HANNON ARMSTRONG

INVESTING IN CLIMATE SOLUTIONS®

EARNINGS PRESENTATION

First Quarter 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.

One of the most significant factor is the ongoing impact of the current outbreak of the novel coronavirus (COVID-19), on the U.S., regional and global economies, the U.S. sustainable infrastructure 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 Securities Exchange Act of 1934, as amended. Other factors besides those listed could also adversely affect us. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. 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 the severity and duration of the outbreak domestically and internationally, uncertainty regarding the effectiveness of federal, state and local governments’ efforts to contain the spread of COVID-19 and respond to its direct and indirect impact on the U.S. economy and economic activity.

Forward-looking statements are based on beliefs, assumptions and expectations as of March 31, 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 CO_2 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.

RECENT HIGHLIGHTS

Key Performance Indicators		1Q21	1Q20
EPS	GAAP	$0.61	$0.35
	Distributable[1]	$0.43	$0.44
NII	GAAP-based	$4.0m	$12.2m
	Distributable[1]	$30.1m	$29.1m
Portfolio Yield[1]		7.7%	7.7%
Balance Sheet Portfolio		$2.9b	$2.1b
Managed Assets[1]		$7.4b	$6.2b
Debt to Equity Ratio		1.6x	1.4x
Distributable ROE[2]		11.3%	12.2%
Transactions Closed		$188m	$186m
CarbonCount®[3]		0.46	0.07
Incremental Annual Reduction in Carbon Emissions		~87k MT	~14k MT
WaterCount™[4]		128	54
Incremental Annual Water Savings		~24 MG	~10 MG

Financial Results[1]

- Delivered GAAP EPS of $0.61 and Distributable EPS of $0.43
- Established $400m sustainability-linked unsecured revolving credit facility with 10 relationship banks in April
- Grew Portfolio 38% YOY to $2.9b and Managed Assets 19% to $7.4b
- Increased Portfolio Yield QOQ to 7.7%
- Declared dividend of $0.35 per share

ESG Highlights

- Published 2020 Impact Report
- Hannon Armstrong Foundation announced Climate Solutions Scholarship Program

1) See Appendix for an explanation of Distributable Earnings, Distributable Net Investment Income, Portfolio Yield, and Managed Assets, including reconciliations to the relevant GAAP measures, where applicable.
2) Distributable ROE (referred to as Core ROE before 4Q20) is calculated using Distributable Earnings for the period (annualized) and the average of the beginning and ending equity balances for the period.
3) CarbonCount® is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO_2 emission reduction per $1,000 of investment.
4) WaterCount™ is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.

