressions, are intended to identify such forward-looking statements. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements include those discussed under the caption "Risk Factors" included in our Form 10-K for the year ended December 31, 2022 (the "Form 10-K") on file with the U.S. Securities and Exchange Commission ("SEC"), as well as in other reports that we file with the SEC.

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

Forward-looking statements are based on beliefs, assumptions and expectations as of September 30, 2023. The guidance discussed herein reflects our estimates of (i) yield on our existing portfolio; (ii) yield on incremental portfolio investments, inclusive of our existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of our forecasted operations; (vi) disruptions to the renewable energy supply chain that may result from changes in the regulatory environment and other factors; (vii) the general interest rate and market environment; (viii) the impact of the Inflation Reduction Act on our industry and our business; (ix) the impact of our proposed revocation of our REIT election; (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.

Well-Positioned for Current Macroeconomic Conditions

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Strong Long-Term Fundamentals

- Energy transition continues to provide enormous investment opportunity supported by underlying economic viability
- Our client centric business model is thriving

Excellent Results Reinforce Business Resiliency

- Q3 Distributable EPS[1] of $0.62 and GAAP EPS of $0.20
- $1.8b YTD and $973m QTD Closed Transactions
- YTD asset yields > 9%[1,2] and YTD debt cost of 6.5%[3]
- Affirm guidance

Successfully Adapting to Market Conditions

- No equity needed to achieve guidance
- Raised $1.5b YTD[3] in a challenging market
- Advancing incremental channels for capital light growth

1. See Appendix for an explanation of Portfolio Yield and Distributable Earnings, including reconciliations to the relevant GAAP measures
2. Weighted Average yield for new balance sheet transactions
3. Including Term Loan A upsize of $165m in October 2023

Strong Visibility in Achieving Current Guidance

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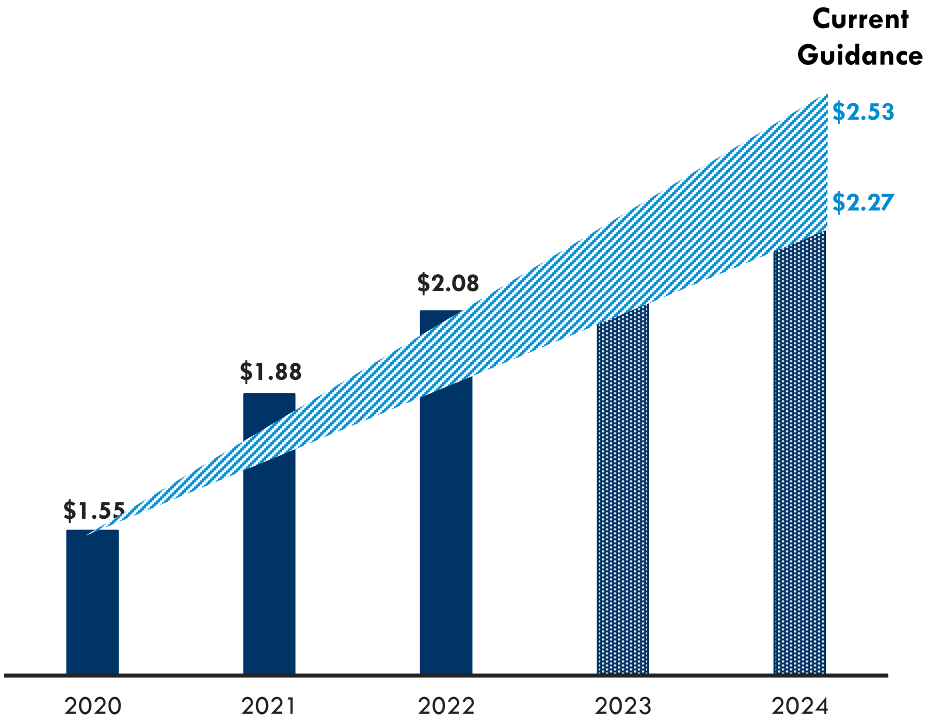
Affirming Guidance

Compounded Annual Growth

Distributable EPS (2021 – 2024)[1,2] : 10% – 13%



Guidance can be achieved with:

- No incremental equity
- No new balance sheet investments
- No incremental debt
- GoS fees in line with 2021-23

1) See appendix for an explanation of Distributable Earnings, including a reconciliation to the relevant GAAP measure.
2) Relative to the 2020 baseline

