



INVESTING
IN
CLIMATE
SOLUTIONS®

EARNINGS PRESENTATION

Second 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.

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.

RECENT HIGHLIGHTS

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

Financial Results¹

- 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

TRENDS REINFORCING GROWTH OF CLIMATE SOLUTIONS INVESTING

1

Climate Change Reality Drives Market Growth

- Estimated \$2 to \$4 trillion investment needed annually through 2050 to limit global warming to 1.5 C¹

2

Policy Tailwinds

- Biden Administration Actions: Paris-aligned GHG reduction target, climate risk disclosure
- Bipartisan Infrastructure Bill: Includes constructive provisions for transmission and FERC authority

3

Corporate Decarbonization Targets Drive Demand

- Growing corporate demand based on announced decarbonization goals using physical assets and aggressive timelines

ROBUST PIPELINE EXCEEDS \$3 BILLION

Markets



Behind-the-Meter

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



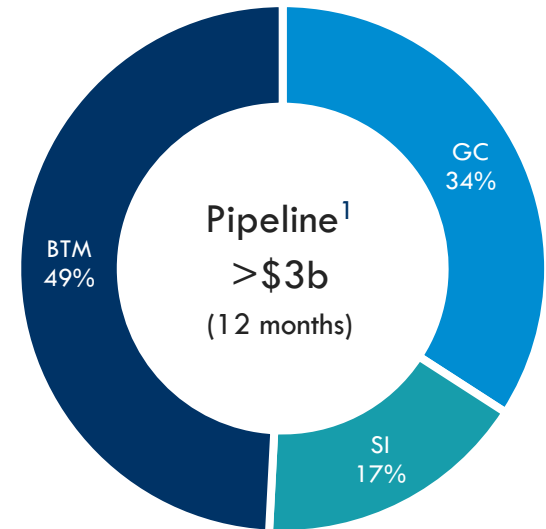
Grid-Connected

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

WELL DIVERSIFIED PORTFOLIO

Markets



Behind-the-Meter

Yield: 8.3%



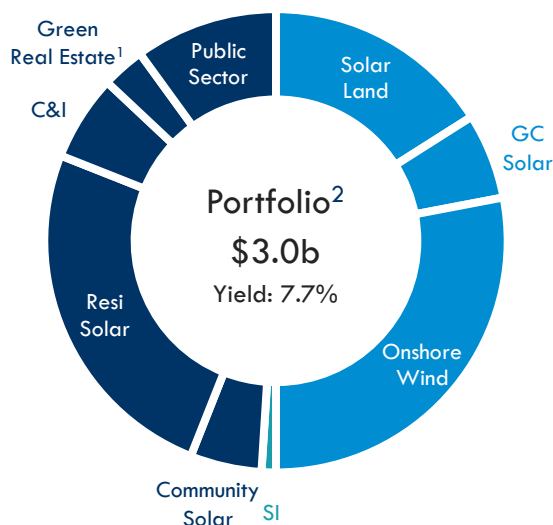
Grid-Connected

Yield: 7.2%



Sustainable Infrastructure³

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 Cashflows²

>225
Total Investments⁴

\$13m
Average Investment⁴

17 yrs
WAVG Life

1) Includes Freddie Mac and C-PACE investments
 2) Balance Sheet Portfolio, as of 6/30/2021
 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%

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" ⁵
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

Outstanding Credit History

De minimis <30 bps cumulative credit losses since 2013⁴

- 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).

FINANCIAL RESULTS – 2Q21

Results, Unaudited ¹ (\$ 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 ²	\$(9.0)	\$8.5	\$(5.0)	\$20.7	Includes expenses related to debt prepayments
Distributable Earnings from Equity Method Investments ³	26.8	11.0	50.7	27.1	
Other Distributable Adjustments ⁴	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 ⁵	\$27.4	\$18.5	\$47.5	\$29.0	Continued strong access to private markets supports dual revenue model

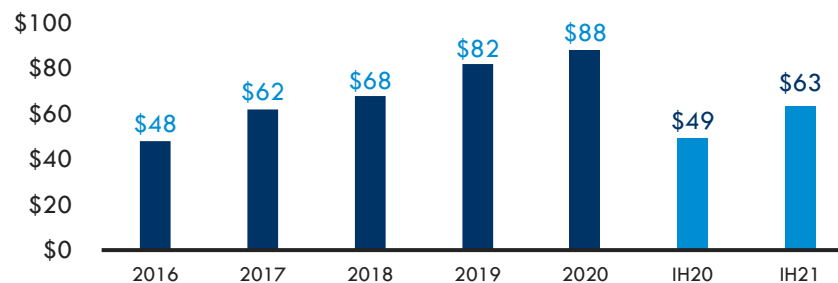
Equity Method Summary ^{1,3}	2Q21	2Q20
GAAP Earnings	\$22	\$(1)
Distributable Earnings Adjustment	5	12
Distributable Earnings	\$27	\$11
Return of Capital / (Deferred Cash Collections)	(17)	19
HASI Cash Collected	\$10	\$30

- 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.

