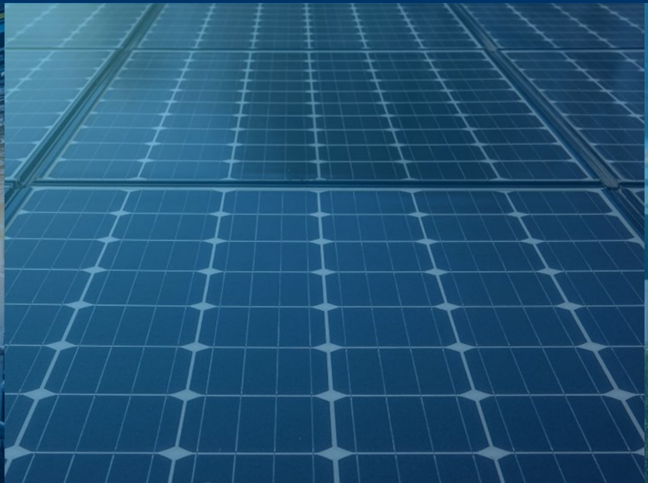
HANNON ARMSTRONG

EARNINGS PRESENTATION

Fourth Quarter and Full Year 2019

INVESTING IN CLIMATE CHANGE SOLUTIONS



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, 2019 as amended by our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2019, 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 December 31, 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.

INVESTING IN CLIMATE CHANGE SOLUTIONS

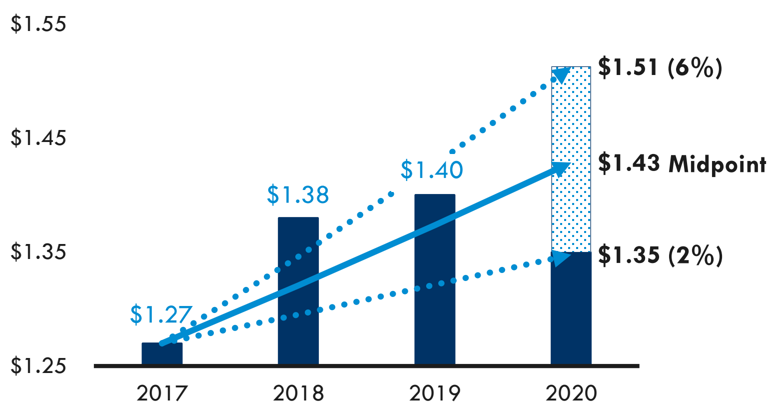
Recent Highlights[1]

- Delivered 2019 GAAP Diluted EPS of $1.24; Core EPS of $1.40
- Increased dividend to $0.34 per share for 1Q20
- Grew Portfolio 10% QOQ to $2.1b; Managed Assets to $6.2b
- Achieved 22% 2019 YOY growth in Core Net Investment Income
- Reported a Portfolio Yield of 7.6% as of the end of 2019
- Closed $1.3b of transactions in 2019, including $475m in 4Q19
- Completed first $500 million corporate unsecured green bond offering

Guidance[2]

- Expect 2020 Core EPS to exceed guidance midpoint of $1.43

Compounded 3-Year Annual Core EPS Growth Guidance



Key Performance Indicators	FY19	FY18
EPS (GAAP)	$1.24	$0.75
EPS (Core)[1]	$1.40	$1.38
Net Investment Income (GAAP)	$38m	$24m
Net Investment Income (Core)[1]	$82m	$68m
Portfolio Yield[1]	7.6%	6.8%
Balance Sheet Portfolio	$2.1b	$2.0b
Debt to Equity Ratio	1.5x	1.5x
Core ROE[3]	10.5%	11.1%
CarbonCount®[4]	0.30	0.42
Incremental Annual Reduction in Carbon Emissions	~385,000 MT	~496,000 MT
WaterCount™[5]	293	283
Annual Water Savings	~381 MG	~337 MG

