UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 001-35877

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**46-1347456** (I.R.S. Employer Identification No.)
One Park Place Suite 200 Annapolis, Maryland (Address of principal executive offices)	**21401** (Zip code)

(410) 571-9860

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	HASI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 114,033,939 shares of common stock, par value $0.01 per share, outstanding as of May 3, 2024 (which includes 311,874 shares of unvested restricted common stock).

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this Quarterly Report on Form 10-Q ("Form 10-Q") within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are subject to risks and uncertainties. For these statements, we claim the protections of the safe harbor for forward-looking statements contained in such Sections. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are 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. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 1A. Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2023, as amended by Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2023 (collectively, our "2023 Form 10-K") (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on our operations and financial results, and could cause our actual results to differ materially from those contained or implied in forward-looking statements made by us or on our behalf in this Form 10-Q, in presentations, on our websites, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

TABLE OF CONTENTS

		Page
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements	1
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	37
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	50
Item 4.	Controls and Procedures	52
PART II. OTHER INFORMATION		53
Item 1.	Legal Proceedings	53
Item 1A.	Risk Factors	53
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	53
Item 3.	Defaults Upon Senior Securities	53
Item 4.	Mine Safety Disclosures	53
Item 5.	Other Information	53
Item 6.	Exhibits	54
SIGNATURES		56

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024 (unaudited)	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
Commercial paper notes	65,278	30,196
Term loans payable	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**

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	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	1,769	355
Total revenue	**105,816**	**69,101**
Expenses		
Interest expense	61,872	37,216
Provision (benefit) for loss on receivables and securitization assets	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

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(DOLLARS IN THOUSANDS)

(UNAUDITED)

	Three Months Ended March 31,	
	2024	**2023**
Net income (loss)	**$ 124,548**	**$ 24,598**
Unrealized gain (loss) on available-for-sale securities and securitization assets, net of tax benefit (provision) of $1.7 million for the three months ended March 31, 2024 and $(0.3) million for the three months ended March 31, 2023	(5,088)	8,875
Unrealized gain (loss) on interest rate swaps, net of tax benefit (provision) of $(7.1) million for the three months ended March 31, 2024 and $0.3 million for the three months ended March 31, 2023	21,231	(31,768)
Comprehensive income (loss)	140,691	1,705
Less: Comprehensive income (loss) attributable to non-controlling interest holders	1,720	22
Comprehensive income (loss) attributable to controlling stockholders	**$ 138,971**	**$ 1,683**

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(AMOUNTS IN THOUSANDS)

(UNAUDITED)

	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling interests	Total
Balance at December 31, 2023	**112,174**	**$ 1,122**	**$ 2,381,510**	**$ (303,536)**	**$ 13,165**	**$ 49,364**	**$ 2,141,625**
Net income (loss)	—	—	—	123,025	—	1,523	**124,548**
Unrealized gain (loss) on available-for-sale securities and securitization assets	—	—	—	—	(5,025)	(63)	**(5,088)**
Unrealized gain (loss) on interest rate swaps	—	—	—	—	20,971	260	**21,231**
Issued shares of common stock	1,293	13	32,830	—	—	—	**32,843**
Equity-based compensation	—	—	936	—	—	5,666	**6,602**
Issuance (repurchase) of vested equity-based compensation shares	9	—	(158)	—	—	—	**(158)**
Dividends and distributions	—	—	—	(47,309)	—	(879)	**(48,188)**
Balance at March 31, 2024	**113,476**	**$ 1,135**	**$ 2,415,118**	**$ (227,820)**	**$ 29,111**	**$ 55,871**	**$ 2,273,415**
Balance at December 31, 2022	**90,837**	**$ 908**	**$ 1,924,200**	**$ (285,474)**	**$ (10,397)**	**$ 35,509**	**$ 1,664,746**
Net income (loss)	—	—	—	24,106	—	492	**24,598**
Unrealized gain (loss) on available-for-sale securities and securitization assets	—	—	—	—	8,760	115	**8,875**
Unrealized gain (loss) on interest rate swaps	—	—	—	—	(31,183)	(585)	**(31,768)**
Issued shares of common stock	763	8	23,248	—	—	—	**23,256**
Equity-based compensation	—	—	774	—	—	7,124	**7,898**
Issuance (repurchase) of vested equity-based compensation shares	58	1	(1,318)	—	—	—	**(1,317)**
Dividends and distributions	—	—	—	(36,340)	—	(1,133)	**(37,473)**
Balance at March 31, 2023	**91,658**	**$ 917**	**$ 1,946,904**	**$ (297,708)**	**$ (32,820)**	**$ 41,522**	**$ 1,658,815**

See accompanying notes.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

(UNAUDITED)

	Three Months Ended March 31,	
	2024	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)
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)	—
Posting of hedge collateral	(24,900)	—
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

See accompanying notes.

1. The Company

Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the “Company”) actively partners with clients to deploy real assets that facilitate the energy transition, which we refer to as “climate solutions”. Our investments take various forms, including equity, joint ventures, land ownership, lending, and other financing transactions. We generate net investment income from our portfolio, and fees through gain-on-sale securitization transactions, asset management and servicing, broker/dealer and other services. We also generate recurring income through our residual ownership in securitization and syndication structures.

The Company and its subsidiaries are hereafter referred to as “we,” “us” or “our.” We refer to the income producing assets that we hold on our balance sheet as our “Portfolio.” Our Portfolio includes equity investments in either preferred or common structures in unconsolidated entities and receivables and debt securities. We finance our business through cash on hand, recourse and non-recourse debt, convertible securities, or equity issuances and may also decide to finance such transactions through the use of off-balance sheet securitization or syndication structures.

Our common stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “HASI.” We intend to continue to operate our business in a manner that will maintain our exemption from registration as an investment company under the Investment Company Act of 1940 (the “1940 Act”), as amended. We operate our business through, and along with two of our wholly owned subsidiaries serve as the general partners of, our operating partnership subsidiary, Hannon Armstrong Sustainable Infrastructure, L.P., (the “Operating Partnership”), which was formed to acquire and directly or indirectly own our assets.

2. Summary of Significant Accounting Policies

Basis of Presentation

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and such differences could be material. These financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2023, as filed with the SEC. In the opinion of management, all adjustments necessary to present fairly our financial position, results of operations and cash flows have been included. Our results of operations for the three-month periods ended March 31, 2024 and 2023, are not necessarily indicative of the results to be expected for the full year or any other future period. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted. Certain amounts in the prior years have been reclassified to conform to the current year presentation.

The consolidated financial statements include our accounts and controlled subsidiaries, including the Operating Partnership. All material intercompany transactions and balances have been eliminated in consolidation.

Following the guidance for non-controlling interests in Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 810, Consolidation (“ASC 810”), references in this report to our earnings per share and our net income and stockholders’ equity attributable to common stockholders do not include amounts attributable to non-controlling interests.

Consolidation

We account for our investments in entities that are considered voting interest entities or variable interest entities (“VIEs”) under ASC 810 and assess on an ongoing basis whether we should consolidate these entities. We have established various special purpose entities or securitization trusts for the purpose of securitizing certain assets that are not consolidated in our financial statements as described below in Securitization of Financial Assets.

Since we have assessed that we have power over and receive the benefits from those special purpose entities that are formed for the purpose of holding our assets on our balance sheet, we have concluded we are the primary beneficiary and should consolidate these entities under the provisions of ASC 810. We also have certain subsidiaries we deem to be voting interest entities that we control through our ownership of voting interests and accordingly consolidate.

Certain of our equity method investments were determined to be interests in VIEs in which we are not the primary beneficiary, as we do not direct the significant activities of these entities, and thus we account for those investments as Equity Method Investments as discussed below. Our maximum exposure to loss through these investments is typically limited to their recorded values. However, we may provide financial commitments to these VIEs or guarantee certain of their obligations. Certain other entities in which we have equity investments have been assessed to be voting interest entities and as we exert significant influence rather than control through our ownership of voting interests, we do not consolidate them and thus account for them as equity method investments described below.

Equity Method Investments

We have made equity investments, typically in structures where we have a preferred return position. These investments are typically owned in holding companies (using limited liability companies ("LLCs") taxed as partnerships) where we partner with either the operator of the project or other institutional investors. We share in the cash flows, income and tax attributes according to a negotiated schedule which typically does not correspond with our ownership percentages. Investors in a preferred return position, if any, typically receive a priority distribution of all or a portion of the project's cash flows, and in some cases, tax attributes. Once the preferred return, if applicable, is achieved, the partnership "flips" and common equity investors, often the operator of the project, receive a larger portion of the cash flows, with the previously preferred investors retaining an on-going residual interest.

Our equity investments in climate solutions projects are accounted for under the equity method of accounting. Under the equity method of accounting, the carrying value of these equity method investments is determined based on amounts we invested, adjusted for the earnings or losses of the investee allocated to us based on the LLC agreement, less distributions received. We generally conclude that investments where the LLC agreements contain preferences with regard to cash flows from operations, capital events and liquidation contain substantive profit sharing arrangements, so we accordingly reflect our share of profits and losses by determining the difference between our claim on the investee's reported book value at the beginning and the end of the period, which is adjusted for distributions received and contributions made during the period. This claim is calculated as the amount we would receive if the investee were to liquidate all of its assets at the recorded amounts determined in accordance with GAAP and distribute the resulting cash to creditors and investors in accordance with their respective priorities. This method is referred to as the hypothetical liquidation at book value method ("HLBV"). Our exposure to loss in these investments is limited to the amount of our equity investment, as well as receivables from or guarantees made to the same investee.

Any difference between the amount of our investment and the amount of underlying equity in net assets at the time of our investment is generally amortized over the life of the assets and liabilities to which the difference relates. Cash distributions received from each equity method investment are classified as operating activities to the extent of cumulative earnings for each investment in our consolidated statements of cash flows. Our initial investment and additional cash distributions beyond the amounts that are classified as operating activities are classified as investing activities in our consolidated statements of cash flows. We typically recognize earnings one quarter in arrears for these investments to allow for the receipt of financial information.

We evaluate quarterly whether the current carrying value of our investments accounted for using the equity method have an other than temporary impairment ("OTTI"). An OTTI occurs when the estimated fair value of an investment is below the carrying value and the difference is determined to not be recoverable in the near term. First, we consider both qualitative and quantitative evidence in determining whether there is an indicator of a loss in investment value below carrying value. After considering the weight of available evidence, if it is determined that there is an indication of loss in investment value, we will perform a fair value analysis. If the resulting fair value is less than the carrying value, we will determine if this loss in value is OTTI, and we will recognize any OTTI in the income statement as an impairment. This evaluation requires significant judgment regarding, but not limited to, the severity and duration of the impairment; the ability and intent to hold the securities until recovery; financial condition, liquidity, and near-term prospects of the issuer; specific events; and other factors.

Receivables

Receivables include project loans and receivables, and are separately presented in our balance sheet to illustrate the differing nature of the credit risk related to these assets. Unless otherwise noted, we generally have the ability and intent to hold our receivables for the foreseeable future and accordingly we classify them as held for investment. Our ability and intent to hold certain receivables may change from time to time depending on a number of factors including economic, liquidity and capital market conditions. At inception of the arrangement, the carrying value of receivables held for investment represents the present value of the note, lease or other payments, net of any unearned fee income, which is recognized as income over the term of the note or lease using the effective interest method. Receivables that are held for investment are carried at amortized cost, net of any unamortized acquisition premiums or discounts and include origination and acquisition costs, as applicable. Our initial investment and principal repayments of these receivables are classified as investing activities and the interest collected is classified as operating activities in our consolidated statements of cash flows. Receivables that we intend to sell in the short-term are classified as held-for-sale and are carried at the lower of amortized cost or fair value on our balance sheet, which is assessed on an individual asset basis. The purchases and proceeds from receivables that we intend to sell at origination are classified as operating activities in our consolidated statements of cash flows. Interest collected is classified as an operating activity in our consolidated statements of cash flows. Receivables from certain projects are subordinate to preferred investors in a project who are allocated the majority of such project's cash in the early years of the investment. Accordingly, such receivables may include the ability to defer scheduled interest payments in exchange for increasing our receivable balance. We generally accrue this paid-in-kind ("PIK") interest when collection is expected, and cease accruing PIK interest if there is insufficient value to support the accrual or we expect that any portion of the principal or interest due is not collectible. The change in PIK in any period is included in Change in accrued interest on receivables and investments in the operating section of our statement of cash flows.

We evaluate our receivables for an allowance as determined under ASC Topic 326*Financial Instruments- Credit Losses* ("Topic 326") and for our internally derived asset performance categories included in Note 6 to our financial statements in this Form 10-Q on at least a quarterly basis and more frequently when economic or other conditions warrant such an evaluation. When a receivable becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally consider the receivable delinquent or impaired and place the receivable on non-accrual status and cease recognizing income from that receivable until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a receivable's status significantly improves regarding the debtor's ability to service the debt or other obligations, we will remove it from non-accrual status.

We determine our allowance based on the current expectation of credit losses over the contractual life of our receivables as required by Topic 326. We use a variety of methods in developing our allowance, including discounted cash flow analysis and probability-of-default/loss given default ("PD/LGD") methods. In developing our estimates, we consider our historical experience with our and similar assets in addition to our view of both current conditions and what we expect to occur within a period of time for which we can develop reasonable and supportable forecasts, typically two years. For periods following the reasonable and supportable forecast period, we revert to historical information when developing assumptions used in our estimates. In developing our forecasts, we consider a number of qualitative and quantitative factors in our assessment, which may include a project's operating results, loan-to-value ratio, any cash reserves held by the project, the ability of expected cash from operations to cover the cash flow requirements currently and into the future, key terms of the transaction, the ability of the borrower to refinance the transaction, other credit support from the sponsor or guarantor and the project's collateral value. In addition, we consider the overall economic environment, the climate solutions sector, the effect of local, industry, and broader economic factors, such as unemployment rates and power prices, the impact of any variation in weather and the historical and anticipated trends in interest rates, defaults and loss severities for similar transactions. For assets where the obligor is a publicly rated entity, we consider the published historical performance of entities with similar ratings in developing our estimate of an allowance, making adjustments determined by management to be appropriate during the reasonable and supportable forecast period.

We have made certain loan commitments that are within the scope of Topic 326. When estimating an allowance for these loan commitments we consider the probability of certain amounts to be funded and apply either a discounted cash flow or PD/LGD methodology as described above. We charge off receivables against the allowance, if any, when we determine the unpaid principal balance is uncollectible, net of recovered amounts. For those assets where we record our allowance using a discounted cash flow method, we have elected to record the change in allowance due solely to the passage of time through the provision for loss on receivables in our income statement. Any provision we record for an allowance is a non-cash reconciling item to cash from operating activities in our consolidated statements of cash flows.

Real Estate

Real estate consists of land or other real property and its related lease intangibles, net of accumulated amortization. Our real estate is generally leased to tenants on a triple net lease basis, whereby the tenant is responsible for all operating expenses relating to the property, generally including property taxes, insurance, maintenance, repairs and capital expenditures. Certain real estate transactions may be characterized as "failed sale-leaseback" transactions as defined under ASC Topic 842, *Leases*, and thus are accounted for as financing transactions similarly to our receivables as described above in Receivables.

For our real estate lease transactions that are classified as operating leases, the scheduled rental revenue typically varies during the lease term and thus rental income is recognized on a straight-line basis, unless there is considerable risk as to collectability, so as to produce a constant periodic rent over the term of the lease. Accrued rental income is the aggregate difference between the scheduled rents that vary during the lease term and the income recognized on a straight-line basis and is recorded in other assets. Expenses, if any, related to the ongoing operation of leases where we are the lessor, are charged to operations as incurred. Our initial investment is classified as investing activities and income collected for rental income is classified as operating activities in our consolidated statements of cash flows.

When our real estate transactions are treated as an asset acquisition with an operating lease, we typically record our real estate purchases at cost, including acquisition and closing costs, which is allocated to each tangible and intangible asset acquired on a relative fair value basis.

Securitization of Assets

We have established various special purpose entities or securitization trusts for the purpose of securitizing certain financial assets. We determined that the trusts used in securitizations are VIEs, as defined in ASC 810. When we conclude that we are not the primary beneficiary of certain trusts because we do not have power over those trusts' significant activities, we do not consolidate the trust. We typically serve as primary or master servicer of these trusts; however, as the servicer, we do not have the power to make significant decisions impacting the performance of the trusts.

We account for transfers of financial assets to these securitization trusts as sales pursuant to ASC 860,*Transfers and Servicing* ("ASC 860"), when we have concluded the transferred assets have been isolated from the transferor (i.e., put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership) and we have surrendered control over the transferred assets. When we are unable to conclude that we have been sufficiently isolated from the securitized financial assets, we treat such trusts as secured borrowings, retaining the assets on our balance sheet and recording the amounts due to the trust investor as non-recourse debt. Transfers of non-financial assets are accounted for under ASC 610-20, *Gains and Losses from the Derecognition of Non-financial Assets*, and those transfers are accounted for as sales when we have concluded that we have transferred control of the non-financial asset.

For transfers treated as sales under ASC 860, we have received true-sale-at-law and non-consolidation legal opinions for all of our securitization trust structures to support our conclusion regarding the transferred financial assets. When we sell financial assets in securitizations, we generally retain interests in the form of servicing rights and residual assets, which we refer to as securitization assets.

Gain or loss on the sale of assets is calculated based on the excess of the proceeds received from the securitization (net of any transaction costs) plus any retained interests obtained over the cost basis of the assets sold. For retained interests, we generally estimate fair value based on the present value of future expected cash flows using our best estimates of the key assumptions of anticipated losses, prepayment rates, and current market discount rates commensurate with the risks involved. Cash flows related to our securitizations at origination are classified as operating activities in our consolidated statements of cash flows.

We initially account for all separately recognized servicing assets and servicing liabilities at fair value and subsequently measure such servicing assets and liabilities using the amortization method. Servicing assets and liabilities are amortized in proportion to, and over the period of, estimated net servicing income with servicing income recognized as earned. We assess servicing assets for impairment at each reporting date. If the amortized cost of servicing assets is greater than the estimated fair value, we will recognize an impairment in net income.

We account for our other retained interests in securitized financial assets, the residual assets, similar to available-for-sale debt securities and carry them at fair value, with changes in fair value recorded in accumulated other comprehensive income ("AOCI") pursuant to ASC 325-40, *Beneficial Interests in Securitized Financial Assets*. Income related to the residual assets is recognized using the effective interest rate method and included in securitization income in our income statement. Our residual assets are evaluated for impairment on a quarterly basis under Topic 326. A residual asset is impaired if its fair value is less than its carrying value. The credit component of impairments, if any, are recognized by recording an allowance against the amortized cost of the asset. For changes in expected cash flows, we will calculate a new yield based on the current amortized cost of the residual assets and the revised expected cash flows. This yield is used prospectively to recognize our income related to these assets. Residual interests in securitized non-financial assets are accounted for as equity method investments, and subject to those accounting policies described above.

Cash and Cash Equivalents

Cash and cash equivalents include short-term government securities, certificates of deposit and money market funds, all of which had an original maturity of three months or less at the date of purchase. These securities are carried at their purchase price, which approximates fair value.

Restricted Cash

Restricted cash includes cash and cash equivalents set aside with certain lenders primarily to support obligations outstanding as of the balance sheet dates. Restricted cash is reported as part of other assets in our consolidated balance sheets. Refer to Note 3 to our financial statements in this Form 10-Q for disclosure of the balances of restricted cash included in other assets.

Convertible Notes

We have issued convertible and exchangeable senior unsecured notes (together, "Convertible Notes") that are accounted for in accordance with ASC 470-20, *Debt with Conversion and Other Options*, and ASC 815, *Derivatives and Hedging* ("ASC 815"). Under ASC 815, issuers of certain convertible or exchangeable debt instruments are generally required to separately account for the conversion or exchange option of the debt instrument as either a derivative or equity, unless it meets the scope exemption for contracts indexed to, and settled in, an issuer's own equity. Since our conversion or exchange options are both indexed to our equity and can only be settled in our common stock, we have met the scope exemption, and therefore, we do not separately account for the embedded conversion or exchange options. The initial issuance and any principal repayments are classified as financing activities and interest payments are classified as operating activities in our consolidated statements of cash flows. If converted or exchanged, the carrying value of each Convertible Note is reclassified into stockholders' equity.

Derivative Financial Instruments

We use derivative financial instruments, including interest rate swaps and collars, to manage, or hedge, our interest rate risk exposures associated with new debt issuances and anticipated refinancings of existing debt, to manage our exposure to fluctuations in interest rates on floating-rate debt, and to optimize the mix of our fixed and floating-rate debt. Our objective is to reduce the impact of changes in interest rates on our results of operations and cash flows. The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized asset position) or accounts payable, accrued expenses and other (if in an unrealized liability position) and in net unrealized gains and losses in AOCI as described below. The cash settlements of our interest rate swaps, if any, are classified as operating activities in our consolidated statements of cash flows.

The interest rate derivatives we use are intended to be designated as cash flow hedges and are considered highly effective in reducing our exposure to the interest rate risk that they are designated to hedge. This effectiveness is required in order to qualify for hedge accounting. Instruments that meet the required hedging criteria are formally designated as hedging instruments at the inception of the derivative contract. Derivatives are recorded at fair value. If a derivative is designated as a cash flow hedge and meets the highly effective threshold, the change in the fair value of the derivative is recorded in AOCI, net of associated deferred income tax effects and is recognized in earnings at the same time as the hedged item. For any derivative instruments not designated as hedging instruments, changes in fair value would be recognized in earnings in the period that the change occurs. We assess, both at the inception of the hedge and on an ongoing basis, whether the derivatives designated as cash flow hedges are highly effective in offsetting the changes in cash flows of the hedged items. We also assess on an ongoing basis whether the forecasted transactions remain probable, and discontinue hedge accounting if we conclude that they do not. We do not hold derivatives for trading purposes. Any collateral posted or received as credit support against derivative positions are netted against those derivatives in our balance sheets. When our collateral account with any particular counterparty is in a liability position, we include inflows and outflows related to those collateral postings within financing activities in our statement of cash flows. When our collateral account with any particular counterparty is in an asset position, we include inflows and outflows related to those collateral postings within investing activities in our statement of cash flows.

Interest rate derivative contracts contain a credit risk that counterparties may be unable to fulfill the terms of the agreement. We attempt to minimize that risk by evaluating the creditworthiness of our counterparties, who are limited to major banks and financial institutions, and do not anticipate nonperformance by the counterparties due to their requirement to post collateral.

We have entered into certain capped call transactions to mitigate the economic dilution that may result from the conversion or exchange of certain of our Convertible Notes. These transactions are freestanding equity-linked derivative instruments that qualify for the exemption for contracts indexed to, and settled in, an issuer's own equity found in ASC 815, and accordingly the payment of the option premium was recorded as a reduction of Additional Paid-in-Capital within our Statement of Stockholders' Equity.

Income Taxes

We elected and qualified to be taxed as a REIT for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2013, through our taxable year ended December 31, 2023. We have revoked our REIT election effective January 1, 2024 and beginning in taxable year 2024 are taxed as a taxable C Corporation. For tax years 2023 and prior, we had taxable REIT subsidiaries ("TRS") that were taxed separately, and that were generally subject to U.S. federal, state and local income taxes. To qualify as a REIT, we were required to meet on an ongoing basis several organizational and operational requirements, including a requirement that we distribute at least 90% of our REIT's net taxable income before dividends paid, excluding capital gains, to our stockholders each year. As a REIT, for tax years ended December 31, 2023 and earlier, we were not subject to U.S. federal corporate income tax on that portion of net income that was distributed to our owners in accordance with the REIT rules. Subsequent to our REIT status revocation, all of our net taxable income is subject to U.S. federal and state income tax at the applicable corporate tax rate, and dividends paid to stockholders are no longer tax deductible.

We account for income taxes under ASC 740, *Income Taxes* ("ASC 740") using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. We evaluate any deferred tax assets for valuation allowances based on an assessment of available evidence including sources of taxable income, prior years taxable income, any existing taxable temporary differences and our future investment and business plans that may give rise to taxable income. We treat any tax credits we receive from our equity investments in renewable energy projects as reductions of federal income taxes of the year in which the credit arises.

We apply ASC 740 with respect to how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. This guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are "more likely than not" to be sustained by the applicable tax authority. We are required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes U.S. federal and certain states.

Equity-Based Compensation

We have adopted equity incentive plans which provide for grants of stock options, stock appreciation rights, restricted stock units, shares of restricted common stock, phantom shares, dividend equivalent rights, long-term incentive-plan units ("LTIP Units") and other restricted limited partnership units issued by our Operating Partnership and other equity-based awards. From time to time, we may grant equity or equity-based awards as compensation to our senior management team, independent directors, employees, advisors, consultants and other personnel. Certain awards earned under each plan are based on achieving various performance or market targets, which are generally earned between 0% and 200% of the initial target, depending on the extent to which the performance or market target is met. In addition to performance or market targets, income or gain must be allocated by our Operating Partnership to certain LTIP Units issued by our Operating Partnership so that the capital accounts of such units are equalized with the capital accounts of other holders of OP units before parity is reached and LTIP Units can be converted to limited partnership units.

