



# CORPORATE PROFILE

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August 2020

INVESTING IN  
CLIMATE CHANGE  
**SOLUTIONS**



# FORWARD LOOKING STATEMENTS

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Some of the information contained herein are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used herein, words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "target," or similar expressions, are intended to identify such forward-looking statements. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements include those discussed under the caption "Risk Factors" included in our Form 10-K for the year ended December 31, 2019 (the "Form 10-K"), which was filed with the U.S. Securities and Exchange Commission (SEC), as well as in other reports that we file with the SEC.

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

Forward-looking statements are based on beliefs, assumptions and expectations as of June 30, 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 CO<sub>2</sub> equivalent emissions based upon the project's location and the corresponding emissions factor data from the U.S. Government and International Energy Agency. Portfolios of projects are represented on an aggregate basis. The carbon and water savings information included in this presentation is based on data from a third-party source that we believe to be reliable. We have not independently verified such data, which involves risks and uncertainties and is subject to change based on various factors.

Past performance is not indicative nor a guarantee of future returns.

# WHO WE ARE

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**HASI**  
**LISTED**  
**NYSE**

First U.S. public company  
solely dedicated to investments  
in climate change solutions

## Climate-Positive Investor

~\$1 Billion  
Invested Annually

>\$6 Billion  
Managed Assets

## Markets & Asset Classes



### Behind-The-Meter

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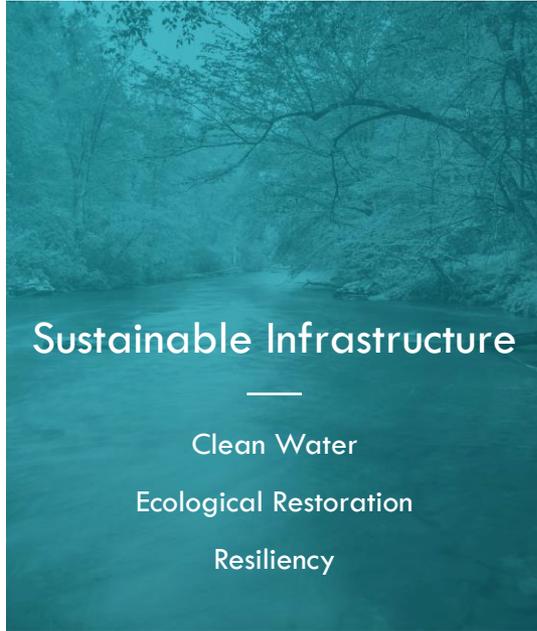
Energy Efficiency  
Distributed Solar  
Storage



### Grid-Connected

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Solar Land  
Onshore Wind



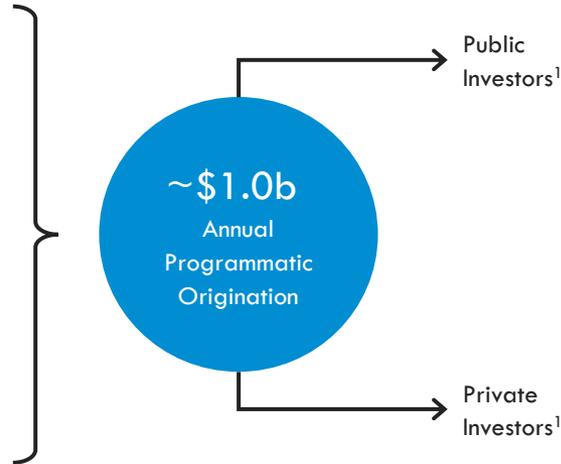
### Sustainable Infrastructure

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Clean Water  
Ecological Restoration  
Resiliency

# PROGRAMMATIC ORIGINATION PLATFORM

Long-Term, Established Customer Base of Leading Energy and Infrastructure Companies<sup>1</sup>



## Strategic Principles



Organic growth driven by programmatic transactions that address climate change

- Customized investment solutions drives repeat scalable business with long-term customer relationships



Execute transactions effectively and profitably with core execution team

- Operating leverage and competitive positioning driven through repeat transactions with the same counterparties and consistent documentation

