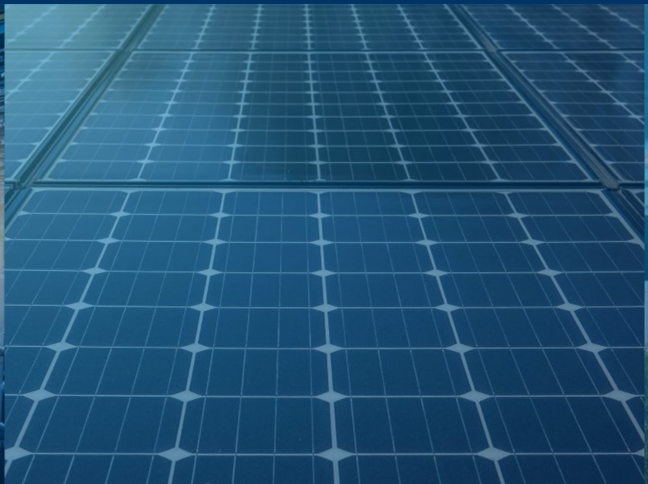
HANNON ARMSTRONG

EARNINGS PRESENTATION

First Quarter 2020

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 Form 10-Q for the quarter ended March 31, 2020, which was filed with the U.S. Securities and Exchange Commission (SEC), as well as in other reports that we file with the SEC.

One of the most significant factor is the ongoing impact of the current outbreak of the novel coronavirus (COVID-19), on the U.S., regional and global economies, the U.S. sustainable infrastructure market and the broader financial markets. The current outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below and the risks described in the Form 10-K and in our subsequent filings under the Securities Exchange Act of 1934, as amended. Other factors besides those listed could also adversely affect us. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In particular, it is difficult to fully assess the impact of COVID-19 at this time due to, among other factors, uncertainty regarding the severity and duration of the outbreak domestically and internationally, uncertainty regarding the effectiveness of federal, state and local governments' efforts to contain the spread of COVID-19 and respond to its direct and indirect impact on the U.S. economy and economic activity.

Forward-looking statements are based on beliefs, assumptions and expectations as of March 31, 2020. 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.

COVID-19 RESPONSE

Risks	Mitigants
1 Employee Health and Productivity	• Moved to a remote workforce starting in early March; all employees were provided with the equipment they need to maintain productivity • Renewable energy projects are generally treated as essential by relevant authorities and continue to operate
2 Access to Capital Markets and Liquidity	• Raised \$550m in growth capital through April, including \$400m in unsecured green bonds and \$150m in ATM equity • Continue to complete gain on sale securitization transactions with large institutional investors, such as life insurance companies (including one that closed in late March)
3 Portfolio Performance and Counterparty Credit	• Investments across a diverse array of asset classes that are primarily non-cyclical and result in energy savings for counterparties • Continue to monitor performance of our portfolio, including residential solar, which has certain positive credit characteristics
4 Investment Pipeline	• Pipeline remains at >\$2.5b in new equity, debt, and real estate opportunities • In partnership with Engie and Meridiam, expanded footprint in higher education P3[1] asset class with \$115m preferred equity 50-year investment with an IG counterparty

1) Public-private partnership

INVESTING IN CLIMATE CHANGE SOLUTIONS

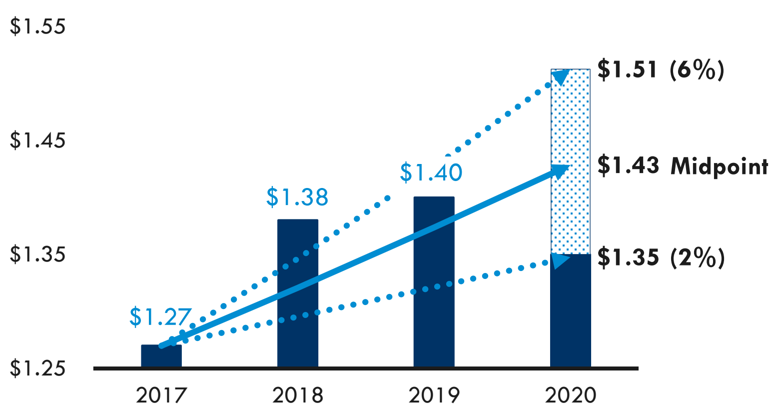
Recent Highlights[1]

- Increased YOY GAAP Diluted EPS 67% to $0.35, delivered Core EPS of $0.43, and increased YOY Core EPS (Pre-CECL Provision) 33% to $0.44
- Raised $550m in growth capital through April, including $400m in unsecured green bonds, $150m in ATM equity
- Achieved YOY growth in GAAP Net Investment Income of 40% and Core Net Investment Income of 52%
- Closed $186m of transactions, compared to $319m in 1Q19

