



INVESTING  
IN  
CLIMATE  
SOLUTIONS®

# CORPORATE PROFILE

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August 2021



# FORWARD LOOKING STATEMENTS

Some of the information contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used herein, words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "target," or similar expressions, are intended to identify such forward-looking statements. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements include those discussed under the caption "Risk Factors" included in our Form 10-K for the year ended December 31, 2020 (the "Form 10-K"), which was filed with the U.S. Securities and Exchange Commission (SEC), as well as in other reports that we file with the SEC.

Other important factors that we think could cause our actual results to differ materially from expected results are summarized below, including the ongoing impact of the current outbreak of the novel coronavirus ("COVID-19"), on the U.S., regional and global economies, the U.S. climate solutions market and the broader financial markets. The current outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below and the risks described in the Form 10-K and in our subsequent filings under the Exchange Act. Other factors besides those listed could also adversely affect us. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In particular, it is difficult to fully assess the impact of COVID-19 at this time due to, among other factors, uncertainty regarding new virus variants and uncertainty regarding whether "herd immunity" can be achieved through vaccination campaigns.

Forward-looking statements are based on beliefs, assumptions and expectations as of June 30, 2021. This guidance reflects the Company's estimates of (i) yield on its existing Portfolio; (ii) yield on incremental Portfolio investments, inclusive of the Company's existing pipeline; (iii) the volume and profitability of securitization transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of the Company's forecasted operations, (vi) the ongoing impact of the current outbreak of the COVID-19 and (vii) the general interest rate and market environment. All guidance is based on current expectations of the future impact of COVID-19 and the economic conditions, the regulatory environment, the dynamics of the markets in which we operate and the judgment of the Company's management team. The Company has not provided GAAP guidance as discussed in the Supplemental Financial Data slide of this presentation. We disclaim any obligation to publicly release the results of any revisions to these forward-looking statements reflecting new estimates, events or circumstances after the date of this presentation.

This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix herein.

Estimated carbon savings are calculated using the estimated kilowatt hours, gallons of fuel oil, million British thermal units of natural gas and gallons of water saved as appropriate, for each project. The energy savings are converted into an estimate of metric tons of CO2 equivalent emissions based upon the project's location and the corresponding emissions factor data from the U.S. Government and International Energy Agency. Portfolios of projects are represented on an aggregate basis. The carbon and water savings information included in this presentation is based on data from a third-party source that we believe to be reliable. We have not independently verified such data, which involves risks and uncertainties and is subject to change based on various factors.

Past performance is not indicative nor a guarantee of future returns.

# WHO WE ARE

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**HASI**  
**LISTED**  
**NYSE**

First U.S. public company  
solely dedicated to investments  
in climate solutions

## Climate Positive Investor

**\$8 Billion**  
Managed Assets

**28%**  
Annual Total Return<sup>1</sup>

## Markets & Asset Classes



### Behind-The-Meter

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Energy Efficiency  
Distributed Solar  
Storage



### Grid-Connected

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Onshore Wind & Solar  
Solar Land  
Storage



### Sustainable Infrastructure

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Stormwater Remediation  
Ecological Restoration  
Resiliency

# OUR VISION, PURPOSE, AND VALUES

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## Our Vision

Every investment improves  
our climate future

## Our Purpose

Make climate-positive investments with  
superior risk-adjusted returns

## Our Values

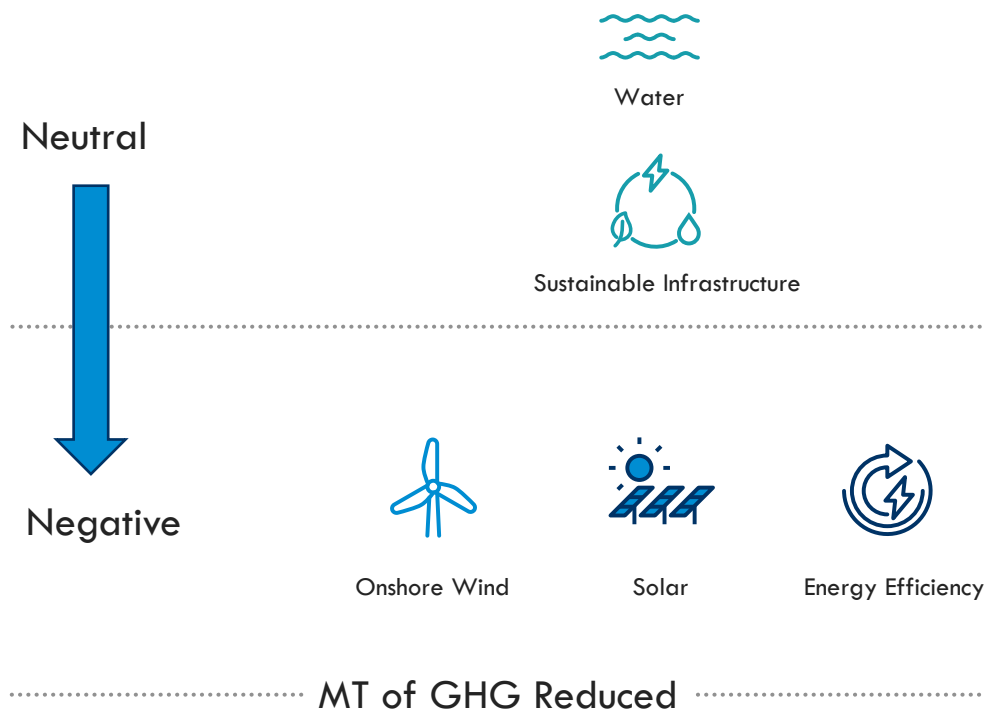
1 | Solve **client** problems

2 | Embrace **collaboration**

3 | Ask good **questions**

# OUR INVESTMENT THESIS

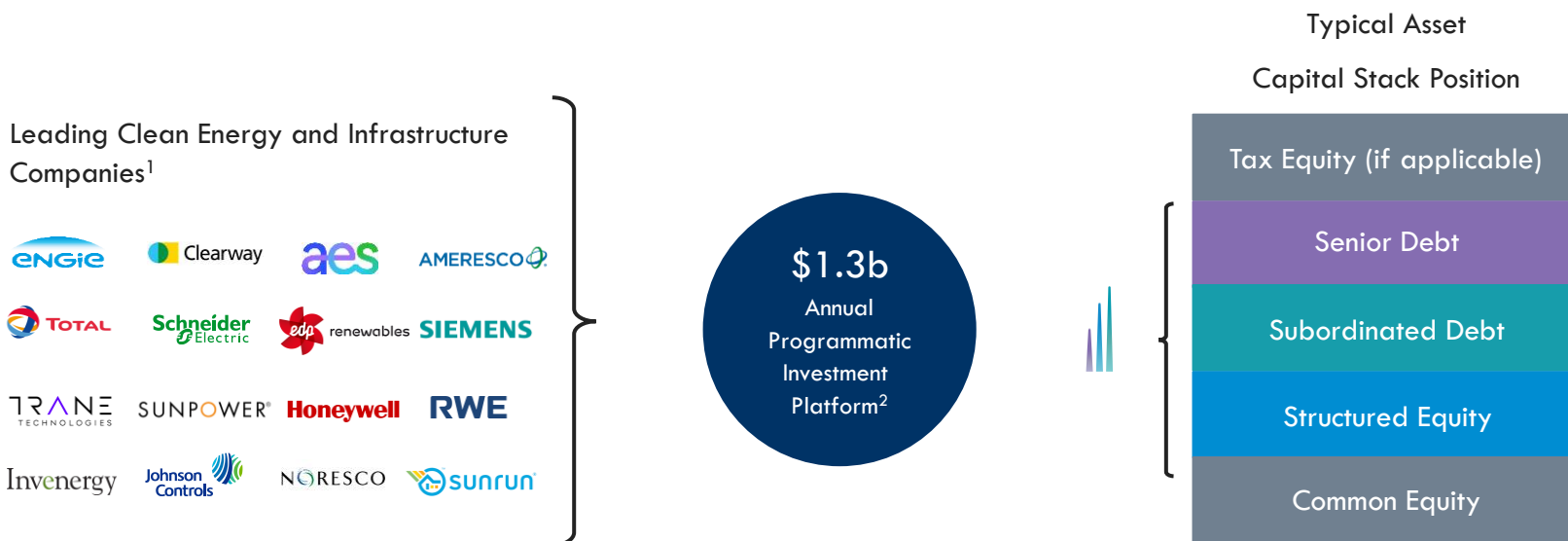
We will earn superior risk-adjusted returns by investing on the right side of the climate change line



## Supporting Pillars

- Smaller increments of capital expenditure create a more diversified portfolio
- More efficient technologies waste less and thus enable higher economic returns (2nd Law of Thermodynamics)
- Internalized externalities and an embedded option on carbon pricing reduce social costs and friction

# PROGRAMMATIC INVESTMENT PLATFORM



Our programmatic client relationships drive execution efficiency  
for asset-level investments and pipeline growth

# BUSINESS MODEL

Dual income streams:



Investment  
Income

On Balance Sheet  
Predictable  
Diversified  
Uncorrelated



Fee Income

Securitizations  
Advisory  
Programmatic  
Deep investor base

## Illustrative Summary<sup>1</sup>

	% of assets
<b>Gross Asset Yield<sup>2</sup></b>	<b>7.5%</b>
- Interest Expense	(3.5%)
<b>= Net Investment Margin</b>	<b>4.0%</b>
+ Gain on Sale & Fees	1.5%
- SG&A	(1.5%)
<b>= Illustrative ROA</b>	<b>4.0%</b>
Assets/Equity	2.5x
<b>Illustrative ROE</b>	<b>10%</b>

Our dual revenue model is driven by  
relatively stable investment margins and robust gain on sale

# COMPELLING VALUE PROPOSITION

## Programmatic Growth

- Robust >\$3b pipeline supported by deep relationships with leading clean energy and infrastructure companies

## Diversified High-Quality Portfolio

- >225 investments across ~10 asset classes

## Durable Capital Structure

- Credit rating of BB+ underpinned by prudent 1.9x debt to equity ratio and 98% fixed debt

## Industry-Leading ESG

- Leading investor in climate solutions with proprietary tools to evaluate portfolio carbon and water reduction impacts

## Proven Track Record

- Outstanding credit history with de minimis <30 bps cumulative credit losses<sup>3</sup>
- Stable and growing dividend

## Total Return<sup>1</sup>

	1 yr	3yr	5yr
HASI	104%	49%	28%
S&P 500 ESG Index	41%	20%	17%
FTSE NAREIT Index	33%	12%	8%
YieldCo Index <sup>2</sup>	21%	16%	12%

## Key Metrics<sup>4</sup>

3% - 5%

DPS

3yr Compound Growth Guidance

7% - 10%

Distributable EPS

3yr Compound Growth Guidance

\$8.0b

Managed Assets

1) As of 6/30/2021  
2) Global X Renewable Energy Producers ETF  
3) Calculation represents credit losses as a percentage of cumulative originations, excluding equity method investments.  
4) See Appendix for an explanation of Distributable Earnings and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable.