PERFORMANCE DRIVERS

	2020 Actual	2021 Expected	2022 Expected	Comments
Distributable NII ¹ Growth Rate	7%	>45%	>20%	Increased growth in 2021 NII due to addition of large GC transactions announced in 2020
Gain on Sale and Fees	\$65m	>\$75m	>\$55m	Significant annual contribution despite quarterly volatility
Portfolio Yield ¹	7.6%	7.3% – 7.7%	7.0% – 7.7%	Potential yield compression of certain asset classes offset by lower cost of funds

Distributable NII¹ (\$m)



Currently expect increased growth in Distributable NII and Gain on Sale and Fees in 2021 while Portfolio Yield continues to provide strong risk-adjusted returns

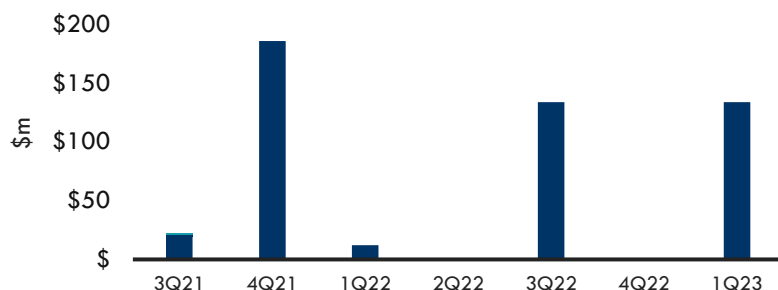
BALANCE SHEET UPDATE

Maintained Portfolio Size

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

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

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



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 (6/30/2021)

Assets	6/30/21 (\$ in millions) ¹
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
Total Assets	\$3,936
Liabilities and Equity	
Credit facility	\$45
Non-recourse debt	442
Convertible notes	292
Senior unsecured notes	1,759
Other	75
Total Liabilities	\$2,613
Total Equity	\$1,323
Total Liabilities and Equity	\$3,936

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)¹

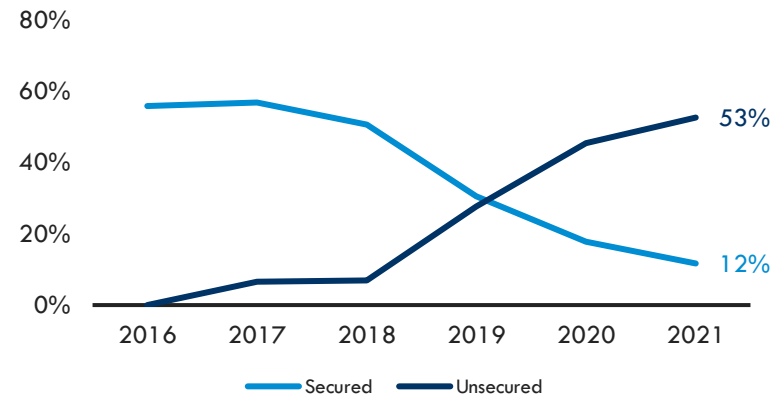
Conservative leverage profile

- 1.9x debt to equity²
- Rating of BB+ by S&P and Fitch reaffirmed in 2Q21

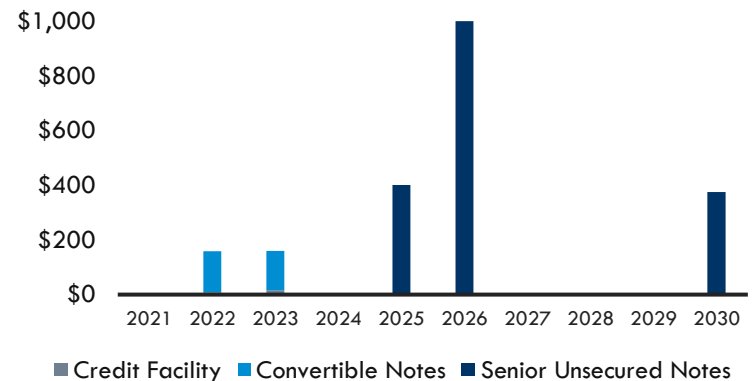
Minimal refinance and interest rate risk

- 98% of debt is fixed rate
- Laddered recourse debt maturities³

Debt (% Assets)



Recourse Debt Maturities (\$m)



11 | 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.