Reaffirmed Guidance

- Expect 2020 Core EPS (Pre-CECL Provision) to exceed guidance midpoint of $1.43[2]

Compounded 3-Year Annual Core EPS (Pre-CECL Provision) Growth Guidance



Key Performance Indicators		1Q20	1Q19
EPS	GAAP	$0.35	$0.21
	Core[1]	$0.43	N/A
	Core (Pre-CECL Provision)[1]	$0.44	$0.33
NII	GAAP	$12.2m	$8.7m
	Core[1]	$29.1m	$19.1m
Portfolio Yield[1]		7.7%	6.9%
Balance Sheet Portfolio		$2.1b	$1.9b
Debt to Equity Ratio		1.4x	1.5x
Core ROE[3]		12.2%	10.2%
CarbonCount®[4]		0.19	0.30
Incremental Annual Reduction in Carbon Emissions		~35,000 MT	~96,000 MT
WaterCount™[5]		64	152
Incremental Annual Water Savings		~12,000 MG	~48,000 MG

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. Note that we are including the Core EPS (Pre-CECL provision) for comparability purposes to 2019.
2) Excludes impact of new credit loss standard (Current Expected Credit Losses or "CECL" or Topic 326)
3) Core ROE is calculated using core earnings for the period (annualized) and the average of the ending equity balances as of March and December in 2020 and 2019.
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.

ROBUST INVESTMENT PIPELINE

Markets

Behind-the-Meter

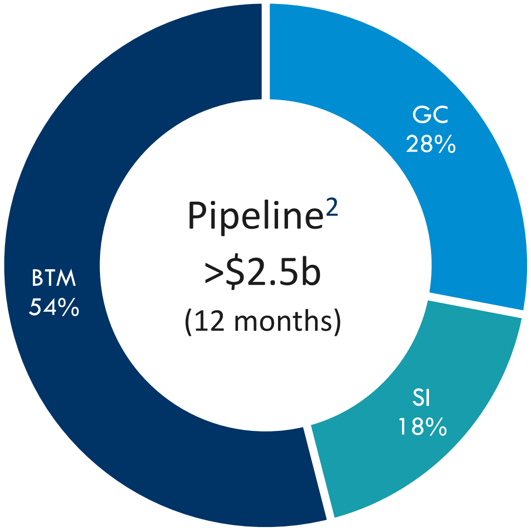
- P3: New MUSH[1] opportunities emerging
- Resi Solar: Deployments continue even as originations have slowed

Grid-Connected

Opportunities driven by our client relationships, scheduled stepdown of federal tax credits, and our demonstrated access to capital markets

Sustainable Infrastructure

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



Deep relationships with leading energy and infrastructure companies drive robust pipeline

1) Municipalities, Universities, Schools, and Hospitals (MUSH)
2) As of 3/31/2020; Markets include Behind-the-Meter (BTM), Grid-Connected (GC), and Sustainable Infrastructure (SI)

DIVERSE PORTFOLIO

Markets

Behind-the-Meter
Yield: 8.1%

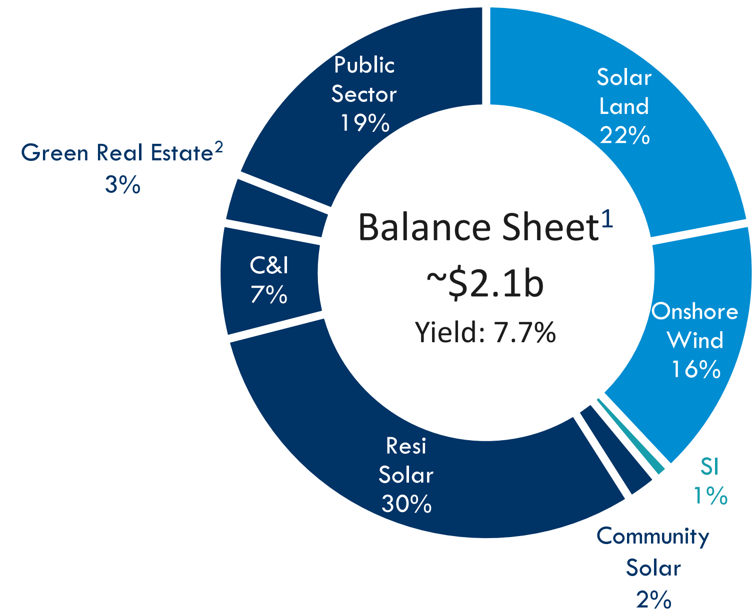
- Energy Efficiency
- Distributed Solar
- Storage

Grid-Connected
Yield: 7.1%

- Solar Land
- Onshore Wind

Sustainable Infrastructure[3]
Yield: 6.6%

- Clean Water
- Ecological Restoration
- Resiliency



Diversified and Long-Dated Cashflows

180	~$12m	~15 years
Total Investments[4]	Average Investment	Weighted Average Life