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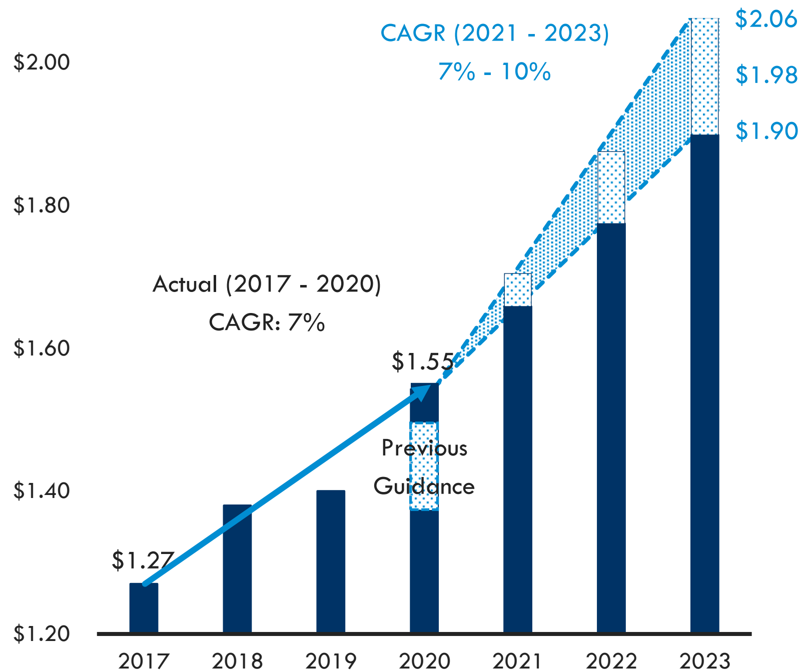
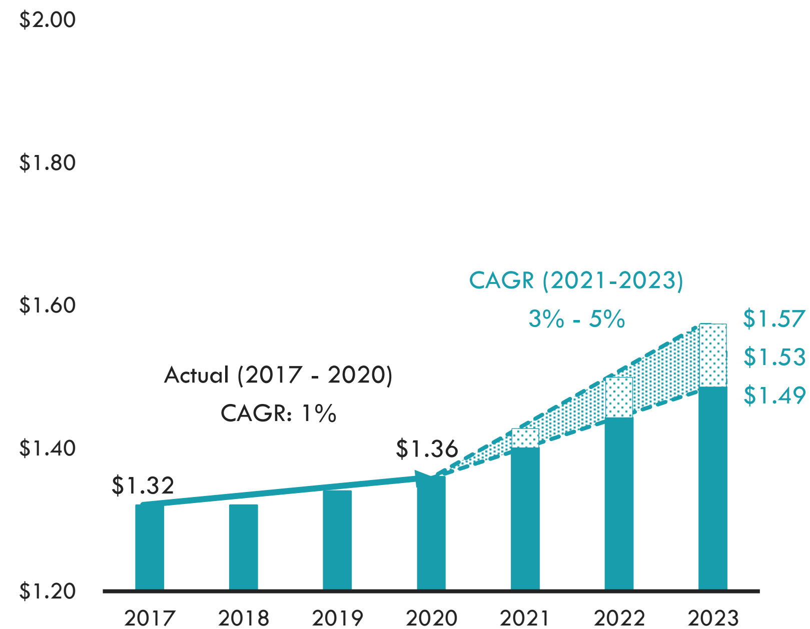
UNCHANGED GUIDANCE[1]

Distributable Earnings per Share



Dividends per Share



Expected Annual Growth (2021 - 2023)
Distributable EPS: 7% - 10%
DPS: 3% - 5%

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

ROBUST PIPELINE

Markets

Behind-the-Meter

Weighted toward energy efficiency

Solar (residential, C&I, community) remains strong with increasing storage attachment

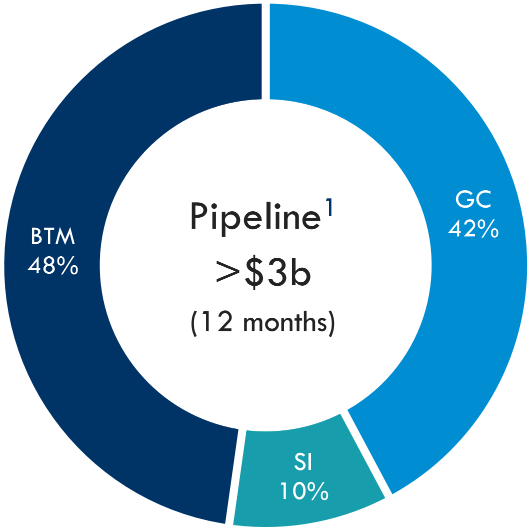
Grid-Connected

Driven by programmatic client relationships

Well-balanced between onshore wind, 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 well-balanced pipeline

