

HANNON  ARMSTRONG



3Q19 Earnings Presentation
October 2019

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 Annual Report on Form 10-K for the year ended December 31, 2018 as amended by our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2018, which were filed with the U.S. Securities and Exchange Commission (SEC), as well as in other reports that we file with the SEC.

Forward-looking statements are based on beliefs, assumptions and expectations as of October 30, 2019. 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, and (vi) the general interest rate and market environment. All guidance is based on current expectations of future economic conditions, the regulatory environment, the dynamics of the markets in which it operates 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.

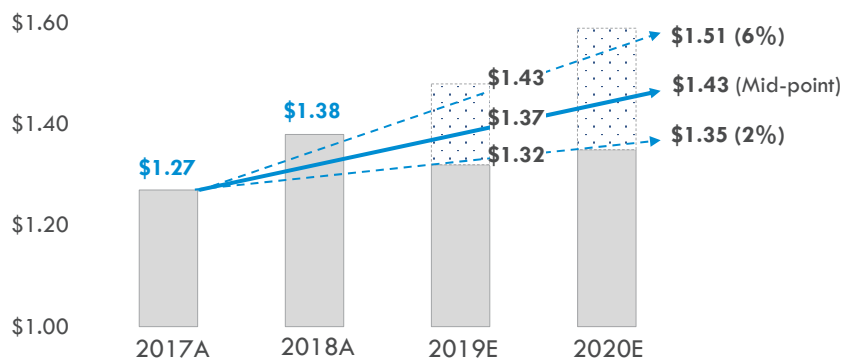
Hannon Armstrong: Investing in Climate Change SolutionsSM

Q3 2019 Highlights¹

- GAAP Diluted EPS of \$0.13 and Core EPS of \$0.38
- Growth in Net Investment Income (+37% YOY) driven by improvement in Portfolio Yield and lower leverage
- Closed \$287m of transactions in 3Q19 and \$810m of transactions YTD in 2019
- Closed \$500m of green bonds, including a \$150m add-on offering with a yield to maturity of 4.13%
- Remain on track to close over \$1b of transactions in 2019
- Recorded \$8m GAAP provision for loss on receivables (initially placed on non-accrual status in 2017)
- Reiterate 3-year compounded Core EPS guidance

Core Earnings per Share Guidance

Reiterate 2% to 6% Compounded 3-Year Annual Core EPS Growth Guidance (using 2017 as the baseline)



Key Performance Indicators	3Q19	3Q18
EPS (GAAP)	\$0.13	\$0.30
EPS (Core)	\$0.38	\$0.36
GAAP Net Investment Income	\$9.2m	\$3.3m
Core Net Investment Income	\$19.7m	\$14.4m
Portfolio Yield	7.7%	6.4%
Balance Sheet Portfolio	\$1.9b	\$2.1b
Debt to Equity Ratio	1.5x	2.4x
Core ROE ²	11%	12%

ESG Indicators	3Q19	YTD
Carbon Count ^{® 3}	0.35	0.30
Annual Reduction in Carbon Emissions	~96,000 MT	~237,000 MT
Water Count ^{SM 4}	0	28.1
Annual Water Savings	0 Mgal	22.4 Mgal

¹ See Appendix for an explanation of Core earnings, Core Net Investment Income, and Portfolio Yield, including reconciliations to the relevant GAAP measures, where applicable. The relevant reconciliation for Core Net Investment Income is included on Slide 6.

² Core ROE is calculated using core earnings for the quarter and the average of the ending equity balances as of June 30, and September 30, 2019 and 2018, respectively.

³ CarbonCount[®] is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to determine how effectively they can be expected to reduce CO2 emissions per \$1,000 of investment.