1) As of 3/31/2020
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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INVESTMENT SPOTLIGHT

Hawkeye Energy

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

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

Strategic Benefits

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

1) Moody's rating as of 3/31/20

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1Q20 RESULTS

GAAP Net Investment Income: +40% YOY

Results, Unaudited[1] ($ in millions, except per share figures)	1Q20	1Q19	Commentary
GAAP Earnings	$24.3	$13.6	Increase in interest income, advisory fees and Equity Method Investment earnings partially offset by an increase in interest expense
GAAP Diluted EPS	$0.35	$0.21	
Core Earnings	$30.2	$20.9	Increase due to growth in our Portfolio and higher Yield partially offset by an increase in interest expense
Core EPS	$0.43	$0.33	
Core Earnings (Pre-CECL Provision)	$30.8	$20.9	
Core EPS (Pre-CECL Provision)	$0.44	$0.33	
GAAP Net Investment Income[2]	$12.2	$8.7	Increase in interest income partially offset by an increase in interest expense
Core Earnings from Equity Method Investments[3]	16.1	9.6	
Core Adjustment for Intangible Amortization	0.8	0.8	
Core Net Investment Income	$29.1	$19.1	52% YOY increase due to growth in our Portfolio and higher Yield
GAAP Gain on Sale and Fees	$10.5	$9.0	

Equity Method Summary[1,3] ($ in millions)	1Q20	1Q19
GAAP Earnings	$17	$5
Core Adjustment	(1)	5
Core Earnings	$16	$10
Return of Investment	60	17
Cash Collected	$76	$27

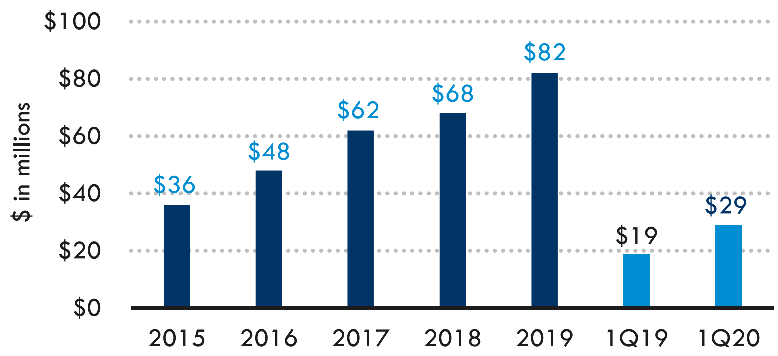
1) See Appendix for an explanation of Core Earnings, Core Net Investment Income, and Portfolio Yield, including reconciliations to the relevant GAAP measures, where applicable. Note that we are including the Core EPS (Pre-CECL provision) for comparability purposes to 2019.
2) GAAP Net Investment Income 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

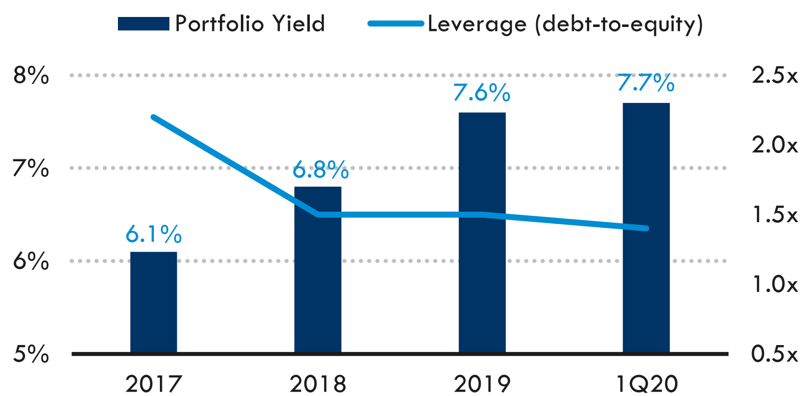
Growth in Core NII: +52% YOY

Continue to achieve attractive and stable Core ROE

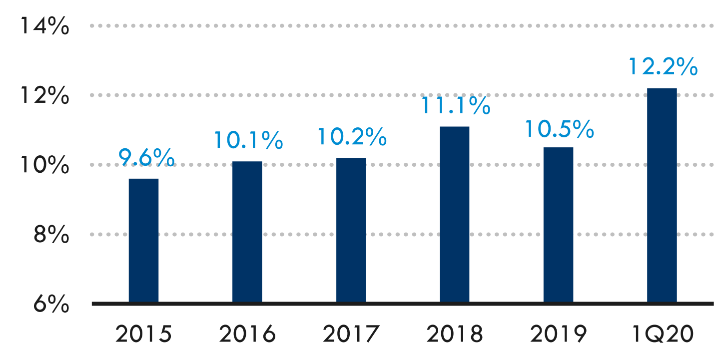
Core Net Investment Income[1]



Portfolio Yield and Leverage[1]



Core Return on Equity[1]



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. Core ROE is calculated using core earnings for each period and the average of the ending equity balances as of the end of each quarterly period within the period presented. Core ROE for 1Q20 utilizes core earnings for the period (annualized) and the average of the beginning and ending equity balances.