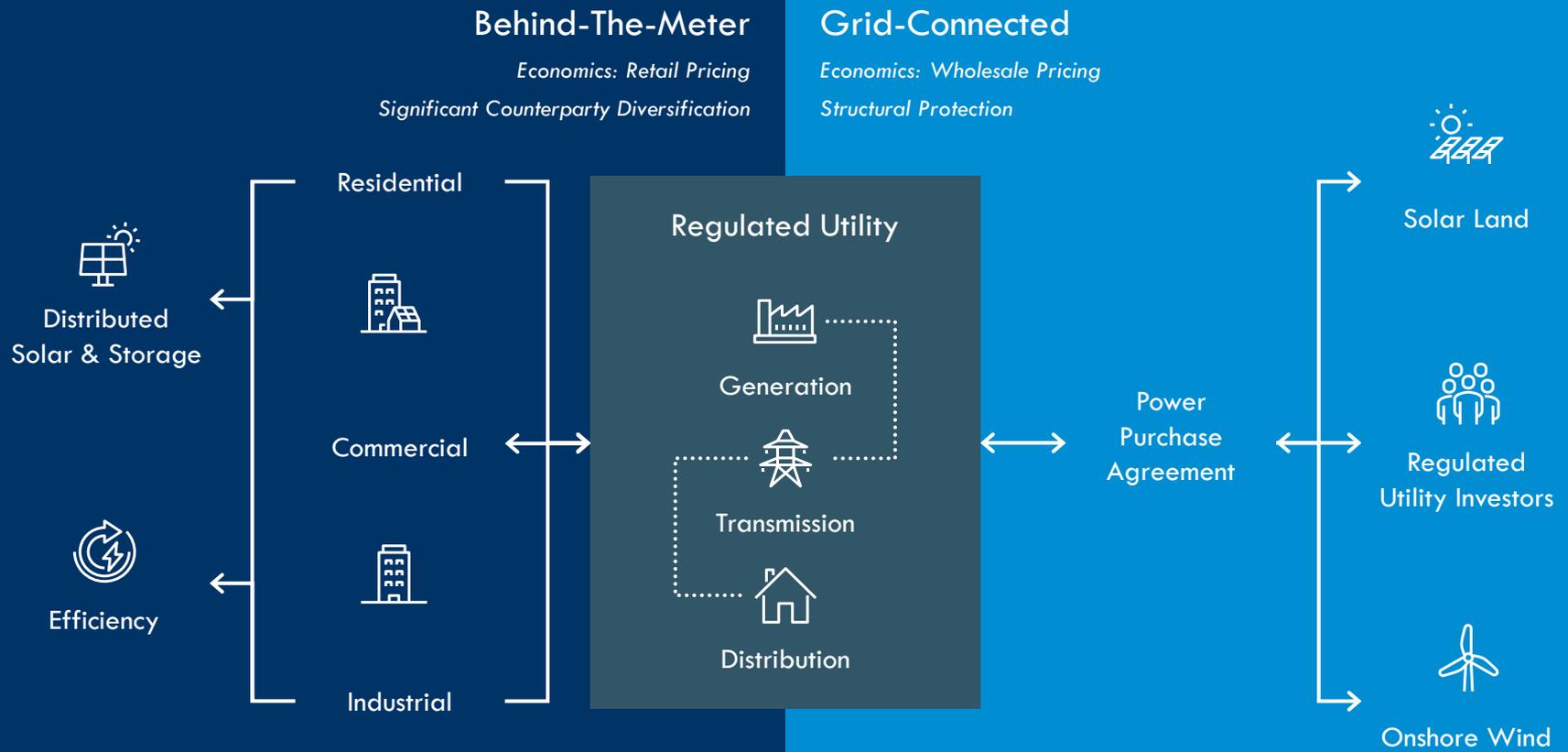


Lower cost of capital by appealing to broad range of investors

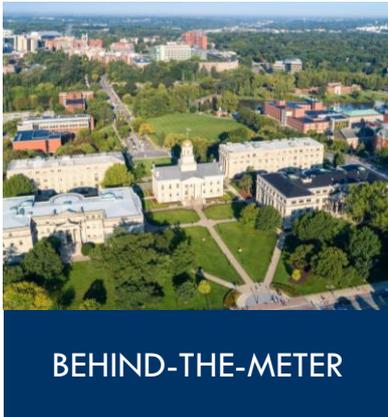
- ESG-focused public equity, debt, and private institutional investors

# WHERE WE INVEST

We invest strategically in both behind-the-meter and grid-connected assets to generate superior risk-adjusted returns



# ILLUSTRATIVE INVESTMENTS



## Public-Private Partnership

>\$100 million

Preferred equity investment in a P3 with the University of Iowa to operate, maintain, and upgrade university energy and water utilities in support of low carbon campus sustainability objectives

Clients: Public entities; publicly traded energy service companies



## C&I Solar

<\$50 million

Equity investment in a distributed portfolio of ~200 C&I projects, including high credit quality corporates such as FedEx and Target

Clients: Solar sponsors

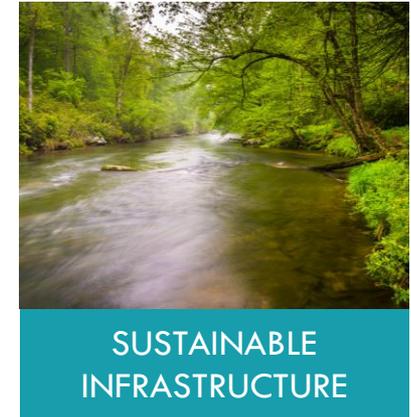


## Utility-Scale Wind & Solar

>\$500 million

Equity investment (with preferred cash flow position) in a 2.3 GW portfolio, including high credit quality corporate and utility off-takers such as Amazon, Walmart, and Xcel Energy

Clients: Wind and solar sponsors



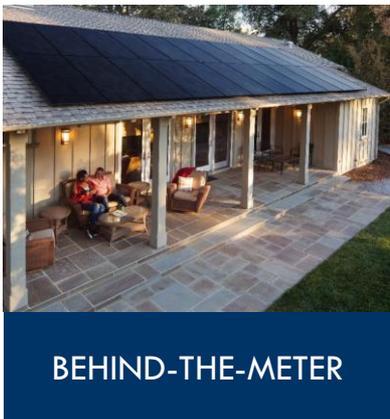
## Stormwater Remediation

<\$10 million

Four separate projects to slow pollution runoff into downstream waterways across the Chesapeake Bay region

Clients: Environmental development firms

# ILLUSTRATIVE INVESTMENTS



## Residential Solar

<\$30 million

Portfolio of high credit quality residential leases diversified across geographic and power markets

Clients: Residential solar providers

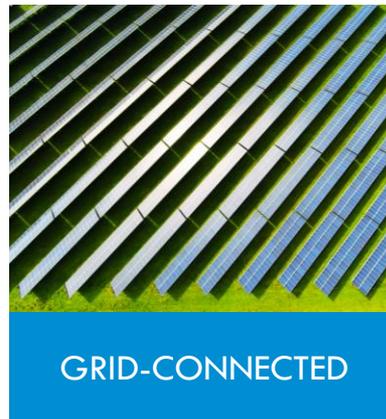


## Green Real Estate

<\$20 million

Joint venture to acquire securitized housing loans that incentivize energy and water efficiency investments

Clients: Government-sponsored enterprises

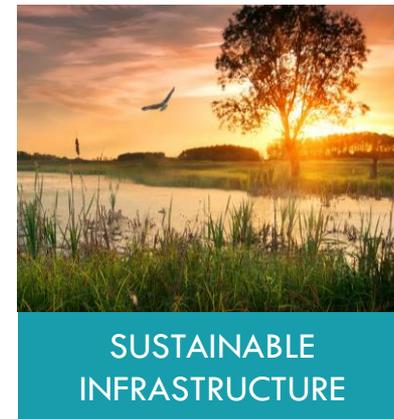


## Utility-Scale Solar Land

>\$100 million

Acquisition of 4,000 acres of land and lease streams underlying dozens of utility-scale solar projects with a capacity of nearly 700 MW

Clients: Utilities; solar sponsors



## Ecological Restoration

<\$20 million

Investments in mitigation credits for wetland and stream restoration projects across four states

Clients: Environmental development firms

# BUSINESS MODEL

Our profitability is driven by:



Investment  
Income

On Balance Sheet  
Predictable  
Diversified  
Uncorrelated



Fee Income

Securitizations  
Advisory  
Programmatic  
Deep investor base

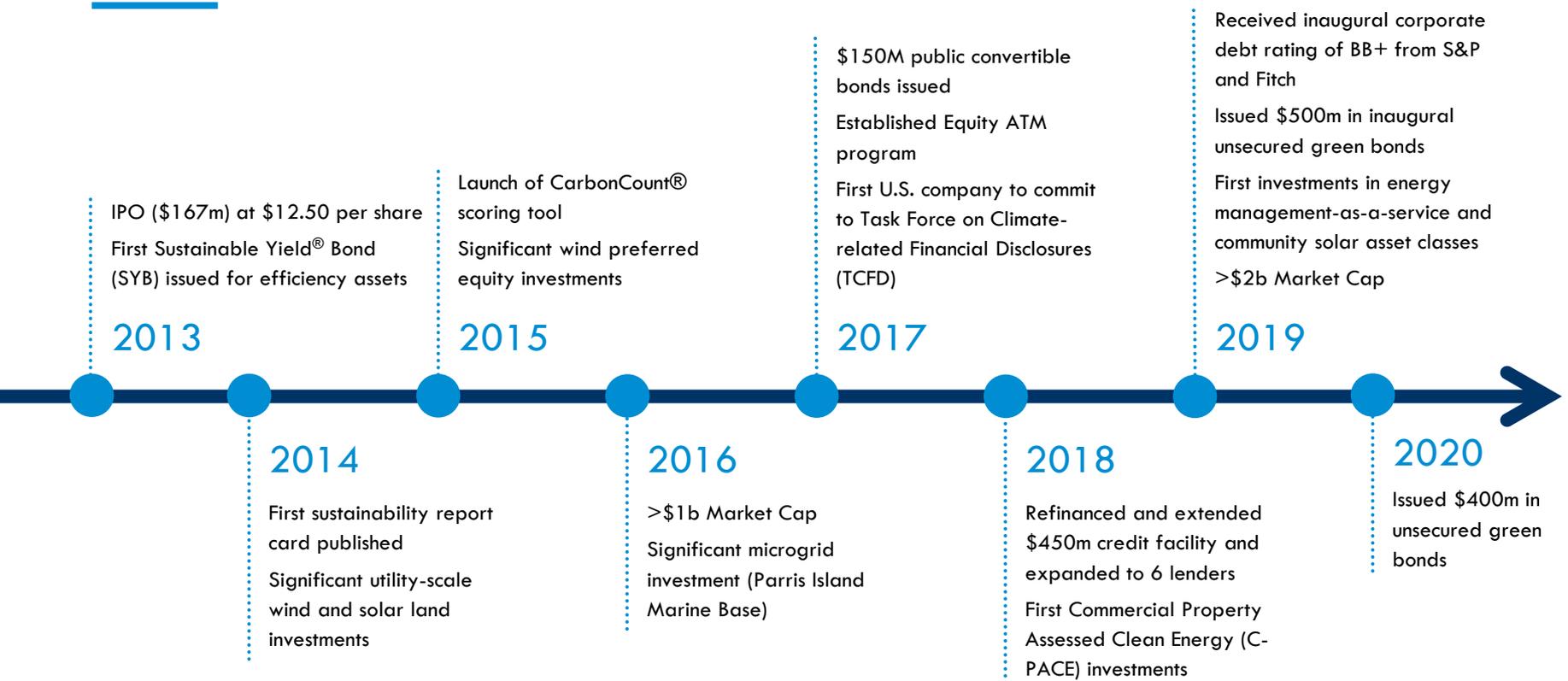
## Illustrative Summary<sup>1</sup>

	% of assets
<b>Assumed Gross Asset Yield<sup>2</sup></b>	<b>8.0%</b>
Less Assumed Interest	(4.0%)
<b>Net Investment Margin</b>	<b>4.0%</b>
Less Assumed SG&A	(1.5%)
<b>Fees</b>	<b>1.5%</b>
Net Asset Return	4.0%
Assets/Equity	2.5x
<b>Illustrative ROE</b>	<b>10%</b>

On a quarterly basis, the mix of our income driven by investments and gain-on-sale will vary based on originated client projects

1) This information is hypothetical and for illustrative purposes only and is not based on actual operations nor is it a prediction or projection of future results. The amounts are based on various assumptions and estimates based on the Company's model. Assumptions and estimates may prove to be inaccurate and actual results may prove materially different and will vary between periods based on market conditions and other factors. Investors should note that the illustrative model does not represent management's estimates or projections and should not be relied upon for any investment decision.  
2) Gross Asset Yield represents assumed forward looking unlevered estimated return on assets (core) yield.

# EVOLUTION AS A PUBLIC COMPANY



Since our IPO in 2013, we have raised >\$8b in debt and equity to invest in climate change solutions



# RECENT RESULTS

# INVESTING IN CLIMATE CHANGE SOLUTIONS

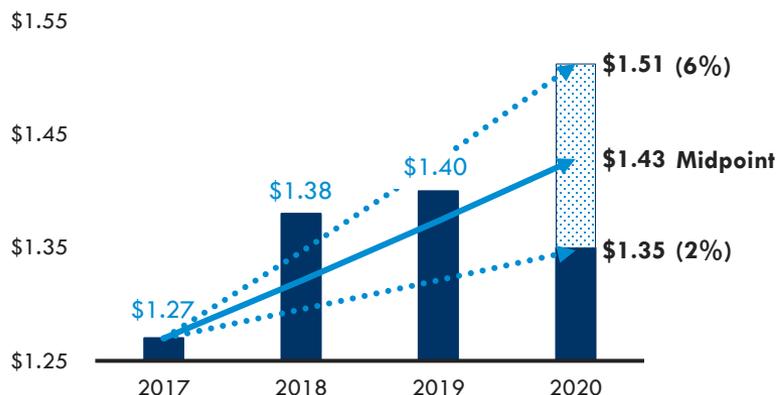
## Recent Highlights<sup>1</sup>

- Recorded YOY GAAP EPS of \$0.16 and increased Core EPS (Pre-CECL Provision) 33% to \$0.40 (2Q20)
- Achieved YOY growth in GAAP NII of 18% to \$21m and Core NII of 29% to \$49m (1H20)
- Declared dividend of \$0.34 per share
- Announced partnership with ENGIE in July for HASI to invest ~\$540m in a 2.3 GW portfolio of contracted, grid-connected wind and solar assets
- Expect to exceed \$1b annual investment target (2020)
- Launched multiple diversity, equity, inclusion, and justice initiatives

## Unchanged Guidance

- Expect 2020 Core EPS (Pre-CECL Provision) to exceed guidance midpoint of \$1.43<sup>2</sup>