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

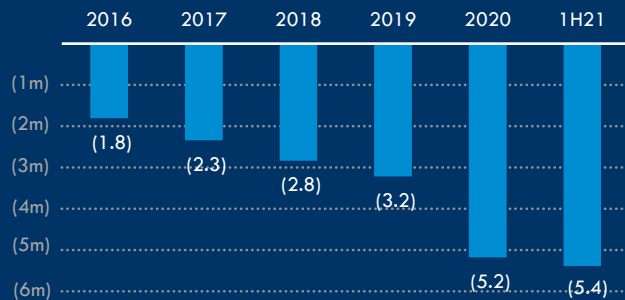
Submitted response to SEC’s request for comments on climate disclosures



Carbon Emissions¹

Carbon Count[®] 2Q21: 0.23

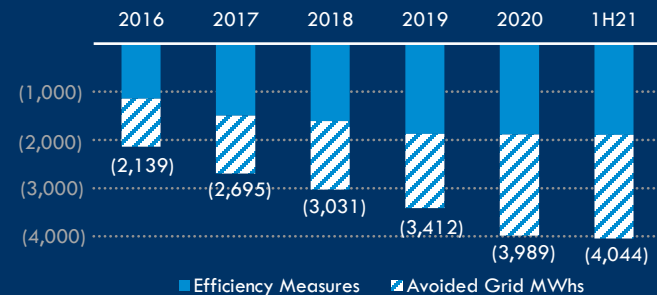
Cumulative Metric Tons of CO₂ Avoided Annually



Water Savings²

Water Count[™] 2Q21: 60.16

Cumulative Gallons of Water Saved Annually (million gallons)



1) CarbonCount[®] is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO₂ 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

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

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
Revenue				
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
Total revenue	58,894	48,595	110,589	89,428
Expenses				
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
Total expenses	58,757	37,354	106,939	68,443
Income before equity method investments	137	11,241	3,650	20,985
Income (loss) from equity method investments	22,252	(590)	76,734	15,999
Income (loss) before income taxes	22,389	10,651	80,384	36,984
Income tax (expense) benefit	(5,981)	1,407	(12,760)	(515)
Net income (loss)	\$ 16,408	\$ 12,058	\$ 67,624	\$ 36,469
Net income (loss) attributable to non-controlling interest holders	434	50	626	152
Net income (loss) attributable to controlling stockholders	\$ 15,974	\$ 12,008	\$ 66,998	\$ 36,317
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
Assets		
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
Total Assets	\$ 3,935,532	\$ 3,459,067
Liabilities and Stockholders' Equity		
Liabilities:		
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
Total Liabilities	2,612,983	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, 78,419,939 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
Total Stockholders' Equity	1,322,549	1,210,149
Total Liabilities and Stockholders' Equity	\$ 3,935,532	\$ 3,459,067

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 ⁽¹⁾	\$ 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 ⁽²⁾	7,238		(533)	
Distributable earnings ⁽³⁾	\$ 47,573	\$ 0.57	\$ 29,581	\$ 0.40

(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 ⁽¹⁾	\$ 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 ⁽²⁾	15,031		2,313	
Distributable earnings ⁽³⁾	\$ 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 ⁽¹⁾	26,834	11,018	50,671	27,103
(Gain) loss on debt modification or extinguishment ⁽²⁾	14,584	—	16,083	—
Amortization of real estate intangibles ⁽³⁾	773	773	1,543	1,546
Distributable net investment income	\$ 33,206	\$ 20,245	\$ 63,300	\$ 49,329

- (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
	<i>(in thousands)</i>		<i>(in thousands)</i>	
Other adjustments				
Amortization of intangibles ⁽¹⁾	\$ 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	\$ 7,238	\$ (533)	\$ 15,031	\$ 2,313

(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
	<i>(in thousands)</i>		<i>(in thousands)</i>	
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)	\$ 17,388	\$ 13,167	\$ 37,483	\$ 25,474
Distributable SG&A expenses adjustments:				
Non-cash equity-based compensation charge ⁽¹⁾	\$ (4,289)	\$ (3,975)	\$ (9,787)	\$ (7,524)
Amortization of intangibles ⁽²⁾	(50)	(51)	(102)	(100)
Distributable SG&A expenses adjustments	(4,339)	(4,026)	(9,889)	(7,624)
Distributable SG&A expenses	\$ 13,049	\$ 9,141	\$ 27,594	\$ 17,850

(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.



INVESTING IN CLIMATE SOLUTIONS[®]



Visit our website at www.hannonarmstrong.com

HASI
LISTED
NYSE