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DURABLE CAPITAL STRUCTURE

Demonstrated access to diversified funding sources

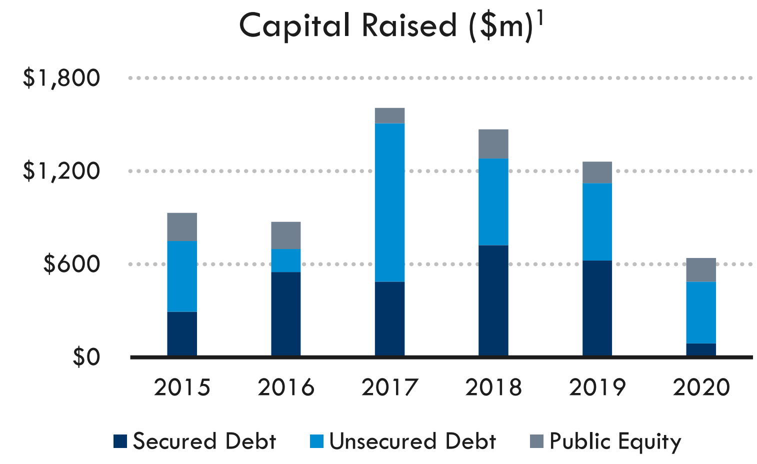
- $8.3 billion raised across multiple capital markets since 2013 IPO[1]
- Issued $900m corporate unsecured green bonds over last year

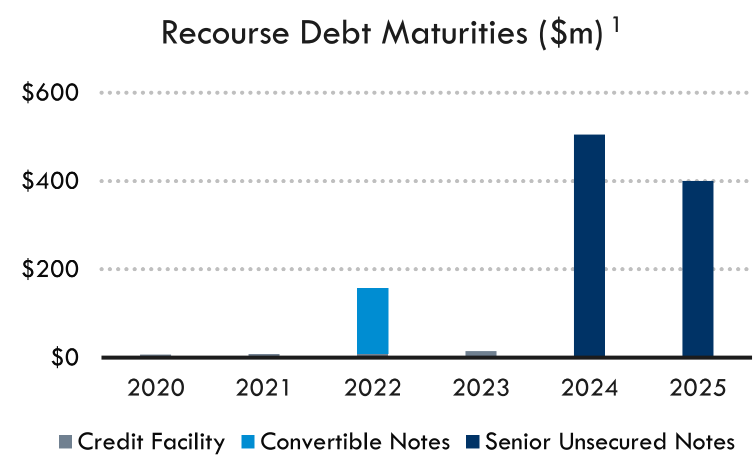
Conservative leverage profile

- 1.4x debt to equity
- Rated BB+ by S&P and Fitch

Minimal refinance and interest rate risk

- 89% of debt is fixed rate
- No material recourse debt maturities until 3Q22[2]
- Nonrecourse debt largely amortizes within contracted term of assets





1) As of 4/15/20
2) Our convertible notes, which mature in 2022, may be settled in shares, so this does not necessarily reflect a cash need.

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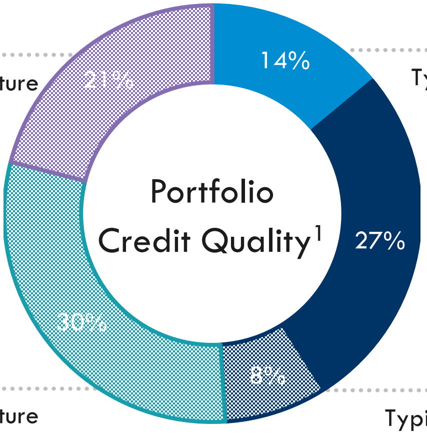
STRONG BALANCE SHEET AND CREDIT PROFILE

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

Assets	March 31, 2020 ($ in millions)
Equity method investments	$582
Government receivables	259
Commercial receivables	873
Real estate	361
Investments	63
Other	386
Total Assets	**$2,524**
Liabilities and Equity	
Credit facility	$153
Non-recourse debt	633
Convertible notes	148
Senior unsecured notes	505
Other	48
Total Liabilities	**$1,487**
Total Equity	**$1,037**
Total Liabilities and Equity	**$2,524**



Other Equity Method Investments

Typically, preferred in structure

Government

Typically, senior in structure

100% IG

Consumer

Typically, preferred in structure

~150,000 obligors across 22 states with an average FICO rating of "Very Good"[2]