Expanding Proven Capabilities to Drive Continued Growth in EPS

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Action Plan

Demonstrated Track Record

Action Plan	Demonstrated Track Record
Higher Yielding Investments	• Pipeline investments on avg >10%[1] • Consistent risk profile
Balance Sheet Rotations, Secured & Bank Debt	• \$1.2b of Balance Sheet Rotations[2], \$2.0b Secured Debt [2], \$2.0b Bank Debt [2]
Expanding Securitizations	• Added 5 new asset classes to securitization program since 2017 • \$6b Total Securitizations[2]
Other Capital Light Fee Opportunities	• Syndicate investments to private capital partners • Strong YTD 2023 execution provides flexibility to expand these initiatives at a reasonable pace

1. Yield for new balance sheet transactions
2. Since IPO

Record Volume and Asset Yields

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$1.8b closed transactions in 2023 YTD

Asset Class	% of Closed Transactions (2023 YTD)
Fuels Transport & Nature	38%
Resi Solar	21%
Public Sector	15%
GC Solar	12%
Community Solar	8%
C&I	4%
Other	1%

$973m closed in 3Q23

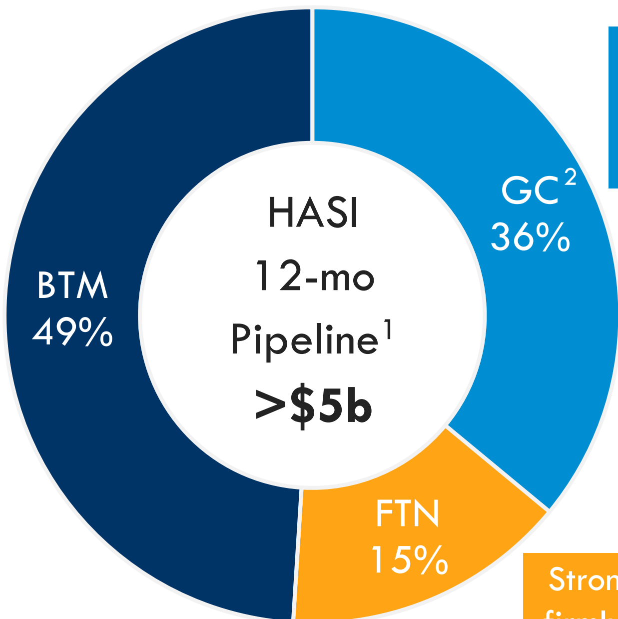
YTD & 3Q23 closed transactions yield on average > 9%[1]

Expect future investments to continue to be priced at an attractive margin to cost of funds

1. Weighted Average yield for new balance sheet transactions

Strong Pipeline Driven by Non-Cyclical End Markets

Largest asset class in BTM pipeline is public sector



Clients' pipelines remain robust

Strong execution firmly establishes HASI in FTN markets

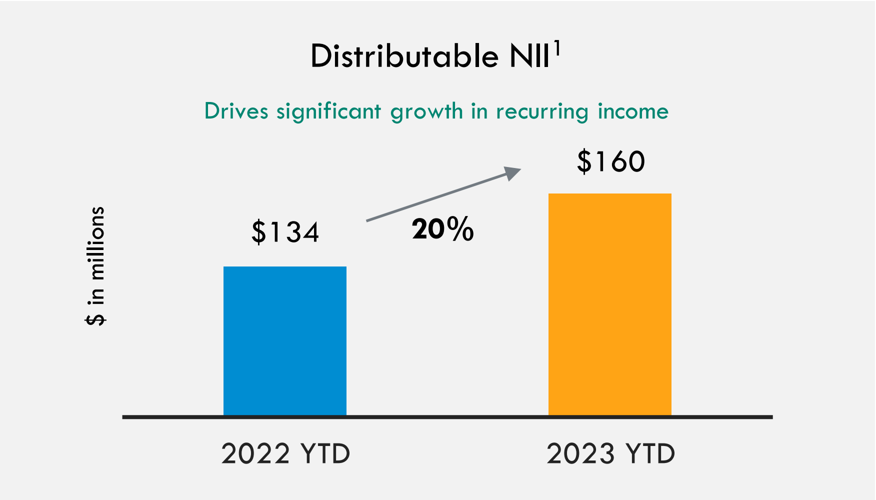
- Renewables remain competitive despite higher costs
- Electricity demand expected to increase
- Energy transition assets remain preferred source of incremental supply