1) As of 3/31/2021

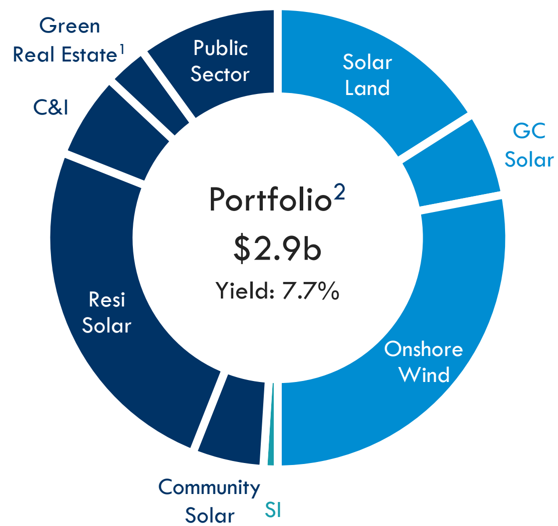
WELL DIVERSIFIED PORTFOLIO

Markets

Behind-the-Meter
Yield: 8.4%

Grid-Connected
Yield: 7.1%

Sustainable Infrastructure[3]
Yield: 7.3%



	1Q21	4Q20
Portfolio Size	$2.9b	$2.9b
Yield	7.7%	7.6%
Onshore Wind	28%	28%
Resi Solar	25%	24%
Solar Land	16%	17%
Public Sector	10%	14%
GC Solar	6%	5%
C&I	6%	5%
Community Solar	5%	3%
Green Real Estate	3%	3%
Sustainable Infrastructure	1%	1%

Diversified and Long-Dated Cashflows

>220
Total Investments[2,4]

$13m
Average Investment[2]

18 yrs
WAVG Life[2]

1) Includes Freddie Mac and C-PACE investments
2) Balance Sheet Portfolio, as of 3/31/2021
3) Includes all other asset classes that are not specifically designated as BTM or GC
4) Individual investments with outstanding balances > $1m

STRONG PORTFOLIO WITH POSITIVE CREDIT ATTRIBUTES

Recent Portfolio Performance

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

Outstanding Credit History

De minimis <30 bps cumulative credit losses since 2013[4]

Positive Credit Attributes

	Portfolio (%)	Structural Seniority	Obligor Credit
Onshore Wind	28%	Preferred	Typically IG corporates or utilities
Residential Solar	25%	Preferred	>178k consumers WAVG FICO: "Very Good"[5]
Solar Land	16%	Super Senior	Typically IG corporates
Public Sector	10%	Senior	Predominantly IG govt or quasi-govt entities
GC Solar	6%	Preferred	Typically IG corporates or utilities
C&I	6%	Senior or Preferred	Typically IG corporates
Community Solar	5%	Typically Preferred	Typically IG corporates and/or creditworthy consumers
Green Real Estate	3%	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 March 31, 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 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).

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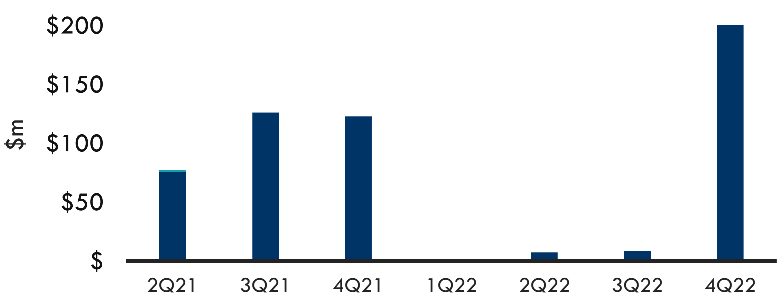
BALANCE SHEET UPDATE

Maintained Portfolio Size

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

Line Item	($ in millions)[1]
Beginning Portfolio (12/31/2020)	$2,908
Funding of this quarter's investments	36
Funding of prior investments	132
Principal collections	(37)
Syndications and Securitizations[2]	(173)
Other	51
Ending Portfolio (3/31/21)	$2,917

Anticipated Funding of Announced ENGIE and Clearway Investments (>$540m)



Assets	3/31/21 ($ in millions)[1]
Cash	$232
Equity method investments	1,386
Government receivables	135
Commercial receivables	988
Receivables held-for-sale	24
Real estate	358
Investments	26
Securitization assets	165
Other	117
Total Assets	$3,431
Liabilities and Equity	
Credit facility	$20
Non-recourse debt	463
Convertible notes	290
Senior unsecured notes	1,280
Other	67
Total Liabilities	$2,120
Total Equity	$1,311
Total Liabilities and Equity	$3,431

1) Subtotals may not sum due to rounding.
2) Includes only securitizations of assets on the balance sheet as of the end of the previous quarter (12/31/2020)