We record compensation expense for grants made in accordance with ASC 718, *Compensation-Stock Compensation*. We record compensation expense for unvested grants that vest solely based on service conditions on a straight-line basis over the vesting period of the entire award based upon the fair market value of the grant on the date of grant. Fair market value for restricted common stock is based on our share price on the date of grant. For awards where the vesting is contingent upon achievement of certain performance targets, compensation expense is measured based on the fair market value on the grant date and is recorded over the requisite service period (which includes the performance period). Actual performance results at the end of the performance period determines the number of shares that will ultimately be awarded. We have also issued awards where the vesting is contingent upon service being provided for a defined period and certain market conditions being met. The fair value of these awards, as measured at the grant date, is recognized over the requisite service period, even if the market conditions are not met. The grant date fair value of these awards was developed by an independent appraiser using a Monte Carlo simulation. Forfeitures of unvested awards are recognized as they occur.

We have a retirement policy that provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable performance measures and without the requirement for continued employment. Employees are eligible for the retirement policy upon meeting age and years of service criteria. We record compensation expense for unvested grants through the date in which an employee meets the retirement criteria.

Earnings Per Share

We compute earnings per share of common stock in accordance with ASC 260, *Earnings Per Share*. Basic earnings per share is calculated by dividing net income attributable to controlling stockholders (after consideration of the earnings allocated to unvested grants, if applicable) by the weighted-average number of shares of common stock outstanding during the period excluding the weighted average number of unvested grants, if applicable ("participating securities" as defined in Note 12 to our financial statements in this Form 10-Q).

Diluted earnings per share is calculated by dividing net income attributable to controlling stockholders (after consideration of the earnings allocated to unvested grants, if applicable) by the weighted-average number of shares of common stock outstanding during the period plus other potential common stock instruments if they are dilutive. Other potentially dilutive common stock instruments include our unvested restricted stock, other equity-based awards, and Convertible Notes. The restricted stock and other equity-based awards are included if they are dilutive using the treasury stock method. The treasury stock method assumes that theoretical proceeds received for future service provided is used to purchase shares of treasury stock at the average market price per share of common stock, which is deducted from the total shares of potential common stock included in the calculation. When unvested grants are dilutive, the earnings allocated to these dilutive unvested grants are not deducted from the net income attributable to controlling stockholders when calculating diluted earnings per share.

The Convertible Notes are included if they are dilutive using the if-converted method, which removes interest expense related to the Convertible Notes from the net income attributable to controlling stockholders and includes the weighted average shares of potential common stock over the period issuable upon conversion or exchange of the note. No adjustment is made for shares of potential common stock that are anti-dilutive during a period. Our capped call transactions are anti-dilutive and therefore their impact will be excluded from earnings per share.

Segment Reporting

We manage our business as a single portfolio, and report all of our activities asone business segment.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07,*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* ASU No. 2023-07 amended the existing segment reporting requirements by requiring disclosure of the significant segment expenses based on how management internally views segment information and by allowing the disclosure of more than one measure of segment profit or loss, as well as by expanding the interim period segment requirements. The ASU also requires single-reportable segment entities to report the disclosures required under ASC Topic 280, *Segment Reporting*. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Upon adoption of ASU No. 2023-07, we will provide the disclosures required by ASC Topic 280, *Segment Reporting.*

Other accounting standards updates issued before May 8, 2024, and effective after March 31, 2024, are not expected to have a material effect on our consolidated financial statements and related disclosures.

3. Fair Value Measurements

Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value accounting guidance provides a three-level hierarchy for classifying financial instruments. The levels of inputs used to determine the fair value of our financial assets and liabilities carried on the balance sheet at fair value and for those which only disclosure of fair value is required are characterized in accordance with the fair value hierarchy established by ASC 820, Fair Value Measurements. Where inputs for a financial asset or liability fall in more than one level in the fair value hierarchy, the financial asset or liability is classified in its entirety based on the lowest level input that is significant to the fair value measurement of that financial asset or liability. We use our judgment and consider factors specific to the financial assets and liabilities in determining the significance of an input to the fair value measurements. As of March 31, 2024 and December 31, 2023, only our residual assets related to our securitization trusts, our derivatives, and our investments were carried at fair value on the consolidated balance sheets on a recurring basis. The three levels of the fair value hierarchy are described below:

- Level 1 — Quoted prices (unadjusted) in active markets that are accessible at the measurement date.
- Level 2 — Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- Level 3 — Unobservable inputs are used when little or no market data is available.

The tables below illustrate the estimated fair value of our financial instruments on our balance sheet. Unless otherwise discussed below, fair values for our Level 2 and Level 3 measurements are measured using a discounted cash flow model, contractual terms and inputs which consist of base interest rates and spreads over base rates which are based upon market observation and recent comparable transactions. An increase in these inputs would result in a lower fair value and a decline would result in a higher fair value. Our Senior Unsecured Notes (as defined below) and Convertible Notes are valued using a market based approach and observable prices. The receivables held-for-sale, if any, are carried at the lower of cost or fair value, as determined on an individual asset basis.

	As of March 31, 2024		
	Fair Value	Carrying Value	Level
	(in millions)		
Assets			
Receivables	$ 2,780	$ 3,113	Level 3
Receivables held-for-sale	6	5	Level 3
Investments (1)	7	7	Level 3
Securitization residual assets (2)	220	220	Level 3
Derivative assets	53	53	Level 2
Liabilities (3)			
Credit facilities	$ 201	$ 201	Level 3
Commercial paper notes	65	65	Level 3
Term loans payable	700	700	Level 3
Non-recourse debt	136	137	Level 3
Senior unsecured notes	2,485	2,570	Level 2
Convertible Notes:			
2025 Exchangeable Senior Notes	205	214	Level 2
2028 Exchangeable Senior Notes	475	404	Level 2
Total Convertible Notes	680	618	
Derivative liabilities	4	4	Level 2

(1) The amortized cost of our investments as of March 31, 2024, was $ 9 million.

(2) Included in securitization assets on the consolidated balance sheet. The amortized cost of our securitization residual assets net of allowance for credit losses as of March 31, 2024 was $ 263 million.

(3) Fair value and carrying value exclude unamortized financing costs.

	As of December 31, 2023		
	Fair Value	Carrying Value	Level
	(in millions)		
Assets			
Receivables	$ 2,733	$ 3,074	Level 3
Receivables held-for-sale	36	35	Level 3
Investments [(1)]	7	7	Level 3
Securitization residual assets [(2)]	219	219	Level 3
Derivative assets	10	10	Level 2
Liabilities [(3)]			
Credit facilities	$ 401	$ 401	Level 3
Commercial paper notes	30	30	Level 3
Term loan facilities	736	736	Level 3
Non-recourse debt	158	162	Level 3
Senior unsecured notes	2,251	2,337	Level 2
Convertible Notes:			
2025 Exchangeable Senior Notes	202	211	Level 2
2028 Exchangeable Senior Notes	481	408	Level 2
Total Convertible Notes	683	619	
Derivative liabilities	9	9	Level 2

(1) The amortized cost of our investments as of December 31, 2023, was $ 8 million.

(2) Included in securitization assets on the consolidated balance sheet. The amortized cost of our securitization residual assets as of December 31, 2023, was $ 258 million.

(3) Fair value and carrying value exclude unamortized financing costs.

Securitization residual assets

The following table reconciles the beginning and ending balances for our Level 3 securitization residual assets that are carried at fair value on a recurring basis, with changes in fair value recorded through AOCI:

	For the three months ended March 31,	
	2024	2023
	(in millions)	
Balance, beginning of period	$ 219	$ 177
Accretion of securitization residual assets	4	3
Additions to securitization residual assets	7	5
Collections of securitization residual assets	(3)	(1)
Unrealized gains (losses) on securitization residual assets recorded in OCI	(7)	9
Provision for loss on securitization residual assets	—	—
Balance, end of period	$ 220	$ 193

The following table illustrates our securitization residual assets in an unrealized loss position:

	Estimated Fair Value		Unrealized Losses [1]		Count of Assets	
	Assets with a loss shorter than 12 months	Assets with a loss longer than 12 months	Assets with a loss shorter than 12 months	Assets with a loss longer than 12 months	Assets with a loss shorter than 12 months	Assets with a loss longer than 12 months
	(in millions)					
March 31, 2024	$ 37	$ 160	$ 1	$ 46	20	65
December 31, 2023	24	164	0.3	41	11	66

1) Other than the assets discussed in Note 5, loss positions are due to interest rates movements and is not indicative of credit deterioration. We have the intent and ability to hold these investments until a recovery of fair value.

In determining the fair value of our securitization residual assets, we used a market-based risk-free rate and added a range of interest rate spreads of approximately 1% to 6% based upon transactions involving similar assets as of March 31, 2024 and December 31, 2023. The weighted average discount rates used to determine the fair value of our securitization residual assets as of March 31, 2024 and December 31, 2023 were 6.9% and 6.6%, respectively.

Non-recurring Fair Value Measurements

Our financial statements may include non-recurring fair value measurements related to acquisitions and non-monetary transactions, if any. Assets acquired in a business combination, if any, are recorded at their fair value. We may use third-party valuation firms to assist us with developing our estimates of fair value.

Concentration of Credit Risk

Receivables, real estate leases and debt investments consist primarily of receivables from various projects, U.S. federal government-backed receivables, and investment grade state and local government receivables and do not, in our view, represent a significant concentration of credit risk given the large number of diverse offtakers and other obligors of the projects. Additionally, certain of our investments are collateralized by projects concentrated in certain geographic regions throughout the United States. These investments typically have structural credit protections to mitigate our risk exposure and, in most cases, the projects are insured for estimated physical loss, which helps to mitigate the possible risk from these concentrations.

We had cash deposits that are subject to credit risk as shown below:

	March 31, 2024	December 31, 2023
	(in millions)	
Cash deposits	$ 61	$ 63
Restricted cash deposits (included in other assets)	16	12
Total cash deposits	$ 77	$ 75
Amount of cash deposits in excess of amounts federally insured	$ 65	$ 63

4. Non-Controlling Interest

Units of limited partnership interests in the Operating Partnership ("OP units") that are owned by limited partners other than us are included in non-controlling interest on our consolidated balance sheets. The non-controlling interest holders are generally allocated their pro rata share of income, other comprehensive income and equity transactions.

The outstanding OP units not held by us represent approximately 1% of our outstanding OP units and are redeemable by the limited partners for cash, or at our option, for a like number of shares of our common stock. No OP units were redeemed by non-controlling interest holders during the three months ended March 31, 2024 or March 31, 2023.

We have also granted to members of our leadership team and directors LTIP Units pursuant to our equity incentive plans. LTIP Units issued to employees are held by HASI Management HoldCo LLC. The LTIP Units are designed to qualify as profits interests in the Operating Partnership and initially will have a capital account balance of zero and, therefore, will not have full parity with OP units with respect to liquidating distributions or other rights. However, the amended and restated agreement of limited partnership of the Operating Partnership (the "OP Agreement") provides that "book gains," or economic appreciation, in the Operating Partnership will be allocated first to the LTIP Units until the capital account per LTIP Units is equal to the capital account per-unit of the OP units. Under the terms of the OP Agreement, the Operating Partnership will revalue its assets upon the occurrence of certain specified events, and any increase in valuation from the time of grant until such event will be allocated first to the holders of LTIP Units to equalize the capital accounts of such holders with the capital accounts of OP unit holders. Once this has occurred, the LTIP Units will achieve full parity with the OP units for all purposes, including with respect to liquidating distributions and redemption rights. In addition to these attributes, there are vesting and settlement conditions similar to our other equity-based awards as discussed in Notes 2 and 11 to our financial statements in this Form 10-Q.

5. Securitization of Financial Assets

The following summarizes certain transactions with securitization trusts:

	As of and for the three months ended March 31,	
	2024	2023
	(in millions)	
Gains on securitizations	$ 29	$ 16
Cost of financial assets securitized	459	263
Proceeds from securitizations	488	279
Residual and servicing assets	220	193
Cash received from residual and servicing assets	3	1

In connection with securitization transactions, we typically retain servicing responsibilities and residual assets. We generally receive annual servicing fees that are typically up to 0.25% of the outstanding balance. We may periodically make servicer advances that are subject to credit risk. Included in securitization assets in our consolidated balance sheets are our servicing assets at amortized cost and our residual assets at fair value. Our residual assets are subordinate to investors' interests, and their values are subject to credit, prepayment and interest rate risks on the transferred financial assets. Other than our securitization assets representing these residual interests in the trusts' assets, the investors and the securitization trusts have no recourse to our other assets for failure of debtors to pay when due. In computing gains and losses on securitizations, we use discount rates based on a review of comparable market transactions including Level 3 unobservable inputs, which consist of base interest rates and spreads over these base rates. Depending on the nature of the transaction risks, the all-in discount rate ranged from 6% to 8% for the three months ended March 31, 2024.

As of March 31, 2024 and December 31, 2023, our managed assets totaled $12.9 billion and $12.3 billion, respectively, of which $6.5 billion and $6.1 billion, respectively, were securitized assets held in unconsolidated securitization trusts. As of March 31, 2024 and December 31, 2023, these trusts held $6.0 billion and $5.6 billion, respectively, of notes due to investors.

We have an allowance for losses on securitization residual assets related to assets secured by property assessed clean energy liens, as a result of our estimates of cash flows due to prepayments on certain of these assets. There has been no change in the underlying credit quality of the securitized assets since origination. The following table reconciles our beginning and ending allowance for loss on securitization residual assets:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Government	Commercial	Government	Commercial
	(in millions)			
Beginning balance	$ —	$ 3	$ —	$ —
Provision for loss on securitization assets	—	—	—	—
Ending balance	$ —	$ 3	$ —	$ —

As of March 31, 2024, there were no material payments from debtors to the securitization trusts that were greater than 90 days past due.

Receivables from contracts for the installation of energy efficiency and other technologies are the source of cash flows of $110 million of our securitization residual assets. These technologies are installed in facilities owned by, or operated for or by, federal, state or local government entities where the ultimate obligor for the receivable is a governmental entity. The contracts may have guarantees of energy savings from third-party service providers, which typically are entities rated investment grade by an independent rating agency. The remainder of our securitization residual assets are related to contracts where the underlying cash flows are secured by an interest in real estate which are typically senior in terms of repayment to other financings.

6. Our Portfolio

As of March 31, 2024, our Portfolio included approximately $6.4 billion of equity method investments, receivables, real estate and investments on our balance sheet. The equity method investments represent our non-controlling equity investments in climate solutions projects. The receivables and investments are typically collateralized by contractually committed debt obligations of government entities or private high credit quality obligors and are often supported by additional forms of credit enhancement, including security interests and supplier guaranties. The real estate is typically land and related lease intangibles for long-term leases to wind and solar projects.

In developing and evaluating performance against our credit criteria, we consider a number of qualitative and quantitative criteria which may include a project's operating results, loan-to-value ratio, any cash reserves, the ability of expected cash from operations to cover the cash flow requirements currently and into the future, key terms of the transaction, the ability of the borrower to refinance the transaction, the financial and operating capability of the borrower, its sponsors or the obligor as well as any guarantors and the project's collateral value. In addition, we consider the overall economic environment, the climate solutions sector, the effect of local, industry and broader economic factors, the impact of any variation in weather and the historical and anticipated trends in interest rates, defaults and loss severities for similar transactions.

The following is an analysis of the Performance Ratings of our Portfolio as of March 31, 2024, which is assessed quarterly:

	Portfolio Performance				
	1 (1)		2 (2)	3 (3)	Total
	Commercial	Government	Commercial	Commercial	
Receivable vintage (4)			(dollars in millions)		
2024	$ 105	$ —	$ —	$ —	$ 105
2023	830	—	—	—	830
2022	1,015	—	—	—	1,015
2021	295	—	—	—	295
2020	170	—	—	—	170
2019	394	—	—	—	394
Prior to 2019	319	37	—	—	356
Total receivables held-for-investment	3,128	37	—	—	3,165
Less: Allowance for loss on receivables	(52)	—	—	—	(52)
Net receivables held-for-investment	3,076	37	—	—	3,113
Receivables held-for-sale	2	3	—	—	5
Investments	5	2	—	—	7
Real estate	3	—	—	—	3
Equity method investments (5)	3,226	—	37	—	3,263
Total	$ 6,312	$ 42	$ 37	$ —	$ 6,391
Percent of Portfolio	99 %	1 %	— %	— %	100 %

(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. Loans in this category are placed on non-accrual status.

(4) Receivable vintage refers to the period in which the relevant loan agreement is signed, and a given vintage may contain loan advances made in periods subsequent to the period in which the loan agreement was signed.

(5) Some of the individual projects included in portfolios that make up our equity method investments have government off-takers. As they are part of large portfolios, they are not classified separately.

Receivables

As of March 31, 2024, our allowance for losses on receivables was $52 million based on our expectation of credit losses over the lives of the receivables in our portfolio. During the three months ended March 31, 2024, we increased our reserve by approximately $2 million, due to new loans and loan commitments made during the period.

Below is a summary of the carrying value, loan funding commitments, and allowance by type of receivable or “Portfolio Segment”, as defined by Topic 326, as of March 31, 2024 and December 31, 2023:

	March 31, 2024			December 31, 2023		
	Gross Carrying Value	Loan Funding Commitments	Allowance	Gross Carrying Value	Loan Funding Commitments	Allowance
	(in millions)					
Commercial (1)	3,128	388	52	3,033	423	50
Government (2)	$ 37	$ —	$ —	$ 91	$ —	$ —
Total	$ 3,165	$ 388	$ 52	$ 3,124	$ 423	$ 50

(1) As of March 31, 2024, this category of assets includes $ 1.6 billion of mezzanine loans made on a non-recourse basis to special purpose subsidiaries of residential solar companies which hold residential solar assets where we rely on certain limited indemnities, warranties, and other obligations of the residential solar companies or their other subsidiaries.

Risk characteristics of our commercial receivables include a project’s operating risks, which include the impact of the overall economic environment, the climate solutions sector, the effect of local, industry, and broader economic factors, the impact of any variation in weather and trends in interest rates. We use assumptions related to these risks to estimate an allowance using a discounted cash flow analysis or the PD/LGD method as discussed in Note 2 to our financial statements in this Form 10-Q. All of our commercial receivables are included in Performance Rating 1 in the Portfolio Performance table above. For those assets in Performance Rating 1, the credit worthiness of the obligor combined with the various structural protections of our assets cause us to believe we have a low risk we will not receive our invested capital, however we recorded a $52 million allowance on these $ 3.1 billion in assets as a result of lower probability assumptions utilized in our allowance methodology.

(2) As of March 31, 2024, our government receivables include $ 9 million of U.S. federal government transactions and $ 28 million of transactions where the ultimate obligors are state or local governments.

Risk characteristics of our government receivables include the energy savings or the power output of the projects and the ability of the government obligor to generate revenue for debt service, via taxation or other means. Transactions may have guarantees of energy savings or other performance support from third-party service providers, which typically are entities, directly or whose ultimate parent entity is, rated investment grade by an independent rating agency. All of our government receivables are included in Performance Rating 1 in the Portfolio Performance table above. Our allowance for government receivables is primarily calculated by using PD/LGD methods as discussed in Note 2 to our financial statements in this Form 10-Q. Our expectation of credit losses for these receivables is immaterial given the high credit-quality of the obligors.

The following table reconciles our beginning and ending allowance for loss on receivables by Portfolio Segment:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Government	Commercial	Government	Commercial
	(in millions)			
Beginning balance	$ —	$ 50	$ —	$ 41
Provision for loss on receivables	—	2	—	2
Ending balance	$ —	$ 52	$ —	$ 43

We have no receivables on non-accrual status.

The following table provides a summary of our anticipated maturity dates of our receivables and the weighted average yield for each range of maturities as of March 31, 2024:

	Total	Less than 1 year	1-5 years	5-10 years	More than 10 years
	(dollars in millions)				
Maturities by period (excluding allowance)	$ 3,165	$ 5	$ 681	$ 1,082	$ 1,397
Weighted average yield by period	8.5 %	7.1 %	8.6 %	8.9 %	8.2 %

Real Estate

Our real estate is leased to renewable energy projects, typically under long-term triple net leases. In the first quarter of 2024, we sold $100 million carrying value of land and related intangibles, and we retain a residual interest in those assets in the form of an equity method investment. The components of our real estate portfolio that we own directly as of March 31, 2024 and December 31, 2023, were as follows:

	March 31, 2024	December 31, 2023
	(in millions)	
Real estate		
Land	$ 3	$ 97
Lease intangibles	—	22
Accumulated amortization of lease intangibles	—	(8)
Real estate	$ 3	$ 111

Equity Method Investments

We have made non-controlling equity investments in a number of climate solutions projects that we account for as equity method investments.

As of March 31, 2024, we held the following equity method investments:

Investee	Carrying Value
	(in millions)
Jupiter Equity Holdings LLC	$ 598
Lighthouse Renewable HoldCo 2 LLC [(1)]	381
Other equity method investments	2,284
Total equity method investments	$ 3,263

(1) Included in the Lighthouse Renwables Portfolio discussed below.

Lighthouse Renewables Portfolio

We have entered into certain agreements relating to the acquisition, ownership and management of preferred cash equity investments in four partnerships (the “Lighthouse Partnerships”) that expect to own cash equity interests in an approximately 1.6 gigawatt portfolio of onshore wind, utility-scale solar and solar-plus-storage projects (the “Renewables Portfolio”) developed and managed by the project sponsor. We have made investments in the preferred cash equity interests of the Lighthouse Partnerships of approximately $896 million through March 31, 2024, and the partnerships have a combined book balance of $1.1 billion as of that date. Alongside the project sponsor and under terms outlined in the partnership agreement, we have made $20 million in working capital loans to the Lighthouse Partnerships primarily for payments related to winter storm Uri. Those working capital loans are included in our Related Party Transactions disclosures below. The Renewables Portfolio features contracted cash flows with a diversified group of predominately investment grade corporate, utility, university and municipal offtakers.

Each of the Lighthouse Partnerships are or will be governed by a limited liability company agreement between us and the sponsor serving as managing member and contain customary terms and conditions. Most major decisions that may impact each of the Lighthouse Partnerships, its subsidiaries or its assets, require a unanimous vote of the representatives present at a meeting of a review committee in which a quorum is present. The review committee is a four person committee, which includes two of our representatives and two sponsor representatives. Through each Lighthouse Partnership, commencing on a certain date following the effective date of the applicable limited liability company agreement, we will be entitled to preferred distributions until certain return targets of the Renewables Portfolio are achieved. Subject to customary exceptions, no member of a Lighthouse Partnership can transfer any of its equity ownership in any Lighthouse Partnership to a third party without approval of the review committee of that Lighthouse Partnership. We use the equity method of accounting to account for our preferred equity interest in each Lighthouse Partnership, and have elected to recognize earnings from this investment one quarter in arrears to allow for the receipt of financial information.

Jupiter Equity Holdings LLC

We have a preferred equity interest in Jupiter Equity Holdings LLC ("Jupiter") that owns nine operating onshore wind projects and four operating utility-scale solar projects with an aggregate capacity of approximately 2.3 gigawatts. As of March 31, 2024, we have made capital contributions to Jupiter of approximately $562 million related to these projects reflecting final funding true-ups after all projects reached substantial completion. Alongside the project sponsor and under terms outlined in the partnership agreement, we have made $73 million in loans to Jupiter for both payments related to winter storm Uri as well as for payments to allow for the restructuring of certain power purchase agreements and tax equity arrangements, which we expect to increase both near-term cash flows and expected lifetime return. Those loans are included in our Related Party Transactions disclosures below. The projects typically feature cash flows from fixed-price power purchase agreements and financial hedges contracted with highly creditworthy off-takers and counterparties.

Jupiter is governed by an amended and restated limited liability company agreement, dated July 1, 2020, by and among the members, one of our subsidiaries and a subsidiary of the project sponsor, which contains customary terms and conditions. We own 100% of the Class A Units in Jupiter corresponding to 49% of the distributions from Jupiter subject to the preferences discussed below. Most major decisions that may impact Jupiter, its subsidiaries or its assets, require the majority vote of a four person committee on which we and the project sponsor each have two representatives. Through Jupiter, we will be entitled to preferred distributions until certain return targets are achieved. Once these return targets are achieved, distributions will be allocated approximately 33% to us and approximately 67% to the sponsor. We and the sponsor each have a right of first offer if the other party desires to transfer any of its equity ownership to a third party. We use the equity method of accounting to account for our preferred equity interest in Jupiter, and have elected to recognize earnings from this investment one quarter in arrears to allow for the receipt of financial information.

Related Party Transactions

Of our receivables, approximately $1.0 billion are loans made to entities in which we also have non-controlling equity investments of approximately $876 million. Typically, these equity method investments are LLCs taxed as partnerships that we have entered into with various renewable energy project sponsors, such as SunPower Corporation. We negotiate the commercial terms of these loans with the other partner, and the assets against which the project sponsors are borrowing are contributed into the LLCs upon the execution of the loans. Our equity investments allow us to participate in the residual economics of those contributed assets alongside the other partner, and our rights under the project operating agreements do not allow us to make any significant unilateral decisions regarding the terms of the arrangement. These assets are bankruptcy remote from the project sponsor, and residential solar assets typically contain back-up servicer provisions to allow for continuity of operations in the event the project sponsor is unable to fulfill its duties in that capacity. We are not obligated to contribute capital to support these entities beyond agreements to make contributions to allow for the entities to purchase additional renewable energy assets. Because the loans made to these entities are typically subordinate to senior debt and tax equity investors in the projects, these loans, which have maturities of over ten years, may accrue PIK interest in the early years of the project until sufficient cash flow is available for our interest payments. Any change in PIK interest is included in Change in accrued interest on receivables and investments in the operating section of our statement of cash flows. On a quarterly basis, we assess these loans for any impairment inclusive of any PIK interest accrued under CECL as discussed above under Receivables.