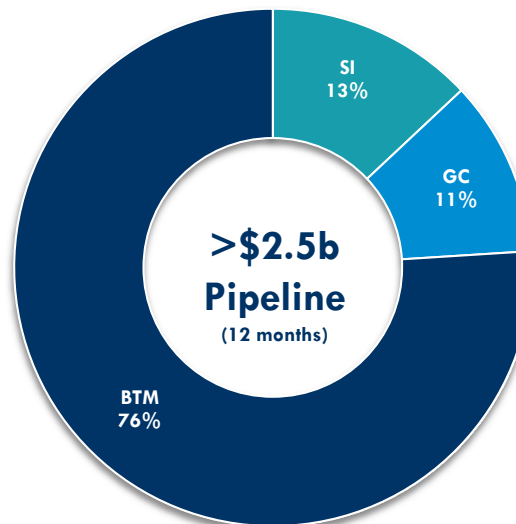
⁴ WaterCountSM is a scoring tool that evaluates investments in U.S.-based projects to determine how effectively they can be expected to reduce water consumption per \$1,000 of investment.

Diversity of Markets Provides Strong Pipeline for \$1b Annual Investment Target



BTM Market Highlights

- **Federal, State, and Local:** Consistently makes up the bulk of the BTM pipeline; typically securitized
- **C&I:** Growing portion of the BTM pipeline with new assets classes emerging
- **Resi Solar:** Modest portion of the BTM pipeline; market enjoys sustainable growth profile



SI Market Highlights

- Multiple diverse niche markets expanding in part due to climate change impacts

GC Market Highlights

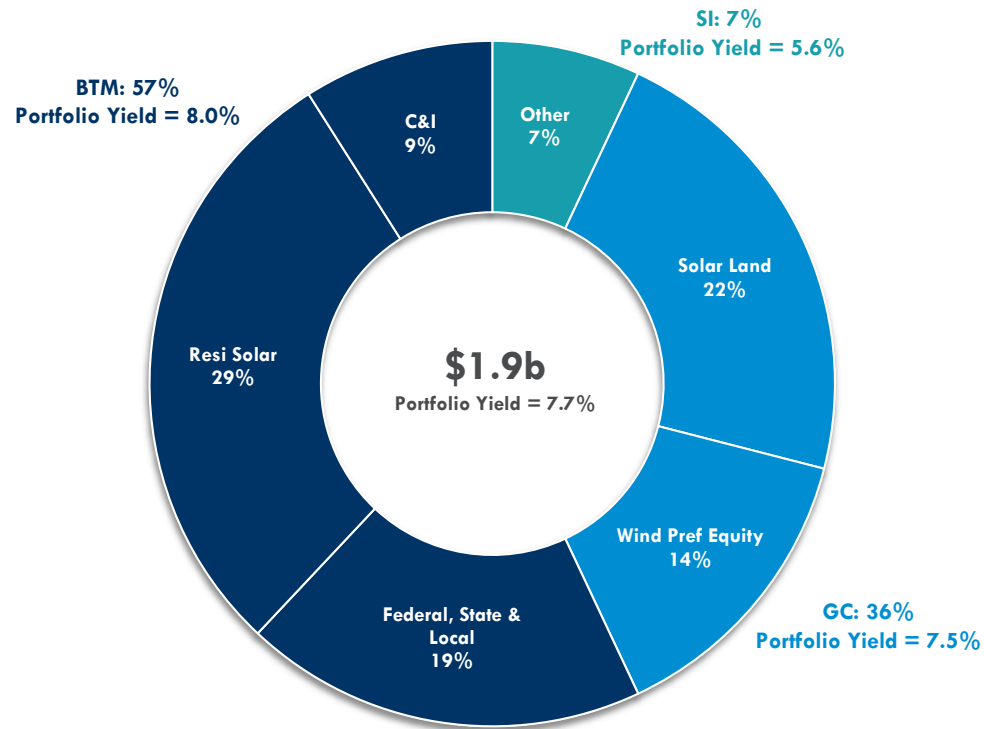
- Highly competitive markets
- Pipeline opportunities weighted toward utility-scale solar land