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FINANCIAL RESULTS – 1Q21

Results, Unaudited[1] ($ in millions, except per share figures)	1Q21	1Q20	Commentary
GAAP Earnings	$51.0	$24.3	Primarily driven by higher balance of Equity Method Investments and income from tax attribute recognition
GAAP Diluted EPS	$0.61	$0.35	
Distributable Earnings	$35.7	$30.8	Higher gain on sale revenue offset by higher interest expense due to higher debt balance and compensation partially due to headcount
Distributable EPS	$0.43	$0.44	
GAAP-based Net Investment Income[2]	$4.0	$12.2	
Distributable Earnings from Equity Method Investments[3]	23.8	16.1	
Other Distributable Adjustments[4]	2.3	0.8	
Distributable Net Investment Income	$30.1	$29.1	Higher income from Equity Method Investments offset by higher interest expense
GAAP Gain on Sale and Fees	$20.1	$10.5	Access to private markets remains strong

Equity Method Summary[1,3]	1Q21	1Q20
GAAP Earnings	$54	$17
Distributable Earnings Adjustment	(30)	(1)
Distributable Earnings	$24	$16
Return of Capital / (Deferred Cash Collections)	(13)	60
HASI Cash Collected	$11	$76

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

EXPANDED FLEXIBLE FUNDING PLATFORM

Established sustainability-linked unsecured revolving credit facility, which enhances liquidity and funding platform flexibility in April

- Capacity of $400m (replaces previous $50m facility)
- Provides for interest rate reductions if certain levels of CarbonCount metric are achieved on a quarterly basis
- 10 participants: J.P. Morgan, Bank of America, Barclays, Credit Suisse, KeyBank, Morgan Stanley, RBC, SMBC, Wells Fargo, and Goldman Sachs

HASI Funding Platform

Bank Credit Facilities *Unsecured and Secured*	**Private Debt** *Institutional Investors*
Public Equity *Marketed Offerings and ATM*	**Capital Markets Debt** *Unsecured and Convertible Green Bonds*

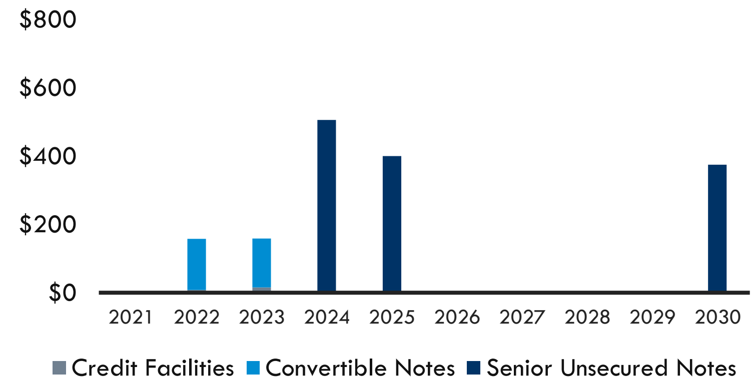
Conservative leverage profile

- 1.6x debt to equity[1]