Commercial

Typically, senior or preferred in structure

IG (27%); Non-IG (8%)

Largest Concentrations	Size (% of Portfolio)
Single Asset and Commercial Obligor	5%
Single Public Sector Obligor	9%

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

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NEW CREDIT DISCLOSURES

CECL Implementation

- Beginning in 2020, we are subject to a new accounting standard referred to as the Current Expected Credit Loss model ("CECL") – similar to the method that banks and many finance companies have utilized for years
- Implemented an expected loss methodology for certain of our assets
  - Applies only to the investments classified as receivables on our balance sheet
  - Create an Allowance for Losses on Balance Sheet and record a Provision on the Income Statement
- Utilizing provision and allowance does not change the profitability of our investments over their full life but typically reduces profitability in the first year of the investment
- As an accounting methodology change, CECL does not impact the actual credit quality of our investments and should not be interpreted as a change in our expectations of portfolio performance
- For a transition period, we expect to report our Core Earnings on both a pre-CECL provision and post-CECL provision basis

Portfolio Performance

Rating	Description	Balance Sheet Portfolio (%) 1Q20 $2.1b
1	Performing[1]	**99%**
2	Slightly below metrics[2]	**1%**
3	Significantly below metrics[3]	**~0%**

1) This category includes our assets where based on our credit criteria and performance to date we believe that our risk of not receiving our invested capital remains low.
2) This category includes our assets where based on our credit criteria and performance to date we believe there is a moderate level of risk to not receiving some or all of our invested capital.
3) This category includes our assets where based on our credit criteria and performance to date, we believe there is substantial doubt regarding our ability to recover some or all of our invested capital. Included in this category are two commercial receivables with a combined total carrying value of approximately $8 million as of March 31, 2020 which we consider impaired and have held on non-accrual status since 2017. We recorded an allowance for the entire asset amounts as described in our 2019 Form 10-K. We expect to continue to pursue our legal claims with regards to these assets.

RESIDENTIAL SOLAR PORTFOLIO: POSITIVE CREDIT ATTRIBUTES

Customer

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

FICO Score	HASI Portfolio[3]	United States[4]
Average	746	703
>720	65%	45%
>660	96%	80%

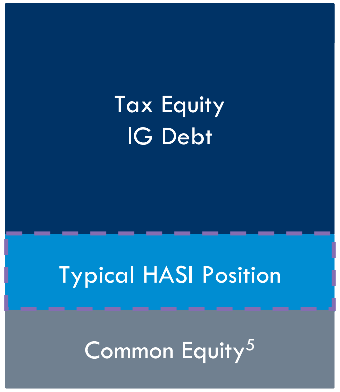
Portfolio

- **Diversity:** ~150k consumers across 22 states originated by 3 reputable publicly traded providers
    - No single provider represents more than 45% of portfolio

Capital Structure

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

Illustrative Capital Stack



Internal Rigorous Underwriting and Management

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

1) Relative to comparable utility rates as of each investment's financial close date
2) Automated clearing house ("ACH")
3) Consists of a total of ~144k leases, which represent the funded amounts of Portfolio as of 3/31/20. FICO scores for the unfunded portion are not yet determined but are required to meet a certain threshold.
4) For United States, "Average" represents 2019 average for all U.S. consumers as reported by Experian (Jan 2020) while ">720" and ">660" represents cumulative U.S. homeowners as reported by Experian (April 2020).
5) In our SunStrong Joint Venture with SunPower, we also hold a stake in the Common Equity tranche.

INDUSTRY-LEADING ESG

E	Environmental	Joined Nasdaq Sustainable Bond Network Became a signatory of the UN-supported Principles for Responsible Investment
S	Social	Donated $150k to support COVID-19 relief efforts by three Maryland charities Offered 100% match of employee contributions made to qualified non-profit organizations and employee bonus to help with hardship expenses
G	Governance	Issued 2019 Impact Report Filed 2019 Proxy

COVID-19 Relief Organizations

Maryland Food Bank

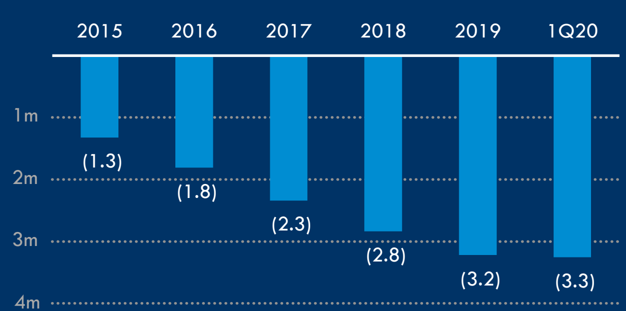
YWCA Annapolis and Anne Arundel County

Annapolis Light House

Carbon Emissions[1]