1) See Appendix for an explanation of Core Earnings, Managed Assets, 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 17.
2) Excludes impact of new credit loss standard (Current Expected Credit Losses or "CECL")
3) Core ROE is calculated using core earnings for the Year and the average of the ending equity balances as of March, June, September, and December in 2019 and 2018.
4) 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.
5) 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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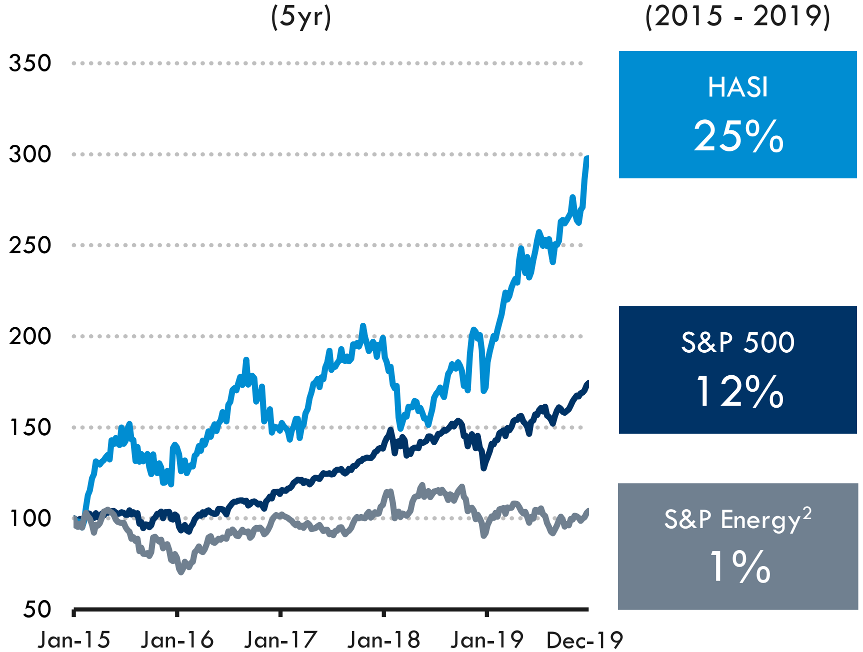
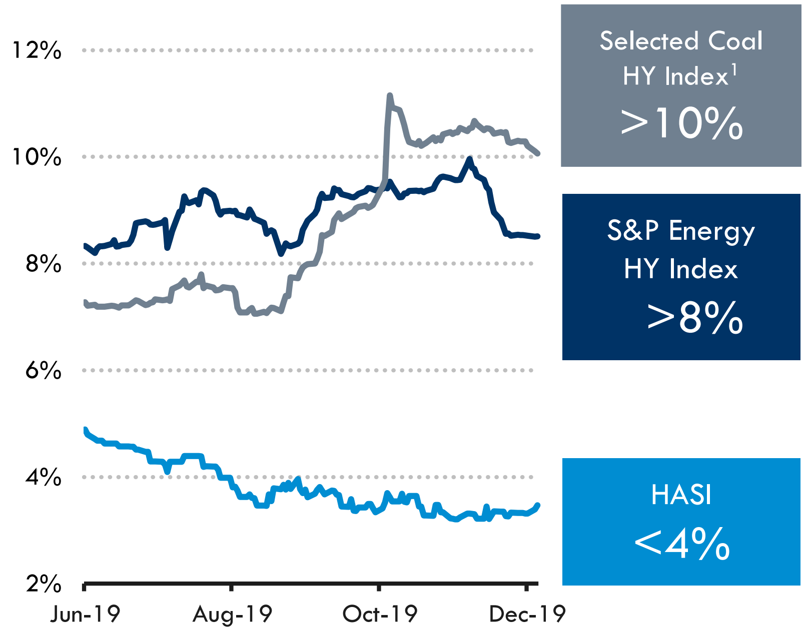
CLIMATE-POSITIVE INVESTING PRODUCING SUPERIOR RESULTS

Total Shareholder Return



Unsecured Bond Yields



By investing on the right side of the climate change line, we have significantly outperformed the fossil fuel industry and the S&P 500

1) Includes ARLP, CEIX, BTU, and HCC
2) Reflects S&P Global 1200 Energy Index, a fossil-fuel-concentrated benchmark

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MACRO TRENDS

1	Climate Change is Happening	• In 2019, there were 14 natural disasters in the U.S., with an aggregate cost of ~$45b[1] • Climate-related power outages driving adoption of residential solar + storage • Increasing public pressure on corporations and state and local governments to take action
2	Client-Driven Pipeline	• Behind-the-Meter market growing rapidly • Emergence of new climate-positive asset classes, including green real estate, community solar, and C-PACE • New clients entering market at scale
3	Persistently Low Interest Rates	• HASI business model continues to thrive in all interest rate environments • Active securitization investors for certain asset classes • Dividend-paying securities enjoy tailwinds
4	Thirst for Credible ESG Equities	• Mandates from large institutionals driving capital to ESG assets and equities • YieldCo take-private proposals validate risk-reward profile of renewable assets • Ongoing need for new standardized reporting metrics
5	Market Forces Supersede Federal Policy	• US corporates continue to push energy efficiency and renewable deployment • RPS[2] rising in multiple states, including at least 7 with 100% binding goal by target dates • Minor changes to federal tax credits; solar tariffs a temporary drag on new development

1) According to U.S. National Oceanic and Atmospheric Administration, the average annual number of such events over the last five years has more than doubled as compared to the same metric between 1980 and 2019.
2) Renewable Portfolio Standards

DYNAMIC PIPELINE

Markets

Behind-the-Meter

EE: New commercial and MUSH[1] clients

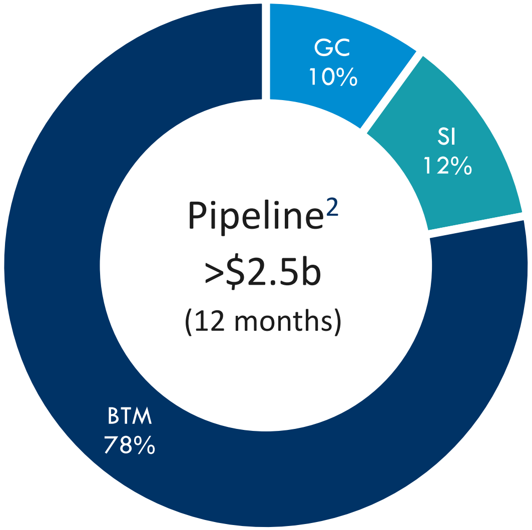
C&I and Community Solar: Growing portion of pipeline