Minimal refinance and interest rate risk

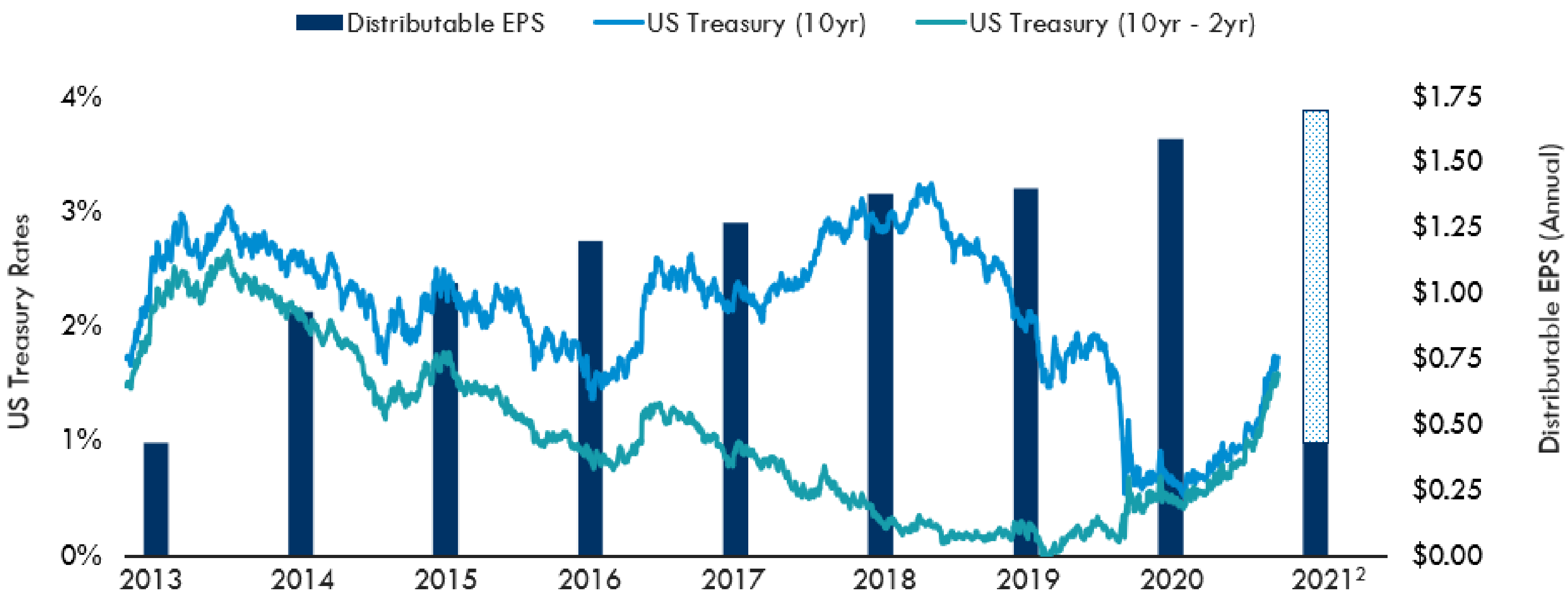
- 99% of funded debt is fixed rate
- Laddered recourse debt maturities[2]

Recourse Debt Maturities ($m)[3]



1) Below previously communicated limit of 2.5x
2) Our convertible notes, which mature in 2022 and 2023, may be settled in shares, so this does not necessarily reflect a cash need.
3) As of 3/31/2021 (only includes drawn balances)

INTEREST RATES AND DISTRIBUTABLE EPS[1]



Distributable EPS has maintained its upward trajectory independent of interest rate movements or the shape of the yield curve

1) See appendix for an explanation of Distributable Earnings, including a reconciliation to the relevant GAAP measure.
2) Full bar reflects midpoint of run rate guidance as detailed on slide 4.

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RECENT ESG ACTIVITY

E	Environmental	Published 2020 Impact Report Kicked off participation in Chesapeake Bay Foundation's Walk the Watershed event
S	Social	Hannon Armstrong Foundation announced Climate Solutions Scholars Program Joined Business for America in advocating for the John Lewis Voting Rights Act
G	Governance	Expanded Board and enhanced DEIJ with appointments of Clay Armbrister and Nancy Floyd Filed proxy with enhanced disclosures and Annual Shareholder Meeting scheduled for June 3

Recognition

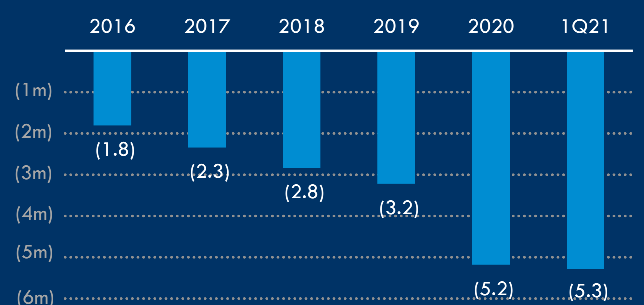
CCBJ

Climate Change Business Journal honored Hannon Armstrong and ENGIE for outstanding business performance in the climate change industry for the 2.3 GW JV announced in July 2020