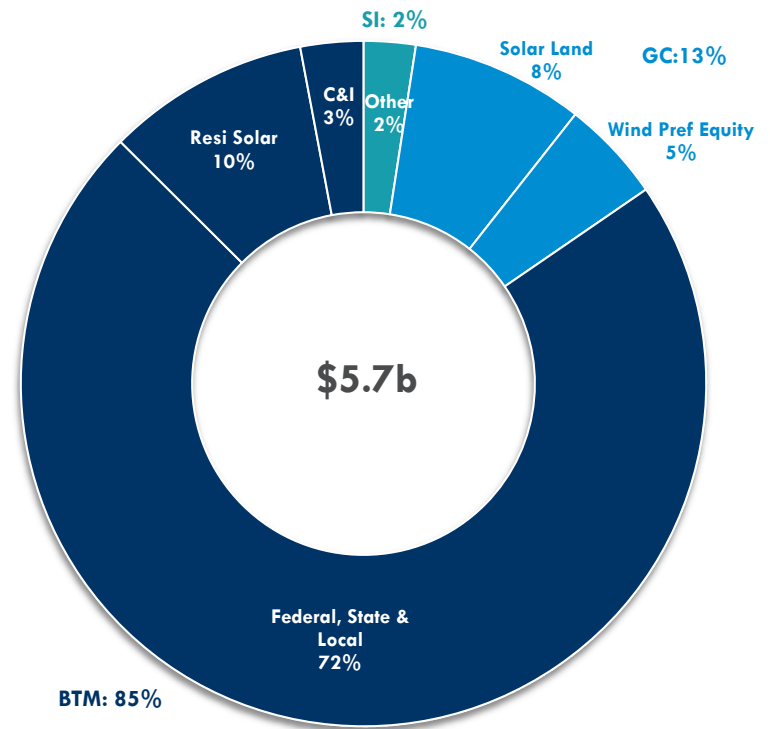
Business Mix in any One Period Varies Revenue Between Investment Revenue and Gain on Sale

Managed and Portfolio Assets Retain Significant Diversity

Balance Sheet Portfolio¹



Managed Assets²



Key Highlights

- Recent originations have continued to support diversity in both managed assets and the Balance Sheet Portfolio
- Yield generated by BTM assets continues to improve in part due to asset rotation

¹ The Portfolio Yield represents the weighted average underwritten yield, as adjusted for actual results, of the investments in our Portfolio as of the end of the period. Refer to the Appendix for additional discussion regarding this metric.

² Managed Assets is the aggregate of our GAAP Portfolio plus other assets that we have sold to unconsolidated trusts where we continue to provide asset servicing activities. Refer to the Appendix for additional discussion regarding this metric.

3Q19 Results – Selected Metrics

Key Highlights¹

- Core EPS (3Q19): +6% YOY
- Core Net Investment Income (3Q19): +37% YOY

Results*, Unaudited* (\$ in millions, except per share data)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	YTD Notes
GAAP Earnings	\$9.1	\$16.5	\$35.5	\$32.5	
GAAP Diluted EPS	\$0.13	\$0.30	\$0.54	\$0.60	Increase in Portfolio Yield offset by lower leverage, increased equity-based compensation expense, and provision for loss on receivables
Core Earnings	\$25.2	\$19.6	\$66.0	\$54.7	
Core EPS	\$0.38	\$0.36	\$1.01	\$1.01	
GAAP Net Investment Income ²	\$9.2	\$3.3	\$26.8	\$6.8	
Core Earnings from Equity Method Investments ³	\$9.7	\$10.3	\$28.9	\$30.8	Equity Method Portfolio modestly smaller
Core Adjustment for Intangible Amortization	\$0.8	\$0.8	\$2.3	\$2.2	Reflects amortization of Real Estate intangibles
Core Net Investment Income	\$19.7	\$14.4	\$58.0	\$39.8	Increase due to higher Portfolio Yield and decreased leverage
GAAP Gain on Sale and Fees	\$13.1	\$12.4	\$29.6	\$35.4	Change in securitization mix

Equity Method Summary (\$m) [*]	YTD 2019	YTD 2018
GAAP Earnings	\$ 18.1	\$ 20.0
Core Adjustment	10.7	10.8
Core Earnings	\$ 28.9	\$ 30.8
Return of Investment	46.4	68.7
Cash Collected	\$ 75.3	\$ 99.5

* Subtotals may not sum due to rounding.