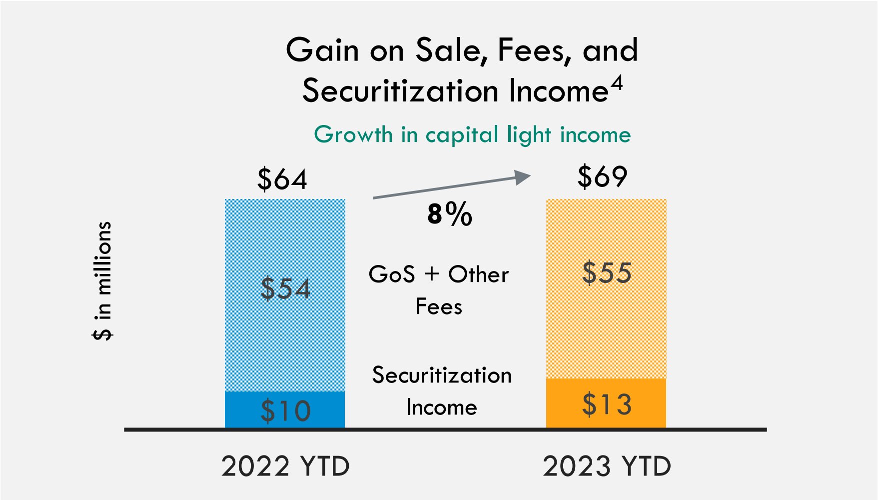
1. Next 12-months pipeline as of 9/30/23. BTM is Behind-the-Meter, GC is Grid-Connected, and FTN is Fuels, Transport and Nature
2. No offshore wind in the pipeline

Portfolio Increased 41% YOY

Financial Results (3Q23)

Results Unaudited[1]	3Q22	3Q23	Change YoY
GAAP Diluted EPS	$0.38	$0.20	
Distributable EPS	$0.49	$0.62	
GAAP NII	$11.3m	$17.0m	
Distributable NII	$43.4m	$58.8m	+35%
Gain on Sale, Fees and Securitization Income	$19.2m	$29.5m	
Transactions Closed	$273m	$973m	
Portfolio[2]	$3.9b	$5.5b	+41%
Managed Assets	$9.4b	$11.5b	+22%
Distributable ROE[3]	10.8%	13.4%	





1. See Appendix for an explanation of Distributable Earnings, Distributable Net Investment Income ("NII") and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable.
2. GAAP-based
3. Distributable ROE is calculated using Distributable Earnings for the period and the average of the quarterly ending equity balances for the period.
4. May not sum due to rounding

Portfolio Yield Increases from 7.7% to 7.9% QoQ

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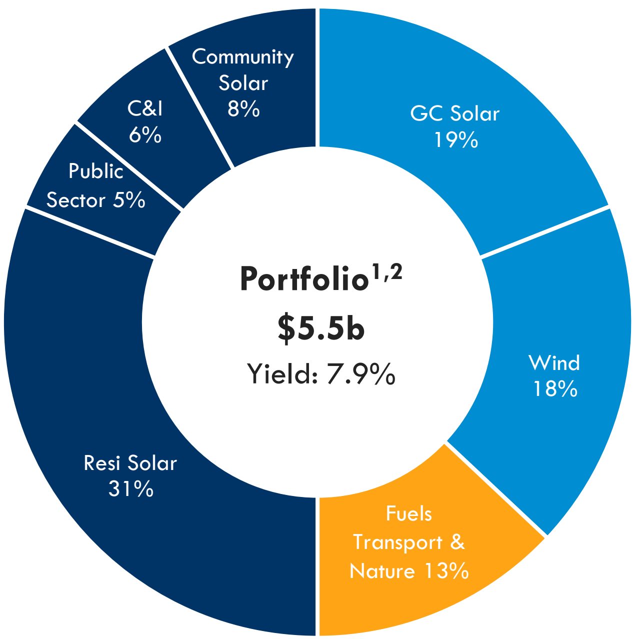
Portfolio growth (YTD) of $1.2b vs. previous 3-year annual average of $0.7b



Anticipated Funding of Previously Closed Transactions[3]