# INVESTMENT SPOTLIGHT: BTM PUBLIC PRIVATE PARTNERSHIP

## Hawkeye Energy

- >\$1b aggregate utility management concession
- Supports University of Iowa's sustainability goals, including obtaining coal-free energy production on or before 2025
- Two campuses spanning 1,700 acres – one of the largest university footprints in the U.S.

## Strategic Benefits

- Expected to generate attractive risk-adjusted returns
- Provides 50 years of contracted cash flows with an investment grade (IG) counterparty
- Further expansion into sizeable higher education P3 market
- Further diversifies and strengthens the credit quality of balance sheet portfolio
- Supports ESG objectives, including significant expected reductions in carbon emissions over the contract life

### Key Investment Highlights

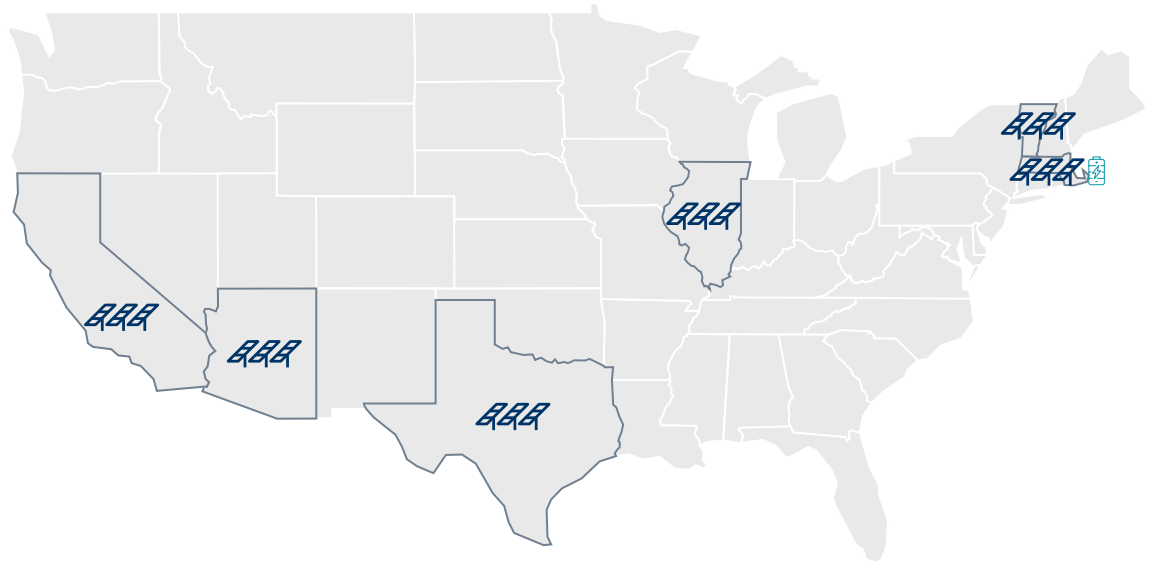
HASI Investment Size	\$115m Funded on 3/10
Structure	Preferred Equity
Market – Asset Class	BTM – Public Private Partnership (P3)
Term	50 years
Counterparty	University of Iowa (Aa1 <sup>1)</sup> )
Clients	ENGIE North America, Meridiam
CarbonCount	0.0 (initially)



# INVESTMENT SPOTLIGHT: ENGIE BTM PORTFOLIO

## Investment Overview

- \$93m preferred equity investment with Morgan Stanley as tax equity and ENGIE as sponsor equity co-investors
- \$37m funded by EOY20 with subsequent fundings at predetermined completion milestones
- 70 MW community and C&I solar + 8 MW collocated storage projects located across multiple states
- Contracted with highly creditworthy consumer, C&I, and co-operative offtakers
- O&M Provider: ENGIE
- CarbonCount<sup>®</sup> : 0.27



## Strategic Highlights

- Unique structure leveraging tax equity financing to bring efficiency to a forward flow of projects
- Significantly grows community and C&I solar portfolios

## Key Metrics

24 years

WAVG Contract Life

IG

WAVG Offtaker  
Credit Rating

0.27

CarbonCount<sup>®</sup>

# INVESTMENT SPOTLIGHT: CLEARWAY GC PORTFOLIO

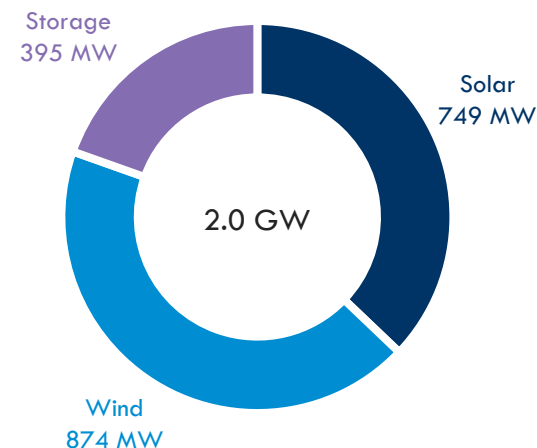
## Investment Overview

- \$663m preferred equity investment with Clearway Energy, Inc. (CWEN) as equity co-investor
  - \$200m initial investment with subsequent fundings as projects achieve commercial operations
- 2.0 GW grid-connected wind, solar, and solar + storage projects
- ~90% of generation is contracted
  - Predominantly IG corporate, utility, university, and municipal offtakers (including Toyota, Cisco, Lowe's, AEP, and Brown University)
- O&M Provider: Clearway Energy Group
- CarbonCount<sup>®</sup>: 1.06

## Strategic Highlights

- First GC solar + storage investment
- Significantly grows portfolio and supports continued growth in recurring NII
- Continued programmatic deal flow with large, ambitious partner focused on U.S. market

**Portfolio Technology**  
(nameplate capacity)



## Key Metrics<sup>1</sup>

>14 years  
WAVG Contract Life

IG  
WAVG Offtaker  
Credit Rating

1.06  
CarbonCount<sup>®</sup>



# RECENT RESULTS

# RECENT HIGHLIGHTS

Key Performance Indicators		2Q21	2Q20
EPS	GAAP	\$0.20	\$0.16
	Distributable <sup>1</sup>	\$0.57	\$0.40
NII	GAAP-based	\$(9.0)m	\$8.5m
	Distributable <sup>1</sup>	\$33.2m	\$20.2m
Portfolio Yield <sup>1</sup>		7.7%	7.7%
Balance Sheet Portfolio		\$3.0b	\$2.1b
Managed Assets <sup>1</sup>		\$8.0b	\$6.2b
Debt to Equity Ratio		1.9x	1.6x
Distributable ROE <sup>2</sup>		14.4%	11.2%
Transactions Closed		\$509m	\$178m
CarbonCount <sup>®3</sup>		0.23	0.37
Incremental Annual Reduction in Carbon Emissions		~115k MT	~66k MT
WaterCount <sup>™4</sup>		60	24
Incremental Annual Water Savings		~31 MG	~4 MG

## Financial Results<sup>1</sup>

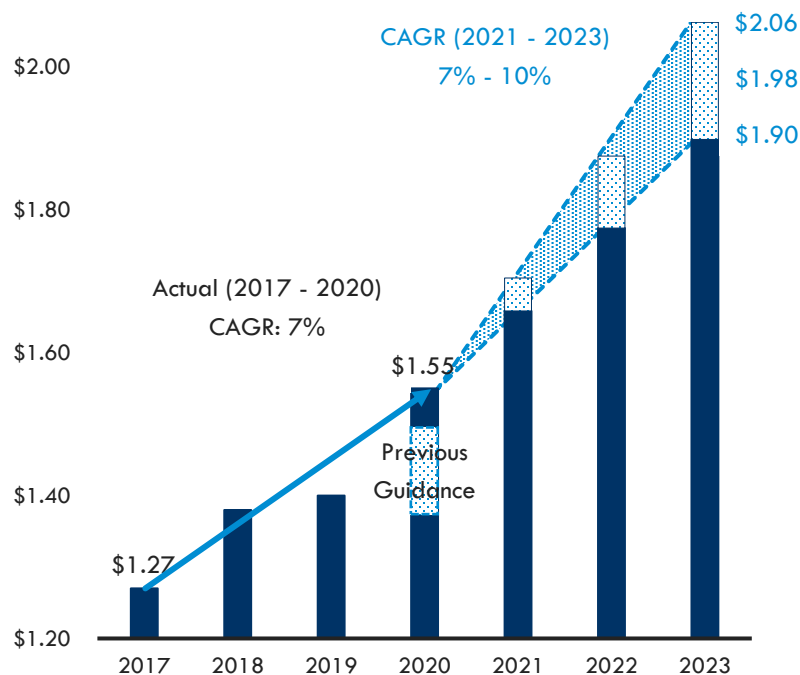
- Delivered GAAP EPS of \$0.20 and Distributable EPS of \$0.57, a 43% YOY increase
- Delivered GAAP-based NII of \$(9.0)m and Distributable NII of \$33.2m, a 64% YOY increase
- Raised \$1b in unsecured green bonds at a 3.375% coupon, lowering our cost of funds
- Grew Portfolio 43% YOY to \$3.0b and Managed Assets YOY to \$8.0b
- Declared dividend of \$0.35 per share
- Unchanged guidance

## ESG Highlights

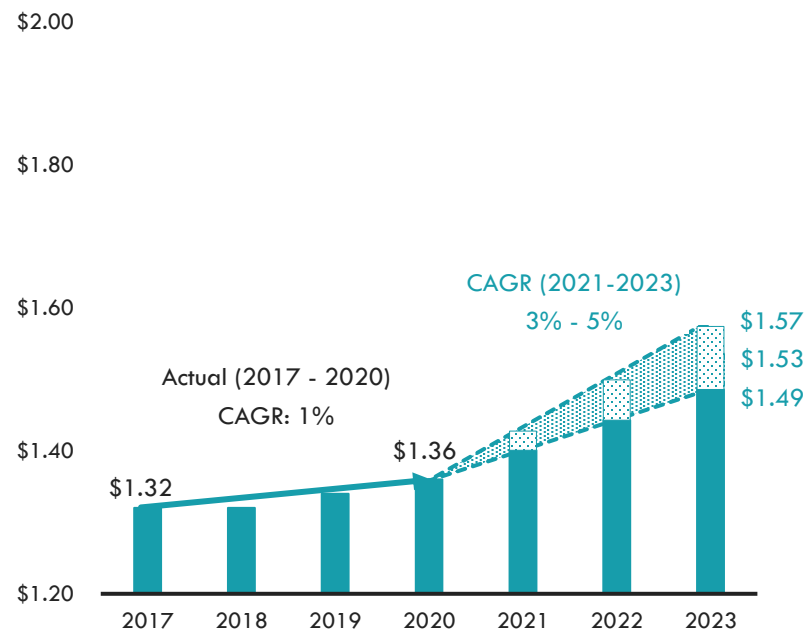
- CarbonCount continues to inform on how efficiently we use capital to reduce greenhouse gases
- Submitted response to SEC's request for comments on climate disclosures