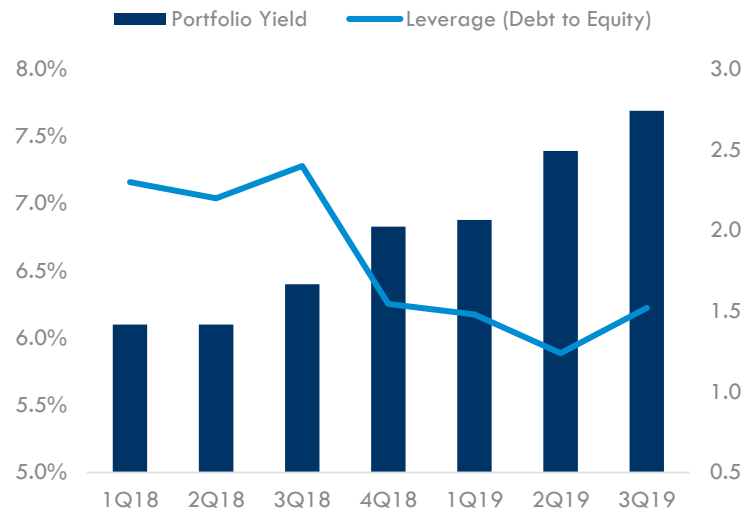
¹ See Appendix for an explanation of Core earnings, Core Earnings from Equity Method Investments, and Core Net Investment Income, including reconciliations to the relevant GAAP measures, where applicable.

² GAAP Net Investment Income includes Interest Income, and Rental Income, less Interest Expense as reported within our financial statements prepared in accordance with US GAAP.

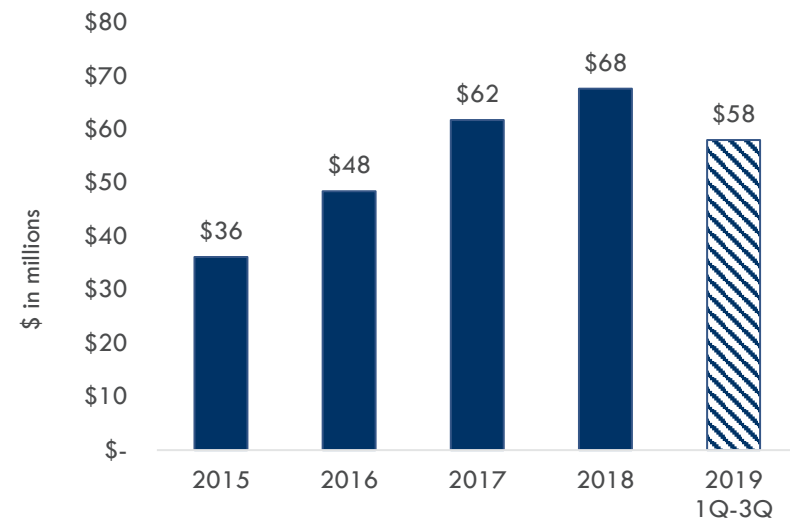
³ Represents Core Earnings from our Equity Method Investments when allocating cash distributions between a return on and return of invested capital. Refer to the Appendix for additional discussion.

Increasing Portfolio Yield along with Lower Leverage Produces Growth in NII

Portfolio Yield¹ and Leverage



Core Net Investment Income²



Key Highlights

- Growth in Net Investment Income driven by two factors:
 - Rotating lower-yielding assets off balance sheet and replacing them with higher-yielding assets
 - Lower portfolio leverage and resulting interest expense
- Long-dated assets (average life of 14 years) with limited pre-payments and runoff facilitate stability in prospective NII

¹ The Portfolio Yield represents the weighted average underwritten yield, as adjusted for actual results, of the investments in our Portfolio as of the end of the period. Refer to the Appendix for additional discussion regarding this metric.

² Core Net Investment Income is calculated as Interest Income and Rental Income less Interest Expense as reported within our financial statements prepared in accordance with US GAAP plus core equity method investment earnings plus amortization of real estate intangibles. See Slide 6 for a reconciliation to GAAP net investment income.