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



Key Performance Indicators		2Q20	2Q19
EPS	GAAP	\$0.16	\$0.19
	Core (Pre-CECL Provision) <sup>1</sup>	\$0.40	\$0.30
	Core <sup>1</sup>	\$0.36	N/A
NII	GAAP	\$8.5m	\$8.9m
	Core <sup>1</sup>	\$20.2m	\$19.2m
Portfolio Yield <sup>1</sup>		7.7%	7.4%
Balance Sheet Portfolio		\$2.1b	\$1.8b
Debt to Equity Ratio		1.6x	1.2x
Core ROE (Pre-CECL Provision) <sup>3</sup>		11.2%	9.2%
Core ROE <sup>3</sup>		10.3%	N/A
Transactions Closed		\$178m	\$204m
CarbonCount <sup>®4</sup>		0.37	0.24
Incremental Annual Reduction in Carbon Emissions		~66,000 MT	~48,000 MT
WaterCount <sup>™5</sup>		24	29
Incremental Annual Water Savings		~4 MG	~77 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 June and March in 2020 and 2019. Core ROE calculated before accounting for provisions taken in accordance with CECL.

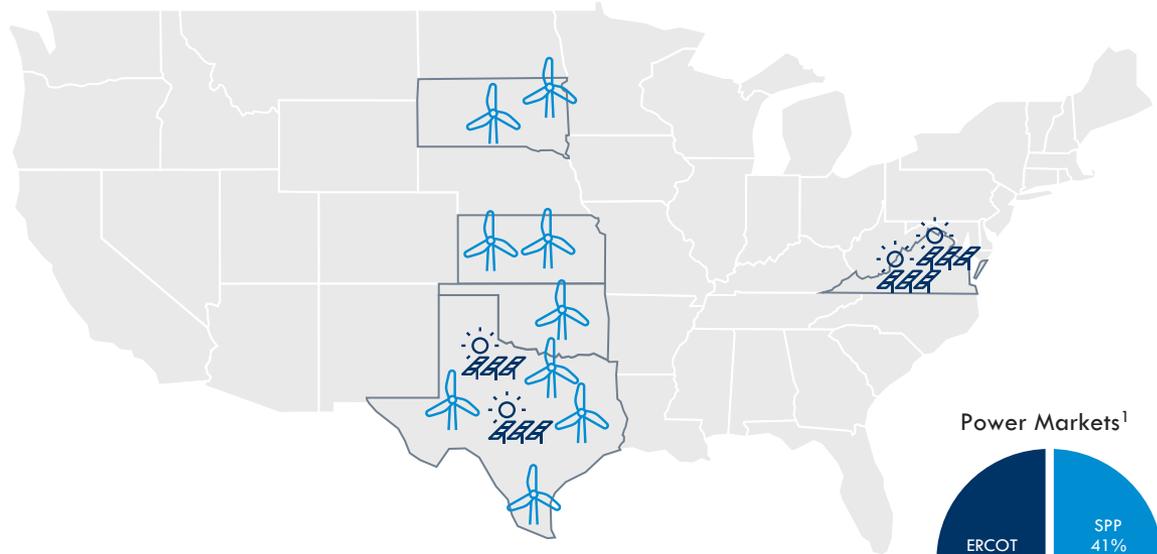
4) CarbonCount<sup>®</sup> is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO<sub>2</sub> emission reduction per \$1,000 of investment.

5) WaterCount<sup>™</sup> is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per \$1,000 of investment.

# ENGIE INVESTMENT HIGHLIGHTS

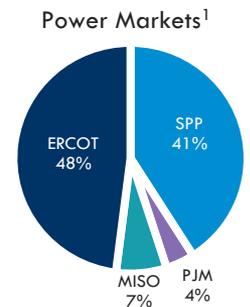
## Investment Overview

- ~\$540m preferred equity investment with ENGIE as equity co-investor
- 2.3 GW contracted, grid-connected operating portfolio across 5 states
- Large corporate and utility off-takers, including Amazon, Allianz, Ingersoll Rand, Microsoft, T Mobile, Target, Walmart, Xcel Energy
- O&M provided by ENGIE North America
- CarbonCount<sup>®</sup> : 2.0



## Strategic Highlights

- Significantly grows and diversifies balance sheet portfolio by technology, geography, and power market
- Provides operational leverage for portfolio and continued growth in recurring NII
- Continued programmatic deal flow with large, ambitious partner focused on North American market