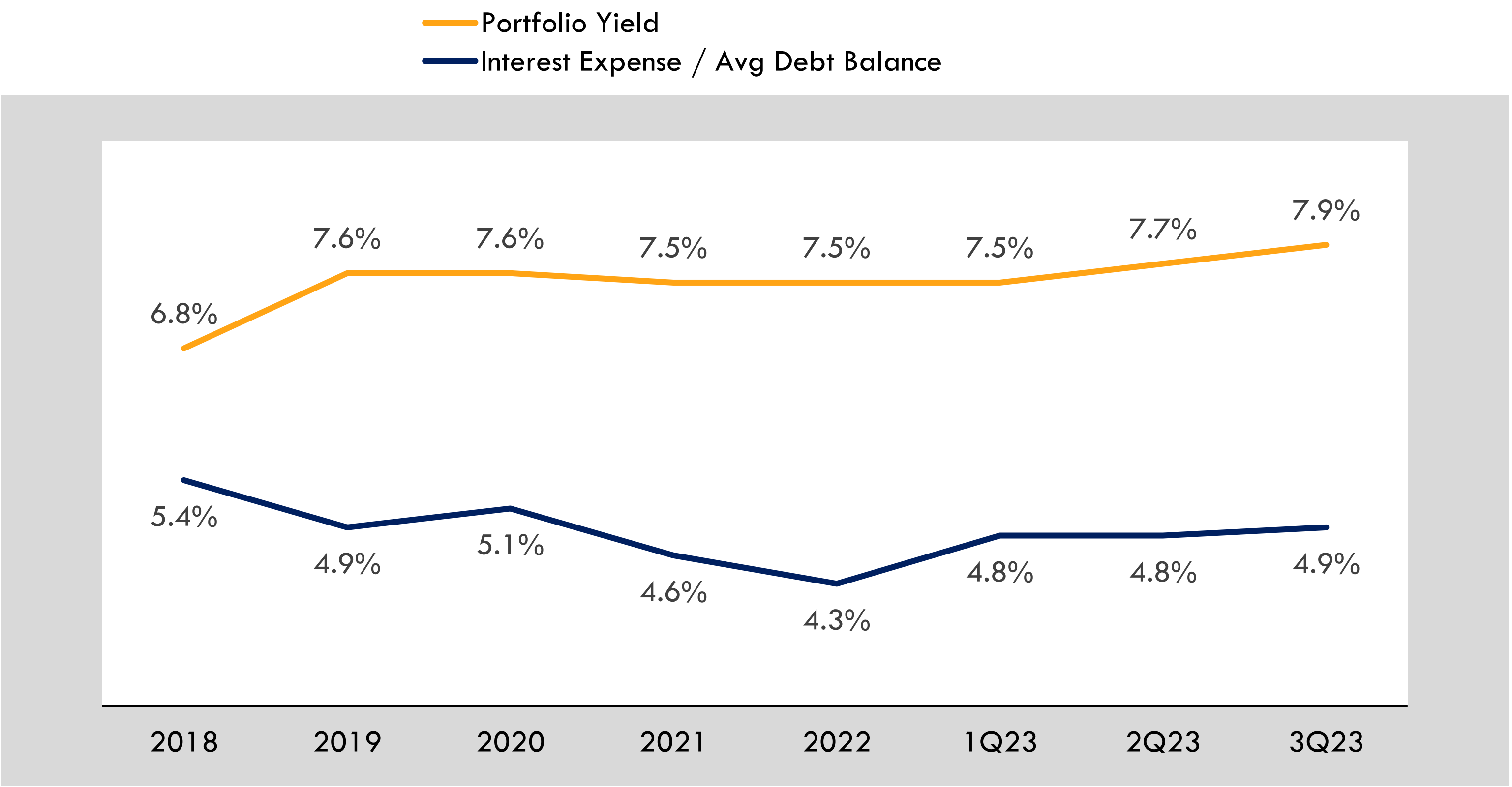
4Q23 – 2024	~ $645m

Portfolio Change	($m)[4]
Beginning Portfolio (6/30/23)	$4,897
Funding of new investments	688
Funding of prior investments	177
Principal collections	(118)
Syndications and Securitizations[5]	(161)
Other	17
Ending Portfolio (9/30/23)	$5,500

1. GAAP-based Portfolio, as of 9/30/23
2. See Appendix for an explanation of Portfolio Yield
3. Anticipated 12-month funding schedule for closed transactions subject to completion milestones, as of 9/30/23
4. Total may not sum due to rounding
5. Includes only securitizations of assets on the balance sheet as of the end of the previous quarter (6/30/23)

Growth in Margins

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



Proforma refinancing of 2025 and 2026 corporate bonds using current market credit spreads and existing hedges results in blended cost of debt of ~5.7%, resulting in an ROE > 11.5%[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

Financial Discipline and Conservative Leverage

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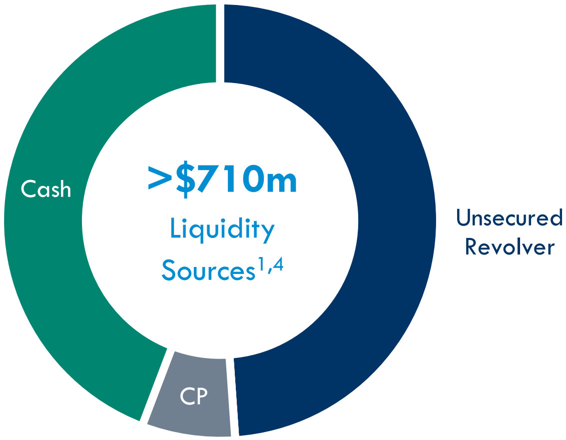
Liquidity Remains Strong