Executing on our Financing Strategy

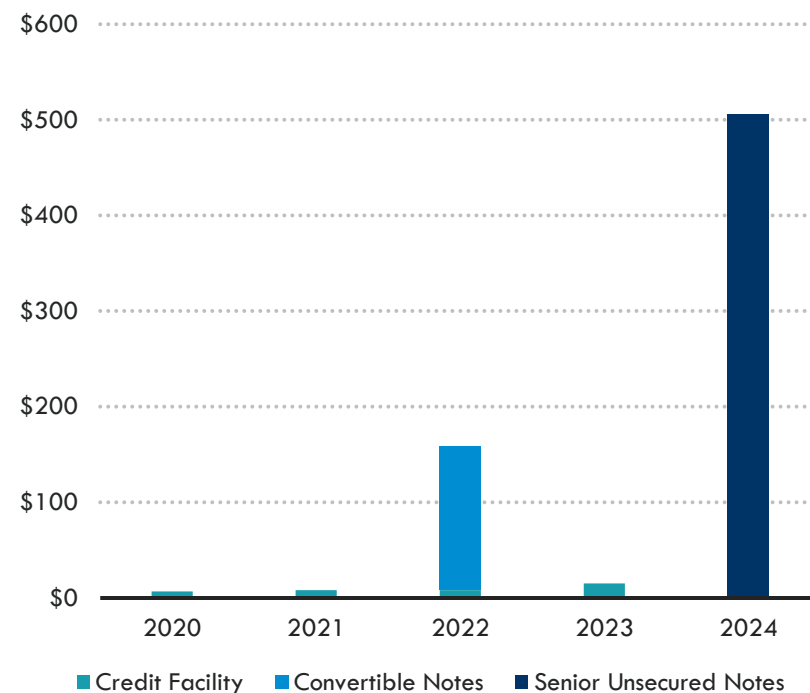
Funding Diversification

- Following inaugural issuance in July of \$350m green bonds at 5.25%, we issued an add-on of \$150m in September with a yield to maturity of 4.13%
 - Both offerings were oversubscribed, enabling \$100m upside to original deal sizes
 - Demonstrates continued and diversified access to financing markets in order to support growth

Minimal refinance risk

- No material recourse debt maturities until 2022
- Nonrecourse debt largely amortizes within contracted term of underlying assets
- Approximately 97% of all debt is fixed rate, above target range of 60% to 85%

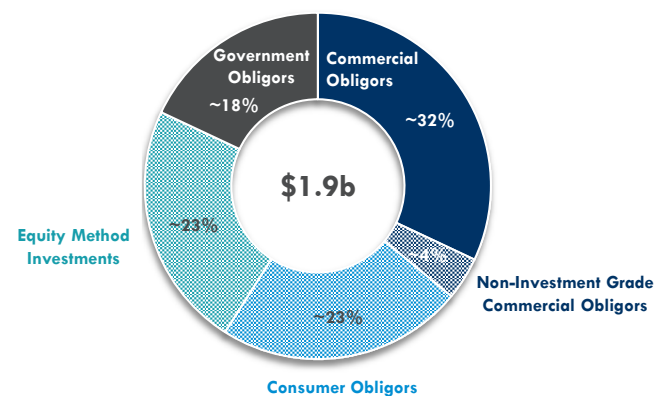
Recourse Debt Maturities (\$m)



Balance Sheet Positioned for Continued Growth

	Sept 30, 2019 (\$ in millions)
Assets	
Equity method investments	\$ 449
Government receivables	300
Commercial receivables	675
Real estate	363
Investments	113
Cash and cash equivalents	186
Other	193
Total Assets	\$ 2,279
Liabilities and Equity	
Credit facility	\$ 38
Non-recourse debt	665
Convertible notes	148
Senior unsecured notes	506
Other	39
Total Liabilities	1,396
Total Equity	883
Total Liabilities and Equity	\$ 2,279

Portfolio Credit Quality



Key Highlights

- **Government**
 - 100% Investment Grade Obligors
- **Commercial**
 - Predominantly Investment Grade Obligors
- **Consumer**
 - Average Obligor FICO Rating: "Very Good"¹
- **Commercial (Equity Method)**
 - Typically senior or preferred in structure

¹ Qualitative FICO Rating corresponds to average FICO Score range for consumer obligors (as of asset origination dates).