# UNCHANGED GUIDANCE<sup>1</sup>

## Distributable Earnings per Share



## Dividends per Share



Expected Annual Growth (2021 - 2023)

Distributable EPS: 7% - 10%

DPS: 3% - 5%

# FINANCIAL RESULTS – 2Q21

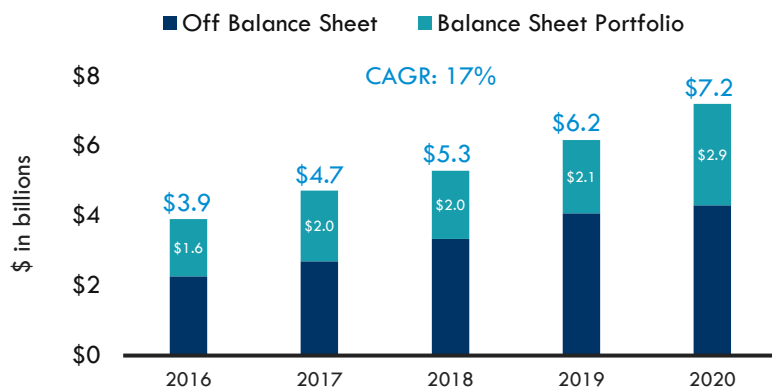
Results, Unaudited <sup>1</sup> (\$ in millions, except per share figures)	2Q21	2Q20	YTD21	YTD20	Commentary
GAAP Earnings	\$16.0	\$12.0	\$67.0	\$36.3	Growth in Equity Method Investment income and Gain on Sale and Fees
GAAP Diluted EPS	\$0.20	\$0.16	\$0.81	\$0.51	
Distributable Earnings	\$47.6	\$29.6	\$83.2	\$60.4	Growth of 20% (YTD)
Distributable EPS	\$0.57	\$0.40	\$1.01	\$0.84	
GAAP-based Net Investment Income <sup>2</sup>	\$(9.0)	\$8.5	\$(5.0)	\$20.7	Includes expenses related to debt prepayments
Distributable Earnings from Equity Method Investments <sup>3</sup>	26.8	11.0	50.7	27.1	
Other Distributable Adjustments <sup>4</sup>	15.4	0.8	17.6	1.5	Adds back expenses related to debt prepayments included in interest expense in income statement
Distributable Net Investment Income	\$33.2	\$20.2	\$63.3	\$49.3	Growth of 28% (YTD)
GAAP Gain on Sale and Fees <sup>5</sup>	\$27.4	\$18.5	\$47.5	\$29.0	Continued strong access to private markets supports dual revenue model

Equity Method Summary <sup>1,3</sup>	2Q21	2Q20
GAAP Earnings	\$22	\$(1)
Distributable Earnings Adjustment	5	12
Distributable Earnings	\$27	\$11
Return of Capital / (Deferred Cash Collections)	(17)	19
HASI Cash Collected	\$10	\$30

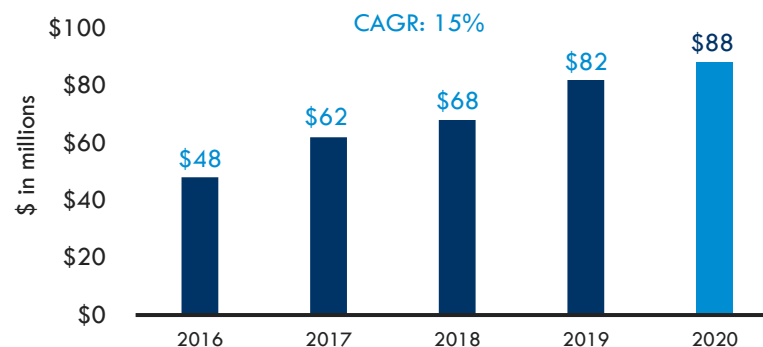
- 1) See Appendix for an explanation of Distributable Earnings and Distributable Net Investment Income, including reconciliations to the relevant GAAP measures, where applicable.
- 2) GAAP-based Net Investment Income includes Interest Income and Rental Income, less Interest Expense as reported within our financial statements prepared in accordance with US GAAP.
- 3) Represents Distributable Earnings from our Equity Method Investments when allocating cash distributions between a return on and return of invested capital. Refer to the Appendix for additional discussion
- 4) Includes Loss on Debt Extinguishment and Intangible Amortization
- 5) We do not make adjustments to GAAP Gain on Sale and Fee income for the purposes of determining our Distributable Earnings.

# GROWTH HIGHLIGHTS

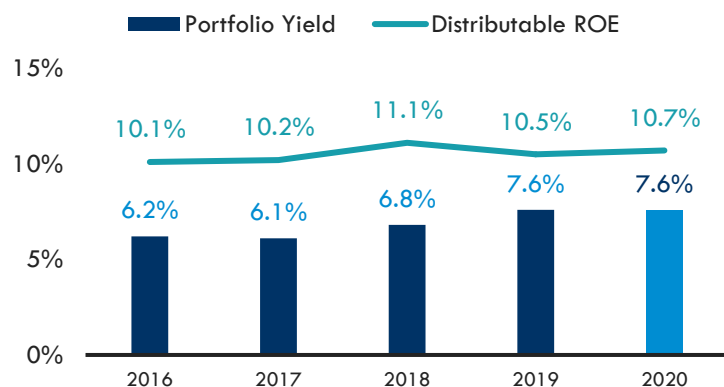
## Managed Assets<sup>1</sup>



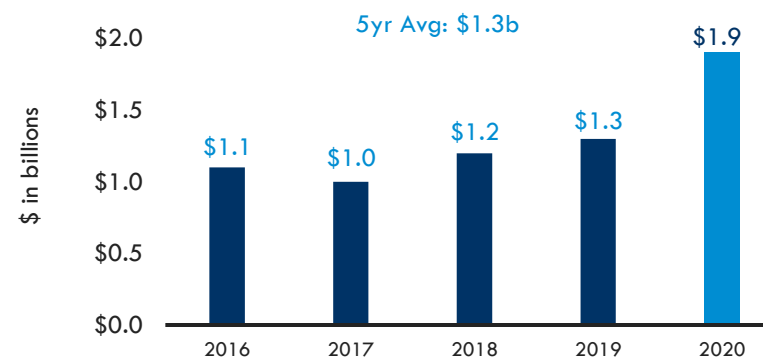
## Distributable NII<sup>1</sup>



## Portfolio Yield<sup>1</sup> and Distributable ROE<sup>2</sup>



## Transaction Volumes



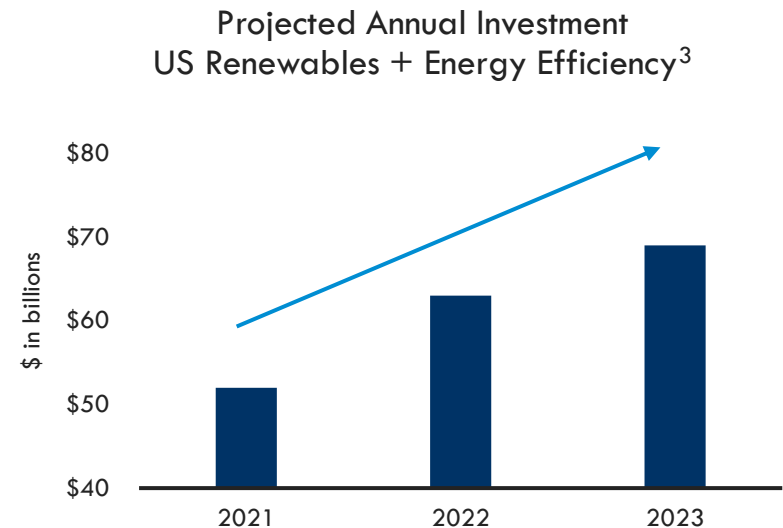
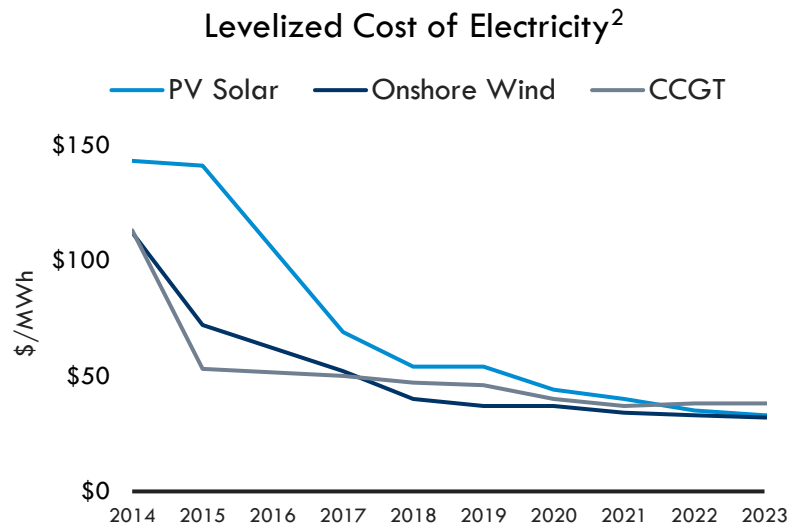




# PROGRAMMATIC INVESTMENT PLATFORM

# OPPORTUNITY SET

1 in 3 Americans lives in a city or state that has committed to or achieved 100% clean energy<sup>1</sup>



Driven primarily by cost declines and clean energy procurement targets,  
our opportunity set continues to grow

# ROBUST PIPELINE EXCEEDS \$3 BILLION

## Markets



### Behind-the-Meter

Weighted toward energy efficiency  
Solar (residential, community) and storage opportunities remain strong



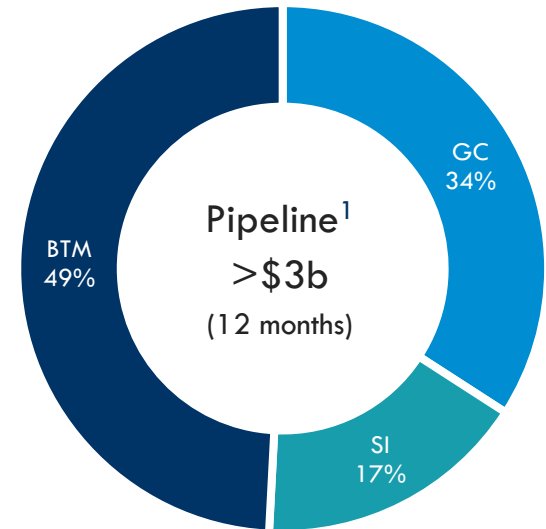
### Grid-Connected

Driven by programmatic client relationships  
Weighted toward GC solar and solar land