The following table provides additional detail on these related party transactions:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in millions)	
Interest income from related party loans	$ 21	$ 15
Additional investments made in related party loans	61	14
Principal collected from related party loans	17	9
Interest collected from related party loans	17	15

7. Credit facility and commercial paper notes

Unsecured revolving credit facility

As of March 31, 2024, we have an unsecured revolving credit facility pursuant to a revolving credit agreement with a syndicate of lenders which matures in February 2025 with a maximum outstanding borrowing amount of $915 million. In the second quarter of 2024, we amended the facility to have a maximum outstanding borrowing amount of $1.25 billion and extended the maturity date to April 2028. There were no changes to the pricing terms. At the time of the amendment, we drew an additional $275 million from the facility, which we used to make a partial prepayment on our unsecured term loan facility as further discussed in Note 8.

As of March 31, 2024, the outstanding balance on this facility was $201 million, and it currently bears interest at a weighted average rate of 7.25%. As of March 31, 2024, we have approximately $2 million of remaining unamortized financing costs associated with the unsecured revolving credit facility that have been capitalized and included in other assets on our balance sheet and are being amortized on a straight-line basis over the term of the unsecured revolving credit facility.

The unsecured revolving credit facility has a commitment fee based on our current credit rating and bears interest at a rate of SOFR or prime rate plus applicable margins based on our current credit rating, which may be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCount© metric. As of the inception of the unsecured revolving credit facility, the applicable margins are 1.875% for SOFR-based loans and 0.875% for prime rate-based loans, plus an additional 0.10%. The unsecured revolving credit facility has a commitment fee based on our current credit rating. The unsecured revolving credit facility contains terms, conditions, covenants, and representations and warranties that are customary and typical for transactions of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases, and dividends we can declare. The unsecured revolving credit facility also includes customary events of default and remedies. At our option, upon maturity of the unsecured revolving credit facility, we have the ability to convert amounts borrowed into term loans for a fee equal to 1.875% of the term loan amounts.

CarbonCount Green Commercial Paper Note Program

As of March 31, 2024, we have a CarbonCount Green Commercial Paper Note Program (the “commercial paper program”) that allows us to issue commercial paper notes, in amounts up to $100 million outstanding at any time. We obtained an irrevocable direct-pay letter of credit in an amount not to exceed $100 million from Bank of America, N.A, to support these obligations which expires in June 2024. In the second quarter of 2024, we extended the maturity date of the letter of credit to April 2026 and increased the maximum amount outstanding under the letter of credit to $125 million. There were no changes to the pricing terms.

Bank of America provides a direct-pay letter of credit to the noteholders in the same amount of each commercial paper note. The letter of credit is automatically drawn upon at maturity of a commercial paper note and the noteholders are repaid in full. We have a five business-day grace period during which we repay Bank of America for the amount drawn or issue a new commercial paper note. Following the five business-day grace period, any amount then-outstanding is converted into a loan from Bank of America. Commercial paper notes are not redeemable or subject to voluntary prepayment and cannot exceed 397 days. An amount equal to the proceeds of our commercial paper notes are allocated to either the acquisition or refinance of, in whole or in part, eligible green projects, including assets that are neutral to negative on incremental carbon emissions. As of March 31, 2024, we have $65 million of commercial paper notes outstanding under the facility which matures in 2024, which together bear an average total borrowing rate of 6.77%.

Commercial paper notes will be issued at a discount based on market pricing, subject to broker fees of 0.10%. For issuance of the letter of credit, we will pay 1.40% on any drawn letter of credit amounts to Bank of America, N.A., and 0.40% on any unused letter of credit capacity. Any loans converted from drawn letter of credit amounts bear interest at a rate of Term SOFR plus 2.125%, plus an additional 0.10%. Fees paid on the drawn letters of credit may be reduced by up to 0.1% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance as measured by our CarbonCount metric. As of March 31, 2024, we have no remaining unamortized financing costs associated with the commercial paper program and associated letter of credit. The associated letter of credit contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The letter of credit also includes customary events of default and remedies.

8. Long-term Debt

Non-recourse debt

We have outstanding the following asset-backed non-recourse debt:

	Outstanding Balance as of		Interest Rate	Maturity Date	Anticipated Balance at Maturity	Carrying Value of Assets Pledged as of		Description of Assets Pledged
	March 31, 2024	December 31, 2023				March 31, 2024	December 31, 2023	
				(dollars in millions)				
HASI Sustainable Yield Bond 2015-1A [1]	$ —	$ 68	4.28%	October 2034	$ —	$ —	$ 136	Receivables, real estate, real estate intangibles, and restricted cash
HASI SYB Trust 2016-2 [2]	—	51	4.35%	April 2037	—	—	57	Receivables and restricted cash
HASI Harmony Issuer	95	—	6.78%	July 2043	—	261	—	Equity method investments
Other non-recourse debt [3]	42	43	3.15% - 7.23%	2024 to 2032	17	43	46	Receivables
Unamortized financing costs	(4)	(2)						
Non-recourse debt[4]	$ 133	$ 160						

(1) We prepaid this obligation in the first quarter of 2024.

(2) In the first quarter of 2024, contractual terms of this agreement were modified, which caused us to deconsolidate the entities holding such debt and its related pledged collateral.

(3) Other non-recourse debt consists of various debt agreements used to finance certain of our receivables. Scheduled debt service payment requirements are equal to or less than the cash flows received from the underlying receivables.

(4) The total collateral pledged against our non-recourse debt was $ 304 million and $ 239 million as of March 31, 2024 and December 31, 2023, respectively. These amounts include $ 15 million and $ 11 million of restricted cash pledged for debt service payments as of March 31, 2024 and December 31, 2023, respectively.

We have pledged the financed assets, and typically our interests in one or more parents or subsidiaries of the borrower that are legally separate bankruptcy remote special purpose entities as security for the non-recourse debt. There is no recourse for repayment of these obligations other than to the applicable borrower and any collateral pledged as security for the obligations. Generally, the assets and credit of these entities are not available to satisfy any of our other debts and obligations. The creditors can only look to the borrower, the cash flows of the pledged assets and any other collateral pledged, to satisfy the debt and we are not otherwise liable for nonpayment of such cash flows. The debt agreements contain terms, conditions, covenants and representations and warranties that are customary and typical for transactions of this nature, including limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds and stock repurchases. The agreements also include customary events of default, the occurrence of which may result in termination of the agreements, acceleration of amounts due and accrual of default interest. We typically act as servicer for the debt transactions. We were in compliance with all covenants as of March 31, 2024 and December 31, 2023.

We have guaranteed the accuracy of certain of the representations and warranties and other obligations of certain of our subsidiaries under certain of the debt agreements and provided an indemnity against certain losses from “bad acts” of such subsidiaries including fraud, failure to disclose a material fact, theft, misappropriation, voluntary bankruptcy or unauthorized transfers.

The stated minimum maturities of non-recourse debt as of March 31, 2024, were as follows:

		Future minimum maturities
		(in millions)
April 1, 2024 to December 31, 2024	$	6
2025		11
2026		7
2027		14
2028		10
2029		5
Thereafter		84
Total minimum maturities	$	137
Unamortized financing costs		(4)
Total non-recourse debt	$	133

The stated minimum maturities of non-recourse debt above include only the mandatory minimum principal payments. To the extent there are additional cash flows received from our investments serving as collateral for certain of our non-recourse debt facilities, these additional cash flows may be required to be used to make additional principal payments against the respective debt. Any additional principal payments made due to these provisions may impact the anticipated balance at maturity of these financings. To the extent there are not sufficient cash flows received from those investments pledged as collateral, the investor has no recourse against other corporate assets to recover any shortfalls.

Senior Unsecured Notes

We have outstanding senior unsecured notes issued jointly by certain of our subsidiaries which are guaranteed by the Company and certain other subsidiaries (the "Senior Unsecured Notes"). The Senior Unsecured Notes are subject to covenants that limit our ability to incur additional indebtedness and require us to maintain unencumbered assets of not less than 120% of our unsecured debt. These covenants will terminate on any date at which the Senior Unsecured Notes have been rated investment grade by two of the three major credit rating agencies and no event of default has occurred. We are in compliance with all of our covenants as of March 31, 2024 and December 31, 2023. The Senior Unsecured Notes impose certain requirements in the event that we merge with or sell substantially all of our assets to another entity. We allocate an amount equal to the net proceeds of our Senior Unsecured Notes to the acquisition or refinance of, in whole or in part, eligible green projects, including assets that are neutral to negative on incremental carbon emissions.

The following are summarized terms of the Senior Unsecured Notes:

	Outstanding Principal Amount		Maturity Date	Stated Interest Rate	Interest Payment Dates	Redemption Terms Modification Date
	(in millions)					
2025 Notes	$ 400		April 15, 2025	6.00 %	April 15 and October 15th	N/A
2026 Notes	1,000		June 15, 2026	3.38 %	June 15 and December 15	March 15, 2026 (1)
2027 Notes	750	(3)	June 15, 2027	8.00 %	June 15 and December 15	March 15, 2027 (2)
2030 Notes	375	(4)	September 15, 2030	3.75 %	February 15th and August 15th	N/A

(1) Prior to this date, we may redeem, at our option, some or all of the 2026 Notes for the outstanding principal amount plus the applicable "make-whole" premium as defined in the indenture governing the 2026 Notes plus accrued and unpaid interest through the redemption date. In addition, prior to this date, we may redeem up to 40% of the Senior Unsecured Notes using the proceeds of certain equity offerings at a price equal to par plus the coupon percentage of the principal amount thereof, plus accrued but unpaid interest, if any, to, but excluding, the applicable redemption date. On, or subsequent to, this date we may redeem the 2026 Notes in whole or in part at redemption prices defined in the indenture governing the 2026 Notes, plus accrued and unpaid interest though the redemption date.

(2) Prior to this date, we may redeem, at our option, some or all of the 2027 Notes for the outstanding principal amount plus the applicable "make-whole" premium as defined in the indenture governing the 2027 Notes plus accrued and unpaid interest through the redemption date. In addition, prior to this date, we may redeem up to 40% of the Senior Unsecured Notes using the proceeds of certain equity offerings at a price equal to par plus the coupon percentage of the principal amount thereof, plus accrued but unpaid interest, if any, to, but excluding, the applicable redemption date. On, or subsequent to, this date we may redeem the 2027 Notes in whole or in part at a price equal to 100% of the principal amount, plus accrued and unpaid interest though the redemption date.

(3) In January 2024 in a follow-on offering we issued $ 200 million principal amount of 2027 Notes for net proceeds of $ 204 million, equivalent to a yield to maturity of 7.08% for the new issuance.

(4) We issued the $375 million aggregate principal amount of the 2030 Notes for total proceeds of $ 371 million ($367 million net of issuance costs) at an effective interest rate of 3.87%.

We may redeem the 2025 or 2030 Notes in whole or in part at redemption prices defined in the indenture governing the 2025 or 2030 Notes plus accrued and unpaid interest though the redemption date.

The following table presents a summary of the components of the Senior Unsecured Notes:

	March 31, 2024	December 31, 2023
	(in millions)	
Principal	$ 2,525	$ 2,325
Accrued interest	42	15
Unamortized premium (discount)	3	(3)
Less: Unamortized financing costs	(19)	(18)
Carrying value of Senior Unsecured Notes	$ 2,551	$ 2,319

We recorded approximately $34 million in interest expense related to the Senior Unsecured Notes in the three months ended March 31, 2024, compared to approximately $19 million in the three months ended March 31, 2023, respectively.

Convertible Notes

We have outstanding exchangeable senior notes, and have previously issued convertible senior notes, together "Convertible Notes". Holders may convert or exchange any of their Convertible Notes into shares of our common stock at the applicable conversion or exchange ratio at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, unless the Convertible Notes have been previously redeemed or repurchased by us.

The following are summarized terms of the Convertible Notes as of March 31, 2024:

	Outstanding Principal Amount	Maturity Date	Stated Interest Rate	Interest Payment Dates	Conversion/Exchange Ratio	Conversion/Exchange Price	Issuable Shares	Dividend Threshold Amount [1]
	(in millions)						*(in millions)*	
2025 Exchangeable Senior Notes	200 [2]	May 1, 2025	0.000 %	N/A	17.7454	$56.35	3.5	$0.375
2028 Exchangeable Senior Notes	403	August 15, 2028	3.750 %	February 15 and August 15	36.8494	$27.14	14.8	$0.395

(1) The conversion or exchange ratio is subject to adjustment for dividends declared above these amounts per share per quarter and certain other events that may be dilutive to the holder.

(2) The 2025 Exchangeable Senior Notes accrete to a premium at maturity equal to 3.25% per annum. The current balance including accreted premium is $ 213 million.

For the exchangeable senior notes, following the occurrence of a make-whole fundamental change, we will, in certain circumstances, increase the exchange rate for a holder that converts its exchangeable notes in connection with such make-whole fundamental change. There are no cash settlement provisions for the 2025 Exchangeable Senior Notes and the exchange option can only be settled through physical delivery of our common stock. Upon exchange of the 2028 Exchangeable Senior Notes, exchange may be settled through cash, shares of our common stock or a combination of cash and shares of our common stock, at our election (as described in the indenture related to the 2028 Exchangeable Senior Notes). Additionally, upon the occurrence of certain fundamental changes involving us, holders of the 2025 Exchangeable Senior Notes or the 2028 Exchangeable Senior Notes may require us to redeem all or a portion of their notes for cash at a price of 100% of the principal amount outstanding, plus accrued and unpaid interest. We may redeem the 2028 Exchangeable Senior Notes in whole or in part, at our option, on or after August 20, 2026 and prior to the 62nd scheduled trading day immediately preceding the maturity date for such notes, if certain conditions are met including our common stock trading above 130% of the exchange price for at least 20 trading days, as set forth in the indenture relating to the 2028 Exchangeable Senior Notes. Any shares of our common stock issuable upon exchange of the 2025 Exchangeable Senior Notes or 2028 Exchangeable Senior Notes will have certain registration rights.

We have issued $200 million of 0.00% Exchangeable Senior Notes due 2025 which are guaranteed by us and certain of our subsidiaries and may, under certain conditions, be exchangeable for our common stock. The notes accrete to a premium at maturity at an effective rate of 3.25% annually.

Upon any exchange of these Notes, holders will receive a number of shares of our common stock equal to the product of (i) the aggregate initial principal amount of the notes to be exchanged, divided by $1,000 and (ii) the applicable exchange rate, plus cash in lieu of fractional shares. We have allocated or intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions.

The following table presents a summary of the components of our Convertible Notes:

	March 31, 2024	December 31, 2023
	(in millions)	
Principal	$ 603	$ 603
Accrued interest	2	6
Premium	13	11
Less: Unamortized financing costs	(9)	(10
Carrying value of Convertible Notes	$ 609	$ 610

We recorded approximately $6 million in interest expense related to our Convertible Notes in the three months ended March 31, 2024 compared to $2 million for the three months ended March 31, 2023, respectively.

In order to mitigate the potential dilution to our common stock upon exchange of the 2028 Exchangeable Senior Notes, we entered into privately-negotiated capped call transactions ("Capped Calls") with certain counterparties. The Capped Calls are separate transactions and are not part of the terms of the 2028 Exchangeable Senior Notes. The total premium for the Capped Calls was recorded as a reduction of additional paid-in capital. The Company used a portion of the proceeds from the 2028 Exchangeable Senior Notes to pay for the cost of the Capped Call premium. The material terms of the Capped Calls are as follows:

	(in millions except per share data)
Aggregate cost of capped calls	$ 38
Initial strike price per share	$ 27.14
Initial cap price per share	$ 43.42
Shares of our common stock covered by the capped calls	14.8
Expiration date	August 15, 2028

CarbonCount Term Loan Facility

We have entered into a CarbonCount Term Loan Facility ("the unsecured term loan facility") with a syndicate of banks which has an outstanding principal amount of $524 million. Principal amounts under the term loan facility will bear interest at a rate of Term SOFR plus applicable margins based on our current credit rating, which may be adjusted downward up to 0.10% to the extent our Portfolio achieves certain targeted levels of carbon emissions avoidance, as measured by our CarbonCount© metric. As of March 31, 2024, the applicable margin is 2.125% plus 0.10%, and the current interest rate is 7.50%. The coupon on any drawn amounts will be reset at monthly, quarterly, or semi-annual intervals at our election. Interest is due and payable quarterly. Payments of 1.25% of the outstanding principal balance are due quarterly. We intend to allocate an amount equal to the net proceeds of this offering to the acquisition or refinancing of, in whole or in part, new and/or existing eligible green projects, which include assets that are neutral to negative on incremental carbon emissions. As of March 31, 2024, the unsecured term loan facility has a maturity date of October 31, 2025, and loans under the unsecured term loan facility can be prepaid without penalty. In the second quarter of 2024, we extended the maturity date to 2027, with no changes to the pricing terms, and used proceeds from our unsecured revolving credit facility to make a partial prepayment of $275 million on the unsecured term loan facility to reduce the outstanding principal balance.

Principal payments which were due under the term loan facility as of March 31, 2024 are as follows:

	Future maturities
	(in millions)
April 1, 2024 to December 31, 2024	$ 19
2025	505
2026	—
Total	524
Less: Unamortized Financing Costs	(4)
Carrying Value	$ 520

The unsecured term loan facility contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The term loan facility also includes customary events of default and remedies.

Secured Term Loan

We have a term loan ("Secured Term Loan") with a maturity date of January 2028, under which principal amounts bear interest at a rate of Daily Term SOFR plus a credit spread of 2.25%, plus 0.10%. We are required to hold interest rate swaps with notional values equal to 85% of the outstanding principal amount of the loan. The facility is subject to mandatory principal amortization of 5% per annum, with principal and interest payments due quarterly. The secured term loan contains terms, conditions, covenants, and representations and warranties that are customary and typical for a transaction of this nature, including various affirmative and negative covenants, and limitations on the incurrence of liens and indebtedness, investments, fundamental organizational changes, dispositions, changes in the nature of business, transactions with affiliates, use of proceeds, stock repurchases and dividends we declare. The secured term loan also includes customary events of default and remedies.

As of March 31, 2024, the outstanding principal balance is $172 million, the interest rate is 7.67%, and we have financing receivables pledged with a carrying value of $409 million. In the first quarter of 2024, we removed $45 million of pledged assets as collateral, and made a principal payment of $28 million. We have $3 million of remaining unamortized financing costs associated with the Secured Term Loan that have been netted against the loan on our balance sheet and are being amortized on a straight-line basis over the term of the Secured Term Loan Facility. Principal payments which were due under the Secured Term Loan Facility as of March 31, 2024 are as follows:

	Future maturities
	(in millions)
April 1, 2024 to December 31, 2024	$ 3
2025	12
2026	12
2027	11
2028	134
Total	172
Less: Unamortized Financing Costs	(3)
Carrying Value	$ 169

Interest rate swaps

In connection with several of our long-term borrowings, including floating-rate loans from our Term Loan Facility, unsecured revolving credit facility, Secured Term Loan and the anticipated refinancings of certain of our Senior Unsecured Notes we have entered into the following derivative transactions that are designated as cash flow hedges as of March 31, 2024:

				Fair Value as of		
Instrument type	Index	Hedged Rate	Notional Value	March 31, 2024	December 31, 2023	Term
			$ in millions			
Interest rate swap	1 month SOFR	3.79 %	$ 400.0	$ —	$ (12)	March 2023 to March 2033
Interest rate swap	Overnight SOFR	2.98 %	400.0	14	7	June 2026 to June 2033
Interest rate swap	Overnight SOFR	3.09 %	600.0	17	7	June 2026 to June 2033
Interest rate swap	Overnight SOFR	3.08 %	400.0	19	8	April 2025 to April 2035
Interest rate collar	1 month SOFR	3.70% - 4.00% (1)	250.0	2	—	May 2023 to May 2026
Interest rate swap	Overnight SOFR	4.41 %	85.0	(2)	(4)	September 2023 to June 2033
Interest rate swap	Overnight SOFR	4.39 %	42.5	(1)	(2)	September 2023 to June 2033
Interest rate swap	Overnight SOFR	4.42 %	42.5	(1)	(2)	September 2023 to June 2033
			$ 2,220	$ 48	2	

(1) Interest rate collar consists of a purchased interest rate cap of 4.00% and a written interest rate floor of 3.70%.

The fair values of our interest rate derivatives designated and qualifying as effective cash flow hedges are reflected in our consolidated balance sheets as a component of other assets (if in an unrealized gain position) or accounts payable, accrued expenses and other (if in an unrealized loss position) and in net unrealized gains and losses in AOCI. As of March 31, 2024, all of our derivatives were designated as hedging instruments which were deemed to be effective. As of March 31, 2024, we hold $54 million of collateral related to our interest rate derivatives, and we have posted $6 million of collateral. We have netted $52 million of the liability associated with that collateral against the derivative asset in other assets on our balance sheet, with the remaining liability in accounts payable, accrued interest, and other. We have netted $4 million of the asset associated with that collateral included in accounts payable, accrued expenses and other, with the remaining in other assets. The below table shows the benefit (expense) included in interest expense as a result of our hedging activities for the three months ended March 31, 2024 and 2023, respectively.

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Interest expense	$ 61,872	$ 37,216
Benefit (expense) included in interest expense due to hedging activities	2,807	—

Certain of the projects in which we have equity method investments also have interest rate swaps which are designated as cash flow hedges, and we recognize the portion of the gain or loss allocated to us related to those instruments through other comprehensive income.

9. Commitments and Contingencies

Litigation

The nature of our operations exposes us to the risk of claims and litigation in the normal course of our business. We are not currently subject to any legal proceedings that are probable of having a material adverse effect on our financial position, results of operations or cash flows.

Guarantees and other commitments

In connection with some of our transactions, we have provided certain limited representations, warranties, covenants and/or provided an indemnity against certain losses resulting from our own actions, including related to certain investment tax credits. As of March 31, 2024, there have been no such actions resulting in claims against the Company.

As a part of broader project restructuring in order to increase our expected cash flows from the investment, we alongside the project sponsor, made guarantees to support the working capital needs of two of the project companies owned by Jupiter, an equity method investee. The guarantees are in effect until the tax equity investors in those project companies achieve their target preferred returns, and our contractual maximum under these guarantees is $53 million, and is limited to $20 million in any particular calendar year. As of March 31, 2024, we have no liability recorded as a result of these guarantees as we believe it is not probable we will be required to perform under them. As of March 31, 2024, we have not been asked to perform under them.

We have made a guarantee related to the financing of four of our joint venture entities that owns debt securities of energy efficiency projects. We received $73 million of the proceeds of this financing arrangement, and in turn have guaranteed the obligations of the entity related to this financing, which includes collateral posting requirements as well as repayment of the financing at maturity in August 2024. As of March 31, 2024, our maximum obligation under this guarantee is approximately $87 million. We believe the likelihood of having to perform under the guarantee is remote, have recorded no liability associated with this guarantee, and presently have not been required to post collateral as the assets of the joint venture entities are enough to support the financing obligation. We have executed a separate agreement with our joint venture partner pursuant to which it is liable for 15% of this obligation repayable to us.

10. Income Tax

We recorded an income tax (expense) benefit of approximately $(46) million for the three months ended March 31, 2024, compared to a $(1) million income tax (expense) benefit in the three months ended March 31, 2023. For the three months ended March 31, 2024 and 2023, our income tax (expense) benefit was determined using the federal tax rate of 21%, and combined state tax rates, net of federal benefit, of approximately 4% for 2024 and and 3% for 2023.

11. Equity

Dividends and Distributions

Our board of directors declared the following dividends in 2023 and 2024:

Announced Date	Record Date	Pay Date	Amount per share
2/16/2023	4/3/2023	4/10/2023	$ 0.395
5/4/2023	7/5/2023	7/12/2023	$ 0.395
8/3/2023	10/4/2023	10/11/2023	$ 0.395
11/2/2023	12/29/2023 (1)	01/12/2024	$ 0.395
2/15/2024	04/5/2024	04/19/2024	$ 0.415
5/7/2024	7/3/2024	7/12/2024	$ 0.415

(1) This dividend is treated as a distribution in the year following the record date for tax purposes.

Equity Offerings

We have an effective universal shelf registration statement registering the potential offer and sale, from time to time and in one or more offerings, of any combination of our common stock, preferred stock, depositary shares, debt securities, warrants and rights (collectively referred to as the "securities"). We may offer the securities directly, through agents, or to or through underwriters by means of ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale or at negotiated prices and may include "at the market" ("ATM") offerings to or through a market maker or into an existing trading market on an exchange or otherwise.We have a dividend reinvestment and stock purchase plan, allowing stockholders and holders of OP Units (including LTIP Units) to purchase shares of our common stock by reinvesting cash dividends or distributions received. We completed the following public offerings (including ATM issuances) of our common stock during 2024 and 2023:

Date/Period	Common Stock Offerings	Shares Issued (2)	Price Per Share		Net Proceeds (1)
		(amounts in millions, except per share amounts)			
Q1 2023	ATM	0.763	$ 31.31	(3)	$ 24
5/30/2023	Public Offering	15.000	22.23	(4)	333
Q2 2023	ATM	0.053	26.07	(3)	1
Q3 2023	ATM	4.394	24.71	(3)	107
Q4 2023	ATM	1.006	28.81	(3)	29
Q1 2024	ATM	1.193	25.89	(3)	31

(1) Net proceeds from the offerings are shown after deducting underwriting discounts and commissions.