- Increased Term Loan A by $165m in October 2023
- 1.7x debt to equity[2]
- 88% of debt fixed or hedged[3]
- Baa3/BB+/BB+ Positive Outlook (MDY/S&P/Fitch)
- Plan for discontinuation of REIT tax election on track

Recent & Planned Debt Raises[4]

Type	Secured Debt	Bank Debt	Convertible	Secured Debt
Action	Upsized & Extended Term	Upsized Term Loan A	Refinanced & Upsized	Upcoming Portfolio Financing
Total Facility Size	$200m	$548m	$403m	~$100m
Credit Spread	225bps	213bps	Coupon 3.75%	Expected Rating: BBB-
Interest Rate	6.9%[3]	6.5%[3]	5.6% (incl. option) Effective conversion price > $43.42	

YTD Debt Raises[4] of $1b at 6.5% resulting in incremental ROE[5] of > 13%

1. As of 9/30/23
2. Below target limit of less than 2.5x, As of 9/30/23
3. Includes base rate fixed or hedged. See Appendix for details
4. Including Term Loan A upsize of $165m in October 2023
5. Assuming current leverage and Gain on Sale, Fees & Securitization Income equals SG&A

Sustainability and Impact

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Submitted Scope 3 Category 15 Net Zero target for validation

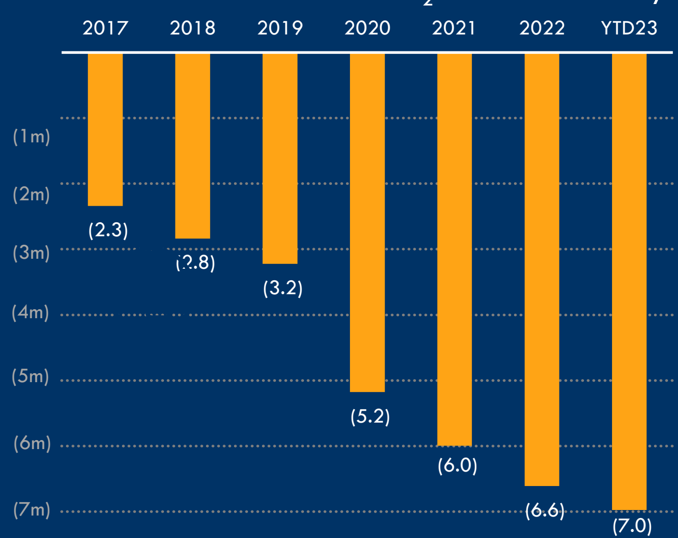
HASI employees (~50% of workforce) led multiple social and climate justice community service initiatives

Launched internal biodiversity reporting initiative to align with TNFD framework

Carbon Emissions[1]

CarbonCount: 0.14 (3Q23)

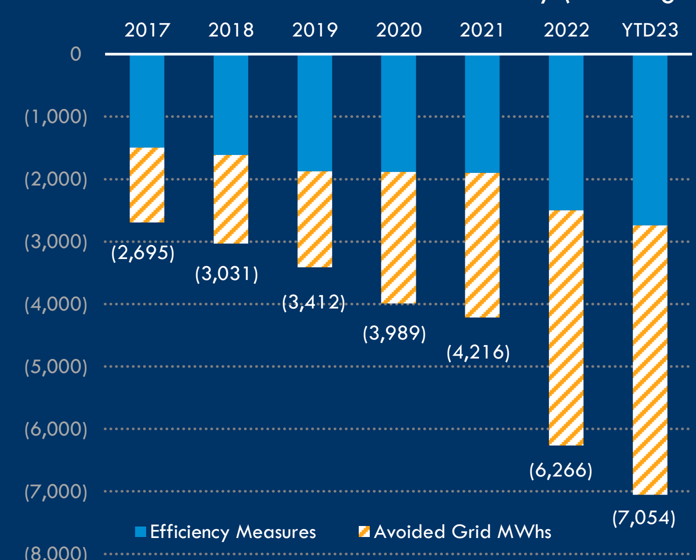
Cumulative Metric Tons of CO_2 Avoided Annually



Water Savings[2]

WaterCount™: 353 (3Q23)

Cumulative Gallons of Water Saved Annually (million gallons)



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

Outstanding Performance; Strategy to Adapt to Current Market Conditions

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Long-Term Fundamentals	Climate | Clients | Assets
Strong Results	Demonstrated success of consistent earnings growth through interest rate cycles
Action Plan	Executing on specific objectives to thrive despite challenging capital markets