Carbon Emissions[1]

Carbon Count® 1Q21: 0.46

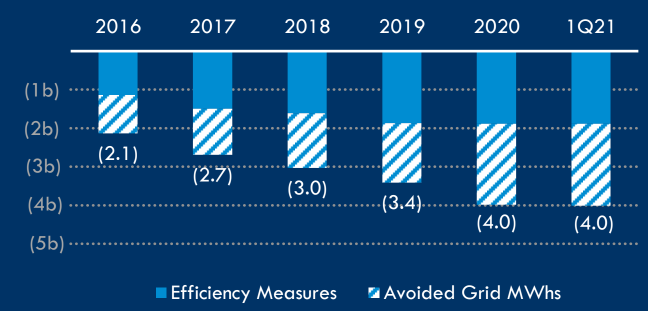
Cumulative Metric Tons of CO_2 Avoided Annually (millions)



Water Savings[2]

Water Count™ 1Q21: 128

Cumulative Gallons of Water Saved Annually (billions)



1) CarbonCount® is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO_2 emission reduction per $1,000 of investment.
2) WaterCount™ is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.

HANNON ARMSTRONG: KEY STRENGTHS

Strong programmatic investment platform

- Deep relationships with the leading clean energy and infrastructure firms who are driving the energy transition

Well-diversified funding platform

- Flexibility supports competitive cost of capital

Policy as a tailwind

- Executive orders and proposed federal legislation expected to contribute to continued growth in existing markets and asset classes

Proven track record

- Durable and consistent growth in Distributable Earnings independent of the level of interest rates or the shape of the yield curve

Key Metrics[1]

3% - 5%	7% - 10%	$7.4b
DPS 3yr Compound Growth Guidance	Distributable EPS 3yr Compound Growth Guidance	Managed Assets

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

APPENDIX

SUPPLEMENTAL FINANCIAL DATA

Explanatory Notes

Distributable Earnings and Earnings on Equity Method Investments

We are changing the name of our primary Non-GAAP earnings metric from core (Pre-CECL) earnings to Distributable Earnings with no change in the historical method of calculation. We will no longer be reporting a core earnings metric which includes the CECL provision.

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)

(UNAUDITED)

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Revenue		
Interest income	$ 25,100	$ 23,889
Rental income	6,469	6,470
Gain on sale of receivables and investments	17,490	4,905
Fee income	2,636	5,570
Total revenue	**51,695**	**40,834**
Expenses		
Interest expense	27,582	18,135
Provision for loss on receivables	505	648
Compensation and benefits	15,210	8,897
General and administrative	4,884	3,409
Total expenses	**48,181**	**31,089**
Income before equity method investments	**3,514**	**9,745**
Income (loss) from equity method investments	54,481	16,588
Income (loss) before income taxes	**57,995**	**26,333**
Income tax (expense) benefit	(6,779)	(1,923)
Net income (loss)	**$ 51,216**	**$ 24,410**
Net income (loss) attributable to non-controlling interest holders	192	102
Net income (loss) attributable to controlling stockholders	**$ 51,024**	**$ 24,308**
Basic earnings (loss) per common share	$ 0.65	$ 0.36
Diluted earnings (loss) per common share	$ 0.61	$ 0.35
Weighted average common shares outstanding—basic	77,493,021	67,172,104
Weighted average common shares outstanding—diluted	86,866,581	73,140,922