Carbon Count® 1Q20: 0.19

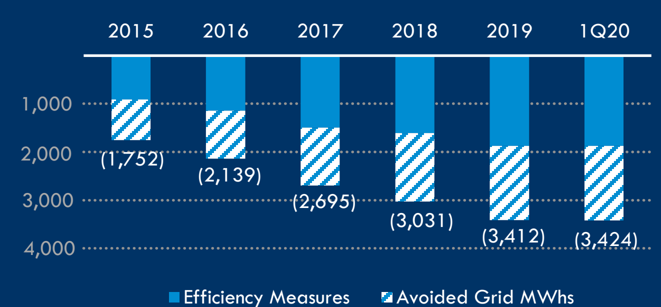
Cumulative Metric Tons of CO_2 Avoided Annually



Water Savings[2]

Water Count™ 1Q20: 64

Cumulative Gallons of Water Saved Annually (in 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 CO_2 emission reduction per $1,000 of investment.
2) WaterCount™ is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per $1,000 of investment.

HANNON ARMSTRONG SUMMARY

1 Programmatic Origination Platform	• Industry leader in growing core markets • Robust pipeline from leading energy and infrastructure 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 $12m • Because assets save obligors money, generally uncorrelated with the business cycle • Outstanding credit history with de minimis (~30 bps) cumulative credit losses since IPO
3 Durable Capital Structure	• Raised $8.3b in secured debt, unsecured debt, and public 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

1) Public-private partnership

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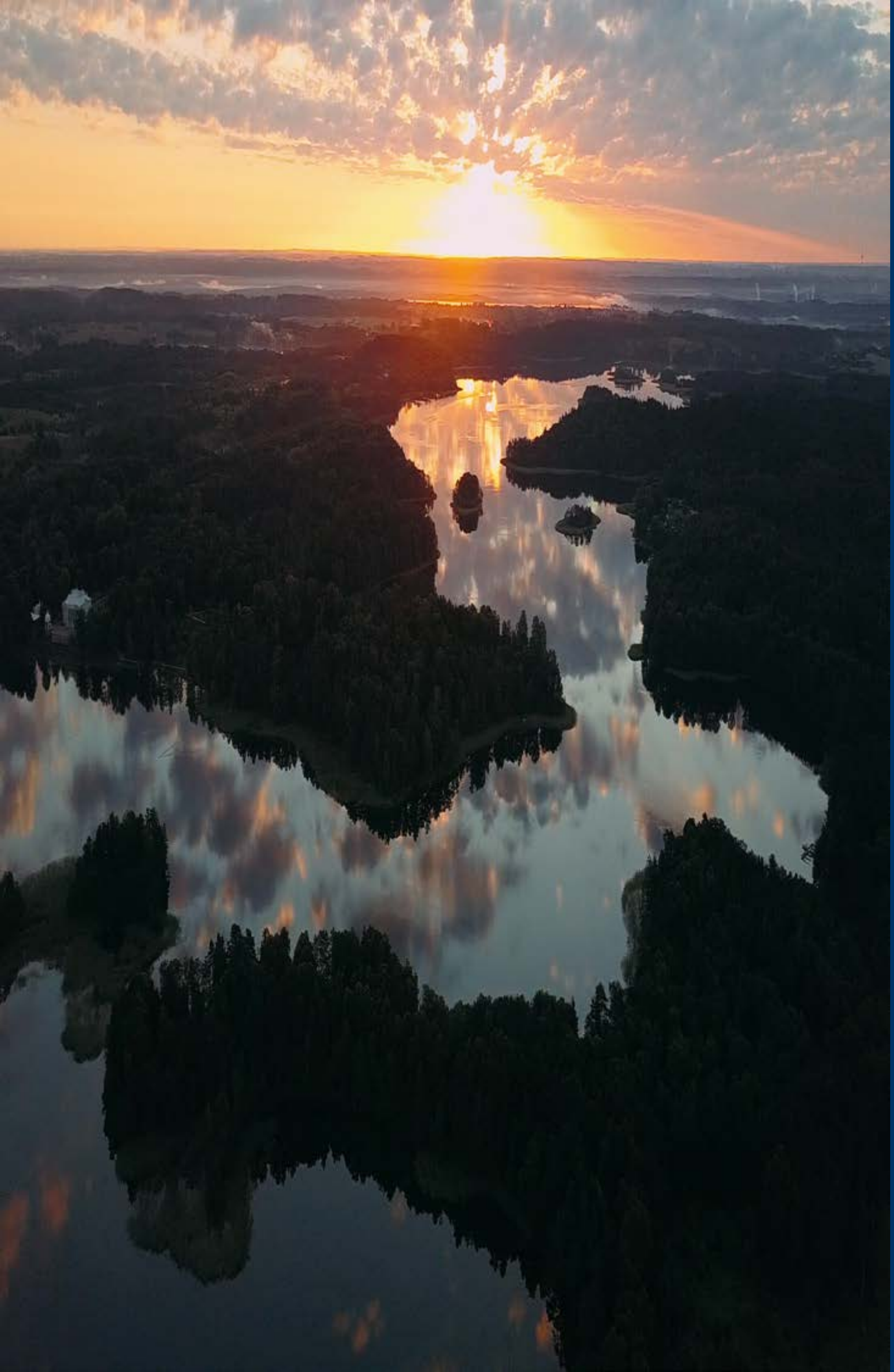