Appendix

Cash Flow Sources and Uses

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$ millions[1]	3Q23 TTM	2022	2021
Adjusted Cash Flow from Operations Plus Other Portfolio Collections[2]	**$264**	**$287**	**$259**
(-) Dividend	**($149)**	**($132)**	**($114)**
(=) Cash Available for Reinvestment	**$115**	**$155**	**$146**
(-) Investments Funded[3]	($1,992)	($871)	($960)
(+) Capital Raised	$1,672	$693	$796
Other Sources/Uses of Cash	$77	($51)	($41)
Change in Cash	($129)	($74)	($59)

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

1. Amounts may not sum due to rounding. 3Q23 reflects Trailing Twelve Months (TTM) of cashflows
2. See explanatory notes for an explanation of Adjusted Cash Flow from Operations Plus Other Portfolio Collections
3. Does not include receivables held-for-sale

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
Term Loan A	$548	6.47%	2025
Revolving Line of Credit[3]	$487	6.62%	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
Rhea Debt Facility	$200	6.88%	2028
Commercial Paper Notes[4]	$50	6.85%	2024
Sustainable Yield Bond 2015-1A	$71	4.28%	2034
Sustainable Yield Bond 2016-2	$55	4.35%	2037

Fixed Rate Debt

Floating Rate Debt, Swapped to Fixed Where Noted Below

Hedged Instrument	Notional ($ in millions)	Fixed Rate	Hedge Structure	Termination Date
Term Loan A and Revolving Line of Credit	$400	3.788%	Pay fixed / Receive 1-mo Term SOFR	3/27/2033
2026 Sr. Notes	$400	2.980%	Fwd-starting Pay fixed / Receive SOFR	6/15/2033[5]
2026 Sr. Notes	$600	3.085%	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]
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 3Q23
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

Strong Portfolio with Positive Credit Attributes

Recent Portfolio Performance

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

Outstanding Credit History[6]

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	31%	Typically Preferred	> 310k consumers WAVG FICO: "Very Good"[5]
Wind	18%	Typically Preferred	Typically IG corporates or utilities
GC Solar	19%	Typically Super Senior or Preferred	Typically IG corporates or utilities
Fuels, Transport & Nature	13%	Senior	Various incentivized offtakers
Community	8%	Typically Preferred	Typically creditworthy consumers and/or IG corporates
C&I	6%	Senior or Preferred	Typically IG corporates
Public Sector	5%	Senior or Preferred	Predominantly IG govt or quasi-govt entities
Green Real Estate	<1%	Super Senior or Subordinated Debt	Real-estate secured

1. This category includes our assets where based on our credit criteria and performance to date we believe that our risk of not receiving our invested capital remains low.
2. This category includes our assets where based on our credit criteria and performance to date we believe there is a moderate level of risk to not receiving some or all of our invested capital.
3. This category includes our assets where based on our credit criteria and performance to date, we believe there is substantial doubt regarding our ability to recover some or all of our invested capital
4. As of 3Q23; 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

Explanatory Notes

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Adjusted Cash Flow from Operations plus Other Portfolio Collections

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

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

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

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

Supplemental Financial Data

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Distributable Earnings and Earnings on Equity Method Investments

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

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

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

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

We believe a non-GAAP measure, such as Distributable Earnings, that adjusts for the items discussed above is and has been a meaningful indicator of our economic performance in any one period and is useful to our investors as well as management in evaluating our performance as it relates to expected dividend payments over time. As a REIT, we are required to distribute substantially all of our taxable income to investors in the form of dividends, which is a principal focus of our investors. Additionally, we believe that our investors also use Distributable Earnings, or a comparable supplemental performance measure, to evaluate and compare our performance to that of our peers, and as such, we believe that the disclosure of Distributable Earnings is useful to our investors in any one period.

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

Supplemental Financial Data

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Managed Assets

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

Distributable Net Investment Income

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

Portfolio Yield

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

Guidance

We expect that annual Distributable Earnings per share will grow at a compounded annual rate of 10% to 13% from 2021 to 2024, relative to the 2020 baseline of $1.55 per share, which is equivalent to a 2024 midpoint of $2.40 per share. We also expect growth of annual dividends per share to be at a compounded annual rate of 5% to 8%. This guidance reflects our judgments and estimates of (i) yield on its existing portfolio; (ii) yield on incremental portfolio investments, inclusive of our existing pipeline; (iii) the volume and profitability of transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of our forecasted operations, and (vi) the general interest rate and market environment. All guidance is based on current expectations regarding economic conditions, the regulatory environment, the dynamics of the markets in which we operate and the judgment of our management team, among other factors. In addition, distributions are subject to approval by our Board of Directors on a quarterly basis. We have not provided GAAP guidance as discussed in the Forward-Looking Statements section of the press release.