(2) Includes shares issued in connection with the exercise of the underwriters' option to purchase additional shares.

(3) Represents the average price per share at which investors in our ATM offerings purchased our shares.

(4) Represents the price per share at which the underwriters in our public offering purchased our shares.

Equity-based Compensation Awards

We have issued equity awards that vest from 2024 to 2028 subject to service, performance and market conditions. During the three months ended March 31, 2024, our board of directors awarded employees and directors 711,830 shares of restricted stock, restricted stock units and LTIP Units that vest from 2025 to 2028. Refer to Note 4 to our financial statements in this Form 10-Q for background on the LTIP Units.

For the three months ended March 31, 2024 we recorded $7 million of stock based compensation, respectively, compared to $8 million during the three months ended March 31, 2023, respectively. We have a retirement policy which provides for full vesting at retirement of any time-based awards that were granted prior to the date of retirement and permits the vesting of market-based or performance-based awards that were granted prior to the date of retirement according to the original vesting schedule of the award, subject to the achievement of the applicable market or performance measures. Employees are eligible for the retirement policy upon meeting age and years of service criteria. The total unrecognized compensation expense related to awards of shares of restricted stock and restricted stock units was approximately $34 million as of March 31, 2024. We expect to recognize compensation expense related to our equity awards over a weighted-average term of approximately 2 years. A summary of the unvested shares of restricted common stock that have been issued is as follows:

	Restricted Shares of Common Stock	Weighted Average Grant Date Fair Value	Value
		(per share)	*(in millions)*
Ending Balance — December 31, 2022	168,452	$ 33.59	$ 5.7
Granted	77,938	30.03	2.3
Vested	(98,367)	29.18	(2.9)
Forfeited	(12,356)	42.74	(0.5)
Ending Balance — December 31, 2023	135,667	$ 33.90	$ 4.6
Granted	190,430	25.96	4.9
Vested	(14,010)	47.91	(0.6)
Forfeited	—	—	—
Ending Balance — March 31, 2024	312,087	$ 28.43	$ 8.9

A summary of the unvested shares of restricted stock units that have market-based vesting conditions that have been issued is as follows:

	Restricted Stock Units [(1)]	Weighted Average Grant Date Fair Value	Value
		(per share)	*(in millions)*
Ending Balance — December 31, 2022	58,404	$ 51.03	$ 3.0
Granted	63,446	39.29	2.4
Incremental performance shares granted	7,305	34.63	0.3
Vested	(18,041)	35.17	(0.6)
Forfeited	(16,460)	30.90	(0.5)
Ending Balance — December 31, 2023	94,654	$ 48.42	$ 4.6
Granted	—	—	—
Incremental performance shares granted	—	—	—
Vested	—	—	—
Forfeited	(14,216)	71.23	(1.0)
Ending Balance — March 31, 2024	80,438	$ 44.39	$ 3.6

(1) As discussed in Note 2, restricted stock units with market-based vesting conditions can vest between 0% and 200% subject to both the absolute performance of the Company's common stock as well as relative performance compared to a group of peers. The incremental performance shares granted relate to the vesting of awards at the achieved performance level.

A summary of the unvested LTIP Units that have time-based vesting conditions that have been issued is as follows:

	LTIP Units [(1)]	Weighted Average Grant Date Fair Value	Value
		(per share)	*(in millions)*
Ending Balance — December 31, 2022	276,766	$ 42.21	$ 11.7
Granted	342,349	30.08	10.3
Vested	(142,041)	39.21	(5.5)
Forfeited	—	—	—
Ending Balance — December 31, 2023	477,074	$ 34.4	$ 16.5
Granted	265,352	25.96	6.9
Vested	(71,843)	48.65	(3.5)
Forfeited	—	—	—
Ending Balance — March 31, 2024	670,583	$ 29.53	$ 19.9

(1) See Note 4 for information on the vesting of LTIP Units.

A summary of the unvested LTIP Units that have market-based vesting conditions that have been issued is as follows:

	LTIP Units [1]	Weighted Average Grant Date Fair Value	Value
		(per share)	*(in millions)*
Ending Balance — December 31, 2022	324,028	$ 42.84	$ 13.9
Granted	282,034	39.29	11.1
Incremental performance shares granted	40,394	19.94	0.8
Vested	(96,496)	19.94	(1.9)
Forfeited	(56,102)	4.56	(0.3)
Ending Balance — December 31, 2023	493,858	$ 47.76	$ 23.6
Granted	128,024	39.11	5.0
Incremental performance shares granted	—	—	—
Vested	—	—	—
Forfeited	(86,274)	65.28	(5.6)
Ending Balance — March 31, 2024	535,608	$ 42.87	$ 23.0

(1) See Note 4 for information on the vesting of LTIP Units. LTIP Units with market-based vesting conditions can vest between 0% and 200% subject to both the absolute performance of our common stock as well as relative performance compared to a group of peers. The incremental performance shares granted relate to the vesting of awards at the achieved performance level.

A summary of the unvested LTIP Units that have performance-based vesting conditions that have been issued is as follows:

	LTIP Units [1]	Weighted Average Grant Date Fair Value	Value
		(per share)	*(in millions)*
Ending Balance — December 31, 2023	—	$ —	$ —
Granted	128,024	25.96	3.3
Incremental performance shares granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Ending Balance — March 31, 2024	128,024	$ 25.96	$ 3.3

(1) See Note 4 for information on the vesting of LTIP Units. LTIP Units with performance-based vesting conditions can vest between 0% and 200% subject to the achievement of certain adjusted earnings per share. The incremental performance shares granted relate to the vesting of awards at the achieved performance level.

NOL Stockholder Rights Plan

We have a Tax Benefits Preservation Plan ("the Plan"), which is designed to protect our tax benefits in connection with any "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986. Under the Plan, we declared a dividend distribution of one right (a "Right") for each outstanding share of our common stock to be paid to all record holders of our common stock at the close of business on November 21, 2023. The Plan is intended to reduce the risk that our ability to use net operating losses ("NOLs") and certain other Tax Benefits will become substantially limited as the result of an "ownership change". As of December 31, 2023, we had approximately $666 million of NOLs and $31 million of tax credits available that may be used to offset future taxable income.

Pursuant to the Plan, if a stockholder (or group) becomes a5% stockholder without meeting certain exceptions, the Rights become exercisable upon board approval and entitle stockholders (other than the 5% stockholder or group causing the rights to become exercisable) to purchase additional of our common shares at a significant discount, resulting in significant dilution in the economic interest and voting power of the 5% stockholder or group causing the Rights to become exercisable. Stockholders owning5% or more of our outstanding shares at the time the Plan was adopted were grandfathered and will only cause the Rights to distribute and become exercisable if they acquire any additional HASI shares. Under the Plan, the Board has the ability to determine in its sole discretion that any person shall not be deemed an acquiring person and therefore that the Rights shall not become exercisable if such person becomes a 5% stockholder. The adoption of the Plan and the dividend distribution will not have an impact on our consolidated financial statements.

12. Earnings per Share of Common Stock

The net income or loss attributable to the non-controlling OP units have been excluded from the basic earnings per share and the diluted earnings per share calculations attributable to common stockholders. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are excluded from net income available to common stockholders in the computation of earnings per share pursuant to the two-class method. Certain share-based awards are included in the diluted share count to the extent they are dilutive as discussed in Note 2. To the extent our Convertible Notes are dilutive under the if-converted method, we add back the interest expense to the numerator and include the weighted average shares of potential common stock over the period issuable upon conversion or exchange of the note in the denominator in calculating dilutive EPS as described in Note 2.

The computation of basic and diluted earnings per common share of our common stock is as follows:

	Three Months Ended March 31,	
	2024	2023
Numerator:	*(in millions, except share and per share data)*	
Net income (loss) attributable to controlling stockholders and participating securities	$ 123.0	$ 24.1
Less: Dividends and distributions on participating securities	(0.4)	(0.3)
Less: Undistributed earnings attributable to participating securities	(0.5)	—
Net income (loss) attributable to controlling stockholders — basic	122.1	23.8
Add: Interest expense related to Convertible Notes under the if-converted method	6.2	0.3
Add: Undistributed earnings attributable to participating securities	0.5	—
Net income (loss) attributable to controlling stockholders — dilutive	$ 128.8	$ 24.1
Denominator:		
Weighted-average number of common shares — basic	112,617,809	91,102,374
Weighted-average number of common shares — diluted	130,998,775	94,129,174
Basic earnings per common share	$ 1.08	$ 0.26
Diluted earnings per common share	$ 0.98	$ 0.26
Securities being allocated a portion of earnings:		
Weighted-average number of OP units	1,393,885	1,186,616

	As of March 31, 2024	As of March 31, 2023
Participating securities:		
Unvested restricted common stock and unvested LTIP Units with time-based vesting conditions outstanding at period end	982,670	680,917

	Three Months Ended March 31,	
	2024	2023
Potentially dilutive securities as of period end that were not dilutive for the presented periods:		
Unvested restricted common stock and unvested LTIP Units with time-based vesting conditions	982,670	680,917
Restricted stock units	80,438	99,884
LTIP Units with market-based vesting conditions	535,608	493,858
Potential shares of common stock related to Convertible Notes	—	3,537,460

13. Equity Method Investments

We recognized income from our equity method investments of approximately $159 million during the three months ended March 31, 2024, respectively, compared to $22 million during the three months ended March 31, 2023, respectively. We describe our accounting for non-controlling equity investments in Note 2.

The following is a summary of the consolidated balance sheets and income statements of the entities in which we have a significant equity method investment. These amounts are presented on the underlying investees' accounting basis. In certain instances, adjustment to these equity values may be necessary in order to reflect our basis in these investments. As described in Note 2, any difference between the amount of our investment and the amount of our share of underlying equity is generally amortized over the life of the assets and liabilities to which the differences relate. Certain of our equity method investments have the unrealized mark-to-market losses on energy hedges at the project level that do not qualify for hedge accounting. These unrealized mark-to-market losses, which resulted from rising energy prices, are recorded in the revenue line of the projects' statements of operations. As these swaps are settled, the projects will sell power at the higher market price, offsetting the loss recognized on the energy hedges.

	Jupiter Equity Holdings LLC	Daggett 2 Targetco LLC	Other Investments (1)	Total
		(in millions)		
Balance Sheet				
As of December 31, 2023				
Current assets	$ 56	$ 44	$ 1,019	$ 1,119
Total assets	2,955	480	15,692	19,127
Current liabilities	202	14	790	1,006
Total liabilities	499	203	8,166	8,868
Members' equity	2,456	277	7,526	10,259
As of December 31, 2022				
Current assets	106	—	586	692
Total assets	3,114	—	11,588	14,702
Current liabilities	139	—	680	819
Total liabilities	751	—	6,083	6,834
Members' equity	2,363	—	5,505	7,868
Income Statement				
For the year ended December 31, 2023				
Revenue	296	3	990	1,289
Income (loss) from continuing operations	99	(4)	(139)	(44)
Net income (loss)	99	(4)	(139)	(44)
For the year ended December 31, 2022				
Revenue	(74)	—	599	525
Income (loss) from continuing operations	(270)	—	(136)	(406)
Net income (loss)	(270)	—	(136)	(406)

(1) Represents aggregated financial statement information for investments not separately presented.

14. Subsequent Event

On May 4, 2024, we, through our indirect subsidiary, HASI CarbonCount Holdings 1, LLC ("HASI CarbonCount"), a Delaware limited liability company, and Hoops Midco, LLC ("KKR Hoops"), an investment vehicle established as a Delaware limited liability company and managed by an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR"), entered into agreements to acquire interests in CarbonCount Holdings 1 LLC ("CCH1"), established to invest in certain eligible climate positive projects across the United States, as further described below.

CCH1 has been formed as a Delaware limited liability company. Upon the closing, HASI CarbonCount and KKR Hoops will each commit $1 billion to CCH1, to be invested in clean energy assets during an 18 month investment period. In addition, HASI, through its indirect subsidiaries, Hannon Armstrong Securities, LLC (the "Broker-Dealer") and CarbonCount Holdings Manager LLC (the "Asset Manager", and, together with the Broker-Dealer, the "Service Providers"), will be engaged by CCH1 pursuant to a services agreement (the "Services Agreement') to provide certain services to CCH1.

CCH1 will be governed by a board of directors ("the Board") which will initially be composed of four directors, two of which will be appointed by us and two of which will be appointed by KKR Hoops. Actions of the Board generally require the affirmative vote of at least three out of four directors. The Board will, pursuant to the Services Agreement, delegate to the Service Providers certain rights and powers to manage the day-to-day business and affairs of CCH1 with control over the significant decision making of CCH1 remaining with the Board.

The Broker-Dealer will source investment opportunities for CCH1 pursuant to the terms of the Services Agreement. Through the Broker-Dealer, HASI will be obligated to present all of the investment opportunities it identifies that fit within certain predetermined criteria to the Board until either Member's commitment has been fully invested or upon the date that the 18-month investment period described above expires or is earlier terminated. The predetermined criteria within the Services Agreement does not alter our planned pipeline and includes investment opportunities that we would typically have originated on our balance sheet.

CCH1 will pay the Broker-Dealer, for provision of the services provided by it, an upfront fee on each funding of investments generally equal to 1% of the total cash consideration funded by CCH1 to the applicable investment counterparty. CCH1 will also pay the Asset Manager, for provision of the services provided by it, ongoing fees in respect of asset management and administering the management and operation of CCH1, payable when deducted from CCH1's cash available for distribution. The fee payable to the Asset Manager will be calculated on the basis of certain performance thresholds and will generally not be less than 0.5% of invested capital per annum, subject to certain limited exceptions nor more than 1.00%.

At inception, we seeded CCH1 with equity method investments and receivables which were previously on balance sheet at a combined book value of $108 million as of March 31, 2024, and which are expected to have a total invested amount of $191 million once fully funded. We expect to receive approximately $55 million from KKR for the purchase of their share of the seeded assets on or before May 17, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Form 10-Q, unless specifically stated otherwise or the context otherwise indicates, references to "we," "our," "us," and the "Company" refer to Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation, Hannon Armstrong Sustainable Infrastructure, L.P., and any of our other subsidiaries. Hannon Armstrong Sustainable Infrastructure, L.P. is a Delaware limited partnership of which we are the sole general partner and to which we refer in this Form 10-Q as our "Operating Partnership." We invest in projects which, among others things, are focused on reducing the impact of greenhouse gases that have been scientifically linked to climate change. We refer to these gases, which are often for consistency expressed as carbon dioxide equivalents, as carbon emissions.

The following discussion is a supplement to and should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and related notes and with our Annual Report on Form 10-K for the year ended December 31, 2023, as amended by our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2023 (collectively, our "2023 Form 10-K"), that was filed with the SEC.

Our Business

We are a climate positive investment firm that actively partners with clients to deploy real assets that facilitate the energy transition. With more than $12 billion in managed assets, our vision is that every investment improves our climate future. Our investments take many forms, including equity, joint ventures, real estate, receivables or securities, and other financing transactions. In addition to Net Investment Income from our portfolio, we also generate ongoing fees through gain-on-sale securitization transactions, asset management, and other services.

We are internally managed, and our management team has extensive relevant industry knowledge and experience. We have long-standing relationships with some of the leading clean energy project developers, owners and operators, utilities, and energy service companies ("ESCOs"), that provide recurring, programmatic investment and fee-generating opportunities.

Our investments are focused on three markets:

- *Behind-the-Meter ("BTM")*: distributed energy projects which reduce energy usage or cost through solar power generation, electric storage, or energy efficiency improvements such as heating, ventilation, and air conditioning systems (HVAC), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems;
- *Grid-Connected ("GC")*: renewable energy projects that deploy cleaner energy sources, such as solar, solar-plus-storage, and wind, to generate power production where the off-taker or counterparty may be part of the wholesale electric power markets; and
- *Fuels, Transport, and Nature ("FTN")*: a range of real assets spanning high-emitting economic sectors other than the power grid such as transportation and fuels in the United States, including renewable natural gas (RNG) plants, transportation fleet enhancements, and ecological restoration projects, among others.

We prefer investments in which the assets use proven technology and have a long-term, creditworthy off-taker or counterparties. For BTM assets, the off-taker or counterparty may be the building owner or occupant, and our investment may be secured by the installed improvements or other real estate rights. For GC assets, the off-takers or counterparties may be utility or electric users who have entered into contractual commitments, such as power purchase agreements ("PPAs"), to purchase power produced by a renewable energy project at a specified price with potential price escalators for a portion of the project's estimated life.

We completed approximately $562 million of transactions during the three months ended March 31, 2024, respectively, compared to approximately $389 million during the same period in 2023, respectively. As of March 31, 2024, pursuant to our strategy of holding transactions on our balance sheet, we held approximately $6.4 billion of transactions on our balance sheet, which we refer to as our "Portfolio." As of March 31, 2024, our Portfolio consisted of approximately 500 assets and we seek to manage the diversity of our Portfolio by, among other factors, project type, project operator, type of investment, type of technology, transaction size, geography, obligor and maturity. For those transactions that we choose not to hold on our balance sheet, we transfer all or a portion of the economics of the transaction, typically using securitization trusts, to institutional investors in exchange for cash and/or residual interests in the assets and in some cases, ongoing fees. As of March 31, 2024, we managed approximately $6.5 billion in assets in these securitization trusts or vehicles that are not consolidated on our balance sheet. When combined with our Portfolio, as of March 31, 2024, we manage approximately $12.9 billion of assets which we refer to as our "Managed Assets".

Our equity investments in climate solutions projects are operated by various renewable energy companies or by joint ventures in which we participate. These transactions allow us to participate in the cash flows associated with these projects, typically on a priority basis. Our debt investments in various renewable energy or other sustainable infrastructure projects or portfolios of projects are generally secured by the installed improvements, or other real estate rights. Our energy efficiency debt investments are usually assigned the payment stream from the project savings and other contractual rights, often using our pre-existing master purchase agreements with the ESCOs.

We often make investments where we hold a preferred or mezzanine position in a project company where we are subordinated to project debt and/or preferred forms of equity. Investing greater than 10% of our assets in any single investment requires the approval of a majority of our independent directors. We may adjust the mix and duration of our assets over time in order to allow us to manage various aspects of our Portfolio, including expected risk-adjusted returns, macroeconomic conditions, liquidity, availability of adequate financing for our assets, and our exemption from registration as an investment company under the 1940 Act.

We believe we have available a broad range of financing sources as part of our strategy to fund our investments. We finance our business through cash on hand, recourse and non-recourse debt, convertible securities, or equity issuances and may also decide to finance such transactions through the use of off-balance sheet securitization or syndication structures. When issuing debt, we generally provide the estimated carbon emission savings using CarbonCount. In addition, certain of our debt issuances meet the environmental eligibility criteria for green bonds as defined by the International Capital Markets Association's Green Bond Principles, which we believe makes our debt more attractive for certain investors compared to such offerings that do not qualify under these principles. We may also consider the use of special purpose entities or funds in which outside investors participate to facilitate the expansion of the investments that we make or to manage our Portfolio diversification. In May 2024, we entered into a strategic partnership with KKR, where we have each committed to invest $1 billion into climate solutions projects.

We have a large and active pipeline of potential new opportunities that are in various stages of our underwriting process. We believe the Inflation Reduction Act signed into law on August 16, 2022, incentivizes the construction of and investment in climate solutions and will result in additional investment opportunities in the markets in which we invest over the next several years, which may result in increases in our pipeline in the future. We refer to potential opportunities as being part of our pipeline if we have determined that the project fits within our investment strategy and exhibits the appropriate risk and reward characteristics through an initial credit analysis, including a quantitative and qualitative assessment of the opportunity, as well as research on the relevant market and sponsor. Our pipeline of transactions that could potentially close in the next 12 months consists of opportunities in which we will be the lead originator as well as opportunities in which we may participate with other institutional investors. As of March 31, 2024, our pipeline consisted of more than $5.5 billion in new equity, debt and real estate opportunities. Of our pipeline, approximately 51% is related to BTM assets and 26% is related to GC assets, with the remainder related to FTN. There can, however, be no assurance with regard to any specific terms of such pipeline transactions or that any or all of the transactions in our pipeline will be completed.

As part of our investment process, we calculate the ratio of the estimated first year of metric tons of carbon emissions avoided by our investments divided by the capital invested to quantify the carbon impact of our investments. In this calculation, which we refer to as CarbonCount, we use emissions factor data, expressed on a CO^2 equivalent basis, representing the locational marginal emissions associated with a project to determine an estimate of a project's energy production or savings to compute an estimate of metric tons of carbon emissions avoided. Refer to "MD&A — Environmental Metrics" below for a discussion of the carbon emissions avoided as a result of our investments. In addition to carbon emission avoidance, we also consider other environmental attributes, such as water use reduction, stormwater remediation benefits and stream restoration benefits.

We elected and qualified to be taxed as a REIT for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2013 through our taxable year ended December 31, 2023. In December 2023, our board of directors approved our revocation of our REIT status effective January 1, 2024, and are now taxed as a C Corporation beginning with tax year 2024. We operate our business in a manner that permits us to maintain our exemption from registration as an investment company under the 1940 Act.

Factors Impacting our Operating Results

We expect that our results of operations will be affected by a number of factors and will primarily depend on the size and transaction mix of our Portfolio, the income we receive from securitizations, syndications and other services, our Portfolio's credit risk profile, changes in market interest rates, commodity prices, federal, state and/or municipal governmental policies, general market conditions in local, regional and national economies, our ability to maintain our exemption from registration as an investment company under the 1940 Act, and the impact of climate change. We provide a summary of the factors impacting our operating results in our 2023 Form 10-K under MD&A – Factors Impacting our Operating Results.

Critical Accounting Policies and Use of Estimates

Our financial statements are prepared in accordance with GAAP, which requires the use of estimates and assumptions that involve the exercise of judgment and use of assumptions as to future uncertainties. Understanding our accounting policies and the extent to which we make judgments and estimates in applying these policies is integral to understanding our financial statements. We believe the estimates and assumptions used in preparing our financial statements and related footnotes are reasonable and supportable based on the best information available to us as of March 31, 2024. Various uncertainties may materially impact the accuracy of the estimates and assumptions used in the financial statements and related footnotes and, as a result, actual results may vary significantly from estimates.

We have identified the following accounting policies as critical because they require significant judgments and assumptions about highly complex and inherently uncertain matters and the use of reasonably different estimates and assumptions could have a material impact on our reported results of operations or financial condition. These critical accounting policies govern Consolidation, Equity Method Investments, Impairment or the establishment of an allowance under Topic 326 for our Portfolio and Securitization of Financial Assets. We evaluate our critical accounting estimates and judgments on an ongoing basis and update them, as necessary, based on changing conditions. We provide additional information on our critical accounting policies and use of estimates under Item 7. MD&A—Critical Accounting Policies and Use of Estimates in our 2023 Form 10-K and under Note 2 to our financial statements in this Form 10-Q.

Financial Condition and Results of Operations

Our Portfolio

Our Portfolio totaled approximately $6.4 billion as of March 31, 2024 and included approximately $3.1 billion of BTM assets and approximately $2.4 billion of GC assets, and approximately $0.9 billion of FTN assets. Approximately 49% of our Portfolio consisted of unconsolidated equity investments in renewable energy related projects. Approximately 44% consisted of fixed-rate receivables and debt securities, which are classified as investments on our balance sheet, approximately 5% consisted of floating-rate receivables, and 2% of our Portfolio was real estate leased to renewable energy projects under lease agreements. Our Portfolio consisted of over 500 transactions with an average size of $12 million and the weighted average remaining life of our Portfolio (excluding match-funded transactions) of approximately 17 years as of March 31, 2024.

The table below provides details on the interest rate and maturity of our receivables and debt securities as of March 31, 2024:

	Balance *(in millions)*	Maturity
Floating rate receivable, interest rate of 10.06% per annum	$ 298	2026
Fixed-rate receivables, interest rates less than 5.00% per annum	49	2026 to 2047
Fixed-rate receivables, interest rates from 5.00% to 6.49% per annum	427	2024 to 2061
Fixed-rate receivables, interest rates from 6.50% to 7.99% per annum	790	2025 to 2069
Fixed-rate receivables, interest rates from 8.00% to 9.49% per annum	1,050	2027 to 2039
Fixed-rate receivables, interest rates 9.50% or greater per annum	551	2024 to 2050
Receivables	3,165 (1)	
Allowance for loss on receivables	(52)	
Receivables, net of allowance	3,113	
Fixed-rate investments, interest rates less than 5.00% per annum	7	2033 to 2047
Total receivables and investments	$ 3,120	

(1) Excludes receivables held for sale of $5 million.

The table below presents, for the debt investments and real estate related holdings of our Portfolio and our interest-bearing liabilities inclusive of our short-term commercial paper issuances and revolving credit facilities, the average outstanding balances, income earned, the interest expense incurred, and average yield or cost. Our earnings from our equity method investments are not included in this table.