### Sustainable Infrastructure

Smaller transactions across multiple niche asset classes driven in part by climate change impacts



Programmatic client relationships drive robust, balanced pipeline

# POWER OF PROGRAMMATIC RELATIONSHIPS



1

Sponsor



5

Distinct Transactions



>\$800m

Committed Investment

Initiate Client  
Partnership with  
ENGIE

2018

- \$50m investment in a C&I solar portfolio located across multiple states



Zippered relationship coupled with access to flexible capital enable the development of solutions embedded across client business units

2020

- \$115m preferred equity investment in a P3<sup>1</sup> with the University of Iowa to operate and upgrade multiple campus utilities in support of university sustainability objectives
- \$540m preferred equity investment in a 2.3 GW portfolio of grid-connected wind and solar projects with high credit quality offtakers
- \$93m preferred equity investment in a 70 MW portfolio of community and C&I solar (including co-located storage) located across multiple states
- \$13m securitized debt investment in a U.S. Veterans Administration energy efficiency project through the use of a Master Purchase Agreement





# DIVERSIFIED HIGH-QUALITY PORTFOLIO

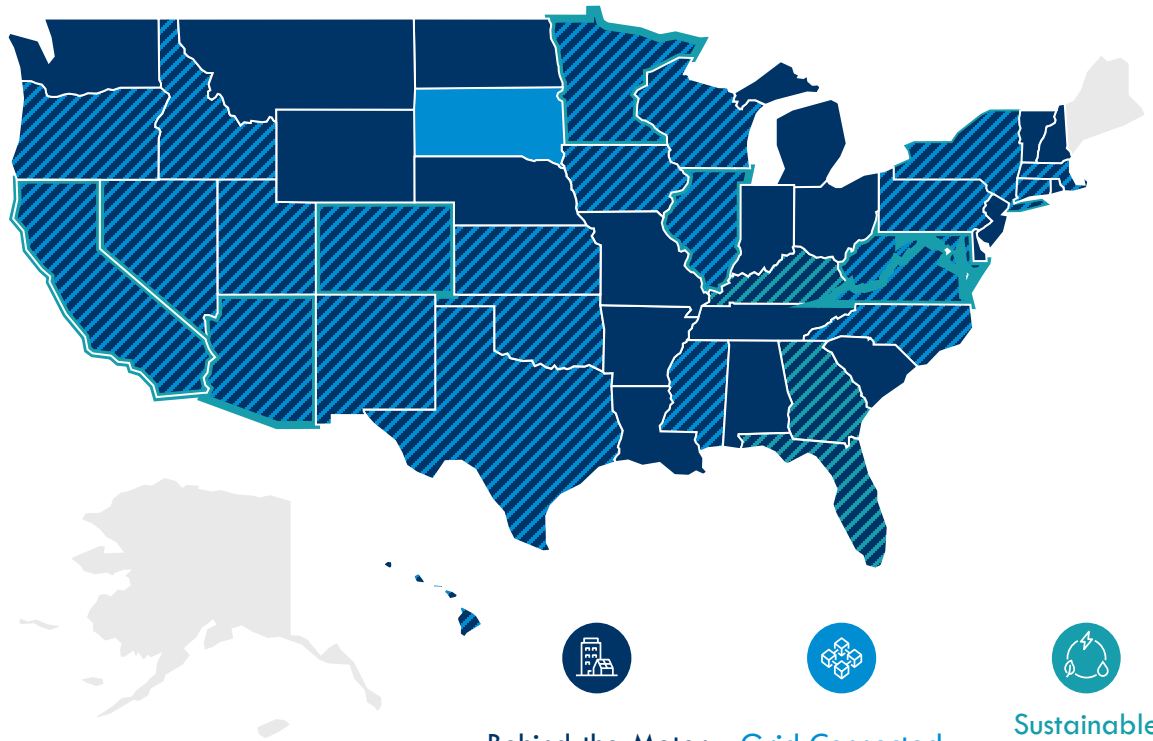
# COMPELLING DIVERSITY

Our Managed Assets located across 48 states<sup>1</sup> support:

296 Energy Efficiency Investments

>14 GW of Renewables

- 5.5 GW of Wind and Solar Land
- 6.2 GW of Wind
- 2.4 GW of Distributed Solar
- 0.6 GW of Grid-Connected Solar



Behind-the-Meter

Grid Connected

Sustainable  
Infrastructure

With assets across the US, our Managed Assets benefit from significant technological, geographic, and resource diversity

# WELL DIVERSIFIED PORTFOLIO

## Markets



### Behind-the-Meter

Yield: 8.3%



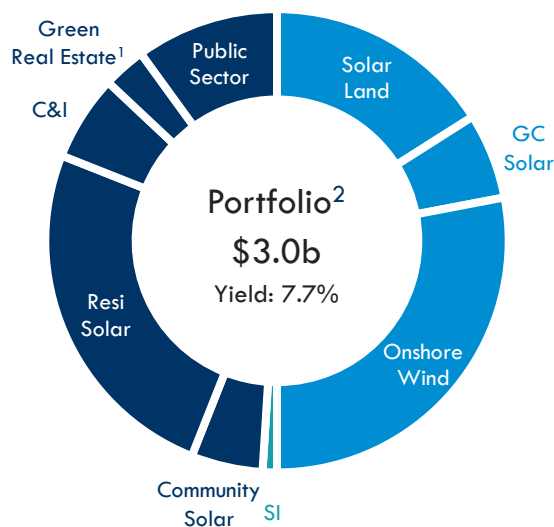
### Grid-Connected

Yield: 7.2%



### Sustainable Infrastructure<sup>3</sup>

Yield: 7.2%



	2Q21	1Q21
Portfolio Size	\$3.0b	\$2.9b
Yield	7.7%	7.7%
Asset Class	% of Portfolio	
Onshore Wind	28%	28%
Resi Solar	25%	25%
Solar Land	14%	16%
Public Sector	9%	10%
GC Solar	7%	6%
C&I	7%	6%
Community Solar	7%	5%
Green Real Estate	2%	3%
Sustainable Infrastructure	1%	1%

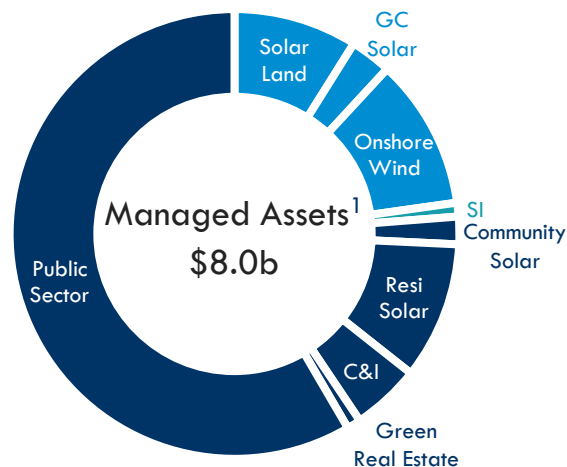
## Diversified and Long-Dated Cashflows<sup>2</sup>

>225  
Total Investments<sup>4</sup>

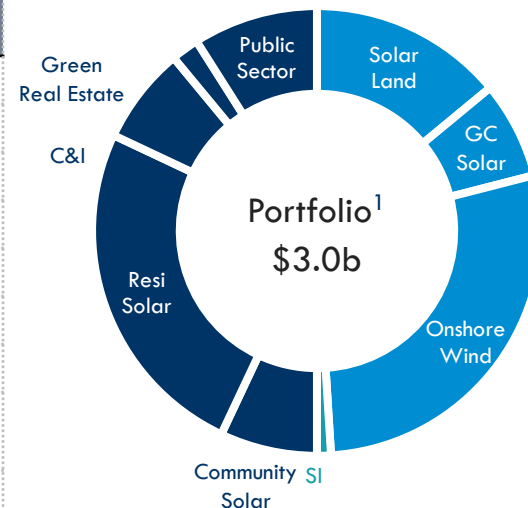
\$13m  
Average Investment<sup>4</sup>

17 yrs  
WAVG Life

# MANAGED ASSETS AND PORTFOLIO BREAKDOWN



Managed Assets (% of Total)	Asset Class	Portfolio (% of Total)
59%	Public Sector	9%
11%	Onshore Wind	28%
10%	Resi Solar	25%
9%	Solar Land	14%
5%	C&I Solar	7%
3%	GC Solar	7%
2%	Community Solar	7%
1%	Green Real Estate <sup>2</sup>	2%
<1%	Sustainable Infrastructure <sup>3</sup>	1%



Managed Assets continue to be dominated by BTM Public Sector  
Portfolio diversity remains strong



# STRONG PORTFOLIO WITH POSITIVE CREDIT ATTRIBUTES

## Recent Portfolio Performance

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

## Outstanding Credit History

De minimis <30 bps cumulative credit losses since 2013<sup>4</sup>

## Positive Credit Attributes

	Portfolio (%)	Structural Seniority	Obligor Credit
Onshore Wind	28%	Preferred	Typically IG corporates or utilities
Residential Solar	25%	Preferred	>183k consumers WAVG FICO: "Very Good" <sup>5</sup>
Solar Land	14%	Super Senior	Typically IG corporates
Public Sector	9%	Senior	Predominantly IG govt or quasi-govt entities
GC Solar	7%	Preferred	Typically IG corporates or utilities
C&I	7%	Senior or Preferred	Typically IG corporates
Community Solar	7%	Typically Preferred	Typically IG corporates and/or creditworthy consumers
Green Real Estate	2%	Super Senior or Subordinated Debt	Real-estate secured
Sustainable Infrastructure	1%	Senior	Predominantly IG govt entities

1) This category includes our assets where based on our credit criteria and performance to date we believe that our risk of not receiving our invested capital remains low.

2) This category includes our assets where based on our credit criteria and performance to date we believe there is a moderate level of risk to not receiving some or all of our invested capital.

3) This category includes our assets where based on our credit criteria and performance to date, we believe there is substantial doubt regarding our ability to recover some or all of our invested capital. Included in this category are two commercial receivables with a combined total carrying value of approximately \$8 million as of June 30, 2021 which we have held on non-accrual status since 2017. We have recorded an allowance for the entire asset amounts. We expect to continue to pursue our legal claims with regards to these assets. This category also includes an equity method investment in a wind project with no book value for which we had previously disclosed in 2019 our allocation of impairment losses recorded by the project sponsor. We moved this investment from Category 2 to Category 3 in 1Q21 due to continued underperformance.

4) Calculation represents credit losses as a percentage of cumulative originations, excluding equity method investments.

5) Across 21 states and the District of Columbia; qualitative FICO Rating corresponds to average FICO Score range for consumer obligors (as of lease origination dates).