Grid-Connected

Client relationships leading to potential financing opportunities

Sustainable Infrastructure

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



Deep relationships with leading engineering companies drive dynamic pipeline

1) Municipalities, Universities, Schools, and Hospitals (MUSH)
2) As of 12/31/2019; Markets include Behind-the-Meter (BTM), Grid-Connected (GC), and Sustainable Infrastructure (SI)

DIVERSE PORTFOLIO

Markets

Behind-the-Meter
Yield: 8.0%

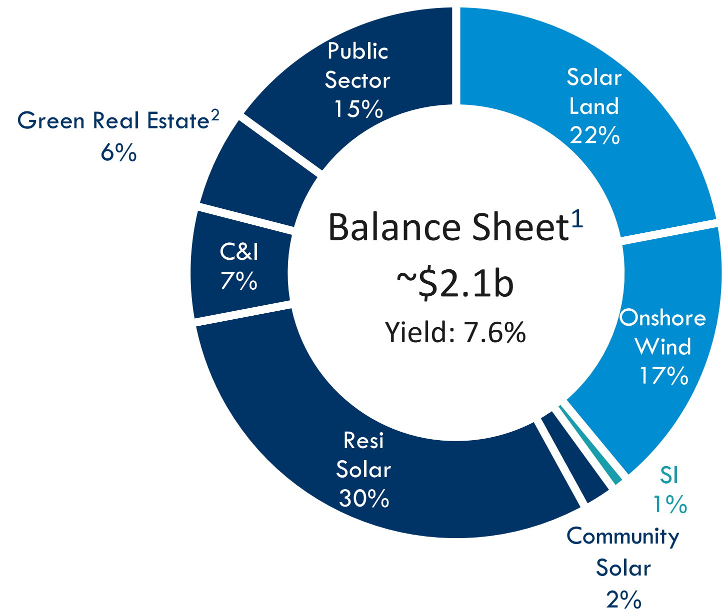
- Energy Efficiency
- Distributed Solar
- Storage

Grid-Connected
Yield: 7.0%

- Solar Land
- Onshore Wind

Sustainable Infrastructure[3]
Yield: 6.8%

- Clean Water
- Ecological Restoration
- Resiliency



Diversified and Long-Dated Cashflows

>180	~$11m	~15 years
Total Investments[4]	Average Investment	Weighted Average Life

1) As of 12/31/2019
2) Includes Freddie Mac and C-PACE investments
3) Includes all other asset classes that are not specifically delineated as BTM or GC
4) Individual investments with outstanding balances > $1 million

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4Q19 AND FY19 RESULTS

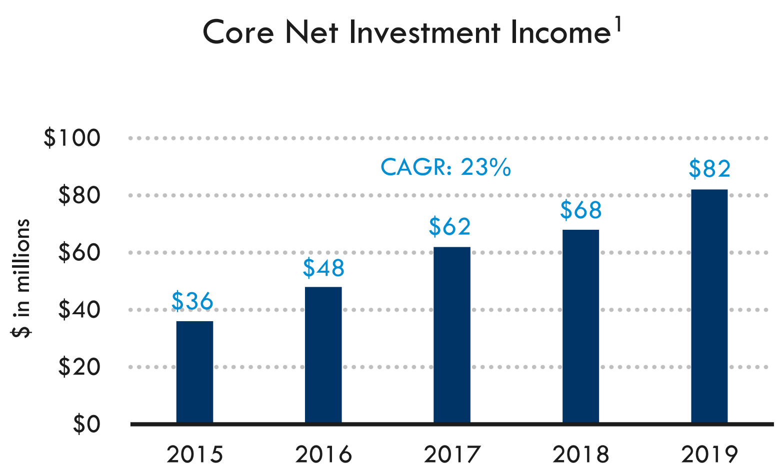
Core Net Investment Income (FY19): +22% YOY