Investing in Climate Change SolutionsSM

Our Results Continue to Support Our Investment Thesis
We will earn superior risk-adjusted returns investing on the right side of the climate change line

Supporting Top-Tier Clients in a Large, Growing Market

- Engineering the **decentralized, digitalized, decarbonized** future of energy

Delivering Attractive ROE

- Continue to deliver Core ROE at or above 10%¹

Providing Investors Yield + Growth Total Return

- 4.6% dividend yield exceeds that of Utilities (2.8%), Selected Peers (3.4%) and REITs (4.0%)²
- Core earnings growth guidance at 2% to 6%³

Leading on ESG Disclosure

- CarbonCount® sets the bar for capital providers reporting environmental impact

¹ Core ROE is calculated using core earnings and the average of the ending equity balances as of March 31, 2019, June 30, 2019, and September 30, 2019.

² Utilities include: SO, EXC, NRG, EIX; selected Peers includes: BIP, DLR, AMT, WY; Yahoo Finance data, based on most recent quarterly dividend annualized and share prices as of 10/25/19.

³ Refer to appendix for additional discussion on guidance.

Appendix

Supplemental Financial Data

EXPLANATORY NOTES

Core Earnings and Earnings on Equity Method Investments

We calculate core earnings as GAAP net income (loss) excluding non-cash equity compensation expense, non-cash provision for losses on receivables, amortization of intangibles, 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. In the future, core earnings may also exclude one-time events pursuant to changes in GAAP and certain other non-cash charges as approved by a majority of our independent directors.

Certain of our equity method investments in renewable energy 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 our equity method investments 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 core earnings, 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 core equity method investment adjustment to our GAAP net income (loss) in calculating our core 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.

For the three and nine months ended September 30, 2019, we recognized income of \$6 million and \$18 million, respectively under GAAP for our equity investments in renewable energy projects. We reversed the GAAP income and recorded \$10 million and \$29 million for core earnings as discussed above, to reflect our return on capital from these investments for the three and nine months ended September 30, 2019. This compares to the collected cash distributions from these equity method investments of approximately \$21 million and \$75 million for the three and nine months ended September 30, 2019, with the difference between core earnings and cash collected representing a return of capital.

We believe that core earnings provides an additional measure of our core operating performance by eliminating the impact of certain non-cash expenses and facilitating a comparison of our financial results to those of other comparable companies with fewer or no non-cash charges and comparison of our own operating results from period to period. Our management uses core earnings in this way. We believe that our investors also use core 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 core earnings is useful to our investors.

However, core earnings does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (loss) (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 core earnings may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures, and accordingly, our reported core earnings may not be comparable to similar metrics reported by other companies.

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.

Core Net Investment Income

Core Net Investment Income is calculated as GAAP Net Investment Income (Interest Income and Rental Income less Interest Expense) as reported within our financial statements prepared in accordance with US GAAP plus Core 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.

Supplemental Financial Data

EXPLANATORY NOTES

Guidance – We have not provided GAAP guidance as forecasting a comparable GAAP financial measure, such as net income, would require that we apply the HLBV method to these investments. In order to forecast under the HLBV method, we would be required to make various assumptions related to expected changes in the net asset value of the various entities and how such changes would be allocated under HLBV. GAAP HLBV earnings over a period of time are very sensitive to these assumptions especially in regard to when a partnership transactions flips and thus the liquidation scenarios change materially. We believe that these assumptions would require unreasonable efforts to complete and if completed, the wide variation in projected GAAP earnings based upon a range of scenarios would not be meaningful to investors. Accordingly, we have not included a GAAP reconciliation table related to any Core Earnings guidance.