# DURABLE CAPITAL STRUCTURE

# DURABLE CAPITAL STRUCTURE

## Continued migration to flexible and scalable unsecured debt

- Issued \$1b in unsecured green bonds at a 3.375% coupon
  - Tightest ever unsecured high yield green bond issuance
  - Proceeds deployed to call 2024 notes (\$500m at 5.250% coupon) and fund scheduled and anticipated eligible green projects
  - Interest savings significantly exceeded call premium

## Substantial available liquidity (>\$1b) to support growth

- Unrestricted balance sheet cash: \$583m
- Unsecured revolver: \$375m (available from \$400m facility)
- Secured revolvers: \$70m (available from \$89m facility)<sup>1</sup>

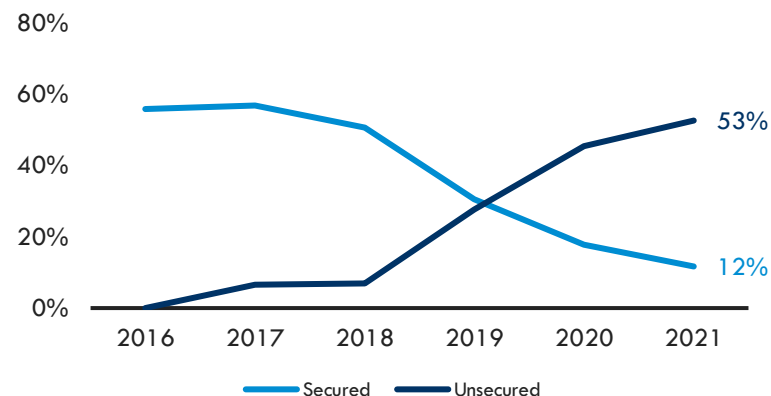
## Conservative leverage profile

- 1.9x debt to equity<sup>2</sup>
- Rating of BB+ by S&P and Fitch reaffirmed in 2Q21

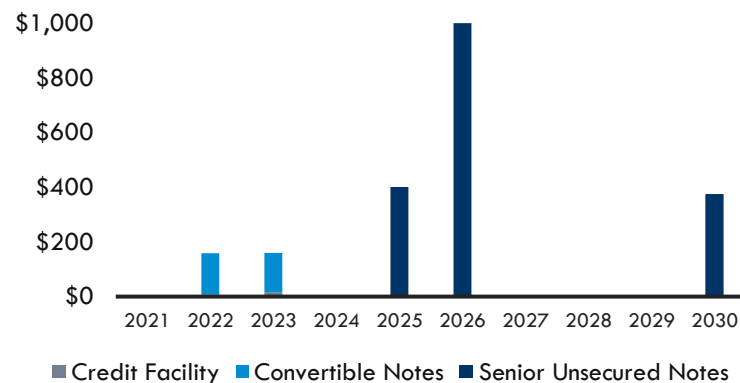
## Minimal refinance and interest rate risk

- 98% of debt is fixed rate
- Laddered recourse debt maturities<sup>3</sup>

Debt (% Assets)



Recourse Debt Maturities (\$m)



1) Based on the collateral currently pledged to the facilities as of 6/30/2021

2) Below previously communicated target of less than 2.5x

3) Our convertible notes, which mature in 2022 and 2023, may be settled in shares, so this does not necessarily reflect a cash need.

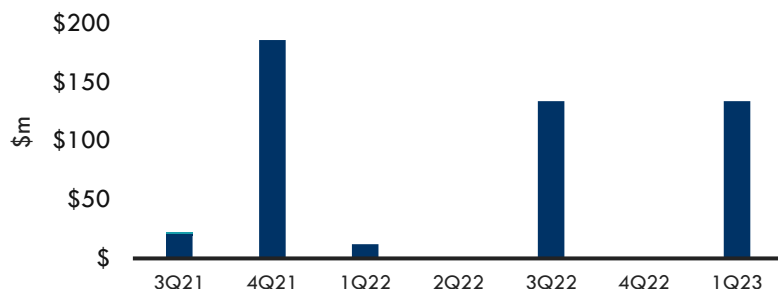
# BALANCE SHEET UPDATE

## Maintained Portfolio Size

- Addition of several new investments offset by active utilization of securitization platform

Line Item	(\$ in millions) <sup>1</sup>
Beginning Portfolio (3/31/2021)	\$2,917
Funding of this quarter's investments	15
Funding of prior investments	179
Principal collections	(35)
Syndications and Securitizations <sup>2</sup>	(71)
Other	26
<b>Ending Portfolio (6/30/21)</b>	<b>\$3,031</b>

## Anticipated Funding of Announced ENGIE and Clearway GC Investments (>\$480m)



Assets	6/30/21 (\$ in millions) <sup>1</sup>
Cash	\$583
Equity method investments	1,489
Government receivables	131
Commercial receivables	1,027
Receivables held-for-sale	9
Real estate	358
Investments	18
Securitization assets	194
Other	127
<b>Total Assets</b>	<b>\$3,936</b>
<b>Liabilities and Equity</b>	
Credit facility	\$45
Non-recourse debt	442
Convertible notes	292
Senior unsecured notes	1,759
Other	75
<b>Total Liabilities</b>	<b>\$2,613</b>
<b>Total Equity</b>	<b>\$1,323</b>
<b>Total Liabilities and Equity</b>	<b>\$3,936</b>



# INDUSTRY LEADING ESG

# RECENT ESG ACTIVITY

E

## Environmental

CarbonCount continues to be our “true north” for environmental impact

S

## Social

Hannon Armstrong Foundation agreed to grant \$275k at the intersection of climate and social justice

G

## Governance

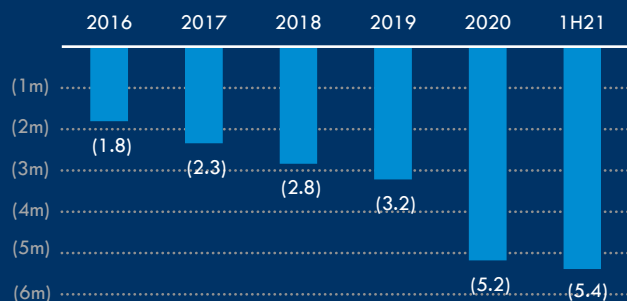
Submitted response to SEC’s request for comments on climate disclosures



## Carbon Emissions<sup>1</sup>

Carbon Count<sup>®</sup> 2Q21: 0.23

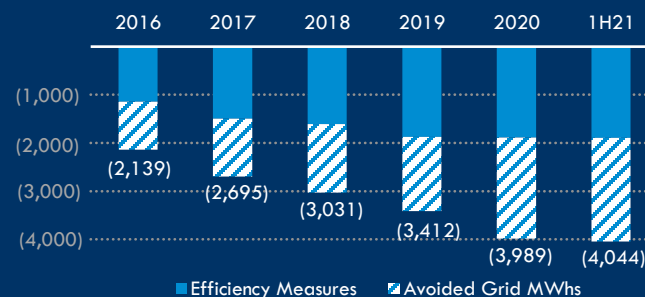
Cumulative Metric Tons of CO<sub>2</sub> Avoided Annually



## Water Savings<sup>2</sup>

Water Count<sup>™</sup> 2Q21: 60.16

Cumulative Gallons of Water Saved Annually (million gallons)



# CARBONCOUNT®: TRANSPARENT, COMPARABLE, ACCOUNTABLE

CarbonCount® is a proprietary scoring tool for evaluating investments in U.S. based renewable energy, energy efficiency, and climate resilience projects to determine the efficiency by which each dollar of invested capital reduces annual carbon dioxide equivalent (CO<sub>2</sub>e) emissions

Annual Hourly MWh Generation  
Avoided by Underlying Renewable  
Energy and/or Efficiency Project(s)



Location Specific Hourly Grid  
Emissions Factor Metric Tons of CO<sub>2</sub>  
/ MWh



Total Capital Cost of the Projects

carboncount®

Metric Tons of CO<sub>2</sub> Offset  
Annually per \$1,000 invested

## Indicative CarbonCount® by Technology Type

Impact of capacity factor and cost per MW



Onshore Wind



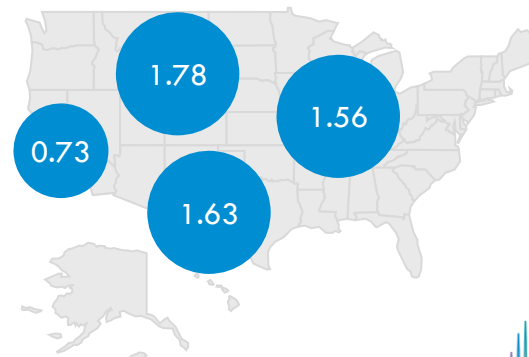
Energy  
Efficiency



Residential  
Solar

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

Impact of grid fuel mix





# GREEN DEBT ISSUANCES

## Sustainable Yield Bonds Off Balance Sheet

Securitizations typically of public sector receivables and managed off balance sheet

## Sustainable Yield Bonds On Balance Sheet

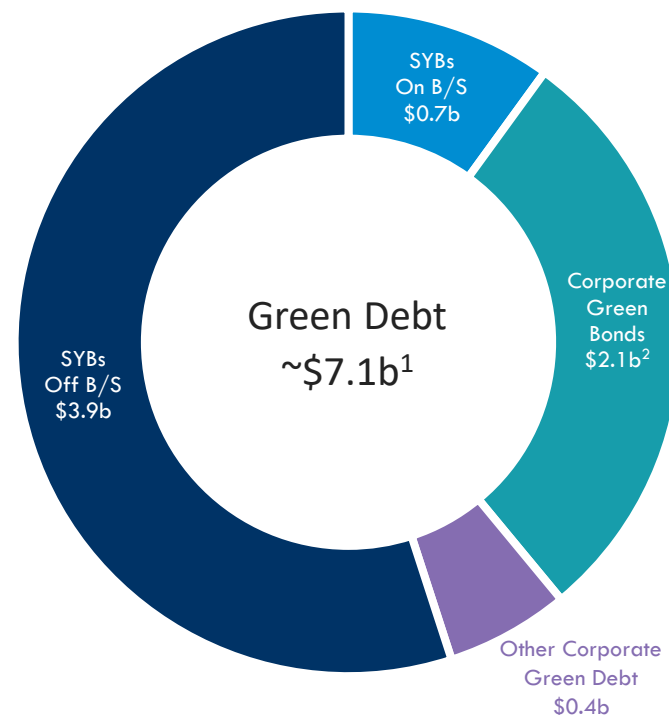
Non-recourse, asset-backed debt managed on balance sheet

## Corporate Green Bonds

Senior unsecured or convertible bonds issued as corporate obligations

## Other Corporate Green Debt

Senior unsecured syndicate revolving line of credit<sup>2</sup>



Since 2013, we have raised ~\$7.1b of green debt, including securitizations and non-recourse and corporate issuances

1) From 2013 IPO through 6/30/21

2) Represents total commitments vs \$25m of outstanding debt as of 6/30/21

3) ICMA's Green Bond Principles applicable to corporate unsecured green bonds and convertible green bonds due 2023 but not necessarily to convertible green bonds due 2022



An aerial photograph of a tall skyscraper with a green roof. The roof is covered in dense green vegetation and has several white HVAC units and a small white dome structure. The building is surrounded by other tall buildings in a dense urban setting. The right side of the image is a solid dark blue background with white text.