APPENDIX

ILLUSTRATIVE CECL ACCOUNTING EXAMPLE

Term	Value
Investment	$100m
Closing	3/31/20
Maturity	3-year bullet
Interest Rate	8%
Allowance Factor	1%

Post Implementation of CECL Accounting

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Total
Interest Income	$0	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$24
Provision	$(1)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1	$0
Income Contribution	$(1)	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$3	$24

Before Implementation of CECL Accounting

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Total
Interest Income	$0	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$24
Provision	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Income Contribution	$0	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2	$24

RESIDENTIAL SOLAR PORTFOLIO: COLLECTIONS

Collections Overview

- Each solar provider we work with has a defined process for collections, similar to the process outlined in the chart

Typical Past Due Collection Process

30 days past due	• Call customer and send an automated dunning letter
60 days past due	• Send collection letter with balance due and reminder of potential system de-activation, repossession or acceleration of remaining contract payments
75 days past due	• If no payment has been received, or arrangements made, may issue a de-activation letter and initiate the system de-activation process
Additional potential escalations	• Site visit to assess system condition • Default letter • System shut off • System removal • Collection agency • Legal action
Customer Transfer/Assignability	• If a customer is no longer in possession of their home, either through a normal sale, short sale, foreclosure, death or divorce, the Service Transfer Team will facilitate the transfer of the related Customer Agreement to the new homeowner through a predetermined process
Customer default remedies	• Customer is typically required to make whole by prepaying the remaining contracted payment at a predetermined "Make-Whole" payment rate; If the customer fails to pay the Make-Whole, provider may disconnect and remove the system • Lender typically makes a UCC fixture filing, which strengthens legal remedies

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, certain provisions for loss 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 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 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, for certain of these investments where there are the characteristics 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 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 where HLBV income can differ substantially from the economic returns.

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 (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.

We adopted CECL during the three months ended March 31, 2020 which requires us to recognize a provision for loss on receivables expected over the life of the receivable rather than probable incurred losses. Our core earnings includes the CECL provision. To provide comparable metrics to periods prior to the adoption CECL, we have also provided core earnings which adds back the CECL provision for loss on receivables.

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

The Company expects that annual core earnings per share (pre-CECL provision) in 2020 will exceed the previously communicated guidance midpoint of $1.43 (excluding any potential impact from the adoption of the credit loss standard starting on January 1, 2020), reflecting 2018 to 2020 annual Core EPS growth above the midpoint of the 2% to 6% from the 2017 baseline. 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 Forward-Looking Statements section of this press release.

SUPPLEMENTAL FINANCIAL DATA

Explanatory Notes

Portfolio/Credit Quality Footnotes

"Other 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. Note that this excludes category excludes equity investments in residential solar assets.
"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. This category also includes equity investments in residential solar projects. These investments are typically owned in holding companies where our equity interests are typically senior or preferred to the common equity holder.
"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).

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 March 31, 2020	2019
Revenue		
Interest income	$ 23,889	$ 17,654
Rental income	6,470	6,476
Gain on sale of receivables and investments	4,905	6,839
Fee income	5,570	2,174
Total revenue	**40,834**	**33,143**
Expenses		
Interest expense	18,135	15,430
Provision for loss on receivables	648	—
Compensation and benefits	8,897	7,439
General and administrative	3,409	3,342
Total expenses	**31,089**	**26,211**
Income before equity method investments	**9,745**	**6,932**
Income (loss) from equity method investments	16,588	4,506
Income (loss) before income taxes	**26,333**	**11,438**
Income tax (expense) benefit	(1,923)	2,270
Net income (loss)	**$ 24,410**	**$ 13,708**
Net income (loss) attributable to non-controlling interest holders	102	61
Net income (loss) attributable to controlling stockholders	**$ 24,308**	**$ 13,647**
Basic earnings (loss) per common share	$ 0.36	$ 0.22
Diluted earnings (loss) per common share	$ 0.35	$ 0.21
Weighted average common shares outstanding—basic	67,172,104	61,748,906
Weighted average common shares outstanding—diluted	73,140,922	62,365,271