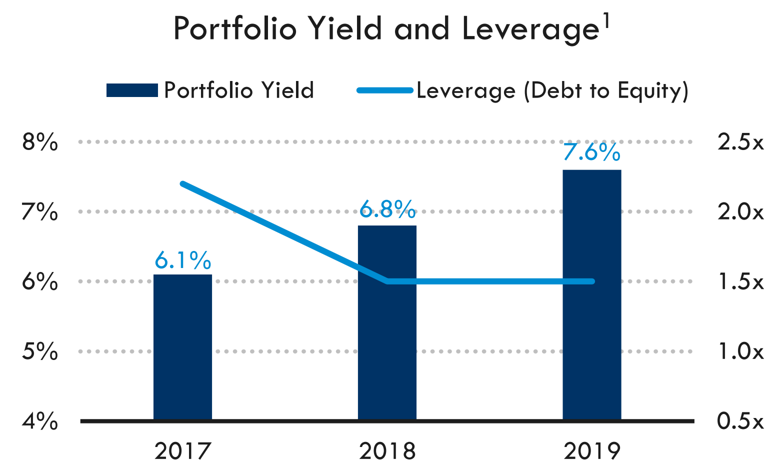
Results, Unaudited[1] ($ in millions, except per share figures)	4Q19	4Q18	FY19	FY18	FY Commentary
GAAP Earnings	$46.1	$9.1	$81.6	$41.6	Increase in interest and rental income, Equity Method Investment earnings, and advisory fee income offset by an increase in equity-based compensation and the 3Q19 provision for loss on receivables
GAAP Diluted EPS	$0.66	$0.16	$1.24	$0.75	
Core Earnings	$26.8	$21.1	$92.7	$75.8	Increase primarily due to an increase in Portfolio Yield
Core EPS	$0.40	$0.37	$1.40	$1.38	
GAAP Net Investment Income[2]	$11.0	$16.8	$37.8	$23.7	Increase in interest and rental income and lower leverage
Core Earnings from Equity Method Investments[3]	12.6	10.1	41.4	40.9	
Core Adjustment for Intangible Amortization	0.8	0.8	3.1	3.0	
Core Net Investment Income	$24.4	$27.7	$82.3	$67.6	22% YOY increase due to higher Portfolio Yields and lower leverage
GAAP Gain on Sale and Fees	$9.9	$3.4	$39.5	$38.9	

Equity Method Summary[1,3] ($ in millions)	FY19	FY18
GAAP Earnings	$64.2	$22.2
Core Adjustment	(22.8)	18.7
Core Earnings	$41.4	$40.9
Return of Investment	59.6	73.7
Cash Collected	$101.0	$114.6

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. Subtotals may not sum due to rounding.
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.

SUSTAINABLE GROWTH IN NET INVESTMENT INCOME



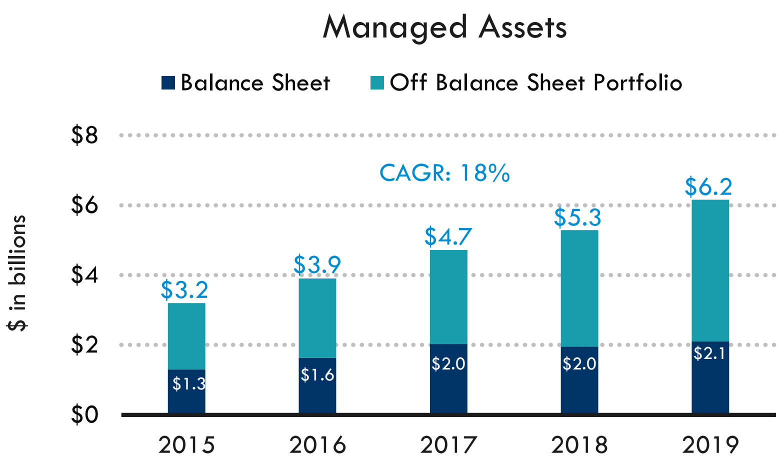


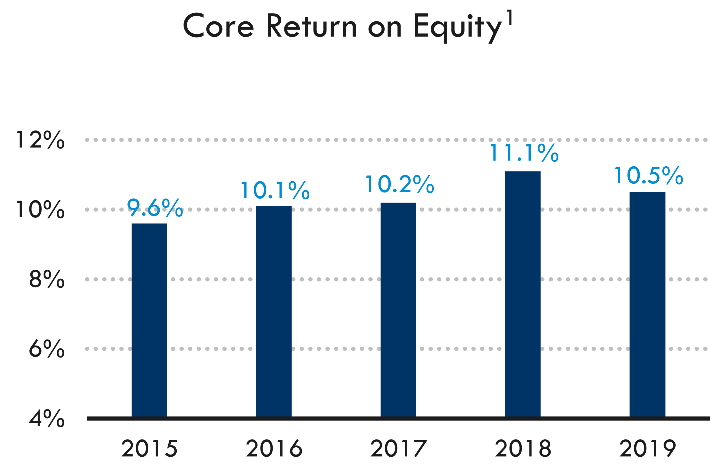
Over the last five years, growth in NII has been driven by two factors:

- Rotating lower-yielding assets off balance sheet and replacing them with higher-yielding assets
- Lower portfolio leverage and cost of capital and resulting interest expense

1) See Appendix for an explanation of Core Net Investment Income and Portfolio Yield, including reconciliations to the relevant GAAP measures, where applicable. Subtotals may not sum due to rounding.