# STRONG COMPETITIVE POSITIONING

# COMPETITIVE ADVANTAGES



## Deep Programmatic Relationships

Long-term zippered relationships built on shared values, established trust, and absence of competition tension



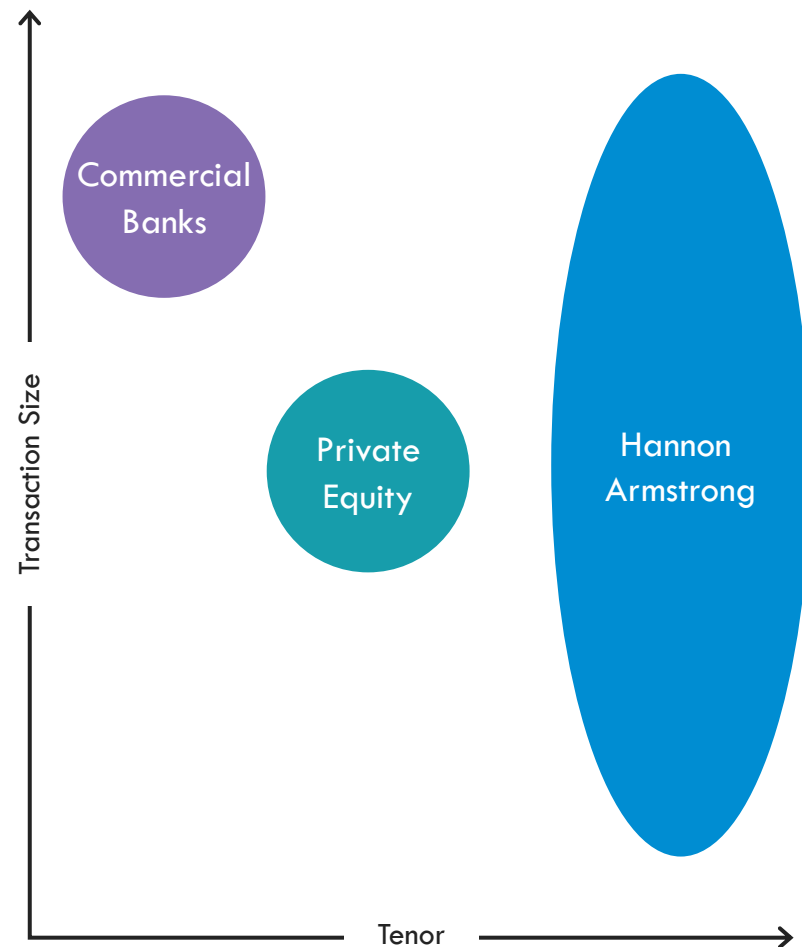
## Flexible Capital Solutions

Bespoke products specifically tailored to address client needs



## Permanent Capital

Supports long duration transactions – both small and large – and the embedding of solutions across client business units



# COMPETITIVE POSITIONING

HASI's diverse portfolio provides competitive dividend protection with a total return growth track record that exceeds that of other yield sectors

	Hannon Armstrong	REITs <sup>1</sup>	YieldCos <sup>2</sup>
Cashflow Seniority	Typically senior	Typically levered	Typically levered
Portfolio Diversification	>225 projects diversified by geography, technology, and offtaker	Typically exposed to single asset class	Typically less than 100 large projects
Asset Liability Management	Primarily long-term, fixed-rate assets funded by long-term, fixed-rate debt	Often cyclical assets funded by short-term borrowing	Primarily long-term, fixed-rate assets funded by long-term, fixed-rate debt
ESG Impact	Industry-Leading	Varies	Varies
Total Average Annual Shareholder Return <sup>3</sup>	28%	8%	12%
Dividend Yield <sup>4</sup>	2.4%	2.7%	2.6%

# HANNON ARMSTRONG: KEY STRENGTHS

---

1

Strong programmatic investment platform

- Deep relationships with leading clean energy and infrastructure firms has driven significant growth in Managed Assets, Portfolio, and Distributable Net Investment Income

2

Diversified funding platform facilitates stable margins

- >\$1b immediately available to fund accretive opportunities despite spread compression

3

Industry-leading ESG

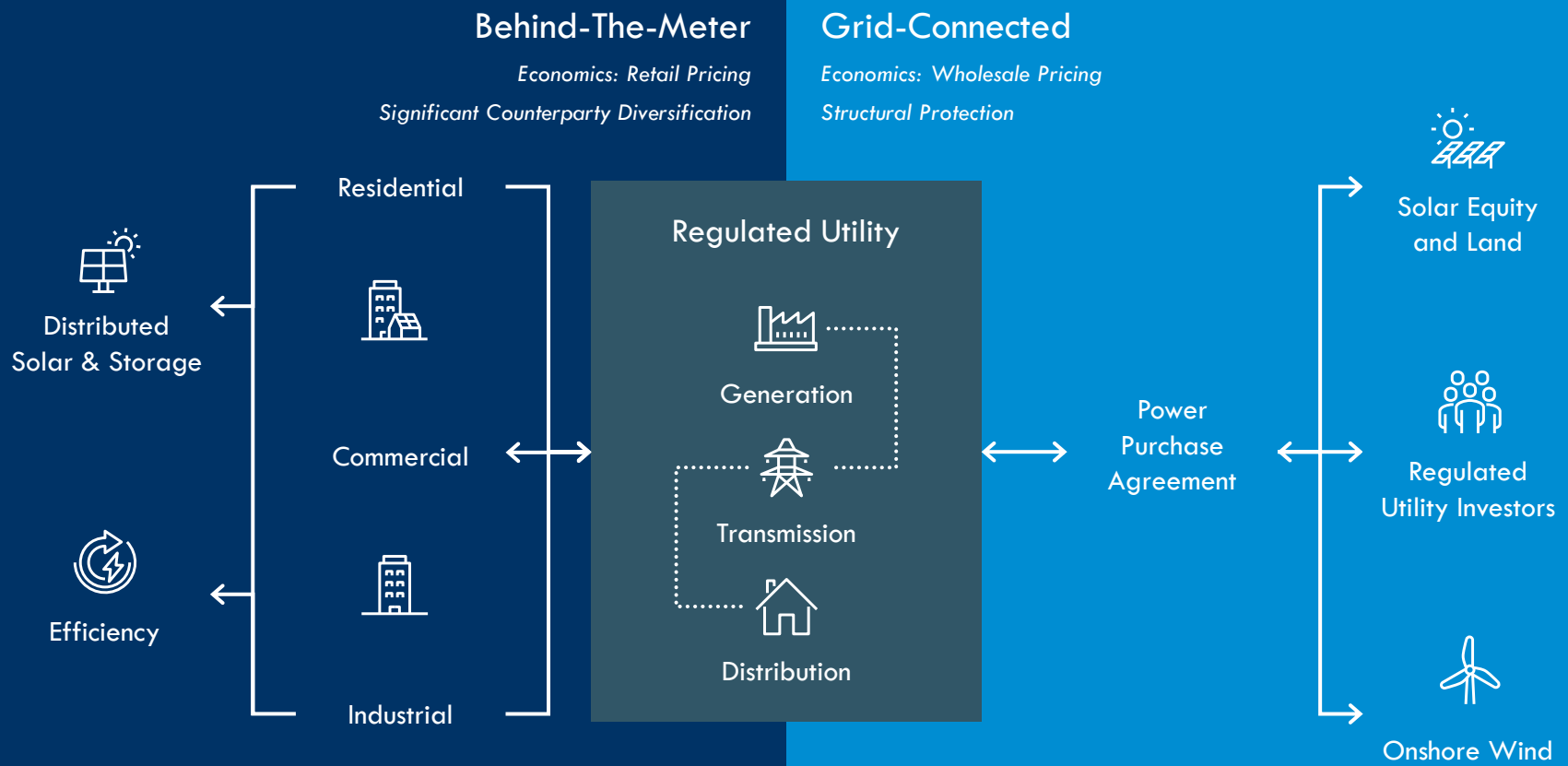
- Strong advocate for mandatory and standardized ESG disclosures, including Scope 1, 2, 3, and avoided emissions



# APPENDIX

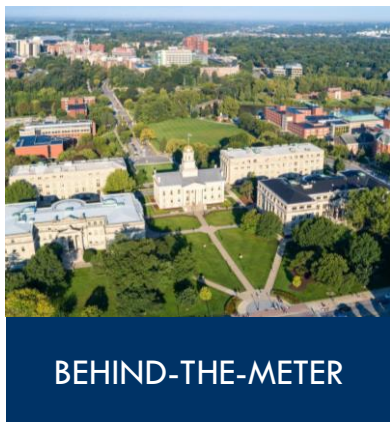
# WHERE WE INVEST

We invest strategically in both behind-the-meter and grid-connected assets to generate superior risk-adjusted returns





# ILLUSTRATIVE INVESTMENTS



## Public-Private Partnership

>\$100 million

Preferred equity investment in a P3 with the University of Iowa to operate, maintain, and upgrade university energy and water utilities in support of low carbon campus sustainability objectives

Clients: Public entities; publicly traded energy service companies



## C&I Solar

<\$50 million

Equity investment in a distributed portfolio of ~200 C&I projects, including high credit quality corporates such as FedEx and Target

Clients: Solar sponsors



## Utility-Scale Wind & Solar

>\$500 million

Equity investment (with preferred cash flow position) in a 2.3 GW portfolio, including high credit quality corporate and utility off-takers such as Amazon, Walmart, and Xcel Energy

Clients: Wind and solar sponsors



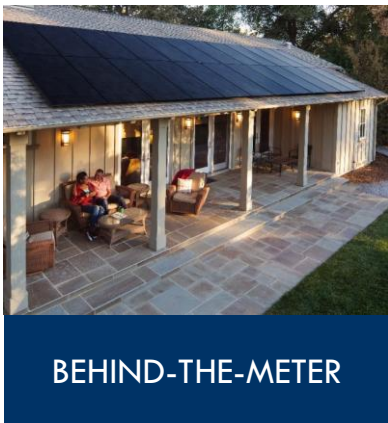
## Stormwater Remediation

<\$10 million

Four separate projects to slow pollution runoff into downstream waterways across the Chesapeake Bay region

Clients: Environmental development firms

# ILLUSTRATIVE INVESTMENTS



## Residential Solar

<\$30 million

Portfolio of high credit quality residential leases diversified across geographic and power markets

Clients: Residential solar providers



## Green Real Estate

<\$20 million

Joint venture to acquire securitized housing loans that incentivize energy and water efficiency investments