BALANCE SHEET

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	March 31, 2020 (unaudited)	December 31, 2019
Assets		
Cash and cash equivalents	$ 173,025	$ 6,208
Equity method investments	581,930	498,631
Government receivables	259,085	263,175
Commercial receivables, net of allowance of $26 million and $8 million, respectively	873,397	896,432
Real estate	361,493	362,265
Investments	63,167	74,530
Securitization assets	121,929	123,979
Other assets	90,461	162,054
Total Assets	**$ 2,524,487**	**$ 2,387,274**
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable, accrued expenses and other	$ 48,672	$ 54,351
Credit facilities	153,074	31,199
Non-recourse debt (secured by assets of $802 million and $921 million, respectively)	633,328	700,225
Senior unsecured notes	504,724	512,153
Convertible notes	148,134	149,434
Total Liabilities	1,487,932	1,447,362
Stockholders' Equity:		
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $0.01 per share, 450,000,000 shares authorized, 71,325,089 and 66,338,120 shares issued and outstanding, respectively	713	663
Additional paid in capital	1,206,225	1,102,303
Accumulated deficit	(185,789)	(169,786)
Accumulated other comprehensive income (loss)	11,076	3,300
Non-controlling interest	4,330	3,432
Total Stockholders' Equity	1,036,555	939,912
Total Liabilities and Stockholders' Equity	**$ 2,524,487**	**$ 2,387,274**

RECONCILIATION OF GAAP NET INCOME TO CORE EARNINGS

	For the three months ended March 31, 2020				For the three months ended March 31, 2019			
	(dollars in thousands, except per share amounts)							
	$		*per share*		*$*		*per share*	
Net income attributable to controlling stockholders (1)	$	24,308	$	0.35	$	13,647	$	0.21
Core earnings adjustments:								
Reverse GAAP income from equity method investments		(16,588)				(4,506)		
Add back core equity method investments earnings (2)		16,085				9,604		
Non-cash equity-based compensation charges (3)		3,548				3,578		
Other core adjustments (4)		2,847				(1,389)		
Core earnings (including Topic 326 provision) (5)	**$**	**30,200**	**$**	**0.43**	**$**	**20,934**	**$**	**0.33**
Add back provision for loss on receivables under Topic 326 (6)		648				—		
Core earnings (pre-Topic 326 provision) (5)	**$**	**30,848**	**$**	**0.44**	**$**	**20,934**	**$**	**0.33**

(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 March 31, 2020 and 2019, are based on 69,597,038 shares and 63,706,102 shares outstanding, respectively, which represents the weighted average number of fully-diluted shares outstanding including our restricted stock awards and restricted stock units and the long-term incentive plan units and non-controlling interest in our Operating Partnership. We include any potential common stock issuance in this calculation related to our convertible notes using the treasury stock method and any potential common stock issuances related to share based compensation units in the amount we believe is reasonably certain to vest.

(6) As discussed above, to provide a comparable metric to prior year metrics we are adding back the provision for loss on receivables recognized under Topic 326.

ADDITIONAL GAAP TO CORE RECONCILIATIONS

	For the Three Months Ended March 31, 2020	2019
	(in thousands)	
Other core adjustments		
Amortization of intangibles (1)	$ 822	$ 816
Non-cash provision (benefit) for income taxes	1,923	(2,266)
Net income attributable to non-controlling interest	102	61
Other core adjustments	**$ 2,847**	**$ (1,389)**

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

	2015	2016	2017	2018	2019
			(in thousands)		
Net investment income (1)	$ 21,626	$ 16,767	$ 16,585	$ 23,667	$ 37,843
Core equity method investment earnings (2)	13,307	30,491	42,707	40,923	41,438
Amortization of real estate intangibles (3)	1,179	1,135	2,420	3,003	3,082
Total core net investment income	$ 36,112	$ 48,393	$ 61,712	$ 67,593	$ 82,363

(1) Net investment interest income is calculated as Interest income and Rental income less Interest expense as reported within our financial statements prepared in accordance with US GAAP.

(2) Reflects adjustment for equity method investments described above within the "Supplemental Financial Data" Explanatory Notes.

(3) Non-cash amortization of real estate intangibles.

ADDITIONAL GAAP TO CORE RECONCILIATIONS

	For the Three Months Ended March 31,	
	2020	2019
	(in thousands)	
GAAP SG&A expenses		
Compensation and benefits	$ 8,897	$ 7,439
General and administrative	3,409	3,092
Total SG&A expenses (GAAP)	$ 12,306	$ 10,531
Core SG&A expenses adjustments:		
Non-cash equity-based compensation charge (1)	$ (3,548)	$ (3,578)
Amortization of intangibles (2)	(50)	(51)
Core SG&A expenses adjustments	(3,598)	(3,629)
Core SG&A expenses	$ 8,708	$ 6,902

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

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

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