	Three Months Ended March 31,	
	2024	2023
	(dollars in millions)	
Portfolio, excluding equity method investments		
Interest income, receivables	$ 67	$ 42
Average balance of receivables	$ 3,189	$ 2,020
Average interest rate of receivables	8.5 %	8.2 %
Interest income, investments	$ —	$ —
Average balance of investments	$ 8	$ 12
Average interest rate of investments	10.5 %	4.5 %
Rental income	$ 2	$ 6
Average balance of real estate	$ 90	$ 352
Average yield on real estate	8.2 %	7.4 %
Average balance of receivables, investments, and real estate	$ 3,287	$ 2,384
Average yield from receivables, investments, and real estate	8.5 %	8.1 %
Debt		
Interest expense (1)	$ 62	$ 37
Average balance of debt	$ 4,380	$ 3,096
Average cost of debt	5.7 %	4.8 %

(1) Excludes any loss on debt modification or extinguishment included in interest expense in our income statement.

The following table provides a summary of our anticipated principal repayments for our receivables and investments as of March 31, 2024:

	Principal payment due by Period				
	Total	Less than 1 year	1-5 years	5-10 years	More than 10 years
	(in millions)				
Receivables (excluding allowance)	$ 3,165	$ 77	$ 1,045	$ 1,263	$ 780
Investments	7	1	1	3	2

See Note 6 to our financial statements in this Form 10-Q for information on:

- the anticipated maturity dates of our receivables and investments and the weighted average yield for each range of maturities as of March 31, 2024,
- the term of our leases and a schedule of our future minimum rental income under our land lease agreements as of March 31, 2024,
- the Performance Ratings of our Portfolio, and
- the receivables on non-accrual status.

For information on our securitization assets relating to our securitization trusts, see Note 5 to our financial statements in this Form 10-Q. The securitization assets do not have a contractual maturity date and the underlying securitized assets have contractual maturity dates until 2059.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 vs. Three Months Ended March 31, 2023

	Three months ended March 31,			
	2024	2023	$ Change	% Change
		(dollars in thousands)		
Revenue				
Interest income	$ 68,692	$ 43,108	$ 25,584	59 %
Rental income	1,846	6,487	(4,641)	(72)%
Gain on sale of assets	28,611	15,719	12,892	82 %
Securitization asset income	4,898	3,432	1,466	43 %
Other Income	1,769	355	1,414	398 %
Total Revenue	105,816	69,101	36,715	53 %
Expenses				
Interest expense	61,872	37,216	24,656	66 %
Provision for loss on receivables and securitization assets	2,022	1,883	139	7 %
Compensation and benefits	20,676	18,369	2,307	13 %
General and administrative	9,053	8,022	1,031	13 %
Total expenses	93,623	65,490	28,133	43 %
Income (loss) before equity method investments	12,193	3,611	8,582	238 %
Income (loss) from equity method investments	158,550	22,418	136,132	607 %
Income (loss) before income taxes	170,743	26,029	144,714	556 %
Income tax (expense) benefit	(46,195)	(1,431)	(44,764)	3,128 %
Net income (loss)	$ 124,548	$ 24,598	$ 99,950	406 %

- Net income increased by $100 million due to an increase in income from equity method investments of $136 million and an increase in total revenue of $37 million, offset by a $28 million increase in total expenses, and a $45 million increase in income tax expense.
- Total revenue increased by $37 million due to a $27 million increase in interest income and securitization asset income, driven by a higher average Managed Assets and higher average interest rate. Rental income decreased by $5 million due to the sale of real estate assets in 2023 and 2024. Gain on sale and other income increased by $14 million, driven by a change in the mix and volume of assets being securitized, which included the balance sheet rotation of certain land and government receivable assets.
- Interest expense increased by $25 million primarily due to a larger average outstanding debt balance and a higher average interest rate. We recorded a $2 million provision for loss on receivables and securitization assets, driven primarily by loans and loan commitments made during the quarter.
- Compensation and benefits and general and administrative expenses increased by $3 million primarily due to growth of the company.
- Income (loss) from equity method investments using HLBV allocations increased by $136 million primarily due to allocations of income in the current period related to tax credits allocated to other investors in a grid-connected utility-scale solar project, as those tax credits reduced the tax equity investors ongoing claim on the net assets of the project, as well as due to an allocation of income related to mark-to-market income related to a power price derivative held by one of the projects in which we have invested.
- Income tax benefit (expense) increased by $45 million primarily due to larger income before income taxes driven primarily by income from equity method investments discussed above.

Non-GAAP Financial Measures

We consider the following non-GAAP financial measures useful to investors as key supplemental measures of our performance: (1) adjusted earnings, (2) adjusted net investment income, (3) managed assets, and (4) adjusted cash from operations plus other portfolio collections. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss as measures of our operating performance. These non-GAAP financial measures, as calculated by us, may not be comparable to similarly named financial measures as reported by other companies that do not define such terms exactly as we define such terms.

Adjusted Earnings

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, losses or (gains) 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 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. Prior to 2024, we referred to this metric as distributable earnings.

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. Additionally, 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.

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 investor, often the operator or sponsor of the project, receives 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 project cash flows 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 in a given period. We also consider the impact of any OTTI 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 in any one period. 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), 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 income (loss) from equity method investments as determined under GAAP for an investor to understand the economic performance of these investments where HLBV income can differ substantially from the economic returns in any one period.

We have acquired equity investments in portfolios of projects which have the majority of the distributions payable to more senior investors in the first few years of the project. The following table provides results related to our equity method investments for the three months ended March 31, 2024 and 2023.

	Three months ended March 31,	
	2024	2023
	(in millions)	
Income (loss) under GAAP	$ 159	$ 22
Collections of Adjusted earnings	$ 13	$ 9
Return of Capital	3	3
Cash collected	$ 16	$ 12

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.

The table below provides a reconciliation of our GAAP net income (loss) to adjusted earnings for the three months ended March 31, 2024 and 2023.

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

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

(2) 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 losses already recognized through GAAP income from equity method investments as a result of operating losses sustained by the investee. We have excluded this write-off from Adjusted earnings, as this investment was an investment in a corporate entity which is not a part of our current investment strategy and is immaterial to our Portfolio. The loss associated with this investment is included in our Average Annual Realized Loss on Managed Assets metric disclosed below.

(3) Adjusted earnings per share are based on 115,400,151 shares for the three months ended March 31, 2024, respectively, and 93,266,916 shares for the three months ended March 31, 2023, 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.

Adjusted Net Investment Income

We have a portfolio of investments, which we finance using a combination of debt and equity. We calculate adjusted net investment income as shown in the table below by adjusting GAAP-based net investment income for those earnings adjustments that are applicable to adjusted net investment income. We believe that this measure is useful to investors as it shows the recurring income generated by our Portfolio after the associated interest cost of debt financing. Our management also uses adjusted net investment income in this way. Our non-GAAP adjusted net investment income measure may not be comparable to similarly titled measures used by other companies. For further information on the adjustments between GAAP-based net investment income and adjusted net investment income, see the discussion above related to Adjusted Earnings. Prior to 2024, we referred to this measure as distributable net investment income.

The following is a reconciliation of our GAAP-based net investment income to our adjusted net investment income:

	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	55,462	33,957
Amortization of real estate intangibles	171	772
Adjusted net investment income	$ 64,299	$ 47,108

Managed Assets

As we consolidate assets on our balance sheet, securitize assets off-balance sheet, and manage assets in which we coinvest with other parties, 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 a retained interest in cash flows. Thus, we present our investments on a non-GAAP “Managed Assets” basis. We believe that our Managed Asset information is useful to investors because it portrays the amount of both on- and off-balance sheet assets that we manage, which enables investors to understand and evaluate the credit performance associated with our portfolio of loans, equity investments and residual assets in off-balance sheet assets. 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.

The following is a reconciliation of our GAAP-based Portfolio to our Managed Assets:

	As of	
	March 31, 2024	December 31, 2023
	(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

Adjusted Cash 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, below is a reconciliation of this measure to 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. We evaluate Adjusted Cash Flow from Operations plus Other Portfolio Collections on a trailing twelve month ("TTM") basis, as cash collections during any one quarter may not be comparable to other single quarters due to, among other reasons, the seasonality of projects operations and the timing of disbursement and payment dates.

	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.

Other Metrics

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 expected 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 totaled approximately $6.4 billion as of March 31, 2024. Unlevered portfolio yield was 8.0% as of March 31, 2024 and 7.9% as of December 31, 2023. See Note 6 to our financial statements and MD&A - Our Business in this Form 10-Q for additional discussion of the characteristics of our portfolio as of March 31, 2024.

Average Annual Realized Loss on Managed Assets

Average Annual Realized Loss on Managed Assets represents the average annual rate of our incurred losses, calculated as the amount of realized losses incurred in each year as a percentage of each year's average annual Managed Assets. This metric is calculated on the ten year period ending March 31, 2024. Incurred losses include both realized losses on equity method investments and realized credit losses on receivables and investments. Although there is not a direct comparable GAAP measure, we have presented average annual recognized loss on Managed Assets as calculated under GAAP for comparison. Average Annual Realized Loss on Managed Assets differs from average annual recognized loss on Managed Assets as calculated under GAAP as the timing is based on realization of loss rather than GAAP recognition. We believe that Average Annual Realized Loss on Managed Assets provides an additional metric to our underwriting quality over our history of investing in climate solutions. Our management uses it in this way and we believe that our investors use it in a similar fashion to evaluate our investment performance, and as such, we believe that its disclosure is useful to our investors. The table below shows these metrics as of March 31, 2024 is:

Average Annual Recognized Loss on Managed Assets (GAAP)	0.12 %
Average Annual Realized Loss on Managed Assets	0.06 %

Environmental Metrics

As a part of our investment process, we calculate the estimated metric tons of carbon emissions avoided by our investments by applying emissions factor data representing the locational marginal emissions associated with a projects location to an estimate of a project's energy production or savings to compute an estimate of metric tons of carbon emissions avoided. We then determine the metric tons of carbon emissions avoided per thousand dollars of investments, in a calculation we refer to as CarbonCount, which enables us to measure the impact our investments have on avoiding carbon emissions. We estimate that our investments originated during the quarter ended March 31, 2024, will avoid annual carbon emissions by approximately 520,000 metric tons, equating to a CarbonCount® of 0.92. We estimate that our investments made since 2013 have cumulatively avoided annual carbon emissions by over 7 million metric tons.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential short term (within one year) and long term cash requirements. We carefully manage and forecast our liquidity sources and uses on a frequent basis. Our sources of liquidity typically include collections from our Portfolio, cash proceeds from asset sales and securitizations, fee revenue, proceeds from debt transactions, and proceeds from equity transactions. Our uses of liquidity typically include funding investments, operating expenses (including cash compensation), interest and principal payments on our debt, stockholder dividends and limited partner distributions, and funding investments. We maintain sufficiently available liquidity in the form of unrestricted cash and immediately available capacity on our credit facilities to manage our net cash flow.

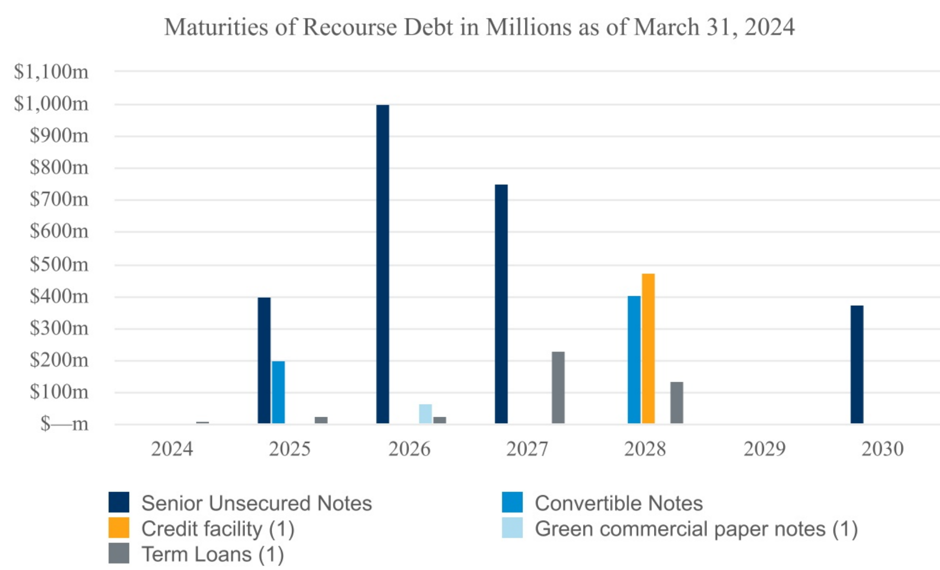
We typically pay our operating expenses, our debt service, and dividends from collections on our Portfolio and proceeds from sales of Portfolio investments. We use borrowings as part of our financing strategy to increase potential returns to our stockholders and have available to us a broad range of financing sources. We finance our investments primarily with non-recourse or recourse debt, equity and off-balance sheet securitization structures.

We have adequate liquidity as of March 31, 2024, with unrestricted cash balances of $61 million, an unsecured revolving credit facility with an unused capacity of $707 million, and $35 million of available capacity in our green commercial paper program. During 2024, we have issued $31 million in equity, issued an additional $200 million principal amount of 2027 Senior Unsecured Notes for proceeds of $204 million, and issued $94 million of non-recourse debt secured by equity method investments. As of March 31, 2024, we had $137 million of non-recourse borrowings, $2.5 billion of senior unsecured notes, $696 million in term loans, and $603 million of Convertible Notes outstanding. Subsequent to March 31, 2024, we increased the available capacity available under our unsecured revolving credit facility to $1.25 billion, and extended the maturity of the facility to April 2028. Also subsequent to March 31, 2024, we extended the maturity of our unsecured term loan facility to April 2027, and used proceeds from the unsecured revolving credit facility to partially prepay our unsecured term loan facility by $275 million. Also subsequent to March 31, 2024, we increased the maximum amount outstanding under our green commercial paper program to $125 million, and extended the term of the facility to April 2026. For further information, see Note 8 to our financial statements of this Form 10-Q. As discussed in Note 14 to our financial statements in this Form 10-Q, subsequent to March 31, 2024, we entered into a strategic partnership with KKR, where we each have committed to invest $1 billion in climate solutions projects.

We also use off-balance sheet securitization transactions with large institutional investors such as life insurance companies, where we transfer the assets we originate to securitization trusts or other bankruptcy remote special purpose funding vehicles that are not consolidated on our balance sheet. As of March 31, 2024, the outstanding balance of our assets financed through the use of these off-balance sheet transactions was approximately $6.5 billion.

In addition to general operational obligations, which are typically paid as incurred, and dividends and distributions, which are declared by our board of directors quarterly, we have future cash needs related to the payments due at maturity on our Senior Unsecured Notes, and loans under our term loan facility and the balances of our short-term commercial paper issuances and revolving credit facilities. We also have maturities related to our non-recourse debt and Convertible Notes. However, as it relates to the non-recourse debt, to the extent there are not sufficient cash flows received from those investments pledged as collateral, the investor has no recourse against other corporate assets to recover any shortfalls and corporate cash contributions would not be required. As it relates to the Convertible Notes, those obligations may be settled at maturity with cash, or with the issuance of shares to the extent that the market price of our common stock exceeds the strike price on our convertible notes. For further information on our long-term debt, see Note 8 to our financial statements of this Form 10-Q.

The maturity profile of our recourse debt obligations are as follows:



(1) Includes the impacts of April 2024 financing activities described above.

We plan to continue to issue debt which may be either recourse or non-recourse and either fixed-rate or floating-rate as a means of financing our business and may issue additional equity. We also expect to use both on-balance sheet and off-balance sheet securitizations. We may also consider the use of separately funded special purpose entities or funds to allow us to expand the investments that we make or to manage Portfolio diversification.

The decision on how we finance specific assets or groups of assets is largely driven by risk and portfolio and financial management considerations, including the potential for gain on sale or fee income, as well as the overall interest rate environment, prevailing credit spreads and the terms of available financing and market conditions. During periods of market disruptions, certain sources of financing may be more readily accessible than others which may impact our financing decisions. Over time, as market conditions change, we may use other forms of debt and equity in addition to these financing arrangements.

The amount of financial leverage we may deploy for particular assets will depend upon our target capital structure and the availability of particular types of financing and our assessment of the credit, liquidity, price volatility and other risks of those assets, and the interest rate environment. As shown in the table below, our debt to equity ratio was approximately 1.9 to 1 as of March 31, 2024, below our current board-approved leverage limit of up to 2.5 to 1. Our percentage of fixed rate debt including the impact of our interest rate derivatives was approximately 97% as of March 31, 2024, which is within our targeted fixed rate debt percentage range of 75% to 100%. Our targeted fixed rate debt range allows for percentages as low as 70% on a short term basis if we intend to repay or swap floating rate borrowings in the near term.

The calculation of our fixed-rate debt and financial leverage is shown in the chart below:

		March 31, 2024	% of Total	December 31, 2023	% of Total
		(dollars in millions)		*(dollars in millions)*	
(1)	Floating-rate borrowings	$ 139	3 %	$ 338	8 %
	Fixed-rate debt (2)	4,112	97 %	3,909	92 %
	Total debt	$ 4,251	100 %	$ 4,247	100 %
	Equity	$ 2,273		$ 2,142	
	Leverage	1.9 to 1		2.0 to 1	

(1) Floating-rate borrowings include borrowings under our floating-rate credit facilities and commercial paper issuances with less than six months original maturity, to the extent such borrowings are not hedged using interest rate swaps.

(2) Fixed-rate debt includes the impact of our interest rate swaps and collars on debt that is otherwise floating. Debt excludes securitizations that are not consolidated on our balance sheet.

We intend to use financial leverage for the primary purpose of financing our Portfolio and business activities and not for the purpose of speculating on changes in interest rates. While we may temporarily exceed the leverage limit, if our board of directors approves a material change to this limit, we anticipate advising our stockholders of this change through disclosure in our periodic reports and other filings under the Exchange Act.

While we generally intend to hold our target assets that we do not securitize upon acquisition as long term investments, certain of our investments may be sold in order to manage our interest rate risk and liquidity needs, to meet other operating objectives and to adapt to market conditions. The timing and impact of future sales of receivables and investments, if any, cannot be predicted with any certainty.

We believe our identified sources of liquidity will be adequate for purposes of meeting our short-term and long-term liquidity needs, which include funding future investments, debt service, operating costs and distributions to our stockholders.

Sources and Uses of Cash

We had approximately $77 million and $75 million of unrestricted cash, cash equivalents, and restricted cash as of March 31, 2024 and December 31, 2023, respectively.

Cash flows relating to operating activities

Net cash provided by operating activities was approximately $21 million for the three months ended March 31, 2024, driven primarily by net income of $125 million and adjustments for non-cash and other items of $104 million. The non-cash and other adjustments consisted of increases of $7 million related to equity-based compensation, $4 million of depreciation and amortization, $2 million related to provision for loss on receivables, and $69 million related to changes in accounts payable and accrued expenses and other items. These were partially offset by decreases of $146 million related to equity method investments, $22 million related to gains on securitizations, and $18 million related to portfolio accrued interest.

Net cash provided by operating activities was approximately $49 million for the three months ended March 31, 2023, driven primarily by net income of $25 million plus adjustments for non-cash and other items of $24 million. The non-cash and other adjustments consisted of increases of $8 million related to equity-based compensation, $4 million of depreciation and amortization, $3 million related to changes in accounts payable and accrued expenses and other items, $2 million related to provision for loss on receivables, and $37 million in changes in receivables held-for-sale. These were partially offset by decreases of $11 million related to equity method investments, $7 million related to gains on securitizations, and $12 million related to portfolio accrued interest.

Cash flows relating to investing activities

Net cash used in investing activities was approximately $70 million for the three months ended March 31, 2024. We made $231 million of investments in receivables and fixed rate debt-securities and made $127 million of equity method investments. We collected $142 million of principal payments from receivables and fixed rate debt-securities, received $115 million from the sale of real estate, $4 million from equity method investments in excess of income recognized to date under GAAP, received $3 million of returned hedge collateral previously posted, and received $24 million from the sale of receivables and investments.

Net cash used in investing activities was approximately $449 million for the three months ended March 31, 2023. We made $97 million of investments in receivables and fixed rate debt-securities, made collateral deposits of $21 million, and made $363 million of equity method investments. We collected $23 million of principal payments from receivables and fixed rate debt-securities, $1 million from equity method investments in excess of income recognized to date under GAAP, and $8 million from the sale of receivables and investments.

Cash flows relating to financing activities

Net cash provided by financing activities was approximately $51 million for the three months ended March 31, 2024. We received $250 million from our credit facilities, $30 million of net proceeds from issuances of common stock, $206 million from the issuance of senior unsecured notes, $35 million of net proceeds from the issuance of green commercial paper notes, $94 million of net proceeds from the issuance of non-recourse debt, and collected $69 million of hedge collateral, which were offset by $450 million of payments on credit facilities, $69 million of principal prepayments on non-recourse debt, $35 million in principal payments on our term loan, $7 million for payment of financing costs, $25 million for the posting of hedge collateral, and payments of $47 million of dividends, distributions and other items.

Net cash provided by financing activities was approximately $388 million for the three months ended March 31, 2023. We received $312 million from our credit facilities, $23 million of net proceeds from issuances of common stock and $100 million of net proceeds from the issuance of green commercial paper notes, which were offset by $5 million of payments on credit facilities, $5 million of principal prepayments on non-recourse debt, $1 million for withholding requirements resulting from the vesting of employee shares and payments of $36 million of dividends, distributions and other items.

Off-Balance Sheet Arrangements

We have relationships with non-consolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, or special purpose or variable interest entities, established to facilitate the sale of securitized assets. Other than our securitization assets (including any outstanding servicer advances) of approximately $224 million as of March 31, 2024, that may be at risk in the event of defaults or prepayments in our securitization trusts and as discussed below, and except as disclosed in Note 9 to our financial statements in this Form 10-Q, we have not guaranteed any obligations of non-consolidated entities or entered into any commitment or intent to provide additional funding to any such entities. A more detailed description of our relations with non-consolidated entities can be found in Note 2 to our financial statements in this Form 10-Q.

In connection with some of our transactions, we have provided certain limited guarantees to other transaction participants covering the accuracy of certain limited representations, warranties or covenants and provided an indemnity against certain losses from “bad acts” including fraud, failure to disclose a material fact, theft, misappropriation, voluntary bankruptcy or unauthorized transfers. In some transactions, we have also guaranteed our compliance with certain tax matters, such as negatively impacting the investment tax credit and certain other obligations in the event of a change in ownership or our exercising certain protective rights.

Dividends

Any distributions we make will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our assets, our operating expenses and any other expenditures. In the event that our Board determines to make distributions in excess of the income or cash flow generated from our assets, we may make such distributions from the proceeds of future offerings of equity or debt securities or other forms of debt financing or the sale of assets.

Our board of directors had approved of our revocation of our REIT status effective for tax year 2024. We elected to be taxed as a REIT during tax years 2023 and previous. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pays tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income. As a REIT, we paid quarterly distributions, which on an annual basis equaled or exceeded substantially all of our REIT taxable income. The taxable income of the REIT would vary from our GAAP earnings due to a number of different factors including the book to tax timing differences of income and expense recognition from our transactions as well as the amount of taxable income of our TRS distributed to the REIT. See Note 10 to our financial statements in our Form 10-K regarding the amount of our distributions that were treated as ordinary taxable income to our stockholders.

The dividends declared in 2023 and 2024 are described in Note 11 to our financial statements in this Form 10-Q.

Book Value Considerations

As of March 31, 2024, we carried only our investments, residual assets in securitized financial assets, and derivatives at fair value on our balance sheet. As a result, in reviewing our book value, there are a number of important factors and limitations to consider. Other than our investments, residual assets in securitized financial assets, and derivatives that are carried on our balance sheet at fair value as of March 31, 2024, the carrying value of our remaining assets and liabilities are calculated as of a particular point in time, which is largely determined at the time such assets and liabilities were added to our balance sheet using a cost basis in accordance with GAAP, adjusted for income or loss recognized on such assets. Other than the allowance for current expected credit losses applied to our receivables, our remaining assets and liabilities do not incorporate other factors that may have a significant impact on their value, most notably any impact of business activities, changes in estimates, or changes in general economic conditions, interest rates or commodity prices since the dates the assets or liabilities were initially recorded. Accordingly, our book value does not necessarily represent an estimate of our net realizable value, liquidation value or our fair market value.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We anticipate that our primary market risks will be related to the credit quality of our counterparties and project companies, market interest rates, the liquidity of our assets, commodity prices and environmental factors. We will seek to manage these risks while, at the same time, seeking to provide an opportunity to stockholders to realize attractive returns through ownership of our common stock.

Credit Risks

We source and identify quality opportunities within our broad areas of expertise and apply our rigorous underwriting processes to our transactions, which, we believe, will generally enable us to minimize our credit losses and maintain access to attractive financing. Through our investments in various projects, we will be exposed to the credit risk of the obligor of the project’s PPA or other long-term contractual revenue commitments, as well as to the credit risk of certain suppliers and project operators. While we do not anticipate facing significant credit risk in our assets related to government energy efficiency projects, we are subject to varying degrees of credit risk in these projects in relation to guarantees provided by ESCOs where payments under energy savings performance contracts are contingent upon achieving pre-determined levels of energy savings. We are exposed to credit risk in our other projects that do not benefit from governments as the obligor such as on balance sheet financing of projects undertaken by universities, schools and hospitals, as well as privately owned commercial projects. We have invested in mezzanine loans and, as a result, we are exposed to additional credit risk. We seek to manage credit risk through thorough due diligence and underwriting processes, strong structural protections in our transaction agreements with customers and continual, active asset management and portfolio monitoring. Nevertheless, unanticipated credit losses could occur and during periods of economic downturn in the global economy, our exposure to credit risks from obligors increases, and our efforts to monitor and mitigate the associated risks may not be effective in reducing our credit risks.