FLEXIBLE BUSINESS MODEL





Consistent growth with attractive returns

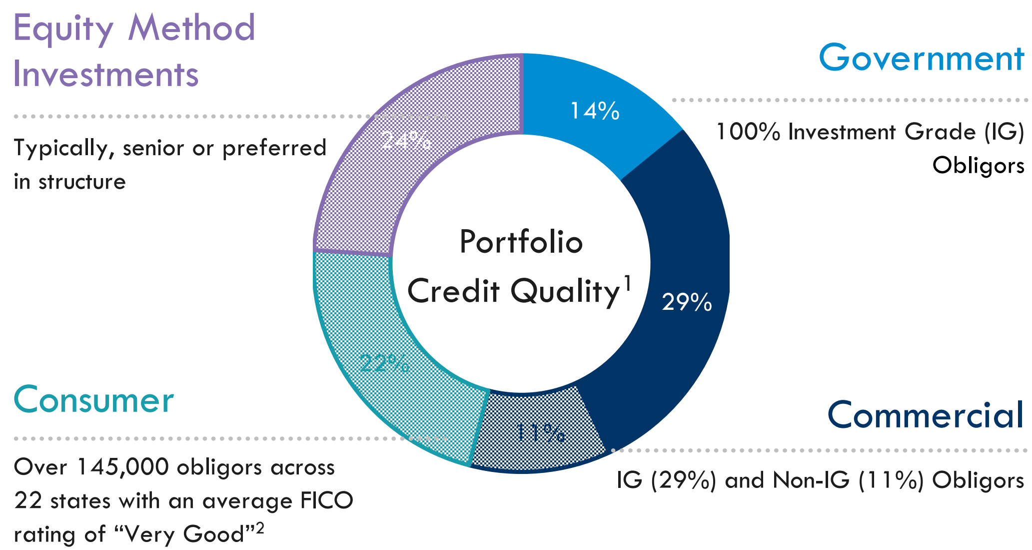
- Strong growth in managed assets as we continue to opportunistically execute on gain-on-sale transactions
- Continue to achieve attractive and stable ROE – even in markets that are witnessing diminishing yields

1) Core ROE is calculated using core earnings for the year and the average of the ending equity balances as of March, June, September, December 2019 and 2018, respectively.

STRONG BALANCE SHEET AND CREDIT PROFILE

Outstanding credit history with de minimis (~30 bps) cumulative credit losses since 2013

Assets	December 31, 2019 ($ in millions)
Equity Method Investments	$499
Government receivables	263
Commercial receivables	896
Real estate	362
Investments	75
Other	292
Total Assets	**$2,387**
Liabilities and Equity	
Credit facility	$31
Non-recourse debt	700
Convertible notes	149
Senior unsecured notes	512
Other	55
Total Liabilities	**$1,447**
Total Equity	**$940**
Total Liabilities and Equity	**$2,387**



Largest Concentrations	Size ($m)
Single Asset and Commercial Obligor	$101
Single Public Sector Obligor	$153

1) Refer to Explanatory Notes on Slide 19.
2) Qualitative FICO Rating corresponds to average FICO Score range for consumer obligors (as of asset origination dates).

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DURABLE CAPITAL STRUCTURE

Demonstrated access to diversified funding sources

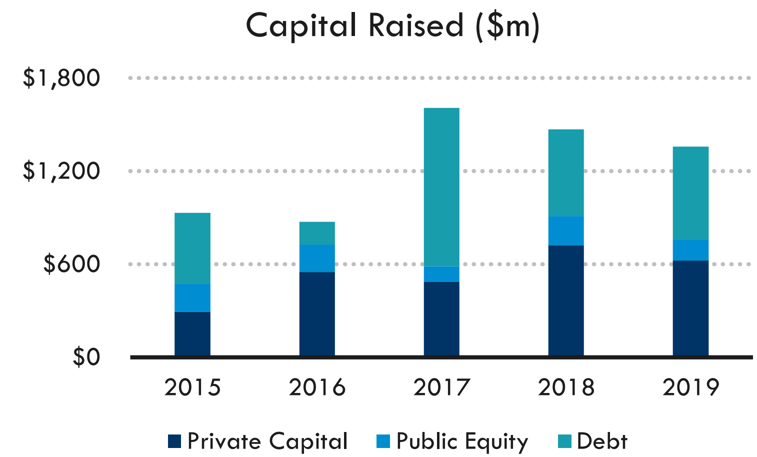
- $7.7 billion raised across multiple markets since 2013 IPO
- Inaugural issuance of $500m corporate unsecured green bonds in 2019

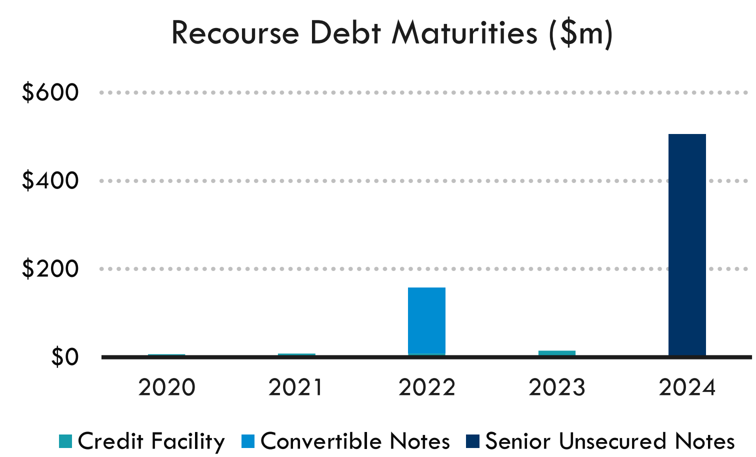
Conservative leverage profile

- 1.5x debt to equity
- Rated BB+ by S&P and Fitch

Minimal refinance risk

- 98% of debt is fixed rate
- No material recourse debt maturities until 2022[1]
- Nonrecourse debt largely amortizes within contracted term of assets