## Diversified and Long-Dated Cashflows

78% / 22%  
Wind Solar

A+  
Weighted Average  
Offtaker Rating

~13 years  
Weighted Average  
Contract Life

# PORTFOLIO DIVERSIFICATION ENHANCED WITH ENGIE INVESTMENT

## Markets<sup>1</sup>



### Behind-the-Meter

Yield: 8.1%

Energy Efficiency  
Distributed Solar  
Storage



### Grid-Connected

Yield: 6.9%

Solar Land  
Onshore Wind

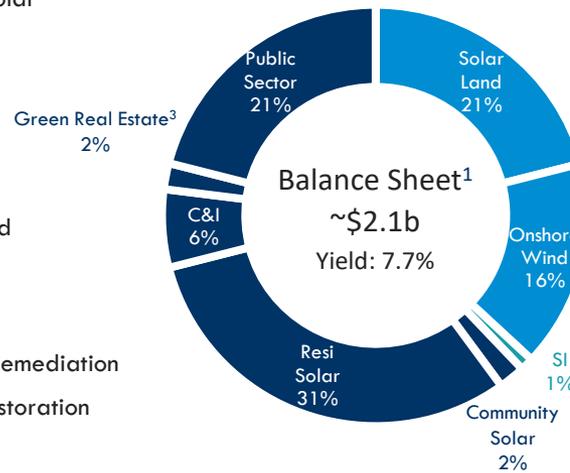


### Sustainable Infrastructure<sup>4</sup>

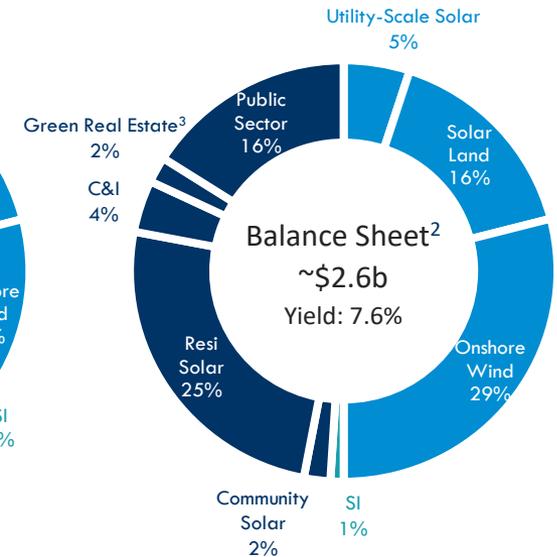
Yield: 7.7%

Stormwater Remediation  
Ecological Restoration  
Resiliency

## As of 6/30



## Pro Forma for ENGIE Investment



## Diversified and Long-Dated Cashflows

205 / 218  
Total Investments<sup>5,6</sup>

\$10m / \$12m  
Average Investment<sup>6</sup>

15yrs / 19yrs  
Weighted Average Life<sup>6</sup>

1) All figures shown are as of 6/30/20 (before the impact of the ENGIE transaction) unless otherwise noted.  
 2) As of 6/30/20 pro forma for fully funded co-investment with ENGIE (assuming no incremental transaction)  
 3) Includes Freddie Mac and C-PACE investments  
 4) Includes all other asset classes that are not specifically delineated as BTM or GC  
 5) Individual investments with outstanding balances > \$1 million  
 6) First listed figure is as of 6/30/20 while second listed figure is as of 6/30/20 pro forma for fully funded co-investment with ENGIE (assuming no incremental transaction).

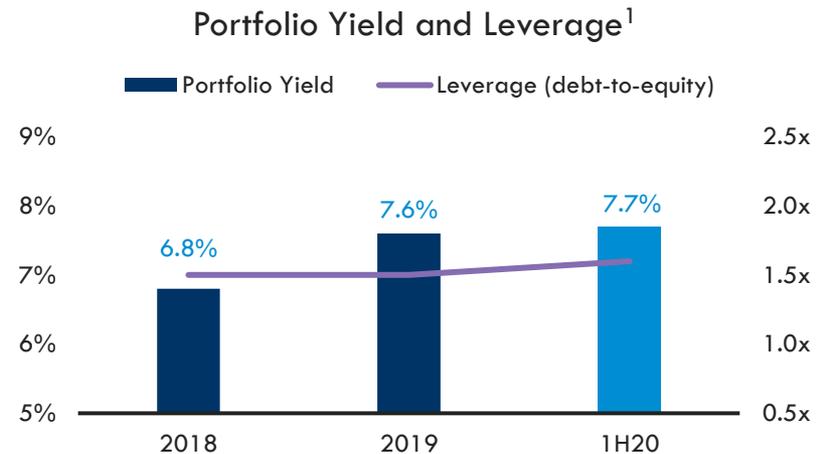
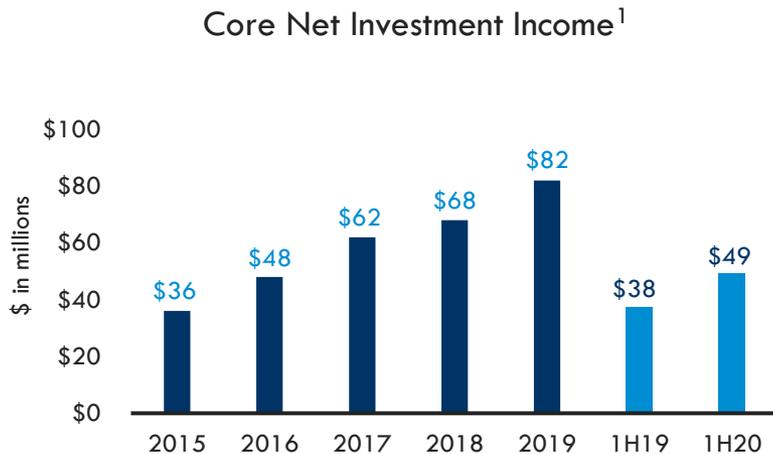
## 2Q20 RESULTS: CONTINUING TO GROW NII WHILE DELIVERING STRONG GAIN ON SALE REVENUE

Results, Unaudited <sup>1</sup> (\$ in millions, except per share figures)	2Q20	2Q19	1H20	1H19	Commentary
GAAP Earnings	\$12.0	\$12.7	\$36.3	\$26.4	Higher interest and Gain on Sale revenue offset by interest expense from green bond issuance in 2Q20
GAAP Diluted EPS	\$0.16	\$0.19	\$0.51	\$0.41	
Core Earnings	\$27.0	N/A	\$57.3	N/A	Increase due to higher Yield and Gain on Sale income partially offset by an increase in interest expense
Core EPS	\$0.36	N/A	\$0.79	N/A	
Core Earnings (Pre-CECL Provision)	\$29.6	\$19.8	\$60.4	\$40.7	
Core EPS (Pre-CECL Provision)	\$0.40	\$0.30	\$0.84	\$0.63	
GAAP Net Investment Income <sup>2</sup>	\$8.5	\$8.9	\$20.7	\$17.6	
Core Earnings from Equity Method Investments <sup>3</sup>	11.0	9.5	27.1	19.1	
Core Adjustment for Intangible Amortization	0.8	0.8	1.5	1.5	
Core Net Investment Income	\$20.2	\$19.2	\$49.3	\$38.3	Despite negative carry in 2Q20, 29% YOY growth through 1H20
GAAP Gain on Sale and Fees	\$18.5	\$7.5	\$29.0	\$16.5	Private funding remained accessible

Equity Method Summary <sup>1,3</sup>	1H20	1H19
GAAP Earnings	\$16	\$12
Core Adjustment	11	7
Core Earnings	\$27	\$19
Return of Investment	79	35
Cash Collected	\$106	\$54

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.