Clients: Government-sponsored enterprises



## Utility-Scale Solar Land

>\$100 million

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

Clients: Utilities; solar sponsors



## Ecological Restoration

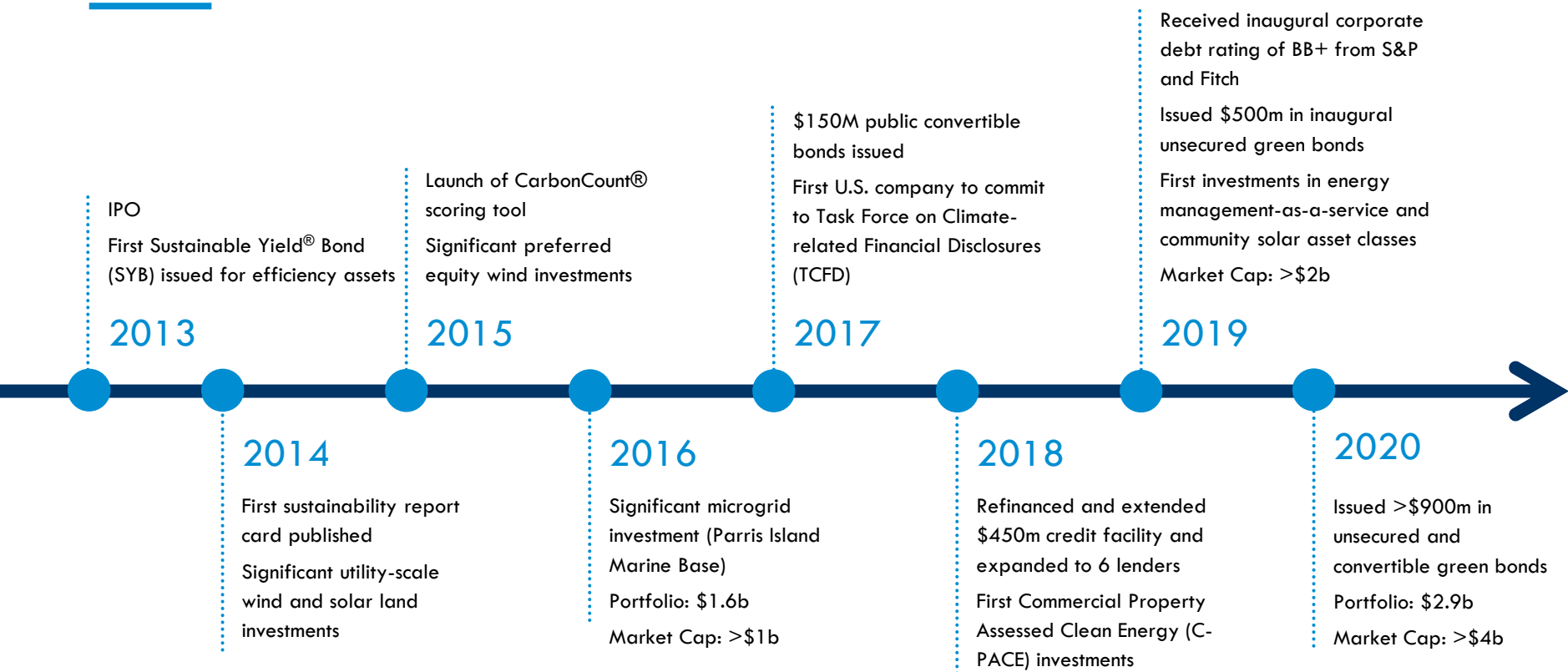
<\$20 million

Investments in mitigation credits for wetland and stream restoration projects across four states

Clients: Environmental development firms



# EVOLUTION AS A PUBLIC COMPANY



Over the last eight years, we have enhanced our access to the capital markets and expanded into new, growing asset classes to drive portfolio growth

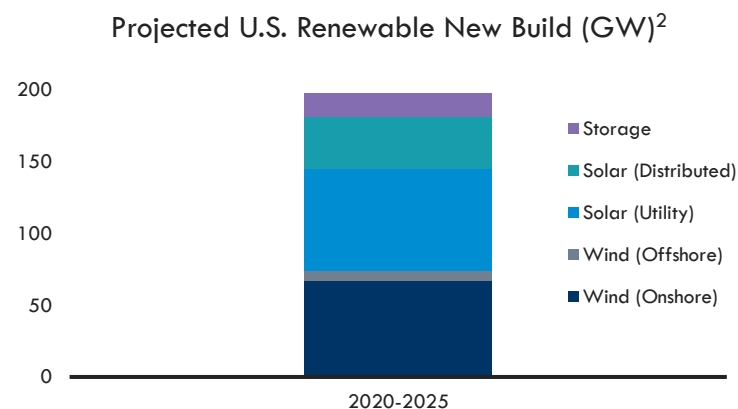
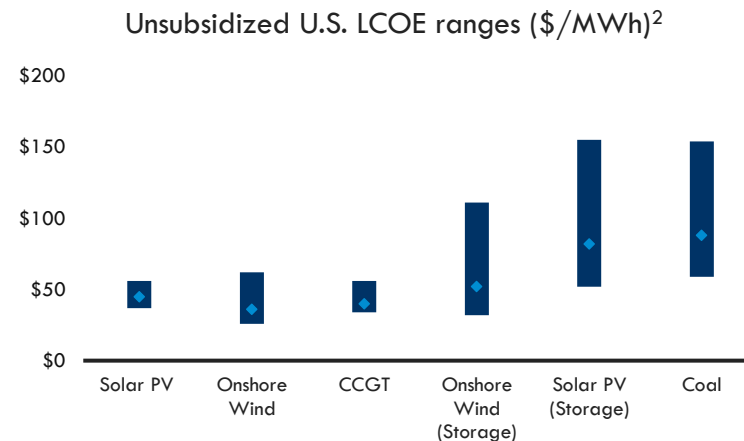
# POLICY AS A TAILWIND

## U.S. renewables already competitively priced and poised for continued growth

- Significant cost reductions have resulted in an unsubsidized LCOE<sup>1</sup> today that place renewables on par with or cheaper than alternatives
- Through 2025, nearly 200 GW of new build renewables and storage are projected to come online in the U.S. (even with scheduled phase out of tax credits)<sup>2</sup>

## Biden Administration and Congress have historic opportunity to price externalities, drive demand for climate solutions, and support environmental justice

- Carbon Fee and Dividend
- Expansion of Federal Energy Savings Performance Contracting (ESPC)
- Federal Renewable Procurement Target
- Direct federal climate investments and subsidies to marginalized communities



# RESIDENTIAL SOLAR PORTFOLIO: POSITIVE CREDIT ATTRIBUTES

## Customer

- **Priority Payment:** Monthly electricity bill savings typically range from 5% and 30%<sup>1</sup>
- **Affordable:** Average monthly payments typically less than \$150 and paid via ACH<sup>2</sup>
- **Creditworthy:** Higher than average FICO scores
- **Transferrable:** UCC fixture filing typically results in lease transfers or buyouts as part of home sale

## Portfolio

- **Diversity:** >183k consumers across 21 states<sup>5</sup> originated by reputable publicly traded providers

## Capital Structure

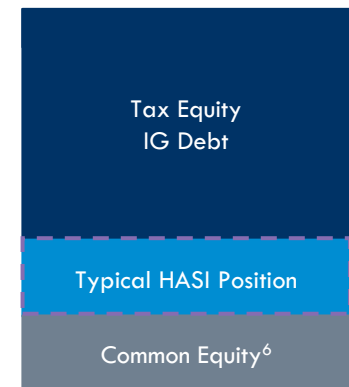
- **Preferred Position:** Structured mezzanine or preferred equity investments
  - Subordinated to investment grade debt and tax equity
  - Senior to first-loss common equity held by providers who are motivated to hit target returns
- **Multiple Sophisticated Investors:** Large institutional investors also underwrite these portfolios
  - Along with rating agencies, require bankruptcy remote entities and backup servicing and transition plans

## Internal Rigorous Underwriting and Management

- **Advance Rates:** Reflects expected portfolio default rates based on rating agency analysis and internal stress tests
- **Portfolio Management:** Sophisticated internal capabilities and detailed monthly review

FICO Score	HASI Portfolio <sup>3</sup>	United States <sup>4</sup>
WAVG	751	703
>720	65%	45%
>660	96%	80%

## Illustrative Capital Stack



1) Relative to comparable utility rates as of each investment's financial close date  
2) Automated clearing house ("ACH")  
3) Consists of a total of >183k leases, which represent the funded amounts of Portfolio as of 6/30/2021. FICO scores for the unfunded portion are not yet determined but are required to meet a certain threshold.  
4) For United States, "Average" represents 2019 average for all U.S. consumers as reported by Experian (January 2020) while ">720" and ">660" represents cumulative U.S. homeowners as reported by Experian (April 2020).  
5) In addition to the District of Columbia  
6) In our SunStrong Joint Venture with SunPower, we also hold a stake in the common equity tranche.

# GREEN BOND FRAMEWORK

In alignment with ICMA's Green Bond Principles (2018)<sup>1</sup>

1

## Definition of "Eligible Green Projects"

"Eligible Green Projects" means projects intended to reduce carbon emissions or provide other environmental benefits in the following categories:

1. *Behind-The-Meter ("BTM")*: Distributed building or facility projects that reduce energy usage or cost through the use of solar generation and energy storage or energy efficient improvements, including heating, ventilation and air conditioning systems ("HVAC"), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems
2. *Grid Connected ("GC")*: Projects that deploy cleaner energy sources, such as solar and wind to generate power where the off-taker or counterparty is part of the wholesale electric power grid; and
3. *Sustainable Infrastructure*: Upgraded transmission or distribution systems, water and storm water infrastructure, seismic retrofits and other projects, that improve water or energy efficiency, increase resiliency, positively impact the environment or more efficiently use natural resources.

2

## Process for Project Evaluation and Selection

As part of our investment process, we intend to calculate the ratio of the estimated first year of metric tons of carbon emissions avoided (or that will be avoided) by the investment divided by the capital to be invested to understand the impact the investment is expected to have on climate change.

3

## Management of Proceeds of the Notes

We intend to utilize the net proceeds of this offering to acquire or refinance, in whole or in part, Eligible Green Projects. Eligible Green Projects may include projects with disbursements made during the twelve months preceding the issue date of the Notes and projects with disbursements to be made following the issue date. Prior to the full investment of such net proceeds, we intend to invest such net proceeds in interest-bearing accounts and short-term, interest-bearing securities which are consistent with our intention to qualify for taxation as a REIT

4

## Reporting

During the term of the Notes, until such time as the net proceeds from this offering have been fully allocated to Eligible Green Projects, we will publish annual updates on our website detailing, at a minimum, the allocation of the net proceeds from this offering to specific Eligible Green Projects along with the associated CarbonCount®.