We use a risk rating system to evaluate projects that we target. We first evaluate the credit rating of the obligors involved in the project using an average of the external credit ratings for an obligor, if available, or an estimated internal rating based on a third-party credit scoring system. We then estimate the probability of default and estimated recovery rate based on the obligors’ credit ratings and the terms of the contract. We also review the performance of each investment, including through, as appropriate, a review of project performance, monthly payment activity and active compliance monitoring, regular communications with project management and, as applicable, its obligors, sponsors and owners, monitoring the financial performance of the collateral, periodic property visits and monitoring cash management and reserve accounts. The results of our reviews are used to update the project’s risk rating as necessary. Additional detail of the credit risks surrounding our Portfolio can be found in Note 6 to our financial statements in this Form 10-Q.

Interest Rate and Borrowing Risks

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

We are subject to interest rate risk in connection with new asset originations and our floating-rate borrowings, and in the future, any new floating rate assets, credit facilities or other borrowings. Because short-term borrowings are generally short-term commitments of capital, lenders may respond to market conditions, making it more difficult for us to secure continued financing. If we are not able to renew our then existing borrowings or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under any of these borrowings, we may have to curtail our origination of new assets and/or dispose of assets. We face particular risk in this regard given that we expect many of our borrowings will have a shorter duration than the assets they finance. Increasing interest rates may reduce the demand for our investments while declining interest rates may increase the demand. Both our current and future revolving credit facilities and other borrowings may be of limited duration and are periodically refinanced at then current market rates. We attempt to reduce interest rate risks and to minimize exposure to interest rate fluctuations through the use of fixed rate financing structures, when appropriate, whereby we seek to (1) match the maturities of our debt obligations with the maturities of our assets, (2) borrow at fixed rates for a period of time or (3) match the interest rates on our assets with like-kind debt (i.e., we may finance floating rate assets with floating rate debt and fixed-rate assets with fixed-rate debt), directly or through the use of interest rate swap agreements, interest rate cap agreements or other financial instruments, or through a combination of these strategies. We expect these instruments will allow us to minimize, but not eliminate, the risk that we must refinance our liabilities before the maturities of our assets and to reduce the impact of changing interest rates on our earnings. In addition to the use of traditional derivative instruments, we also seek to mitigate interest rate risk by using securitizations, syndications and other techniques to construct a portfolio with a staggered maturity profile. We monitor the impact of interest rate changes on the market for new originations and often have the flexibility to negotiate the term of our investments to offset interest rate increases.

Typically, our long-term debt, or that of the projects in which we invest if applicable, is at fixed rates or may at times be fixed using interest rate hedges that convert most of the floating rate debt to fixed rate debt. If interest rates rise, and our fixed rate debt balance remains constant, we expect the fair value of our fixed rate debt to decrease and the value of our hedges, if any, on floating rate debt to increase. See Note 3 to our financial statements in this Form 10-Q for the estimated fair value of our fixed rate long-term debt, which is based on having the same debt service requirements that could have been borrowed at the date presented, at prevailing current market interest rates.

We have $4.1 billion of debt with fixed rates, which includes $820 million of floating rate borrowings we have hedged using interest rate derivatives pursuant to strategies described above. We have $139 million of debt with variable interest rates outstanding as of March 31, 2024, including the unhedged portion of loans under our term loan facility, revolving credit facilities and borrowings under our commercial paper program. Future increases in interest rates would result in higher interest expense while future decreases in interest rates would result in lower interest expense. A 50 basis point increase in benchmark interest rates would increase the quarterly interest expense related to the $139 million in floating-rate borrowings by $174 thousand. Such hypothetical impact of interest rates on our floating-rate borrowings does not consider the effect of any change in overall economic activity that could occur in a rising interest rate environment. Further, in the event of such a change in interest rates, we may take actions to further mitigate our exposure to such a change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the analysis assumes no changes in our financial structure.

We record certain of our assets at fair value in our financial statements and any changes in the discount rate would impact the value of these assets. See Note 3 to our financial statements in this Form 10-Q.

Liquidity and Concentration Risk

The assets that comprise our Portfolio are not and are not expected to be publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions. Certain of the projects in which we invest have one obligor and thus we are subject to concentration risk for these investments and could incur significant losses if any of these projects perform poorly or if we are required to write down the value of any of these projects. Many of our assets, or the collateral supporting those assets, are concentrated in certain geographic areas, which may make those assets or the related collateral more susceptible to natural disasters or other regional events. See also “Credit Risks” discussed above.

Commodity and Environmental Attribute Price Risk

When we make equity or debt investments for a renewable energy project that acts as a substitute for an underlying commodity, we may be exposed to volatility in prices for that commodity. The performance of renewable energy projects that produce electricity can be impacted by volatility in the market prices of various forms of energy, including electricity, coal and natural gas. This is especially true for GC utility scale projects that sell power on a wholesale basis as opposed to BTM projects which compete against the retail or delivered costs of electricity which includes the cost of transmitting and distributing the electricity to the end user. Projects in which we invest, or in which we may plan to invest, may also be exposed to volatility in the prices of environmental attributes, such as renewable energy credits or other similar credits which the project may produce.

Although we generally focus on renewable energy projects that have the majority of their operating cash flow supported by long-term PPAs or leases, many of the projects in which we invest have shorter term contracts (which may have the potential of producing higher current returns) or sell their power or environmental attributes in the open market on a merchant basis. The cash flows of certain projects, and thus the repayment of, or the returns available for, our assets, are subject to risk if energy or environmental attribute prices change. We also attempt to mitigate our exposure through structural protections. These structural protections, which are typically in the form of a preferred return mechanism, are designed to allow recovery of our capital and an acceptable return over time. When structuring and underwriting these transactions, we evaluate these transactions using a variety of scenarios, including natural gas prices remaining low for an extended period of time. Despite these protections, as natural gas or renewable fuel credit price volatility continues or PPAs expire, the cash flows from certain of the projects in which we have invested are exposed to these market conditions and we work with the projects sponsors to minimize any impact as part of our on-going active asset management and portfolio monitoring. We often invest in utility scale solar projects by owning the land under the project where our rent is paid out of project operational costs before the debt or equity in the project receives any payments. Certain of the projects in which we invest may also be obligated to physically deliver energy under PPAs or related agreements, and to the extent they are unable to do so may be negatively impacted. Certain PPAs or related agreements may also price power at a different location than the location where power is delivered to the grid, and the projects may be negatively impacted to the extent to which these prices differ. To the extent transmission and distribution infrastructure in geographies in which we invest is not able to accommodate additional power, additional renewable penetration from other new projects in certain geographic areas could decrease the revenues of our projects.

We seek to structure our energy efficiency investments so that we typically avoid exposure to commodity price risk. However, volatility in energy prices may cause building owners and other parties to be reluctant to commit to projects for which repayment is based upon a fixed monetary value for energy savings that would not decline if the price of energy declines.

Environmental Risks

Our business is impacted by the effects of climate change and various related regulatory responses. We discuss the risks and opportunities associated with the impacts of climate change in our Form 10-K Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Impact of climate change on our future operations. This discussion outlines potential qualitative impacts to our business, quantitative illustrations of sensitivity as well as our strategy and resilience to these risks and opportunities.

Risk Management

Our ongoing active asset management and portfolio monitoring processes provide investment oversight and valuable insight into our origination, underwriting and structuring processes. These processes create value through active monitoring of the state of our markets, enforcement of existing contracts and asset management. As described above, we engage in a variety of interest rate management techniques that seek to mitigate the economic effect of interest rate changes on the values of, and returns on, some of our assets. We seek to manage credit risk using thorough due diligence and underwriting processes, strong structural protections in our loan agreements with customers and continual, active asset management and portfolio monitoring. Additionally, we have a Finance and Risk Committee of our board of directors which discusses and reviews policies and guidelines with respect to our risk assessment and risk management for various risks, including, but not limited to, our interest rate, counter party, credit, capital availability, refinancing, and cybersecurity risks. As it relates to environmental risks, when we underwrite and structure our investments the environmental risks and opportunities are an integral consideration to our investment parameters. While we cannot fully protect our investments, we seek to mitigate these risks by using third-party experts to conduct engineering and weather analysis and insurance reviews as appropriate. Weather related risks are at times managed in cooperation with our clients where they buy offsetting power positions to mitigate power market disruptions or operational impacts. Once a transaction has closed we continue to monitor the environmental risks to the portfolio. We further discuss our strategy to managing these risks in our Form 10-K, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Impact of climate change on our future operations.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by paragraph (b) of Rule 13a-15 or Rule 15d-15, have concluded that as of March 31, 2024, the Company's disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the three-month period ended March 31, 2024, that have materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal actions in the ordinary course of business. As of March 31, 2024, we are not currently subject to any legal proceedings that are likely to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information in Item 1A. "Risk Factors" of our 2023 Form 10-K, filed with the SEC, which is accessible on the SEC's website at www.sec.gov.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the three months ended March 31, 2024, certain of our employees surrendered common stock owned by them to satisfy their federal and state tax obligations associated with the vesting of their restricted stock awards.

The table below summarizes our repurchases of common stock during 2024. These repurchases are related to the surrender of common stock by certain of our employees to satisfy their tax and other compensation related withholdings associated with the vesting of restricted stock. The price paid per share is based on the closing price of our common stock as of the date of the withholding.

Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
3/5/2024	6,198	$ 25.36	N/A	N/A

There were no OP units held by our non-controlling interest holders exchanged for shares of our common stock during the three months ended March 31, 2024.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit number	Exhibit description
3.1	Articles of Amendment and Restatement of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
3.2	Amended and restated bylaws of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (No. 001-35877), filed on August 1, 2023)
3.3	Amended and Restated Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P. (incorporated by reference to Exhibit 3.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
4.1	Specimen Common Stock Certificate of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Form S-11 (No. 333-186711), filed on April 12, 2013)
4.2	Indenture, dated as of April 21, 2020, between HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank National Association, as trustee (including the form of HAT Holdings I LLC and HAT Holdings II LLC's 6.00% Senior Notes due 2025.) (incorporated by reference to Exhibit 4.1 on the Registrant's Form 8-K (No. 001-35877) filed on April 21, 2020)
4.3	Indenture, dated as of August 25, 2020, between HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank National Association, as trustee (including the form of HAT Holdings I LLC and HAT Holdings II LLC's 3.750% Senior Notes due 2030) (incorporated by reference to Exhibit 4.1 on the Registrant's Form 8-K (No. 011-35877), filed on August 25, 2020.)
4.4	Indenture, dated as of June 28, 2021, between HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank National Association, as trustee (including the form of HAT Holdings I LLC and HAT Holdings II LLC's 3.375% Senior Notes due 2026) (incorporated by reference to Exhibit 4.1 on the Registrant's Form 8-K (No. 011-35877), filed on June 28, 2021.)
4.5	Indenture, dated as of April 13, 2022 by and among HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank Trust Company, National Association, as trustee. (incorporated by reference to Exhibit 4.1 on the Registrant's Form 8-K (No. 011-35877) filed on April 15, 2022.)
4.6	First Supplemental Indenture, dated as of April 13, 2022 by and among HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank Trust Company, National Association, as trustee (including the form of HAT Holdings I LLC's and HAT Holdings II LLC's 0.00% Green Exchangeable Senior Note due 2025).(incorporated by reference to Exhibit 4.2 on the Registrant's Form 8-K (No. 011-35877) filed on April 15, 2022)
4.7	Indenture, dated as of August 11, 2023 by and among HAT Holdings I LLC and HAT Holdings II LLC, as issuers, and Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, L.P., and Hannon Armstrong Capital, LLC, as guarantors, and U.S. Bank Trust Company, National Association, as trustee. (incorporated by reference to Exhibit 4.1 on the Registrant's Form 8-K (No. 011-35877) filed on August 11, 2023)
10.1	Credit Agreement, dated as of April 12, 2024, by and among the Company, certain subsidiaries of the Company, JPMorgan Chase Bank, N.A. as administrative agent, sole bookrunner and sustainability structuring agent, JPMorgan, Citibank, N.A., Credit Agricole Corporate and Investment Bank, Keybank National Association, M&T Bank, Mizuho Bank, Ltd., Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, Sumitomo Mitsui Banking Corporation and Truist Securities, Inc. as joint lead arrangers, Bank of America, N.A., Barclays Bank PLC and Goldman Sachs Bank USA as documentation agents, and each lender from time to time party thereto. (incorporated by reference to Exhibit 1.1 on the Registrant's Form 8-K (No. 011-35877) filed on April 17, 2024)

10.2	Amended and Restated Employment Agreement, dated January 26, 2024, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Richard R. Santoroski (incorporated by reference to Exhibit 10.21 on the Registrant's Form 10-K (No. 011-35877) filed on February 16, 2024)
10.3	Amended and Restated Employment Agreement, dated February 15, 2024, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Jeffrey Eckel (incorporated by reference to Exhibit 10.22 on the Registrant's Form 10-K (No. 011-35877) filed on February 16, 2024)
10.4*	Form of Hannon Armstrong Sustainable Infrastructure, L.P. Performance-Based LTIP Unit Award Agreement
10.5*	Employment Agreement, Dated April 15, 2024, by andbetween Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Viral Amin
10.6*	Letter Agreement, dated April 4, 2024, between Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Capital LLC, and Richard R. Santoroski
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101. PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File Included as Exhibit 101 (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
(Registrant)

Date: May 8, 2024	/s/ Jeffrey A. Lipson
	Jeffrey A. Lipson Chief Executive Officer and President
Date: May 8, 2024	/s/ Marc T. Pangburn
	Marc T. Pangburn Chief Financial Officer and Executive Vice President
Date: May 8, 2024	/s/ Charles W. Melko
	Charles W. Melko Chief Accounting Officer, Treasurer and Senior Vice President

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.
EQUITY INCENTIVE PLAN

HASI MANAGEMENT HOLDCO LLC LTIP UNIT (CUMULATIVE D-EPS) AWARD AGREEMENT

2024 PERFORMANCE-BASED HOLDCO UNITS (the "Grant Units")

Grantee: %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%
No. of Grant Units: %%GRANT_USER_DEFINED_FIELD_3%-%

Date of Grant: %%OPTION_DATE,'Month DD, YYYY'%-%

This LTIP Unit (Cumulative D-EPS) Award Agreement (this " Agreement"), dated as of the Date of Grant set forth above is made by and between HASI Management HoldCo LLC, a Delaware limited liability company (the "Company"), and the Grantee. Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Performance-Based HoldCo Units. The Company hereby grants to the Grantee the number of Grant Units set forth above subject to all of the terms and conditions of this Agreement, the Limited Liability Company Agreement of the Company (the "LLC Agreement") and the Limited Partnership Agreement of Hannon Armstrong Sustainable Infrastructure, L.P., a Delaware limited partnership (the "Partnership") and to the terms of the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (as amended, the "Plan"). Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety. To the extent the terms or conditions in this Agreement conflict with any provision of the Plan, the terms and conditions set forth in the Plan shall govern. The Units granted hereunder are classified as Performance-Based HoldCo Units under the LLC Agreement.

2. Restrictions.

(a) The Grant Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered. The transfer restrictions contained in the preceding sentence shall not apply to (i) transfers to the Company, or (ii) transfers of Grant Units by will or the laws of descent and distribution. The Grant Units shall be fully vested and non-forfeitable as of the date hereof subject only to the requirements or restrictions otherwise contained in this Agreement.

(b) In the event the Grantee has a Termination of Service, the Grant Units shall become nonforfeitable as set forth in Exhibit A hereto.

(c) The Company, in its absolute discretion, shall determine the effects of all matters and questions relating to separations from service and all questions of whether particular leaves of absence constitute a separation from service. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Board).

3. Allocations and Distributions. Notwithstanding anything in the LLC Agreement to the contrary, allocations and distributions shall be made in respect of the Grant Units during the Restricted Period in accordance with the LLC Agreement, unless otherwise determined by the Board in its reasonable discretion. Subject to the foregoing, it is intended that distributions will not be made before the Grant Units vest. It is intended that any distributions that would have been made in respect of the Units before they vested will be paid as soon as reasonably practicable after the relevant Units vest. The Grant Units do not include voting rights.

4. No Rights to Continuation of Employment or Service. Nothing in this Agreement shall confer upon the Grantee any right to continue in the employ or service of the Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Parent Entity") thereof or shall interfere with or restrict the right of the Parent Entity or its shareholders (or of a subsidiary or its shareholders, as the case may be) to terminate the Grantee's employment or service any time for any reason whatsoever, with or without cause. This Agreement shall not (a) form any part of any contract of employment or contract for services between the Parent Entity or any past or present Subsidiary thereof and any directors, officers or employees of those companies, (b) confer any legal or equitable rights (other than those contained in this Agreement) against the Parent Entity or any past or present Subsidiary thereof, directly or indirectly, or (c) give rise to any cause of action in law or in equity against the Parent Entity or any past or present subsidiary thereof.

5. Restrictive Covenants. Nothing contained herein shall reduce or limit the application or scope of any restrictive covenants in favor of the Company (for example, with respect to competition, solicitation, confidentiality, interference or disparagement) to which the Grantee is otherwise subject.

6. Tax Liability. The Grantee is responsible for all taxes and any tax-related penalties the Grantee incurs in connection with any award made in accordance with this Agreement.

7. Section 409A Compliance. Any award made in accordance with this Agreement is intended to be exempt from Section 409A and to be interpreted in a manner consistent therewith. Notwithstanding anything to the contrary contained in this Agreement, to the extent that the Company determines that the Grant Units are subject to Section 409A and fails to comply with the requirements of Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Grantee for failure to do so), without the consent of the Grantee, to amend or terminate the Agreement and/or to amend, restructure, terminate or replace the Grant Units in order to cause the Grant Units to either not be subject to Section 409A or to comply with the applicable provisions of such

section. In no event shall the Company (or any employee or director thereof) have any liability to the Grantee or any other Person due to the failure of any award made in accordance with this Agreement to satisfy the requirements of Section 409A.

8. Governing Law; Choice of Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

9. Agreement Binding on Successors. The terms of this Agreement shall be binding upon the Grantee and upon the Grantee's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest and upon the Company and its successors and assignees.

10. No Assignment. Subject to the second sentence of Section 2(a), neither this Agreement nor any rights granted herein shall be assignable by the Grantee other than (with respect to any rights that survive the Grantee's death) by will or the laws of descent and distribution. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any Grant Units by any holder thereof in violation of the provisions of this Agreement will be valid, and the Company will not transfer any of said Grant Units on its books nor will any Grant Units be entitled to vote, nor will any distributions be paid thereon, unless and until there has been full compliance with said provisions to the satisfaction of the Board. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

11. Necessary Acts. The Grantee hereby agrees to perform all acts, and to execute and deliver any documents, that may be reasonably necessary to carry out the provisions of this Agreement, including but not limited to all acts and documents related to compliance with securities, tax and other applicable laws and regulations.

12. Representations and Warranties of the Grantee. The Grantee hereby represents and warrants to the Company that:

(a) The Grant Units are being acquired for the Grantee's own account, only for investment purposes and not with a view to, or for resale in connection with, any public distribution or public offering thereof within the meaning of the Act.

(b) The Grantee understands and acknowledges that the Grant Units offered pursuant to this Agreement have not been registered under the Act or any other securities laws and are not being offered for resale in transactions that do not require registration under the Act or any other securities laws and, therefore, the Grant Units will be characterized as "restricted securities" under the Act and such laws and may not be sold unless the Grant Units are subsequently registered under the Act and qualified under state law or unless an exemption from such registration and such qualification is available.

(c) The Grantee has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the Grantee's prospective acquisition of the Grant Units, and/or has and will rely upon the advice of his/her own legal counsel, tax advisors, and/or investment advisors to do so, and has the ability to bear the economic risks of the Grantee's prospective acquisition.

(d) The Grantee agrees that it has had access to such financial and other information concerning the Company and the Grant Units as it has deemed necessary in connection with acquisition of the Grant Units, including an opportunity to ask questions of and request information from the Company.

(e) The Board may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Board may, in good faith, (i) interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Board's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by a Board that is comprised of at least a majority of members who served on the Board before the Change in Control; and (ii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the Board shall be final and binding upon all persons.

13. Limitation on the Grantee's Rights; Not a Trust. The Grant Units granted hereunder confer no rights or interests other than as herein provided.

14. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable,

then in lieu of severing such unenforceable provision or provisions, it or they shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by a judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

15. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of that provision or of any other provision hereof.

16. Entire Agreement. This Agreement contains the entire agreement and understanding among the parties as to the subject matter hereof and supersede all prior writings or understandings with respect to the grant of the Grant Units covered by this Agreement. The Grantee acknowledges that any summary of this Agreement provided by the Company is subject in its entirety to the terms of this Agreement. References herein to this Agreement include references to its Exhibits.

17. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or description of the contents of any such Section.

18. Counterparts. This Agreement may be executed in any number of counterparts, including via facsimile or PDF, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

19. Amendment. Except as otherwise provided in Section 7, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

20. Acknowledgements and Representations. The Grantee is aware that Grant Units may be of no practical value. The Grantee has read and understands the restrictions and limitations set forth in this Agreement, which are imposed on the Grant Units. The Grantee confirms that the Grantee has not relied on any warranty, representation, assurance or promise of any kind whatsoever in entering into this Agreement other than as expressly set out in this Agreement.

21. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Agreement by electronic means. The Grantee hereby consents to receive such documents by electronic delivery through an online or electronic system established and maintained by the Company or a third party designated by the Company.

22. The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the Grant Units awarded hereunder, and has delivered with this Agreement a completed, executed copy of the election form attached hereto as Exhibit B. Grantee agrees to file the election within 30 days after the Grant Date with the Internal Revenue Service, to promptly provide a copy of such filed election to the Company, and to file a copy of such election with Grantee's U.S. federal income tax return for the taxable year in which such Grant Units are awarded to Grantee.

The Grantee is an “accredited investor” as defined under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “Securities Act”). If Grantee has previously done so, Grantee has duly executed and delivered to the Company an accredited investor questionnaire in the form attached as Exhibit C hereto indicating the basis for such representation. Grantee is capable of evaluating the merits and risks of the acquisition and ownership of the Grant Units and has obtained all information regarding the Partnership (and its applicable affiliates) and the Grant Units as Grantee deems appropriate, and has relied solely upon such information, and Grantee’s own knowledge, experience and investigation, and those of his, her or its advisors, and not upon any representations of the Partnership and/or the Company, in connection with his, her or its investment decision in acquiring the Grant Units. Grantee and his, her or its professional advisors have had an opportunity to conduct, and have so conducted if so desired, a due diligence investigation of the Partnership in connection with the decision to acquire the Grant Units and in such regard have done all things as Grantee and they have deemed appropriate and have had an opportunity to ask questions of and receive answers from the Partnership and the Company, and have done so, as they have deemed appropriate.

[*Signature Page to follow]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

HASI Management HoldCo LLC

By__
Name: Jeffrey A. Lipson
Title: Board Member

Signature Page to Performance Based Grant Agreement

EXHIBIT A

1. Subject to Section 2 below:

(a) Up to 100% of the Grant Units granted under this Agreement shall vest on the Vest Date set forth below based on the incremental three-year cumulative Distributable Earnings per share (D-EPS)[1] of the Parent Entity achieved since its reported D-EPS for the year ending December 31, 2023, as set forth in the chart below. The amount will be linearly interpolated between these points.

Vest Date: %%VEST_DATE_PERIOD1,'Month DD, YYYY'%-%

(b) In the event that such calculations result in a total award which includes the vesting of a fractional unit amount, the fractional unit amount will be rounded to the nearest unit in determining the final value of the award due to Grantee.

D-EPS Metrics	None of the Relevant Grant Units	25% of the Relevant Grant Units	50% of the Relevant Grant Units	100% of the Relevant Grant Units
Cumulative D-EPS	<$6.69	$6.69	$7.38	$8.12

(c) For all Grant Units, the Parent Entity’s three-year cumulative D-EPS shall be based on the aggregate of the Company’s reported D-EPS for each of the fiscal years ending on 12/31/2024, 12/31/2025, and 12/31/2026, as reported by the Parent Entity on its Form 10-K for each such year.

2. (a) Notwithstanding anything to the contrary in Section 1 above, and subject to clauses (b) and (c) below, in the event the Grantee has a Termination of Service for Cause or a Termination

[1] For the purposes of this Agreement, “Distributable Earnings” shall mean earnings calculated using the methodology described in the Parent Entity’s Form 10-K for the year ending December 21, 2023. To the extent the Parent Entity changes the defined term used to describe the same methodology in subsequent filings, the use of “Distributable Earnings” in this Agreement shall refer to the value ascribed to such term.

of Service by the Grantee for any reason other than his or her death, Disability or for Good Reason (as defined in the Grantee's employment agreement, if applicable) prior to the Vest Date, then all Grant Units granted as part of this Award shall thereupon, and with no further action, be forfeited by the Grantee.