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

INDUSTRY-LEADING ESG

E Environmental

- Invests exclusively in climate change solutions evaluated by proprietary CarbonCount® tool
- UN Global Compact signatory and committed to UN Sustainable Development Goals

S Social

- One of the few U.S. public companies with a female Lead Independent Board Director
- Majority of employees identify as women, people of color, LGBTQ+, and/or military veterans

G Governance

- One of the first U.S. public companies to implement TCFD recommendations in financial filings
- Board of Directors: 86% Independent Directors, 33% of whom are women

Recognition[1]

Ethical Corporation: Responsible Investment Award

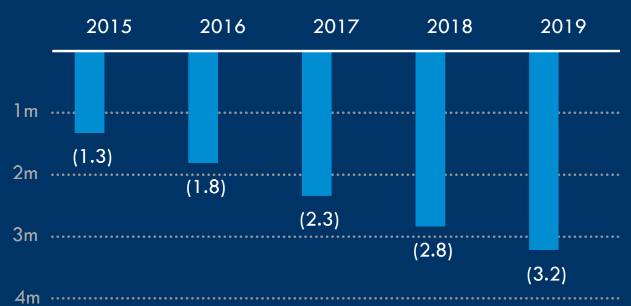
CR Magazine: Responsible CEO of the Year ESG Leadership

ACORE: Renewable Energy Leadership Award

Carbon Emissions[3]

Carbon Count® 2019: 0.30

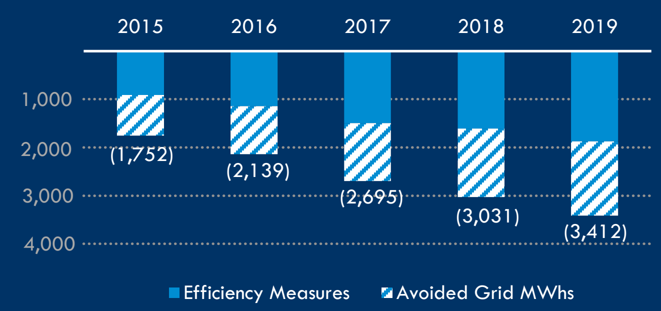
Cumulative Metric Tons of CO_2 Avoided Annually



Water Savings[4]

Water Count™ 2019: 293

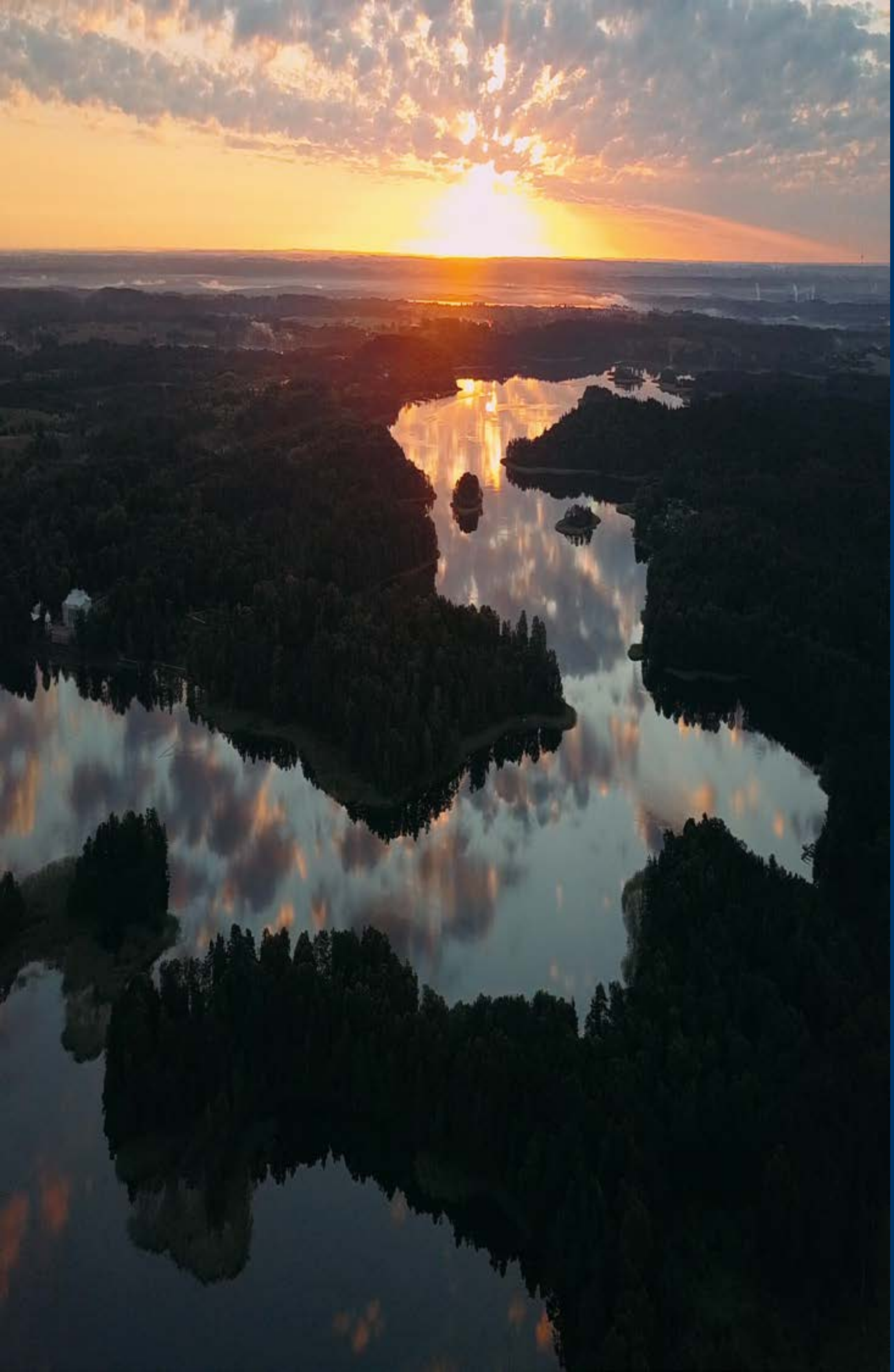
Cumulative Gallons of Water Saved Annually (in million gallons)