Portfolio/Credit Quality Footnotes

"Government"	Transactions where the ultimate obligor is the U.S. federal government or state or local governments where the obligors are rated investment grade (either by an independent rating agency or based upon our internal credit analysis). This amount includes \$223 million of U.S. federal government transactions and \$111 million of transactions where the ultimate obligors are state or local governments. Transactions may have guaranties of energy savings from third party service providers, which typically are entities rated investment grade by an independent rating agency.
"Commercial"	Transactions where the projects or the ultimate obligors are commercial entities that have been rated investment grade (either by an independent rating agency or based on our internal credit analysis). Of this total, \$8 million of the transactions have been rated investment grade by an independent rating agency.
"Commercial Non-Investment Grade"	Transactions where the projects or the ultimate obligors are commercial entities that either have ratings below investment grade (either by an independent rating agency or using our internal credit analysis) or where the nature of the subordination in the asset causes it to be considered non-investment grade. This category of assets includes \$445 million of mezzanine loans made on a non-recourse basis to special purpose subsidiaries of residential solar companies where the nature of the subordination causes it to be considered non-investment grade. These loans are secured by residential solar assets and we rely on certain limited indemnities, warranties, and other obligations of the residential solar companies or their other subsidiaries. Approximately, \$260 million of these mezzanine loans were made to entities in which we also have non-controlling equity investments of approximately \$19 million. Commercial non-investment grade receivables also include \$72 million of transactions where the projects or the ultimate obligors are commercial entities that have ratings below investment grade using our internal credit analysis. \$8 million of loans are on non-accrual status and are fully reserved for loss.
"Real Estate"	Includes the real estate and the lease intangible assets (including those held through equity method investments) from which we receive scheduled lease payments, typically under long-term triple net lease agreements.
"Average Remaining Balance"	Excludes approximately 175 transactions each with outstanding balances that are less than \$1 million and that in the aggregate total \$60 million.

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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue				
Interest income	\$ 19,322	\$ 16,771	\$ 54,270	\$ 46,098
Rental income	6,469	6,257	19,415	18,166
Gain on sale of receivables and investments	7,713	10,868	16,718	31,333
Fee income	5,338	1,487	12,850	4,114
Total revenue	38,842	35,383	103,253	99,711
Expenses				
Interest expense	16,561	19,681	46,861	57,424
Provision for loss on receivables	8,027	—	8,027	—
Compensation and benefits	7,193	6,309	21,281	17,966
General and administrative	3,737	3,551	10,818	10,481
Total expenses	35,518	29,541	86,987	85,871
Income before equity method investments	3,324	5,842	16,266	13,840
Income (loss) from equity method investments	5,984	11,671	18,114	19,969
Income (loss) before income taxes	9,308	17,513	34,380	33,809
Income tax (expense) benefit	(132)	(939)	1,298	(1,110)
Net income (loss)	\$ 9,176	\$ 16,574	\$ 35,678	\$ 32,699
Net income (loss) attributable to non-controlling interest holders	74	91	191	177
Net income (loss) attributable to controlling stockholders	\$ 9,102	\$ 16,483	\$ 35,487	\$ 32,522
Basic earnings (loss) per common share	\$ 0.14	\$ 0.30	\$ 0.55	\$ 0.60
Diluted earnings (loss) per common share	\$ 0.13	\$ 0.30	\$ 0.54	\$ 0.60
Weighted average common shares outstanding—basic	64,922,325	52,728,587	63,492,884	52,167,308
Weighted average common shares outstanding—diluted	65,630,711	52,728,587	64,147,835	52,167,308

Balance Sheet

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

	September 30, 2019	December 31, 2018
Assets		
Equity method investments	\$ 449,304	\$ 471,044
Government receivables	299,877	497,464
Commercial receivables, net of allowance	674,728	447,196
Real estate	363,037	365,370
Investments	113,177	169,793
Cash and cash equivalents	186,152	21,418
Other assets	192,893	182,628
Total Assets	\$ 2,279,168	\$ 2,154,913
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 39,851	\$ 36,509
Deferred funding obligations	1,073	72,100
Credit facility	37,824	258,592
Non-recourse debt (secured by assets of \$887 million and \$1,105 million, respectively)	664,722	834,738
Senior unsecured notes	505,513	—
Convertible notes	147,642	148,451
Total Liabilities	1,396,625	1,350,390
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, 64,924,800 and 60,510,086 shares issued and outstanding, respectively	649	605
Additional paid in capital	1,063,102	965,384
Accumulated deficit	(193,121)	(163,205)
Accumulated other comprehensive income (loss)	8,746	(1,684)
Non-controlling interest	3,167	3,423
Total Stockholders' Equity	882,543	804,523
Total Liabilities and Stockholders' Equity	\$ 2,279,168	\$ 2,154,913