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 September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Interest income	$ 54,295	$ 34,303	$ 91,330	$ 63,601
Rental income	6,039	6,609	12,973	13,108
Gain on sale of assets	22,405	14,490	30,510	36,762
Securitization asset income	5,620	4,403	7,762	5,540
Other income	1,492	345	860	2,269
Total revenue	**89,851**	**60,150**	**233,285**	**181,429**
Expenses				
Interest expense	43,295	29,556	120,413	85,035
Provision for loss on receivables	9,792	(2,463)	12,481	6,222
Compensation and benefits	16,296	12,933	48,527	50,108
General and administrative	6,708	8,150	24,826	22,696
Total expenses	**76,091**	**48,176**	**206,247**	**164,061**
Income before equity method investments	**13,760**	**11,974**	**27,039**	**17,368**
Income (loss) from equity method investments	2,759	30,552	27,429	58,533
Income (loss) before income taxes	**16,519**	**42,526**	**54,468**	**75,901**
Income tax (expense) benefit	5,128	(7,585)	5,299	(13,794)
Net income (loss)	**$ 21,647**	**$ 34,941**	**$ 59,767**	**$ 62,107**
Net income (loss) attributable to non-controlling interest holders	201	407	692	676
Net income (loss) attributable to controlling stockholders	**$ 21,446**	**$ 34,534**	**$ 59,075**	**$ 61,431**
Basic earnings (loss) per common share	$ 0.20	$ 0.39	$ 0.59	$ 0.70
Diluted earnings (loss) per common share	$ 0.20	$ 0.38	$ 0.59	$ 0.69
Weighted average common shares outstanding—basic	107,715,057	87,721,756	98,665,598	86,784,895
Weighted average common shares outstanding—diluted	109,145,088	90,762,820	101,142,782	89,928,741

Balance Sheet

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

	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 155,500	$ 155,714
Equity method investments	2,563,948	1,869,712
Commercial receivables, net of allowance of $51 million and $41 million, respectively	2,705,976	1,887,483
Government receivables	93,364	102,511
Receivables held-for-sale	16,660	85,254
Real estate	111,249	353,000
Investments	9,370	10,200
Securitization assets, net of allowance of $3 million and $0, respectively	182,824	177,032
Other assets	69,253	119,242
Total Assets	**$ 5,908,144**	**$ 4,760,148**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 150,584	$ 120,114
Credit facilities	486,724	50,698
Green commercial paper notes	49,974	192
Term loan facility	567,244	379,742
Non-recourse debt (secured by assets of $245 million and $632 million, respectively)	167,622	432,756
Senior unsecured notes	1,782,197	1,767,647
Convertible notes	603,905	344,253
Total Liabilities	3,808,250	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 $0.01 per share, 450,000,000 shares authorized, 111,167,157 and 90,837,008 shares issued and outstanding, respectively	1,112	908
Additional paid in capital	2,353,453	1,924,200
Accumulated deficit	(348,929)	(285,474)
Accumulated other comprehensive income (loss)	47,264	(10,397)
Non-controlling interest	46,994	35,509
Total Stockholders' Equity	2,099,894	1,664,746
Total Liabilities and Stockholders' Equity	**$ 5,908,144**	**$ 4,760,148**