# SUPPLEMENTAL FINANCIAL DATA

## Explanatory Notes

### *Distributable Earnings and Earnings on Equity Method Investments*

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

Certain of our equity method investments in renewable energy and energy efficiency projects are structured using typical partnership “flip” structures where the investors with cash distribution preferences receive a pre-negotiated return consisting of priority distributions from the project cash flows, in many cases, along with tax attributes. Once this preferred return is achieved, the partnership “flips” and the common equity 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 assessment of the expected cash flows we will receive from these projects discounted back to the net present value, based on a target investment rate, with the expected 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. 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.

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

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

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

# SUPPLEMENTAL FINANCIAL DATA

## Explanatory Notes

### *Managed Assets*

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

### *Distributable Net Investment Income*

Distributable Net Investment Income is calculated as GAAP-based Net Investment Income (Interest Income and Rental Income less Interest Expense) as reported within our financial statements prepared in accordance with US GAAP plus Distributable Earnings from our Equity Method Investments when allocating cash distributions between a return on and return of invested capital plus amortization of real estate intangibles. We utilize this measure in operating our business and believe it is useful information for our investors for the reasons discussed in our core earnings measure.

### *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.

### *Guidance*

The Company expects that annual Distributable Earnings per share will grow at a compounded annual rate of 7% to 10% from 2021 to 2023, relative to the 2020 baseline of \$1.55 per share, which is equivalent to a 2023 midpoint of \$1.98 per share. The Company also expects that annual dividends per share will grow at a compound annual rate of 3% to 5% from 2021 to 2023, relative to the 2020 baseline of \$1.36 per share, which is equivalent to a 2023 midpoint of \$1.53 per share. This guidance reflects the Company's judgments and estimates of (i) yield on its existing Portfolio; (ii) yield on incremental Portfolio investments, inclusive of the Company's existing pipeline; (iii) the volume and profitability of securitization transactions; (iv) amount, timing, and costs of debt and equity capital to fund new investments; (v) changes in costs and expenses reflective of the Company's forecasted operations, (vi) the ongoing impact of COVID-19 and the speed and efficacy of vaccine distribution on economic conditions and (vii) the general interest rate and market environment. All guidance is based on current expectations of the ongoing and future impact of COVID-19 and the speed and efficacy of vaccine distribution on economic conditions, the regulatory environment, the dynamics of the markets in which we operate and the judgment of the Company's management team. The Company has not provided GAAP guidance as discussed in the Forward-Looking Statements section of this press release.

# INCOME STATEMENT

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Interest income	\$ 25,016	\$ 23,649	\$ 50,117	\$ 47,539
Rental income	6,462	6,469	12,931	12,939
Gain on sale of receivables and investments	24,426	15,916	41,916	20,820
Fee income	2,990	2,561	5,625	8,130
<b>Total revenue</b>	<b>58,894</b>	<b>48,595</b>	<b>110,589</b>	<b>89,428</b>
<b>Expenses</b>				
Interest expense	40,463	21,664	68,045	39,798
Provision for loss on receivables	906	2,523	1,411	3,171
Compensation and benefits	12,422	9,314	27,633	18,212
General and administrative	4,966	3,853	9,850	7,262
<b>Total expenses</b>	<b>58,757</b>	<b>37,354</b>	<b>106,939</b>	<b>68,443</b>
<b>Income before equity method investments</b>	<b>137</b>	<b>11,241</b>	<b>3,650</b>	<b>20,985</b>
Income (loss) from equity method investments	22,252	(590)	76,734	15,999
<b>Income (loss) before income taxes</b>	<b>22,389</b>	<b>10,651</b>	<b>80,384</b>	<b>36,984</b>
Income tax (expense) benefit	(5,981)	1,407	(12,760)	(515)
<b>Net income (loss)</b>	<b>\$ 16,408</b>	<b>\$ 12,058</b>	<b>\$ 67,624</b>	<b>\$ 36,469</b>
Net income (loss) attributable to non-controlling interest holders	434	50	626	152
<b>Net income (loss) attributable to controlling stockholders</b>	<b>\$ 15,974</b>	<b>\$ 12,008</b>	<b>\$ 66,998</b>	<b>\$ 36,317</b>
Basic earnings (loss) per common share	\$ 0.20	\$ 0.16	\$ 0.85	\$ 0.51
Diluted earnings (loss) per common share	\$ 0.20	\$ 0.16	\$ 0.81	\$ 0.51
Weighted average common shares outstanding—basic	78,372,647	72,914,145	77,935,264	70,043,125
Weighted average common shares outstanding—diluted	81,944,511	73,382,217	87,165,587	70,662,377



# BALANCE SHEET

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

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 583,219	\$ 286,250
Equity method investments	1,489,122	1,279,651
Government receivables	130,685	248,455
Commercial receivables, net of allowance of \$37 million and \$36 million, respectively	1,026,555	965,452
Receivables held-for-sale	9,308	—
Real estate	357,633	359,176
Investments	17,876	55,377
Securitization assets	193,559	164,342
Other assets	127,575	100,364
<b>Total Assets</b>	<b>\$ 3,935,532</b>	<b>\$ 3,459,067</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Accounts payable, accrued expenses and other	\$ 75,813	\$ 59,944
Credit facilities	44,830	22,591
Non-recourse debt (secured by assets of \$579 million and \$723 million, respectively)	441,513	592,547
Senior unsecured notes	1,759,137	1,283,335
Convertible notes	291,690	290,501
<b>Total Liabilities</b>	<b>2,612,983</b>	<b>2,248,918</b>
<b>Stockholders' Equity:</b>		
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, 78,419,939 and 76,457,415 shares issued and outstanding, respectively	784	765
Additional paid in capital	1,487,103	1,394,009
Accumulated deficit	(193,530)	(204,112)
Accumulated other comprehensive income (loss)	11,336	12,634
Non-controlling interest	16,856	6,853
<b>Total Stockholders' Equity</b>	<b>1,322,549</b>	<b>1,210,149</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,935,532</b>	<b>\$ 3,459,067</b>

# RECONCILIATION OF GAAP NET INCOME TO DISTRIBUTABLE EARNINGS

	For the three months ended June 30, 2021		For the three months ended June 30, 2020	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders <sup>(1)</sup>	\$ 15,974	\$ 0.20	\$ 12,008	\$ 0.16
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(22,252)		590	
Add equity method investments earnings	26,834		11,018	
Equity-based compensation charges	4,289		3,975	
Provision for loss on receivables	906		2,523	
(Gain) loss on debt modification or extinguishment	14,584		—	
Other adjustments <sup>(2)</sup>	7,238		(533)	
Distributable earnings <sup>(3)</sup>	<u>\$ 47,573</u>	<u>\$ 0.57</u>	<u>\$ 29,581</u>	<u>\$ 0.40</u>

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

(2) See Other adjustments table below.

(3) Distributable earnings per share for the three months ended June 30, 2021 and 2020, are based on 82,832,735 shares and 74,543,045 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuance in this calculation related to our convertible notes using the treasury stock method and any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest. We believe the use of the treasury stock method is an appropriate representation of the potential dilution when considering the economic behaviors of the holders of the instrument.

# RECONCILIATION OF GAAP NET INCOME TO DISTRIBUTABLE EARNINGS

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders <sup>(1)</sup>	\$ 66,998	\$ 0.81	\$ 36,317	\$ 0.51
Distributable earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(76,734)		(15,999)	
Add equity method investments earnings	50,671		27,103	
Equity-based compensation charges	9,787		7,524	
Provision for loss on receivables	1,411		3,171	
(Gain) loss on debt modification or extinguishment	16,083		—	
Other adjustments <sup>(2)</sup>	15,031		2,313	
Distributable earnings <sup>(3)</sup>	\$ 83,247	\$ 1.01	\$ 60,429	\$ 0.84

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

(2) See Other adjustments table below.

(3) Distributable earnings per share for the six months ended June 30, 2021 and 2020, are based on 82,723,380 shares and 72,095,539 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards, restricted stock units, long-term incentive plan units, and the non-controlling interest in our Operating Partnership. We include any potential common stock issuance in this calculation related to our convertible notes using the treasury stock method and any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest. We believe the use of the treasury stock method is an appropriate representation of the potential dilution when considering the economic behaviors of the holders of the instrument.

# RECONCILIATION OF GAAP-BASED NII TO DISTRIBUTABLE NII

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	<i>(in thousands)</i>			
Interest income	\$ 25,016	\$ 23,649	\$ 50,117	\$ 47,539
Rental income	6,462	6,469	12,931	12,939
GAAP-based investment revenue	31,478	30,118	63,048	60,478
Interest expense	40,463	21,664	68,045	39,798
GAAP-based net investment income	(8,985)	8,454	(4,997)	20,680
Equity method earnings adjustment <sup>(1)</sup>	26,834	11,018	50,671	27,103
(Gain) loss on debt modification or extinguishment <sup>(2)</sup>	14,584	—	16,083	—
Amortization of real estate intangibles <sup>(3)</sup>	773	773	1,543	1,546
<b>Distributable net investment income</b>	<b>\$ 33,206</b>	<b>\$ 20,245</b>	<b>\$ 63,300</b>	<b>\$ 49,329</b>

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

(2) Adds back losses related to debt prepayments included in interest expense in our income statement.

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

# ADDITIONAL GAAP TO NON-GAAP RECONCILIATIONS

The table below provides a reconciliation of the Other adjustments:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
Other adjustments				
Amortization of intangibles <sup>(1)</sup>	\$ 823	\$ 824	\$ 1,645	\$ 1,646
Non-cash provision (benefit) for income taxes	5,981	(1,407)	12,760	515
Net income attributable to non-controlling interest	434	50	626	152
Other adjustments	<u>\$ 7,238</u>	<u>\$ (533)</u>	<u>\$ 15,031</u>	<u>\$ 2,313</u>

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

The table below provides a reconciliation of GAAP SG&A expenses to Distributable SG&A expenses:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
GAAP SG&A expenses				
Compensation and benefits	\$ 12,422	\$ 9,314	\$ 27,633	\$ 18,212
General and administrative	4,966	3,853	9,850	7,262
Total SG&A expenses (GAAP)	<u>\$ 17,388</u>	<u>\$ 13,167</u>	<u>\$ 37,483</u>	<u>\$ 25,474</u>
Distributable SG&A expenses adjustments:				
Non-cash equity-based compensation charge <sup>(1)</sup>	\$ (4,289)	\$ (3,975)	\$ (9,787)	\$ (7,524)
Amortization of intangibles <sup>(2)</sup>	(50)	(51)	(102)	(100)
Distributable SG&A expenses adjustments	<u>(4,339)</u>	<u>(4,026)</u>	<u>(9,889)</u>	<u>(7,624)</u>
Distributable SG&A expenses	<u>\$ 13,049</u>	<u>\$ 9,141</u>	<u>\$ 27,594</u>	<u>\$ 17,850</u>

(1) Reflects add back of non-cash amortization of equity-based compensation. Outstanding grants related to equity-based compensation are included in the distributable earnings per share calculation.

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



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