Reconciliation of GAAP Net Income to Core Earnings

	For the Three Months Ended September 30, 2019		For the Three Months Ended September 30, 2018	
	<i>(in thousands, except per share data)</i>			
	<i>per share</i>		<i>per share</i>	
Net income attributable to controlling stockholders ⁽¹⁾	\$ 9,102	\$ 0.13	\$ 16,483	\$ 0.30
Core earnings adjustments:				
Reverse GAAP income from equity method investments	(5,984)		(11,671)	
Add back core equity method investments earnings ⁽²⁾	9,715		10,306	
Non-cash equity-based compensation charges ⁽³⁾	3,395		2,657	
Non-cash provision for loss on receivables ⁽⁴⁾	8,027		—	
Other core adjustments ⁽⁵⁾	1,029		1,835	
Core earnings ⁽⁶⁾	\$ 25,284	\$ 0.38	\$ 19,610	\$ 0.36

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

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

(3) Reflects adjustment for non-cash equity-based compensation.

(4) Reflects provision related to receivables, which had been on non-accrual status since the second quarter of 2017.

(5) See detail below.

(6) Core earnings per share for the three months ended September 30, 2019 and September 30, 2018, are based on 66,785,779 shares and 54,711,488 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 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.

Reconciliation of GAAP Net Income to Core Earnings

	For the Nine Months Ended September 30, 2019		For the Nine Months Ended September 30, 2018	
	<i>per share</i>		<i>per share</i>	
	<i>(in thousands, except per share data)</i>			
Net income attributable to controlling stockholders ⁽¹⁾	\$ 35,487	\$ 0.54	\$ 32,522	\$ 0.60
Core earnings adjustments:				
Reverse GAAP income from equity method investments	(18,114)		(19,969)	
Add back core equity method investments earnings ⁽²⁾	28,857		30,810	
Non-cash equity-based compensation charges ⁽³⁾	10,384		7,881	
Non-cash provision for loss on receivables ⁽⁴⁾	8,027		—	
Other core adjustments ⁽⁵⁾	1,349		3,489	
Core earnings ⁽⁶⁾	\$ 65,990	\$ 1.01	\$ 54,733	\$ 1.01

- (1) Represents GAAP diluted earnings per share and is the most comparable GAAP measure to our core earnings per share.
- (2) Reflects adjustment for equity method investments described above.
- (3) Reflects adjustment for non-cash equity-based compensation.
- (4) Reflects provision related to receivables, which had been on non-accrual status since the second quarter of 2017.
- (5) See detail below.
- (6) Core earnings per share for the nine months ended September 30, 2019 and September 30, 2018, are based on 65,425,114 shares and 54,116,864 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 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.

Additional GAAP to Core Reconciliations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	<i>(in thousands)</i>		<i>(in thousands)</i>	
Other core adjustments				
Amortization of intangibles ⁽¹⁾	\$ 823	\$ 812	\$ 2,462	\$ 2,380
Non-cash provision (benefit) for income taxes	132	932	(1,304)	932
Net income attributable to non-controlling interest	74	91	191	177
Other core adjustments	\$ 1,029	\$ 1,835	\$ 1,349	\$ 3,489

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	<i>(in thousands)</i>		<i>(in thousands)</i>	
GAAP SG&A expenses				
Compensation and benefits	\$ 7,193	\$ 6,309	\$ 21,281	\$ 17,966
General and administrative	3,737	3,551	10,818	10,481
Total SG&A expenses (GAAP)	\$ 10,930	\$ 9,860	\$ 32,099	\$ 28,447
Core SG&A expenses adjustments:				
Non-cash equity-based compensation charge ⁽¹⁾	\$ (3,395)	\$ (2,657)	\$ (10,384)	\$ (7,881)
Amortization of intangibles ⁽²⁾	(51)	(50)	(152)	(153)
Core SG&A expenses adjustments	(3,446)	(2,707)	(10,536)	(8,034)
Core SG&A expenses	\$ 7,484	\$ 7,153	\$ 21,563	\$ 20,413

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

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

Additional GAAP to Core Reconciliations

	As of	
	September 30, 2019	December 31, 2018
	<i>(dollars in millions)</i>	
Equity method investments	\$ 449	\$ 471
Government receivables	300	497
Commercial receivables	675	447
Real estate	363	365
Investments	113	170
Assets held in securitization trusts	3,768	3,334
Managed Assets	\$ 5,668	\$ 5,284
Credit losses as a percentage of assets under management	0.1%	0.0%



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