# BUSINESS MODEL STRENGTHENS AS RECURRING NII GROWS



## Continue to drive growth in NII from balance sheet portfolio due to:

- Maintenance of or improvement in an attractive Portfolio Yield<sup>1</sup>
- Consistent leverage
- Expected portfolio growth

# BALANCE SHEET UPDATE

## Expanded Balance Sheet Liquidity

- Reacted to crisis by increasing Balance Sheet by >\$500m via cash raised from green bond and equity ATM issuances

## Market for Securitized Assets Remained Strong

- Despite economic headwinds, attractive gain on sale transactions were executed while portfolio remained at \$2.1b

Line Item	(\$ in millions) <sup>1</sup>
Beginning Portfolio (3/31/20)	\$2,139
Funding of this quarter's originations	26
Funding of previous quarters' originations	16
Principal collections	(53)
Syndications and Securitizations <sup>2</sup>	(59)
Other	(7)
<b>Ending Portfolio (6/30/20)</b>	<b>\$2,062</b>

Assets	June 30, 2020 (\$ in millions)
Cash	\$542
Equity method investments	556
Government receivables	256
Commercial receivables	843
Real estate	361
Investments	46
Securitization assets	140
Other	93
<b>Total Assets</b>	<b>\$2,837</b>
Liabilities and Equity	
Credit facility	\$30
Non-recourse debt	626
Convertible notes	150
Senior unsecured notes	911
Other	52
<b>Total Liabilities</b>	<b>\$1,769</b>
<b>Total Equity</b>	<b>\$1,068</b>
<b>Total Liabilities and Equity</b>	<b>\$2,837</b>

1) Subtotals may not sum due to rounding

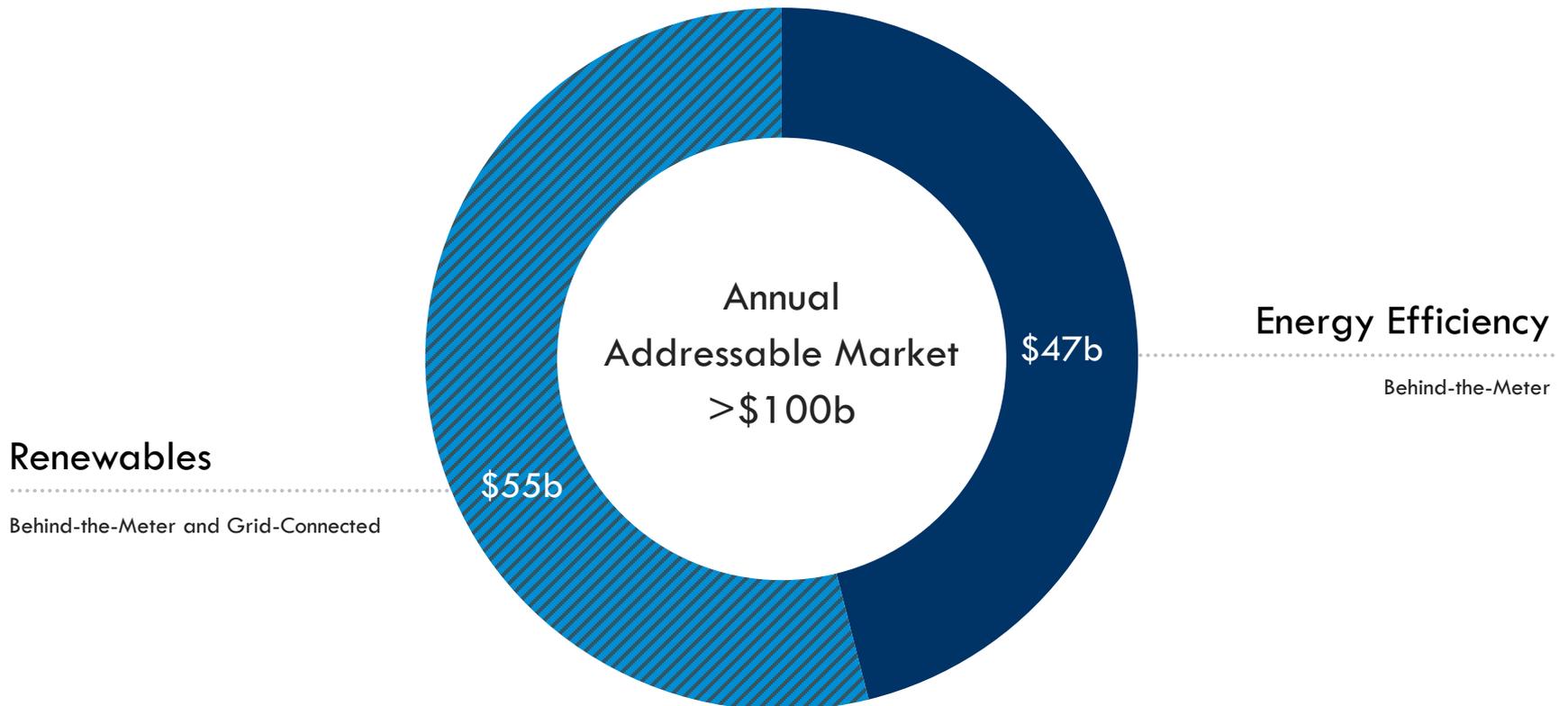
2) Includes only securitizations of assets previously on the balance sheet as of the end of the previous quarter (3/31/20)



# PROGRAMMATIC ORIGINATION PLATFORM

# OPPORTUNITY SET

Our target  $> \$100b^1$  annual addressable market is expected to continue to grow rapidly over the next decade



# PIPELINE GROWTH CONTINUES

## Markets



### Behind-the-Meter

Weighted toward EE opportunities<sup>1</sup>

Solar opportunities balanced between resi, C&I, and community



### Grid-Connected

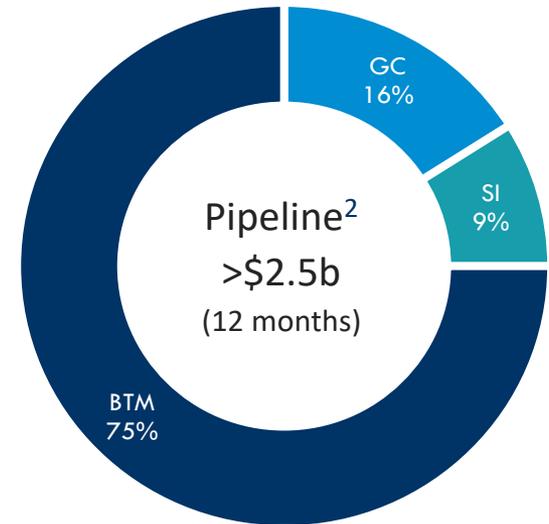
With execution of ENGIE co-investment, pipeline reverts to more normalized level

Well balanced between wind and solar



### Sustainable Infrastructure

Typically smaller transactions across multiple niche markets driven in part by climate change impacts



Pipeline remains robust at >\$2.5b even after execution on \$540m ENGIE investment

1) EE includes Federal Energy Efficiency investments.

2) As of 6/30/2020 pro forma for removal of ENGIE investment; Markets include Behind-the-Meter (BTM), Grid-Connected (GC), and Sustainable Infrastructure (SI).