BALANCE SHEET

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	March 31, 2021 (unaudited)	December 31, 2020
Assets		
Cash and cash equivalents	$ 232,329	$ 286,250
Equity method investments	1,386,252	1,279,651
Government receivables	135,054	248,455
Commercial receivables, net of allowance of $36 million and $36 million, respectively	987,682	965,452
Receivables held-for-sale	23,612	—
Real estate	358,405	359,176
Investments	26,147	55,377
Securitization assets	164,955	164,342
Other assets	117,054	100,364
Total Assets	**$ 3,431,490**	**$ 3,459,067**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 68,276	$ 59,944
Credit facilities	19,509	22,591
Non-recourse debt (secured by assets of $584 million and $723 million, respectively)	462,523	592,547
Senior unsecured notes	1,280,281	1,283,335
Convertible notes	289,580	290,501
Total Liabilities	2,120,169	2,248,918
Stockholders' Equity:		
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 450,000,000 shares authorized, 78,319,134 and 76,457,415 shares issued and outstanding, respectively	783	765
Additional paid in capital	1,489,168	1,394,009
Accumulated deficit	(181,992)	(204,112)
Accumulated other comprehensive income (loss)	(5,359)	12,634
Non-controlling interest	8,721	6,853
Total Stockholders' Equity	1,311,321	1,210,149
Total Liabilities and Stockholders' Equity	**$ 3,431,490**	**$ 3,459,067**

HANNON ARMSTRONG

RECONCILIATION OF GAAP NET INCOME TO DISTRIBUTABLE EARNINGS

	For the three months ended March 31, 2021				For the three months ended March 31, 2020			
	(dollars in thousands, except per share amounts)							
		$		*per share*		*$*		*per share*
Net income attributable to controlling stockholders [(1)]	$	51,024	$	0.61	$	24,308	$	0.35
Distributable earnings adjustments:								
Reverse GAAP (income) loss from equity method investments		(54,481)				(16,588)		
Add equity method investments earnings		23,837				16,085		
Equity-based compensation charges		5,499				3,548		
Provision for loss on receivables		505				648		
(Gain) loss on debt modification or extinguishment		1,499				—		
Other adjustments [(2)]		7,794				2,847		
Distributable earnings [(3)]	**$**	**35,677**	**$**	**0.43**	**$**	**30,848**	**$**	**0.44**

(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 March 31, 2021 and 2020, are based on 82,561,956 shares and 69,597,038 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards and restricted stock units and the long-term incentive plan units and 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.

HANNON ARMSTRONG

RECONCILIATION OF GAAP-BASED NII TO DISTRIBUTABLE NII

	Three months ended March 31,	
	2021	2020
	(in thousands)	
Interest income	$ 25,100	$ 23,889
Rental income	6,469	6,470
GAAP-based investment revenue	31,569	30,359
Interest expense	27,582	18,135
GAAP-based net investment income	3,987	12,224
Equity method earnings adjustment (1)	23,837	16,085
Non-cash loss on debt extinguishment (2)	1,499	—
Amortization of real estate intangibles (3)	772	772
Distributable net investment income	**$ 30,095**	**$ 29,081**

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

(2) Adds back non-cash write-off of prepayment of non-recourse debt 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 March 31, 2021	For the Three Months Ended March 31, 2020
	(in thousands)	
Other adjustments		
Amortization of intangibles [1]	$ 823	$ 822
Non-cash provision (benefit) for income taxes	6,779	1,923
Net income attributable to non-controlling interest	192	102
Other adjustments	**$ 7,794**	**$ 2,847**

(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 March 31, 2021	For the Three Months Ended March 31, 2020
	(in thousands)	
GAAP SG&A expenses		
Compensation and benefits	$ 15,210	$ 8,897
General and administrative	4,884	3,409
Total SG&A expenses (GAAP)	**$ 20,094**	**$ 12,306**
Distributable SG&A expenses adjustments:		
Non-cash equity-based compensation charge [1]	$ (5,499)	$ (3,548)
Amortization of intangibles [2]	(51)	(50)
Distributable SG&A expenses adjustments	(5,550)	(3,598)
Distributable SG&A expenses	**$ 14,544**	**$ 8,708**

(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.

ADDITIONAL GAAP TO NON-GAAP RECONCILIATIONS

	As of	
	March 31, 2021	December 31, 2020
	(dollars in millions)	
Equity method investments	$ 1,386	$ 1,280
Government receivables	135	248
Commercial receivables, net of allowance	988	965
Receivables held-for-sale	24	—
Real estate	358	359
Investments	26	55
GAAP-Based Portfolio	2,917	2,907
Assets held in securitization trusts	4,500	4,308
Managed assets	$ 7,417	$ 7,215

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