(b) In the event the Grantee has a Termination of Service on account of death or Disability or a Termination of Service by the Parent Entity and its subsidiaries for any reason other than for Cause or by the Grantee for Good Reason or as a result of the Parent Entity's non-renewal of the Grantee's employment agreement, 50% of the Grant Units granted hereunder shall vest and the remainder shall be forfeited.

(c) In the event of a Change in Control during the Restriction Period, the Grantee shall vest in the number of Grant Units determined in accordance with the provisions set forth in Section 1 above; provided, however, that the Cumulative D-EPS used will (1) be based on the aggregate of the Parent Entity's D-EPS as reported on Form 10-Q for each of the quarters during the years ended 12/31/2024, 12/31/25, and 12/31/26, to the extent Forms 10-Q have been filed for these quarters, and (2) be calculated for the full measurement period contemplated assuming the average growth rate of the prior periods measured..

(d) Notwithstanding any other provision hereof, if the Grantee is a party to an effective employment agreement with the Parent Entity from time to time, then the applicable period of forfeiture shall also end if and as may be otherwise required by such employment agreement; and nothing herein shall limit any rights the Grantee may otherwise have under such employment agreement.

Termination of Service as an employee shall not be treated as a termination of employment for purposes of this Paragraph 2 if the Grantee continues without interruption to serve thereafter as an officer or director of the Parent Entity or in such other capacity as determined by the Board, and the termination of such successor service shall be treated as the applicable termination.

EXHIBIT B

ELECTION TO INCLUDE IN GROSS INCOME IN YEAR OF TRANSFER OF PROPERTY PURSUANT TO SECTION 83(B) OF THE INTERNAL REVENUE CODE

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income in the current year as compensation for services rendered, the fair market value of the property received in connection with his/her services in excess of the amount paid for the property and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address and taxpayer identification number of the undersigned are:

Name: %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%
(the "Taxpayer")

Address: %%ADDRESS_LINE_1%-%
%%ADDRESS_LINE_2%-% %%ADDRESS_LINE_3%-%
%%CITY_STATE_ZIPCODE%-%

Social Security /Taxpayer Identification No.: %%SOCIAL_SECURITY_NUMBER%-%

2. Description of property with respect to which the election is being made:

The election is being made with respect to the number of Grant Units of HASI Management HoldCo LLC, a Delaware limited liability company (the "Company").

3. The date on which the Grant Units were transferred is:

%%OPTION_DATE,'Month DD, YYYY'%-%.

4. The taxable year to which this election relates is:

Calendar year %%GRANT_USER_DEFINED_FIELD_4%-%

5. Nature of restrictions to which the Grant Units are subject:

(a) Until the Grant Units vest, the Taxpayer may not transfer in any manner any portion of the Grant Units without the consent of the Company.

(b) The Grant Units are subject to forfeiture on certain terminations of services.

6. The fair market value at time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the Grant Units with respect to which this election is being made was $0 per Grant Unit.

7. The amount paid by the Taxpayer for the Grant Units was $0 per Grant Unit.

8. The amount to be included in gross income is $0.

9. A copy of this statement has been furnished to the Company and to its Board.

The Taxpayer will file this election with the Internal Revenue Service office with which the Taxpayer files his or her annual income tax return no later than 30 days after the date of transfer of the property. Additionally, the Taxpayer will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The Taxpayer is the person performing the services in connection with which the property was transferred.

Dated: _________

____
Taxpayer:

EXHIBIT C

ACCREDITED INVESTOR QUESTIONNAIRE

This Questionnaire is being provided as of the Date of Grant set forth below in accordance with the provisions of that certain "HASI Management Holdco LLC LTIP Unit Award Agreement Under the Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (the "Plan"). Unless otherwise defined herein, all capitalized terms have the meaning set forth in the Plan.

Date of Grant: %%OPTION_DATE,'Month DD, YYYY'%-%

The undersigned represents and warrants to the Company that it is an "accredited investor" within the meaning given to such term under Rule 501 of Regulation D under the Securities Act and has initialed the applicable statement below.

FOR INDIVIDUALS [*Entities should complete the section below*]

Please check the appropriate description which applies to you.

(a) ______ I am a natural person whose individual net worth, or joint net worth with my spouse, exceeds $1,000,000. For purposes of this item question, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the securities are purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of securities for the purpose of investing in the Grant Units.

(b) _____ I am a natural person who had individual income exceeding $200,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year.

(c) ______ I am a natural person who had joint income with my spouse exceeding $300,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year, as defined above.

(d) ______ I am a director, executive officer or general partner of the Partnership, or a director, executive officer or general partner of a general partner of the Partnership. (For purposes of this question, executive officer means the president; any vice president in charge of a principal business unit, division or function, such as sales, administration or finance; or any other person or persons who perform(s) similar policymaking functions for the Partnership.)

FOR ENTITIES

Please check the appropriate description which applies to you.

(a) ______ A bank, as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in an individual or a fiduciary capacity.

(b) ______ A broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

(c) ______ An insurance company, as defined in Section 2(13) of the Securities Act.

(d) ______ An investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that act.

(e) ______ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

(f) ______ A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if the plan has total assets in excess of $5 million.

(g) ______ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is being made by a plan fiduciary, as defined in Section 3(21) of such act, and the plan fiduciary is either a bank, an insurance company, or a registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million.

(h) ______ A private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

(i) ______ A corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that was not formed for the specific purpose of acquiring the Grant Units, and that has total assets in excess of $5 million.

(j) ______ A trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the Grant Units, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

(k) ______ An entity in which all of the equity owners are accredited investors and meet the criteria listed for individuals listed above in this Questionnaire.

By:__

Date: __

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**") made as of April 15, 2024, by and between **HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.** a Maryland corporation (the "**Company**"), and **VIRAL A. AMIN** , an individual (the "**Employee**").

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and Employee agree as follows:

1. **Term**. The Company hereby agrees to employ the Employee, and the Employee hereby agrees to work for the Company, on the terms and conditions hereinafter set forth. The term of this Agreement commenced as of April 15, 2024, and terminates on a date specified by the Company or the Employee in a notice given, at will, with or without cause, by either party to the other not less than 30 days prior to such date, unless such term is sooner terminated as herein provided.

2. **Duties**. The Employee agrees to be employed by the Company in such capacities as the Company may from time to time direct, it being the intent of the parties that the Employee will serve in the capacity of Executive Vice President, Chief Risk Officer and Head of Portfolio Management, and as such, the Employee shall faithfully perform for the Company the duties of such office and shall have such responsibilities as are customary for an Executive Vice President, Chief Risk Officer and Head of Portfolio Management employed by a public company of similar size and nature During the term of this Agreement, the Employee will devote his or her full time and exclusive attention during normal business hours to, and use his or her best efforts to advance, the business and welfare of the Company, its affiliates, subsidiaries and successors in interest. During the term of his or her employment with the Company, the Employee shall not engage in any other employment activities for any third party for any direct or indirect remuneration without the prior written consent of the Company.

3. **Compensation.** (a) For all services provided by the Employee, the Company shall pay Employee a salary at the minimum rate of $380,000 per annum, in accordance with the customary payroll practices of the Company applicable to senior executives from time to time (such annual salary, the "**Annual Salary**"). Once increased, the Annual Salary shall not thereafter be decreased.

(b) <u>Bonus</u>. For each fiscal year, the Employee shall be eligible to receive a bonus with a target amount equal to at least 75% of Employee's Annual Salary, subject to satisfaction of both Company and individual performance goals as determined by the Compensation Committee (each, an "**Annual Bonus**").

1. **Other Benefits**. During the term of employment with the Company, the Employee will be entitled to participate in fringe benefit programs that the Company generally makes available to its employees, including medical and dental insurance and life insurance;

provided that nothing herein shall be construed as restricting the Company’s right to unilaterally modify or terminate any of such programs at any time with or without notice.

2. **Equity Awards**. The Employee will be eligible to receive an award of limited partner profit interests (“**LTIP Units**”) under the 2022 Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (the "**Equity Incentive Plan**") and an appropriate LTIP Unit award agreement when grants of LTIP Units are otherwise made by the Company to similarly situated executives of the Company.

3. **Death or Disability**. If the Employee dies or if there is a good faith determination by the Board that the Employee has become physically or mentally incapable of performing the Employee’s duties under this Agreement and such disability has disabled the Employee for a cumulative period of 180 days within any 12-month period (a "**Disability**"), the Employee’s employment with the Company will automatically terminate and all obligations of the Company hereunder will terminate as of the end of the month in which such event occurs. Upon a termination by reason of death or Disability pursuant to Section 6, (a) all of the Employee's stock-based compensation that were granted under the Equity Incentive Plan or any successor plan that are outstanding at the time of such termination shall become fully vested and nonforfeitable, and (b) the Company shall pay to the Employee (or his estate, as applicable) at the time that the Annual Bonus would otherwise be paid in accordance with Section 3 hereof (i) in the event of a termination by reason of the Employee's death, a pro rata (based on the number of days employed up to the effective date of termination in the applicable fiscal year) target Annual Bonus for the fiscal year in which the Employee's termination occurs, or (ii) in the event of a termination by reason of the Employee's Disability, the target Annual Bonus for the fiscal year in which the Employee’s termination occurs, in either case of (i) or (ii), calculated based on actual results for such fiscal year.

4. **Certain Terminations of Employment**.

a. In the event that (i) the Company terminates the Employee’s employment with the Company for Cause, (ii) the Employee terminates the Employee’s employment with the Company without Good Reason or (iii) the Employee’s employment with the Company is terminated by reason of death or Disability pursuant to Section 6, the Company shall pay to the Employee (or the Employee’s estate or beneficiaries), in a lump sum payment within 30 days following the effective date the Employee’s termination of employment, an amount equal to the Annual Salary, Annual Bonus and other benefits earned and accrued under this Agreement but not yet paid prior to the effective date of termination (collectively, the “**Accrued Benefits**”).

b. In the event that the Company terminates the Employee’s employment with the Company for reasons other than for Cause or the Employee terminates the Employee’s employment for Good Reason, then (1) the Company shall pay to the Employee severance compensation in a lump sum payment within 30 days following the effective date the Employee’s termination of employment in an amount equal to (i) the Accrued Benefits, (ii) the then-current Annual Salary payable under paragraph 3 hereof, as of the date of termination, and (iii) 100% of the Employee's average Annual Bonus payable under paragraph 3 hereof actually received in respect of the three fiscal years (or such fewer number of fiscal years with respect to which the Employee received an Annual Bonus) immediately prior to the year of termination, and (2) all outstanding equity (or equity-based) incentives and awards held by the Employee shall thereupon immediately vest and become free of restrictions and all stock options shall be exercisable in accordance with their terms and shall not expire prior to the earlier of the term of such stock option and the first anniversary after the date of termination (or, in the case of a Change in Control, the earlier of the term of stock option and the third anniversary of the Change in Control).

c. In the event that the Company terminates the Employee's employment with the Company for reasons other than for Cause or the Employee terminates the Employee's employment for Good Reason, the Company shall provide, for the period beginning on the date of the termination of the Employee's employment with the Company and ending on the earlier of (x) twelve (12) months following the Employee's termination employment and (y) the date on which the Employee's coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, terminates as provided by law (and the Employee shall notify the Company of any subsequent employment through which he is provided medical coverage), Company-paid medical coverage at the same rates as in effect prior to the date of termination of Employee's employment (so long as applicable law and regulations permit such Company payment without imposition of a tax or penalty on the Company or other plan participants or otherwise adversely affecting the Company, the applicable plan or other participants in the plan), or, at the Company's option, the cash amount necessary to obtain equivalent coverage.

d. For purposes of this Agreement, "**Cause**" shall mean, the Employee's: (i) commission of, and indictment for or formal admission to, a felony involving moral turpitude, deceit, dishonesty or fraud (but excluding traffic violations); (ii) willful and material misconduct or gross misconduct in connection with the performance of the Employee's duties, including, without limitation, embezzlement or the misappropriation of funds or property of the Company; (iii) failure to adhere to lawful directions of the Chief Executive Officer, to adhere to the Company's policies and practices, or as required in Section 2 hereof, to devote substantially all of the Employee's business time and efforts to the Company, which failure continues for a period of 30 business days after written demand for corrective action is delivered by the Company; or (iv) material breach of the terms and provisions of this Agreement and the failure to cure such breach within 10 days following written notice from the Company specifying such breach.

e. For purposes of this Agreement, "**Good Reason**" shall mean any of the following, unless consented to by the Employee: (i) any change in job title or material diminution in the Employee's roles and responsibilities from those set forth in this Agreement (including, without limitation, the assignment of duties materially inconsistent with Employee's position) that cause a reduction in the Employee's Annual Salary or Annual Bonus potential; (ii) a material reduction in the Employee's Annual Salary or Annual

Bonus potential; or (iii) a material breach by the Company of this Agreement or any other material agreement between the Employee and the Company. Notwithstanding the foregoing, following a Change in Control, the definition of "Good Reason" as set forth above shall be modified to delete all references to the term "material" (namely, in Section 7(e)(i), Section 7(e)(ii) and Section 7(e)(iv)), and the definition of "Good Reason" shall otherwise remain in effect as provided herein. Furthermore, Good Reason shall not be deemed to exist unless (x) written notice of termination on account thereof is given by the Employee no later than 60 days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises (or, if later, the Employee's knowledge thereof); and (y) if there exists (without regard to this clause (y)) an event or condition that constitutes Good Reason, the Company shall have 30 days from the date written notice of such a termination is given by the Employee to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

f. Notwithstanding any other provision of this Agreement, the Company shall not be required to provide the payments and benefits provided for under Sections 7(b) and (c) unless the Employee executes and delivers to the Company a waiver and release substantially in the form attached hereto as Exhibit B and such waiver and release becomes effective and irrevocable within 21 days following the date of termination.

g. In the event that any payment or benefit made or provided to the Employee under this Agreement (the "**Payment**"), either alone or together with any other "parachute payments" as defined in Section 280G(b)(2) of the Internal Revenue Code (the "**Code**") (such other parachute payments, "**Section 280G Payments**"), would constitute a parachute payment, the Payment shall be reduced to the largest amount as will result in no portion of the Payment or Section 280G Payments being subject to the excise tax imposed by Section 4999 of the Code (the "**Reduced Payment**"), provided however, no reduction to the Payment shall occur if the Payment plus Section 280G Payments, less any excise tax which would be imposed on such Payment and Section 280G Payments pursuant to Section 4999 of the Code, would be greater than the Reduced Payment plus Section 280G Payments. If a reduction of Section 280G Payments is necessary, the payments shall be reduced in the following order: (i) cash payments that are treated in full as a parachute payment; (ii) equity-based payments and accelerations of payments that are treated in full as a parachute payment; (iii) cash payments that are treated in part as a parachute payment; (iv) equity-based payments and accelerations of payments that are treated in part as a parachute payment; and (v) other non-cash forms of benefits. Within any such category of payments and benefits (that is, (i), (ii), (iii), (iv) or (v)), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A of the Code and then with respect to amounts that are "deferred compensation." To the extent any such payment is to be made over time (e.g., in installments), the payments shall be reduced in reverse chronological order.

4. **Company Policies**. Employee acknowledges and agrees that he will carefully review each of the policies set forth in the Company Policy Handbook provided to the Employee

and will acknowledge his or her review and acceptance of such policies and the obligations required of the Employee by signing the applicable signature blocks therein and returning the executed version to the Office of the Chief Legal Officer. Employee likewise acknowledges and agrees to abide by any revision or addition to the Company policies as may be issued by the Company from time to time throughout the term of employment. Notwithstanding anything to the contrary set forth in the Company Policy Handbook, the Company agrees to continue to provide reimbursement for Employee’s reasonable travel expenses incurred in connection with his work from the Annapolis office in accordance with the terms set forth in the Company’s offer letter to Employee dated June 21, 2023.

5. **Restrictive Covenants**.

a. Covenants. The Employee acknowledges that (i) the principal business of the Company (which expressly includes for purposes of this Section 9 (and any related enforcement provisions hereof), its successors and assigns) is to provide debt and equity financing for sustainable infrastructure projects that increase energy efficiency, provide cleaner energy sources, positively impact the environment and make more efficient use of natural resources (such businesses, and any and all other businesses in which, at the time of the Employee's termination, the Company is actively and regularly engaged or actively pursuing, herein being collectively referred to as the "**Business**"); (ii) the Company is one of the limited number of persons who have developed such a business; (iii) the Company's Business is North American in scope; (iv) the Employee's work for the Company has given and will continue to give him or her access to the confidential affairs and proprietary information of the Company; (v) the covenants and agreements of the Employee contained in this Section 9 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 9. Accordingly, the Employee covenants and agrees that:

i. By and in consideration of the salary and benefits to be provided by the Company hereunder, including the severance arrangements set forth herein, and further in consideration of the Employee's exposure to the proprietary information of the Company, the Employee covenants and agrees that, during the period commencing on the date hereof and ending twelve (12) months following the date upon which the Employee shall cease to be an employee of the Company and its affiliates (the "**Restricted Period**"), the Employee shall not in the Restricted Territory (as defined below), directly or indirectly, whether as an owner, partner, shareholder, principal, agent, employee, consultant or in any other relationship or capacity, (A) engage in the Business (other than for the Company or its affiliates) or otherwise compete with the Company or its subsidiaries in the Business or (B) render to a person, corporation, partnership or other entity engaged in the Business the same services that the Employee renders to the Company; provided, however, that, notwithstanding the foregoing, (1) the

Employee may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (x) such securities are listed on any national securities exchange, (y) the Employee is not a controlling person of, or a member of a group which controls, such entity, and (z) the Employee does not, directly or indirectly, own 5% or more of any class of securities of such entity; and (2) the Employee may continue to serve on any board of directors on which the Employee was serving as of the date of the Employee's termination of employment; and (3) the Employee may be employed by or provide services for a company (a "**Conglomerate**") with multiple lines of businesses, including a line of business competitive with the Company, so long as the following conditions are satisfied: (w) the Conglomerate derives less than ten percent (10%) of its total annual revenue from the line of business that is competitive with the Company (the "Competitive Division"), (x) the Employee is employed by or provides services to a line of business of Conglomerate that is not competitive with the Company; and (y) the Employee does not perform services for the Competitive Division; and (z) the Employee (A) provides the Company with advance notice of such employment or service and (B) informs the Conglomerate in writing of its obligations under this Section 9.

ii. For purposes of this Agreement, the "**Restricted Territory**" shall mean any (A) state or province in the United States, Canada and Mexico and (B) foreign country or jurisdiction, in the case of clause (A) or (B), in which the Company (x) is actively conducting the Business during the Term or (y) has initiated a plan adopted by the Board to conduct the Business in the two years following the Term.

iii. During and after the Term, the Employee shall keep secret and retain in strictest confidence, and shall not use for the Employee’s benefit or the benefit of others, except in connection with the business and affairs of the Company and its affiliates, all non-public confidential matters relating to the Company's Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Employee heretofore or hereafter directly or indirectly from the Company or any of its affiliates (the "**Confidential Company Information**"), and shall not disclose such Confidential Company Information to anyone outside of the Company except in the course of the Employee’s duties or with the CEO's express written consent. Confidential Company Information does not include information which is at the time of receipt or thereafter becomes publicly known through no wrongful act of the Employee or is received from a third party not under an obligation to keep such information confidential and without breach of this Agreement or which is independently developed or obtained by the Employee on the Employee's own time without reliance upon any confidential information of the Company or use of any Company resources. Notwithstanding anything in this agreement to the contrary, the Employee may disclose Confidential Company Information where the Employee is required to do so by law, regulation, court order, subpoena, summons or other valid legal process; provided, that the Employee, so long as legally permitted to do so, first (A) promptly notifies the Company, (B) uses commercially reasonable efforts to consult with the Company with respect to and in advance of the disclosure thereof, and (C) reasonably cooperates with the Company to narrow the scope of the disclosure required to be made, in each case, solely at the Company's expense.

iv. During the Restricted Period, the Employee shall not, without the Company's prior written consent, directly or indirectly, solicit or encourage to leave the employment or other service of the Company or any of its subsidiaries, any person or entity who is or was during the 6-month period preceding the Employee's termination of employment, an employee, agent or independent contractor of the Company or any of its subsidiaries. During the Restricted Period, the Employee shall not, whether for the Employee's own account or for the account of any other person, firm, corporation or other business organization, solicit for a competing business or intentionally interfere with the Company's or any of its subsidiaries' relationship with, or endeavor to entice away from the Company for a competing business, any person who is or was during the 6-month period preceding the Employee's termination of employment, a customer, client, agent, or independent contractor of the Company or any of its subsidiaries. For purposes hereof, "customer" and "client," as such terms relate to government customers, mean the program office to which the Company is or was providing any goods or services as of the date hereof or during the one-year period prior to the date hereof.

v. All memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof), whether visually perceptible, machine-readable or otherwise, made, produced or compiled by the Employee or made available to the Employee containing Confidential Company Information (A) shall at all times be the property of the Company (and, as applicable, any affiliates) and shall be delivered to the Company at any time upon its request, and (B) upon the Employee's termination of employment, shall be promptly returned to the Company. This section shall not apply to materials that the Employee possessed prior to the Employee's business relationship with the Company, to the Employee's personal effects and documents, and to materials prepared by the Employee for the purposes of seeking legal or other professional advice.

vi. At no time during the Employee's employment by the Company or at any time thereafter shall the Employee or any representative of the Company publish any statement or make any statement under circumstances reasonably likely to become public that is critical of the other party, or in any way otherwise be materially injurious to the Business or reputation of the other party, unless otherwise required by applicable law or regulation or by judicial order.

vii. The Employee is hereby notified that 18 U.S.C. § 1833(b) states as follows: “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(i) is made—(A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Accordingly, notwithstanding any other provision of this Agreement to the contrary, the Employee has the right to (x) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of the law or (y) disclose trade secrets in a document filed in a lawsuit or other proceeding so long as that filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

viii. The Employee understands that nothing contained in this Agreement limits the Employee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each, a "**Government Agency**"). The Employee further understands that this Agreement does not limit the Employee's ability to communicate with any Government Agency or with the Employee's attorney, including to report possible violations of federal law or regulation or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

b. Rights and Remedies upon Breach.

i. The parties hereto acknowledge and agree that any breach of any of the provisions of Section 9 or any subparts thereof (individually or collectively, the "**Restrictive Covenants**") may result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if either party breaches, or threatens to commit a breach of, any of the provisions of Section 9 or any subpart thereof, the other party and its affiliates, in addition to, and not in lieu of, any other rights and remedies available to the other party and its affiliates under law or in equity (including, without limitation, the recovery of damages), shall have the right and remedy to seek to have the Restrictive Covenants or other obligations herein specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to seek an entry of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, whether or not then continuing, of such covenants.

ii. The Employee agrees that the provisions of Section 9 of this Agreement and each subsection thereof are reasonably necessary for the protection of the Company's legitimate business interests and if enforced, will not prevent the Employee from obtaining gainful employment should the Employee's employment with the Company end. The Employee agrees that in any action seeking specific performance or other equitable relief, the Employee will not assert or contend that any of the provisions of this Section 9 are unreasonable or otherwise unenforceable as drafted. The existence of any claim or cause of action by the Employee, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants.

c. The provisions of this Paragraph 9 will survive any termination of this Agreement.

5. **Notices**. All notices and other communications required or permitted under this Agreement shall be in writing, served personally on, or mailed by registered or certified United States mail to, in the case of notices to the Employee, to the Employee's residence set forth in the employment records of the Company and in the case of notices to the Company, to the Company's principal executive office to the attention of the Chief Legal Officer.

6. **Section 409A**.

(a) To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code, and this Agreement shall be construed and applied in a manner consistent with this intent. If the consideration and revocation period set forth in Section 7(f) hereof spans two taxable years, payments will be made in the second taxable year.

(b) Any payment or benefit due upon a termination of employment that represents a "deferral of compensation" within the meaning of Section 409A shall commence to be paid or provided to Employee thirty-one (31) days following a "separation from service" as defined in Treas. Reg. Section 1.409A-1(h), unless earlier commencement is otherwise permitted by Section 409A, provided that Employee executes within 30 days following "separation from service" a general release of claims in a form and substance satisfactory to the Company and its legal counsel. Each payment made under this Agreement shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation Sections 1.409A-1 through A-6.

(c) Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) Employee is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i), (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or payable on account of "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h), and (iii) Employee is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Employee prior to the date that is six (6) months after the date of separation from service or, if earlier, the date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date.

Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to Employee only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which Employee's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which Employee's "separation from service" occurs. To the extent any indemnification payment, expense reimbursement or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such indemnification payment or expenses eligible for reimbursement or the provision of any in-kind benefit in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any lifetime or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which Employee incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

6. **Entire Agreement**. This Agreement contains the entire understanding between the parties and supersedes any prior written or oral agreements between them. There are no representations, warranties, covenants, agreements or understandings oral or written, between the parties relating to the employment of the Employee which are not fully expressed herein. This Agreement shall not be modified or waived except by written instrument and signed by the parties.

7. **Severability**. The provisions of this Agreement shall be deemed severable, and if any part of any provision is held by any court of competent jurisdiction to be illegal, void, invalid or unenforceable in whole or in part as to any party, such provision may be changed, consistent with the intent of the parties hereto, to the extent reasonably necessary to make such provision,

as so changed, legal, valid, binding and enforceable. If such provision cannot be changed consistent with the intent of the parties hereto to make it legal, valid, biding and enforceable, then such provision shall be stricken from this Agreement, and the remaining provisions of this Agreement shall not be affected or impaired but shall remain in full force and effect.