# POWER OF LONG-TERM RELATIONSHIPS



1

Sponsor



>20

Distinct Transactions



>\$850m

Invested

## Initiate Client Partnership

Relationship with sponsor coupled with access to flexible capital enable the development of solutions embedded across client business units

2014

- Initial Resi Solar Investment
- Follow-on Resi Solar Investments in Subsequent Quarters

2015 & 2016

- 1<sup>st</sup> C&I Solar Investment
- 1<sup>st</sup> and 2<sup>nd</sup> Utility Land Investment
- Multiple Resi Solar Investments

2017 & 2018

- 1<sup>st</sup> Joint Venture with Sponsor-turned-Partner to support forward business
- 1<sup>st</sup> Municipal Solar Investment
- 2<sup>nd</sup> and 3<sup>rd</sup> C&I Solar Investments
- 3<sup>rd</sup> Utility Land Investment
- Additional Resi Solar Investment

2019

- 2<sup>nd</sup> and 3<sup>rd</sup> Joint Ventures to support monthly, programmatic financing and innovative new structure
- Multiple Resi Solar Investments

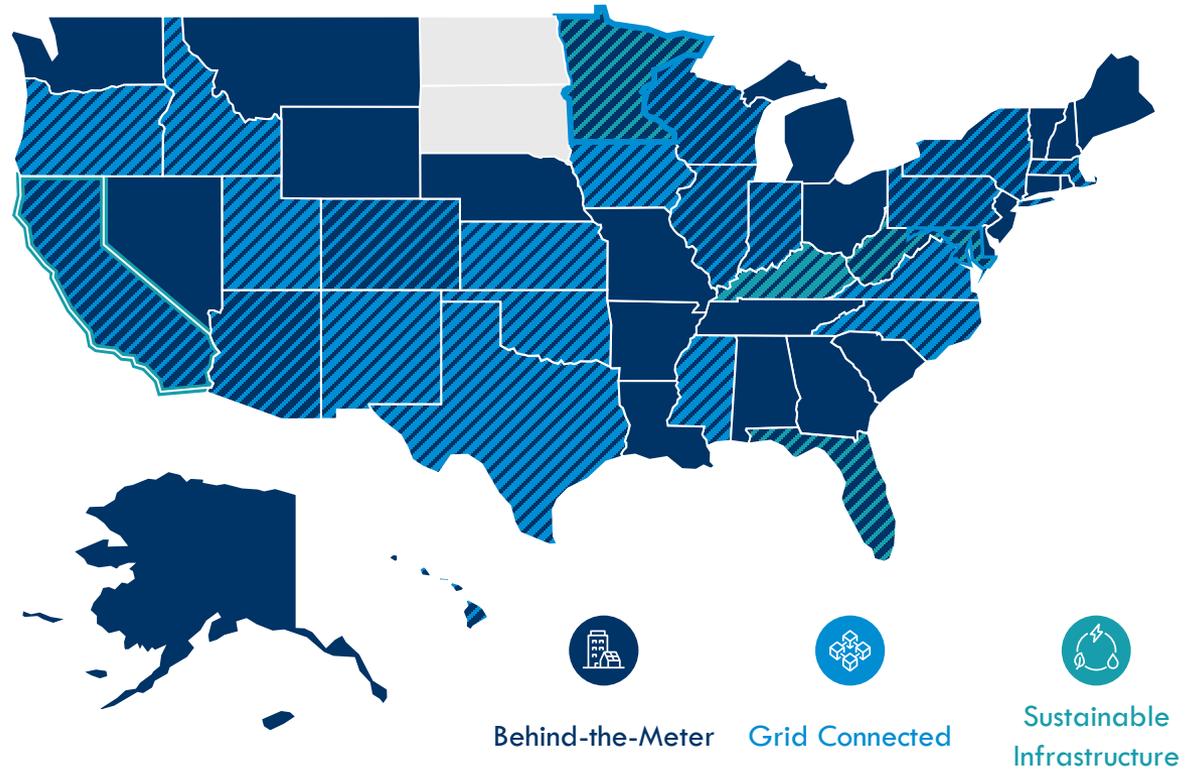


# DIVERSIFIED HIGH-QUALITY PORTFOLIO

# PORTFOLIO DIVERSITY

Our managed assets located across 48 states<sup>1</sup> support:

- 2.9 GW of Wind
- 3.6 GW of Grid-Connected Solar
- 1.4 GW of Distributed Solar



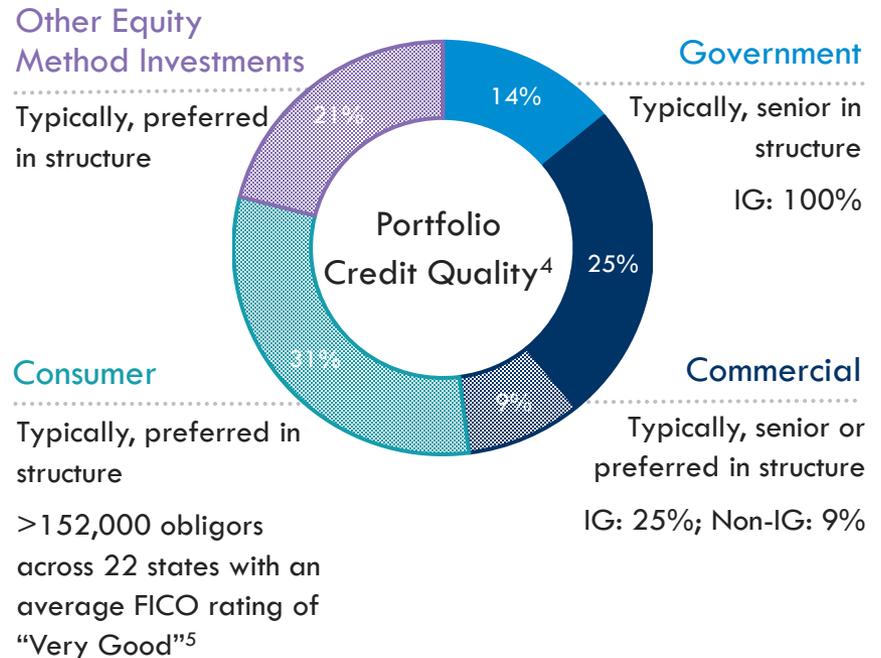
With assets in across the U.S., our portfolio benefits from significant technological, geographic, and resource diversity

# PORTFOLIO PERFORMANCE AND COUNTERPARTY CREDIT

## Recent Portfolio Performance

Rating	Description	Balance Sheet Portfolio (%)
		2Q20 \$2.1b
1	Performing <sup>1</sup>	98%
2	Slightly below metrics <sup>2</sup>	2%
3	Significantly below metrics <sup>3</sup>	~0%

## Counterparty Credit



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

1) This category includes our assets where based on our credit criteria and performance to date we believe that our risk of not receiving our invested capital remains low.  
 2) This category includes our assets where based on our credit criteria and performance to date we believe there is a moderate level of risk to not receiving some or all of our invested capital.  
 3) This category includes our assets where based on our credit criteria and performance to date, we believe there is substantial doubt regarding our ability to recover some or all of our invested capital. Included in this category are two commercial receivables with a combined total carrying value of approximately \$8 million as of June 30, 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.  
 4) Refer to Explanatory Notes on the Appendix. As of 6/30/20.  
 5) Qualitative FICO Rating corresponds to average FICO Score range for consumer obligors (as of lease origination dates).