1) All received in 2019.
2) 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.
3) 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 SUMMARY

1	Programmatic Origination Platform	• Industry leader in growing core markets • Diverse pipeline of leading engineering clients • Tailored investment solutions for customer base which has been developed over 30+ years
2	Diversified High-Quality Portfolio	• Geographically diverse portfolio of >180 investments with an average size of $11m • Cashflow visibility and strong credit metrics • Outstanding credit history with de minimis (~30 bps) cumulative credit losses since IPO
3	Durable Capital Structure	• Raised $7.7b in debt, private capital, and equity since 2013 IPO • Rated BB+ by Fitch and S&P • Fixed-rate term debt funding fixed-rate term assets
4	Industry-Leading ESG	• Invests exclusively in climate change solutions • Proprietary tools evaluate the carbon and water reduction impact of investments • Diverse and independent Board with a female Lead Independent Director
5	Strong Competitive Positioning	• Established vendor-model financing smaller long-duration transactions • Attractive risk-adjusted dividend yield and total return • Non-cyclical performance through various market, political, and regulatory cycles



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.

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.

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.

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.

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.

Beginning in 2020, all public companies are subject to a new accounting standard generally referred to as the Current Expected Credit Loss model, which is typically abbreviated as "CECL". Under this accounting standard, we will be implementing an expected loss methodology for certain of our assets at the time they are originated. For these investments, we will create an Allowance for Losses on the Balance Sheet and record a Provision on the Income Statement. The guidance we are issuing today regarding our expectation of exceeding the midpoint of our previously issued guidance for 2020 is based on a pre-provision EPS estimate. For a transition period, we expect to report our Core Earnings on both a pre-provision and post-provision basis.

SUPPLEMENTAL FINANCIAL DATA

Explanatory Notes

Portfolio/Credit Quality Footnotes

"Equity Method Investments"	Equity investments in various renewable energy and energy efficiency projects. These investments are typically owned in holding companies where our equity interests are typically senior or preferred to the common equity holder.
"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). Transactions may have guaranties of energy savings from third party service providers, which typically are entities rated investment grade by an independent rating agency.
"Consumer"	This category of assets includes mezzanine loans made on a non-recourse basis to special purpose subsidiaries of residential solar companies. 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.
"Commercial"	Transactions where the projects or the ultimate obligors are commercial entities that are rated either investment or non-investment grade (either by an independent rating agency or using our internal credit analysis).

HANNON ARMSTRONG

INCOME STATEMENT

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

	For the Three Months Ended December 31,		For the For the Year Ended December 31,	
	2019	2018	2019	2018
Revenue				
Interest income	$ 21,930	$ 29,837	$ 76,200	$ 75,935
Rental income	6,469	6,441	25,884	24,606
Gain on sale of receivables and investments	7,704	1,595	24,423	32,928
Fee income	2,225	1,813	15,074	5,927
Total revenue	**38,328**	**39,686**	**141,581**	**139,396**
Expenses				
Interest expense	17,381	19,450	64,241	76,874
Provision for loss on receivables	—	—	8,027	—
Compensation and benefits	7,495	7,685	28,777	25,651
General and administrative	3,875	4,610	14,693	15,091
Total expenses	**28,751**	**31,745**	**115,738**	**117,616**
Income before equity method investments	**9,577**	**7,941**	**25,843**	**21,780**
Income (loss) from equity method investments	46,060	2,192	64,174	22,162
Income (loss) before income taxes	**55,637**	**10,133**	**90,017**	**43,942**
Income tax (expense) benefit	(9,396)	(1,034)	(8,097)	(2,144)
Net income (loss)	**$ 46,241**	**$ 9,099**	**$ 81,920**	**$ 41,798**
Net income (loss) attributable to non-controlling interest holders	165	44	356	221
Net income (loss) attributable to controlling stockholders	**$ 46,076**	**$ 9,055**	**$ 81,564**	**$ 41,577**
Basic earnings (loss) per common share	$ 0.70	$ 0.16	$ 1.25	$ 0.75
Diluted earnings (loss) per common share	$ 0.66	$ 0.16	$ 1.24	$ 0.75
Weighted average common shares outstanding—basic	65,173,294	54,599,877	63,916,440	52,780,449
Weighted average common shares outstanding—diluted	71,668,124	54,599,877	64,771,491	52,780,449