8. **Binding Effect**. This Agreement shall inure to the benefit of and be binding upon the parties and their respective executors, administrators, personal representatives, heirs, legatees, devises, assigns and successors in interest.

9. **Governing Law**. This Agreement has been entered into in, and shall be construed and enforced in accordance with, the laws of the State of Maryland, without giving effect to the principles of conflicts of law thereof.

10. **Counterparts; Effectiveness**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement will become effective when the Company receives a counterpart hereof executed by the Employee and the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By: /s/ Jeffrey A. Lipson
Jeffrey A. Lipson
President and Chief Executive Officer

VIRAL A. AMIN

/s/ Viral A. Amin

EXHIBIT A

[*Intentionally Left Blank*]

:

EXHIBIT B
Form of Waiver and Release

This Waiver and General Release of all Claims (this "**Agreement**") is entered into by [•] (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of [DATE] (the "**Effective Date**").

In consideration of the promises set forth in the Employment Agreement between the Executive and the Company, dated [•] (the "**Employment Agreement**"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided to the Executive under Section 7 of the Employment Agreement and after consultation with counsel, the Executive (or the Executive's estate, as applicable) hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "**Company Parties**") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "**Claims**"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive (or the Executive's estate, as applicable) may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive (or the Executive's estate, as applicable) does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement, (B) any right the Executive (or the Executive's estate, as applicable) may have to enforce this Agreement, the Award Agreements or the Employment Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive (or the Executive's estate, as applicable) may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under Section 7 of the Employment Agreement, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("**ADEA**"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's termination to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive (or the Executive's estate, as applicable) represents and warrants that the Executive (or the Executive's estate, as applicable) has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive (or the Executive's estate, as applicable) acknowledges and agrees that by virtue of the foregoing, the Executive (or the Executive's estate, as applicable) has waived any relief available to him/her/it (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in paragraph 1. Therefore the Executive (or the Executive's estate, as applicable) agrees that he/it will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive (or the Executive's estate, as applicable) from cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4. Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Notices. All notices or communications hereunder shall be made in accordance with Section 10 of the Employment Agreement.

THE EXECUTIVE (OR THE EXECUTIVE'S ESTATE, AS APPLICABLE) ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT AND THAT HE/IT FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE/IT HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS/ITS OWN FREE WILL.

VIRAL A. AMIN

____

Date:_____________

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By:__________________________________
Name:

Title:

April 4, 2024

Richard J. Santoroski

Re: Strategic Advisor Consulting Services

Dear Rich,

This letter agreement ("**Letter Agreement**") sets forth the agreement between you ("**you**" or "**Consultant**") and Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Hannon Armstrong Capital, LLC (together, the "**Company**") (jointly, the "**Parties**") relating to your transition from an Executive Vice President and Company employee to a Strategic Advisor under a non-employee consulting agreement as provided in Section 2 below, which transition will be effective on April 15, 2024 (the "**Transition Date**") on the terms set forth herein.

1. Last Day of Employment, Final Compensation and Waiver of Claims under the Employment Agreement.

1.1 Last Day of Employment. The Parties agree that your employment with the Company pursuant to your Amended and Restated Employment Agreement effective April 5, 2022, as subsequently amended by the Amendment and Waiver to Amended and Restated Employment Agreement effective January 26, 2024 (as so amended, "**Employment Agreement**") will end effective on the Transition Date.

1.2 Final Compensation under the Employment Agreement and Waiver of Claims.

1.2.1 The Company will continue to pay Consultant pursuant to Section 3(a) of the Employment Agreement through the Transition Date, in accordance with its normal payroll practices. The Consultant agrees that this payment represents all amounts he is entitled to as compensation for his employment through Transition Date.

1.2.2. The Company and the Consultant agree and acknowledge that as a result of the continuing services to be performed by Consultant pursuant to Section 2 below, the previously issued equity award agreements identified on Exhibit A hereto shall continue in full force and effect pursuant to their terms on and after the Transition Date with respect to the currently unvested equity of each award as itemized on Exhibit A.

1.2.3. The Consultant represents that his unpaid expenses (already and to be incurred up to the Transition Date) during the Term of his Employment Agreement will not exceed $10,000 and agrees to provide documentation of those expenses within 10 business days after the Transition Date, at which point the Company shall reimburse him for those expenses.

1.2.4. In exchange for the Fees provided for in paragraph 3.1 of this Letter Agreement, the Consultant waives his rights (if any) to any further compensation of any kind under Sections 5, 6 and 7 of the Employment Agreement.

1.2.5. The Parties agree to execute a Waiver and General Release of All Claims, a copy of which is attached hereto as Exhibit B (the "**Waiver**") on or after the Transition Date. The Waiver shall become effective on the eighth day after the date the Waiver is signed by the Consultant, provided he has not exercised his right to revoke the Waiver (the "**Waiver Effective Date**"). The Parties agree that if Consultant does not sign the Waiver or exercises his right to revoke the Waiver, this Letter Agreement will become null and void.

2. Services to be Performed by Consultant.

2.1 Scope of Work. Consultant will perform the work and provide the strategic advisor consulting services ("**Consulting Services**") set forth on Exhibit C to this Letter Agreement, in accordance with the terms and conditions hereof.

2.2 Method of Performing Consulting Services. Consultant will determine the method, details, and means of performing the Consulting Services to be carried out for Company. Company may, however, require Consultant and employees of Consultant, if any, to observe at all times the security and safety policies of Company. In addition, Company will be entitled to exercise a broad general power of supervision over the results of services performed by Consultant for the limited purpose of ensuring satisfactory performance. This power of supervision will include the right to inspect, stop work, make suggestions or recommendations as to the details of the Consulting Services, and request modifications to the scope of such services.

2.3 Place of Work. Consultant's primary place of work to perform the Consulting Services will be off-site of Company premises, with an expectation that, as agreed upon with the Company's Chief Executive Officer, Consultant will periodically perform the Consulting Services in the Company's Annapolis office. After the Transition Date, lodging and mileage expenses will be reimbursed as set forth on Exhibit D hereto. Company will provide services and materials Consultant may reasonably request in order to perform the Consulting Services. The Company shall provide to the Consultant the computer equipment and monitor used in his employment and shall continue to provide a Company email address during the Agreement Term (as defined in Section 4.1).

2.4. Rights of Third Parties. Consultant agrees that (a) to the best of Consultant's knowledge, the work product generated by Consultant pursuant to this Letter Agreement will not infringe on any copyright, patent, trade secret or other intellectual property right of any third party, (b) Consultant will not knowingly use any equipment, facilities, supplies or other property of any third party which could give rise to any claims of ownership of Consultant's services hereunder by such third party, (c) during the period of performance for any project, Consultant will not enter into any agreement or employment relationship with any other third party to perform services of a similar or identical nature to the Consulting Services being performed hereunder, and (d) Consultant will observe and abide by all applicable laws and regulations, including, but not limited to, those of Company relative to conduct on any premises under Company's control.

2.5 Compliance Obligations.

2.5.1 Consultant will observe and abide by all applicable laws and regulations, including, but not limited to, (i) any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, (ii) Executive Order No. 13,224, 66 Fed. Reg. 49,079 (2001), issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or (iii) the anti-money laundering provisions of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act) Act of 2001, Public Law 107 56 (October 26, 2001) amending the Bank Secrecy Act, 31 U.S.C. Section 5311 et seq., and any other laws relating to terrorism or money laundering.

2.5.2 Consultant hereby confirms that Consultant has been given a copy of the Company's Code of Business Conduct and Ethics and the Statement of Corporate Policy Regarding Equity Transactions and will strictly abide by the terms set forth therein.

3. Compensation.

3.1 Fees. For satisfactory performance of the Consulting Services to be performed by Consultant, and in complete satisfaction of any rights related to the termination of Consultant's employment that Consultant may or may not have under or with respect to the Employment Agreement or otherwise, Company will pay Consultant the fees set forth on Exhibit D. Such fees will represent Company's entire obligation for services rendered.

3.2 Expenses. Except as otherwise provided in this Letter Agreement or Exhibit D, Consultant will be responsible for all costs and expenses incident to the performance of services for Company, including all costs incurred by Consultant to do business not otherwise specified herein.

4. Term and Termination of Consulting Services.

4.1 Term. Commencing on the Transition Date, Consultant will perform the Consulting Services for a period of eighteen (18) months unless that period is extended by a written agreement signed by both parties ("**Agreement Term**").

4.2 Termination. Notwithstanding the foregoing, Company may, at its sole option, terminate the Consultant's performance of Consulting Services with or without cause, at any time by giving Consultant written notice of termination, which termination will be effective upon the giving of such notice. If the termination by the Company of the Consultant's performance of Consulting Services is for any reason other than Cause (within the meaning of Section 7(d) of the

Employment Agreement, except that Consultant shall not be required to devote substantially all of his business time and efforts to the Company), (x) Consultant will be paid the compensation on the payment dates set forth in Exhibit D, (y) all outstanding time-based equity awarded under the Equity Incentive Plan will be converted into OP Units (as the term is used in the Equity Incentive Plan), (z) notwithstanding any forfeiture clause contained in the related LTIP Unit Award Agreements, Consultant's departure from the Company under such circumstances will not constitute a Termination of Service (as defined in the related Award Agreements), and Consultant will be issued the number of Grant Units (as defined in the related Award Agreements), as contemplated and determined at the applicable time set forth in each Award Agreement. If the termination of the Consultant's performance of Consulting Services is by the Company for Cause, Consultant shall not be entitled to any further compensation from the Company. Consultant will advise Company of the extent to which performance has been completed through such date, and collect and deliver to Company whatever work product then exists in the manner requested by Company. Consultant may, at his option, terminate the performance of Consulting Services at any time by giving Company written notice of termination and forfeit any further compensation payment contemplated after the date of such notice of termination.

4.3 Return of Materials. Upon termination of the Consultant's performance of Consulting Services for any reason, upon request, the Consultant will promptly return to Company all copies of any Company data, records, or materials of whatever nature or kind, including, without limitation, writings, designs, documents, records, data, memoranda, tapes and disks containing models, documentation and notes, and all materials incorporating any proprietary information of Company. Consultant will also furnish to Company all work in progress or portions thereof, including all incomplete work.

5. Independent Contractor Status.

5.1 Intention of Parties. It is the intention of the parties that Consultant be an independent contractor and not an employee, agent, or partner of the Company. Nothing in this Letter Agreement will be interpreted or construed as creating or establishing the relationship of employer and employee between Company and either Consultant or any employee or agent of Consultant.

6. Taxes, etc.

6.1 State and Federal Taxes; Benefits. Consultant will pay and report all applicable federal and state income tax withholding, social security taxes, and unemployment insurance. Consultant agrees to defend, indemnify, and hold harmless Company, Company's shareholders, directors, officers, employees and agents, from and against any claims, liabilities, or expenses relating to such tax and insurance matters. Without limiting the generality of the foregoing, because Consultant is not an employee of the Company:

- Company will not withhold FICA (Social Security) from Consultant's payments.

- Company will not make state or federal unemployment insurance contributions on behalf of Consultant or its personnel, if any.
- Company will not withhold state and federal income tax from payment to Consultant.
- Company will not make disability insurance contributions on behalf of Consultant.
- Company will not obtain workers' compensation insurance on behalf of Consultant.

7. Covenants, Work Product, Warranties and Indemnities.

7.1 Covenants. Consultant agrees that he remains bound by the Covenants in Section 9 of the Employment Agreement. The Parties agree that "**Restricted Period**" as that term is used in Section 9(a)(i) of the Employment Agreement is hereby extended to October 15, 2026, provided however, if the Consultant presents a strategic opportunity that the Company chooses not to pursue, the pursuit of such opportunity by the Consultant shall not be considered to violate such Section 9(a)(i). Nothing in this Section or in Section 6 of the Employment Agreement shall be interpreted to limit the Consultant's ability to: (a) serve nonprofit or governmental organizations in any role; (b) serve on the Board of Directors of any Company in a nonmanagement role; or (c) serve as an advisor or consultant (in a nonmanagement role) for customers (or similarly situated companies), venture capital firms or other investors who invest in companies or in the development of projects, provided that without written approval from the Company, Consultant will not serve in a management, advisor or consulting role to an entity who provides debt or equity financing to sustainable infrastructure projects.

7.2 Confidentiality. Consultant is hereby notified that 18 U.S.C. § 1833(b) states as follows: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, notwithstanding any other provision of this Letter Agreement or the Waiver to the contrary, Consultant has the right to (1) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of the law or (2) disclose trade secrets in a document filed in a lawsuit or other proceeding so long as that filing is made under seal and protected from public disclosure. Nothing in this Agreement or the Waiver is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

7.3 Ownership of Work Product. Subject to Section 7.1, all copyrights, patents, trade secrets, or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by Consultant or its personnel, if any, during the course of performing Company's work (collectively, the " **Work Product**") will belong exclusively to Company and will, to the extent possible, be considered a "*work made for hire*" for Company within the meaning of Title 17 of the United States Code. Consultant automatically assigns, and will cause his employees, if any, automatically to assign, at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest he/she or they may have in such Work Product, including any copyrights or other intellectual property rights pertaining thereto. Upon request of Company, Consultant will take such further actions, and will cause his employees, if any, to take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment.

7.4 Warranties. Consultant represents and warrants that (a) Consultant's performance of the Consulting Services called for by this Letter Agreement will not violate any applicable law, rule, or regulation; any contracts with third parties; or any third-party rights in any patent, trademark, copyright, trade secret, or similar right, and (b) Consultant is aware of no obligations inconsistent with the terms of this Letter Agreement, or with providing Consulting Services to Company, including but not limited to any obligations which could interfere with Company's ownership rights in any discoveries, improvements or inventions made by Consultant.

7.5 Indemnification. Each party (each, an "**Indemnifying Party**") shall protect, indemnify and hold harmless the other Party and its directors, officers, employees, agents, affiliates and representatives (each, an "**Indemnified Party**") against and from third party claims for any and all cost, expense, damage, liability or loss, including costs and attorney's fees, for or on account of injury to, bodily or otherwise, or death of, persons, or for damage to, or destruction of property, resulting from or attributable to the gross negligence or willful misconduct of the Indemnifying Party, its directors, officers, employees, agents affiliates or representative, or resulting from, arising out of, or in any way connected with the performance of, or failure to perform its obligations under this Letter Agreement, excepting only such cost, expense, damage, liability or loss as may be caused by the gross negligence or willful misconduct of any Indemnified Party.

7.6 Requirements of Indemnity. If any Indemnified Party intends to seek indemnification under paragraph 7.4 from any Indemnifying Party with respect to any action or claim, the Indemnified Party shall give the Indemnifying Party notice of such claim or action upon the receipt of actual knowledge or information by the Indemnified Party of any possible claim or of the commencement of such claim or action, which period shall in no event be later than the lessor (i) fifteen business days prior to the last day of responding to such claim or action or (ii) one half of the period allowed for responding to such claim or action. The Indemnifying Party shall have no liability under this Article for any claim or action for which such notice is not provided, unless the failure to give such notice does not prejudice the Indemnifying Party. The Indemnifying Party shall have the right to assume the defense of any such claim or action, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party: provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel, at the Indemnified Party's expense, to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party. Should any Indemnified Party be entitled to indemnification under this paragraph as a result of a claim by a third party, and should the Indemnifying Party fail to assume the defense of such claim or action, the Indemnified Party may, at the expense of the Indemnifying Party, contest (or, with the prior consent of the Indemnifying Party, settle) such claim or action. Except to the extent expressly provided herein, no Indemnified Party shall settle any claim or action with respect to which it has sought or intends to seek indemnification pursuant to this paragraph without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

7.7 Survival of Indemnity Obligations: The duty to indemnify hereunder will continue in full force and effect notwithstanding the expiration or termination of this Letter Agreement, with respect to any loss, liability, damage or other expense based on facts or conditions which occurred prior to such termination.

8. General Provisions

8.1 Notices. Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing, email or by mail postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses provided for in Section 10 of the Employment Agreement, but each party may change such address by written notice in accordance with this paragraph. Notices delivered personally or emailed will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated as of five days after deposited with the United States Postal Service.

8.2 Entire Agreement. This Letter Agreement, the Employment Agreement and the Waiver contain all the covenants and agreements between the Parties related to the provision of Consulting Services contemplated herein. Each party to this Letter Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by either party, or anyone acting on behalf of either party, that are not embodied in this Letter Agreement, the Employment Agreement and the Waiver. Any modification of this Letter Agreement will be effective only if it is in writing signed by the party to be charged. The Letter Agreement is effective as of the date it is signed by the parties, but as provided in paragraph 1.2.5 it will become null and void if Consultant does not sign the Waiver or exercises his right to revoke the Waiver.

8.3 Severability. If any provision in this Letter Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

8.4 No Third Party Beneficiaries. This Letter Agreement is enforceable only by Consultant and Company. No employee or agent of Consultant, and no beneficiary thereof, will be a third-party beneficiary under or pursuant to the terms of this Letter Agreement. Nothing in this Letter Agreement constitutes a promise made for the benefit of any person or entity not a party to this Letter Agreement.

8.5 Governing Law. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

8.6 Successors. This Letter Agreement shall inure to the benefit of, and be binding upon, Consultant and Company, their respective personal representatives, if any, and successors and assigns; *provided* that Consultant may not assign any rights or delegate or subcontract any duties under this Letter Agreement, in whole or in part, without the prior written consent of Company. Any such assignment, delegation or subcontracting without Company's prior written consent will be void.

If you agree to the terms of this Letter Agreement, please sign the enclosed duplicate copy and then return a hard copy to me.

Very truly yours,

/s/ Jeffrey A. Lipson

Jeffrey A. Lipson
President & CEO
Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Hannon Armstrong Capital, LLC

ACCEPTED AND AGREED:

/s/ Richard R. Santoroski
Richard R. Santoroski

April 4, 2024
Date

Exhibit A

Unvested Awards Under the Equity Incentive Plan

- 3,083 unvested Time-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 25, 2022
- 9,250 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 25, 2022
- 9,250 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 25, 2022
- 18,460 unvested Time-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2023
- 18,460 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2023
- 18,460 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2023
- 9,500 unvested Time-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2024
- 9,500 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2024
- 9,500 unvested Performance-Based HoldCo Units awarded pursuant to that certain HASI Management Holdco LLC LTIP Unit Award Agreement dated as of March 1, 2024

Exhibit B

WAIVER AND GENERAL RELEASE OF ALL CLAIMS

This Waiver and General Release of all Claims (this "Agreement") is entered into by Richard R. Santoroski (the "Executive") and Hannon Armstrong Sustainable Infrastructure Capital, Inc., a Maryland corporation (the "Company"), effective as of the eighth day after the date signed by the Executive provided he has not exercised his revocation right in Section 1(b) below (the "Effective Date").

In consideration of the promises set forth in the Amended and Restated Employment Agreement between the Executive and the Company, dated April 5, 2022, as amended by the Amendment and Waiver to Amended and Restated Employment Agreement dated as of January 26, 2024 (as so amended, the "Employment Agreement"), and the Letter Agreement dated April 4, 2024 (the "Letter Agreement"), the Executive and the Company agree as follows:

1. General Releases and Waivers of Claims.

(a) Executive's Release of Company. In consideration of the payments and benefits provided in the Letter Agreement and after consultation with counsel, the Executive hereby irrevocably and unconditionally releases and forever discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, any of its or their successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, managers, supervisors, stockholders, employees and assigns, whether acting on behalf of the Company or in their individual capacities (collectively, "Company Parties") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Executive may have, or in the future may possess, arising out of the Executive's employment relationship with and service as an employee, officer or director of the Company, and the termination of such relationship or service; provided, however, that the Executive does not release, discharge or waive (A) any rights to payments and benefits provided under the Employment Agreement or the Letter Agreement except as provided in the Letter Agreement, (B) any right the Executive may have to enforce the Letter Agreement, this Agreement, the Award Agreements or the Employment Agreement except as provided in the Letter Agreement, (C) the Executive's rights under the Indemnification Agreement and rights to indemnification and advancement of expenses in accordance with the Company's certificate of incorporation, bylaws or other corporate governance document, or any applicable insurance policy, (D) any claims for benefits under any employee benefit or pension plan of the Company Parties subject to the terms and conditions of such plan and applicable law including, without limitation, any such claims under the Employee Retirement Income Security Act of 1974, or (E) any right or claim that the Executive may have to obtain contributions as permitted by applicable law in an action in which both the Executive on the one hand or any Company Party on the other hand are held jointly liable.

(b) Executive's Specific Release of ADEA Claims. In further consideration of the payments and benefits provided in the Letter Agreement to the Executive, the Executive hereby unconditionally release and forever discharge the Company Parties from any and all Claims that the Executive may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with the Executive's end of employment to consult with an attorney of the Executive's choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has been given the opportunity to do so; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of the Executive's choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that the Executive has seven days following the date on which the Executive signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of the Executive's revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive represents and warrants that the Executive has not assigned any of the Claims being released under this Agreement.

2. Waiver of Relief. The Executive acknowledges and agrees that by virtue of the foregoing, the Executive has waived any relief available to him (including without limitation, monetary damages and equitable relief, and reinstatement) under any of the Claims waived in this Agreement. Therefore, the Executive agrees that he will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any Claim or right waived in this Agreement. Nothing in this Agreement shall be construed to prevent the Executive from

cooperating with or participating in an investigation conducted by, any governmental agency, to the extent required or permitted by law.

3 . Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

4 . Non-admission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any other Company Party or the Executive.

5 . Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of Maryland applicable to contracts executed in and to be performed in that State.

6. Notices. All notices or communications hereunder shall be made in accordance with Section 10 of the Employment Agreement.

THE EXECUTIVE ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT AND THAT HE FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS OWN FREE WILL.

RICHARD R. SANTOROSKI

____

Date: ____________

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

By:__

Name: Jeffrey A. Lipson

Title: President & CEO

Exhibit C

Scope of Work

Consultant will provide the following Consulting Services to the Company and its affiliates when directed by the CEO:

- Serve on the Company’s Investment Committee as a non-voting member;
- Provide continued support and strategic advice with respect to:
  - Any matters related to the Finance & Risk Committee of the Company’s Board of Directors;
  - The Company’s Enterprise Risk Management framework;
  - Investment Committee Memos and Pre-Screens;
  - Business Points-of-View and other perspectives on the risk/reward of investments and asset classes, the asset management of the Company’s existing portfolio, industry matters and other developments;
  - Facilitating the transition of the Head of Portfolio Management role;
  - Facilitating the transition of any joint venture board seats on which Consultant served as of the Transition Date;
  - Advising on day-to-day management of the team and the portfolio; and
  - Other corporate strategy matters as appropriate;

- Serve on the RESurety board of directors; and

- Other matters from time to time as mutually agreed by CEO and Consultant.

Exhibit D

Consultant's Fees

Fees for Consulting Services

Company will provide compensation to Consultant during the Agreement Term as follows:

A. Within 10 business days after the effective date of this Agreement:

- A bonus payment of $232,300, to be paid to Consultant on April 19, 2024.
- 7,500 shares of Series B Preferred Stock in RESurety, Inc., with transfer to be completed as soon as reasonably practicable following the start of the Agreement Term.

B. During the Agreement Term:

- $30,000 on a monthly basis during the Agreement Term.
- Reimbursement of the full cost of Consultant's health insurance coverage under COBRA or otherwise for eighteen (18) months after the Transition Date within 30 days of his submission of an invoice to the Company on an after-tax basis, unless the Consultant or his spouse obtains coverage through another employer.
- At the sole discretion of the CEO, a bonus payment for additional value added during the Agreement Term, may be paid (as applicable) by the Company at such time as other annual Company bonus payments are made.

The parties shall negotiate additional compensation for any increase in scope or in the contemplated time spent on in-scope projects.

Expenses

Notwithstanding the provisions of paragraph 3.2 of the Letter Agreement, the Company will reimburse Consultant for (i) mileage and lodging related to working in the Annapolis office and (ii) travel expenses to attend RESurety board meetings. Other expense reimbursement requests shall require approval in advance.

EXHIBIT 31.1
CERTIFICATIONS

I, Jeffrey A. Lipson, certify that:

I have reviewed this Quarterly Report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "registrant");

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

4. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By:	/s/ Jeffrey A. Lipson
Name:	Jeffrey A. Lipson
Title:	Chief Executive Officer and President

EXHIBIT 31.2

CERTIFICATIONS

I, Marc T. Pangburn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 8, 2024	By:	/s/ Marc T. Pangburn
		Name:	Marc T. Pangburn
		Title	Chief Financial Officer and Executive Vice President

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002, 10 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Company") for the period ended March 31, 2024, to be filed with the Securities and Exchange Commission on or about the date hereof (the "report"), I, Jeffrey A. Lipson, Chief Executive Officer and President of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: May 8, 2024	By:	/s/ Jeffrey A. Lipson
	Name:	Jeffrey A. Lipson
	Title:	Chief Executive Officer and President

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002, 10 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Company") for the period ended March 31, 2024, to be filed with the Securities and Exchange Commission on or about the date hereof (the "report"), I, Marc T. Pangburn, Chief Financial Officer and Executive Vice President of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: May 8, 2024	By:	/s/ Marc T. Pangburn
	Name:	Marc T. Pangburn
	Title:	Chief Financial Officer and Executive Vice President