Statement of Cashflows

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities		
Net income (loss)	$ 59,767	$ 62,107
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for loss on receivables	12,481	6,222
Depreciation and amortization	2,746	2,938
Amortization of financing costs	9,347	8,666
Equity-based compensation	14,977	17,994
Equity method investments	(937)	(26,340)
Non-cash gain on securitization	(34,080)	(25,201)
(Gain) loss on sale of receivables and investments	1,305	(218)
Changes in receivables held-for-sale	40,183	5,466
Changes in accounts payable and accrued expenses	8,952	28,154
Change in accrued interest on receivables and investments	(26,087)	(10,077)
Other	3,686	(5,736)
Net cash provided by (used in) operating activities	92,340	63,975
Cash flows from investing activities		
Equity method investments	(583,323)	(143,645)
Equity method investment distributions received	20,259	99,599
Proceeds from sales of equity method investments	—	1,700
Purchases of and investments in receivables	(1,016,467)	(337,517)
Principal collections from receivables	167,406	106,695
Proceeds from sales of receivables	7,634	5,047
Purchases of real estate	—	(4,550)
Purchases of investments and securitization assets	(14,404)	(2,329)
Proceeds from sales of investments and securitization assets	—	7,020
Funding of escrow accounts	—	(228)
Withdrawal from escrow accounts	—	15,156
Other	(285)	(815)
Net cash provided by (used in) investing activities	(1,419,180)	(253,867)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from financing activities		
Proceeds from credit facilities	777,000	100,000
Principal payments on credit facilities	(342,000)	(100,000)
Proceeds from issuance of term loan	200,000	—
Principal payments on term loan	(9,575)	—
Proceeds from issuance of commercial paper notes	49,775	50,000
Principal payments on non-recourse debt	(14,714)	(22,127)
Proceeds from issuance of convertible notes	402,500	200,000
Principal payments on convertible notes	(143,748)	—
Purchase of capped calls related to the issuance of convertible notes	(37,835)	—
Net proceeds of common stock issuances	465,015	127,008
Payments of dividends and distributions	(115,087)	(98,310)
Withholdings on employee share vesting	(1,466)	(3,211)
Payment of financing costs	(13,302)	(8,203)
Receipt of hedge collateral	106,330	—
Other	(2,493)	(8,128)
Net cash provided by (used in) financing activities	1,320,400	237,029
Increase (decrease) in cash, cash equivalents, and restricted cash	(6,440)	47,137
Cash, cash equivalents, and restricted cash at beginning of period	175,972	251,073
Cash, cash equivalents, and restricted cash at end of period	**$ 169,532**	**$ 298,210**
Interest paid	$ 91,988	$ 62,594
Supplemental disclosure of non-cash activity		
Residual assets retained from securitization transactions	$ 26,020	$ 25,374
Equity method investments received upon deconsolidation of a special purpose entity	144,603	—
Issuance of common stock from conversion of Convertible Notes	—	7,674
Deconsolidation of non-recourse debt	257,746	—
Deconsolidation of assets pledged for non-recourse debt	374,608	—

Reconciliation of GAAP Net Income to Distributable Earnings

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	For the three months ended September 30, 2023		For the three months ended September 30, 2022	
	(dollars in thousands, except per share amounts)			
	$	*per share*	*$*	*per share*
Net income attributable to controlling stockholders [1]	$ 21,446	$ 0.20	$ 34,534	$ 0.38
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(2,759)		(30,552)	
Add equity method investments earnings	41,034		31,315	
Equity-based expense	3,499		2,060	
Provision for loss on receivables	9,792		(2,463)	
Amortization of intangibles [2]	716		760	
Non-cash provision (benefit) for income taxes	(5,128)		7,585	
Net income attributable to non-controlling interest	201		407	
Distributable earnings [3]	**$ 68,801**	**$ 0.62**	**$ 43,646**	**$ 0.49**

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

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

(3) Distributable earnings per share for the three months ended September 30, 2023 and 2022, are based on 110,290,640 shares and 89,635,572 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 Net Income to Distributable Earnings

	For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
	(dollars in thousands, except per share amounts)			
	$	*per share*	*$*	*per share*
Net income attributable to controlling stockholders [1]	$ 59,075	$ 0.59	$ 61,431	$ 0.69
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(27,429)		(58,533)	
Add equity method investments earnings	113,453		98,960	
Equity-based expense	16,372		17,993	
Provision for loss on receivables	12,481		6,222	
Amortization of intangibles [2]	2,260		2,360	
Non-cash provision (benefit) for income taxes	(5,299)		13,794	
Net income attributable to non-controlling interest	692		676	
Distributable earnings [3]	**$ 171,605**	**$ 1.70**	**$ 142,903**	**$ 1.61**

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

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

(3) Distributable earnings per share for the three months ended September 30, 2023 and 2022, are based on 101,046,485 shares and 88,612,178 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 Distributable NII

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	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
		(in thousands)		
Interest income	$ 54,295	$ 34,303	$ 145,624	$ 97,904
Rental income	6,039	6,609	19,013	19,716
GAAP-based investment revenue	60,334	40,912	164,637	117,620
Interest expense	43,295	29,556	120,413	85,035
GAAP-based net investment income	17,039	11,356	44,224	32,585
Equity method earnings adjustment [1]	41,034	31,315	113,453	98,960
Amortization of real estate intangibles [2]	716	760	2,260	2,292
Distributable net investment income	**$ 58,789**	**$ 43,431**	**$ 159,937**	**$ 133,837**

(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	
	September 30, 2023	December 31, 2022
	(dollars in millions)	
Equity method investments	$ 2,564	$ 1,870
Commercial receivables, net of allowance	2,706	1,887
Government receivables	93	103
Receivables held-for-sale	17	85
Real estate	111	353
Investments	9	10
GAAP-Based Portfolio	5,500	4,308
Assets held in securitization trusts	5,978	5,486
Managed assets	**$ 11,478**	**$ 9,794**

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