HANNON ARMSTRONG

BALANCE SHEET

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

	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 6,208	$ 21,418
Equity method investments	498,631	471,044
Government receivables	263,175	497,464
Commercial receivables, net of allowance	896,432	447,196
Real estate	362,265	365,370
Investments	74,530	169,793
Securitization assets	123,979	71,601
Other assets	162,054	111,027
Total Assets	**$ 2,387,274**	**$ 2,154,913**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 53,538	$ 36,509
Deferred funding obligations	813	72,100
Credit facility	31,199	258,592
Non-recourse debt (secured by assets of $921 million and $1,105 million, respectively)	700,225	834,738
Senior unsecured notes	512,153	—
Convertible notes	149,434	148,451
Total Liabilities	1,447,362	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 $0.01 per share, 450,000,000 shares authorized, 66,338,120 and 60,510,086 shares issued and outstanding, respectively	663	605
Additional paid in capital	1,106,852	965,384
Accumulated deficit	(174,335)	(163,205)
Accumulated other comprehensive income (loss)	3,300	(1,684)
Non-controlling interest	3,432	3,423
Total Stockholders' Equity	939,912	804,523
Total Liabilities and Stockholders' Equity	**$ 2,387,274**	**$ 2,154,913**

RECONCILIATION OF GAAP NET INCOME TO CORE EARNINGS

	For the three months December 31, 2019		For the three months ended December 31, 2018	
	(in thousands, except per share data)			
		per share		*per share*
Net income attributable to controlling stockholders [1]	$ 46,076	$ 0.66	$ 9,055	$ 0.16
Core earnings adjustments:				
Reverse GAAP income from equity method investments	(46,060)		(2,192)	
Add back core equity method investments earnings [2]	12,580		10,113	
Non-cash equity-based compensation charges [3]	3,775		2,184	
Other core adjustments [4]	10,384		1,907	
Core earnings [5]	**$ 26,755**	**$ 0.40**	**$ 21,067**	**$ 0.37**

(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) See detail below.

(5) Core earnings per share for the three months ended December 31 2019 and 2018, are based on 67,702,206 shares and 56,600,459 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 and any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest.

HANNON ARMSTRONG

RECONCILIATION OF GAAP NET INCOME TO CORE EARNINGS

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	(in thousands, except per share data)			
		per share		*per share*
Net income attributable to controlling stockholders [1]	$ 81,564	$ 1.24	$ 41,577	$ 0.75
Core earnings adjustments:				
Reverse GAAP income from equity method investments	(64,174)		(22,162)	
Add back core equity method investments earnings [2]	41,437		40,923	
Non-cash equity-based compensation charges [3]	14,160		10,066	
Non-cash provision for loss on receivables [4]	8,027		—	
Other core adjustments [5]	11,732		5,396	
Core earnings [6]	**$ 92,746**	**$ 1.40**	**$ 75,800**	**$ 1.38**

(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 years ended December 31 2019 and 2018, are based on 66,046,401 shares and 54,742,869 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 and any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest.

ADDITIONAL GAAP TO CORE RECONCILIATIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
	(in thousands)		*(in thousands)*	
Other core adjustments				
Amortization of intangibles [1]	$ 823	$ 827	$ 3,285	$ 3,207
Non-cash provision (benefit) for income taxes	9,395	1,036	8,091	1,968
Net income attributable to non-controlling interest	166	44	356	221
Other core adjustments	$ 10,384	$ 1,907	$ 11,732	$ 5,396

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

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ADDITIONAL GAAP TO CORE RECONCILIATIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
	(in thousands)		*(in thousands)*	
GAAP SG&A expenses				
Compensation and benefits	$ 7,495	$ 7,685	$ 28,777	$ 25,651
General and administrative	3,875	4,610	14,693	15,091
Total SG&A expenses (GAAP)	$ 11,370	$ 12,295	$ 43,470	$ 40,742
Core SG&A expenses adjustments:				
Non-cash equity-based compensation charge (1)	$ (3,775)	$ (2,184)	$ (14,160)	$ (10,066)
Amortization of intangibles (2)	(51)	(51)	(203)	(203)
Core SG&A expenses adjustments	(3,826)	(2,235)	(14,363)	(10,269)
Core SG&A expenses	$ 7,544	$ 10,060	$ 29,107	$ 30,473

(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.

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