# DURABLE CAPITAL STRUCTURE

# DURABLE CAPITAL STRUCTURE

## Demonstrated access to diversified funding sources

- \$8.3 billion raised across multiple capital markets since 2013 IPO<sup>1</sup>
- Raised \$400m in unsecured green bonds and \$44m in equity in 2Q20

## Conservative leverage profile

- 1.6x debt to equity
- Rating of BB+ by S&P and Fitch reaffirmed in 2Q20

## Minimal refinance and interest rate risk

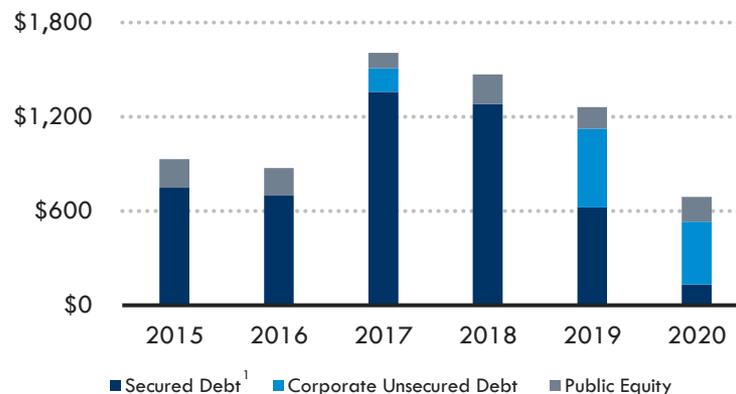
- 98% of debt is fixed rate
- No material recourse debt maturities until 3Q22<sup>3</sup>
- Nonrecourse debt largely amortizes within contracted term of assets

1) Also includes securitizations

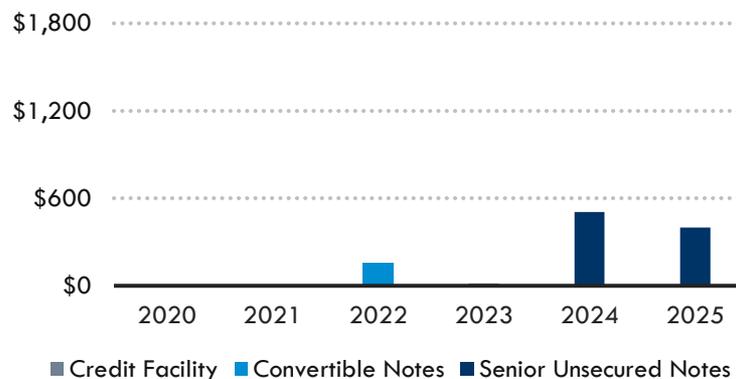
2) As of 6/30/20

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

Capital Raised (\$m)<sup>2</sup>



Recourse Debt Maturities (\$m)<sup>2</sup>





# INDUSTRY LEADING ESG

# INDUSTRY-LEADING ESG

E

## Environmental

Invest exclusively in climate change solutions evaluated by proprietary CarbonCount<sup>®</sup> tool  
 Signatory to the UN-supported Principles for Responsible Investment

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## Social

Donated to supported COVID-19 relief efforts by three Maryland charities  
 Launched multi-year plan for DEI<sup>1</sup> impact

G

## Governance

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

### COVID-19 Relief Organizations



Maryland Food Bank



Annapolis and Anne Arundel County



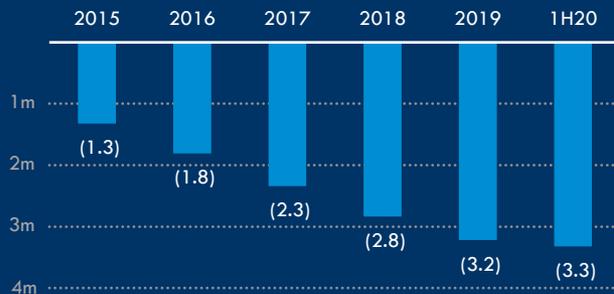
Annapolis Light House



## Carbon Emissions<sup>2</sup>

Carbon Count<sup>®</sup> 2Q20: 0.37

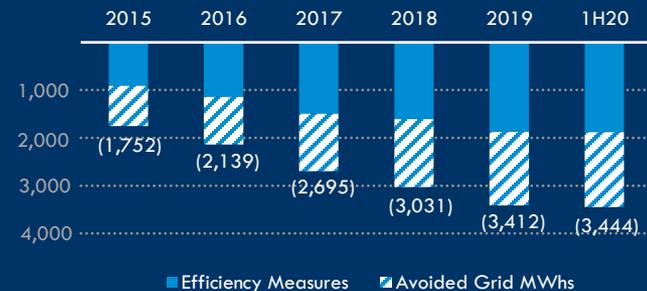
Cumulative Metric Tons of CO<sub>2</sub> Avoided Annually



## Water Savings<sup>3</sup>

Water Count<sup>™</sup> 2Q20: 24

Cumulative Gallons of Water Saved Annually (in million gallons)



■ Efficiency Measures ■ Avoided Grid MWhs

1) Refers to diversity, equity, inclusion, and justice  
 2) CarbonCount<sup>®</sup> is a scoring tool that evaluates investments in U.S.-based energy efficiency and renewable energy projects to estimate the expected CO<sub>2</sub> emission reduction per \$1,000 of investment.  
 3) WaterCount<sup>™</sup> is a scoring tool that evaluates investments in U.S.-based projects to estimate the expected water consumption reduction per \$1,000 of investment.

# GREEN DEBT ISSUANCES

## Sustainable Yield Bonds Off Balance Sheet

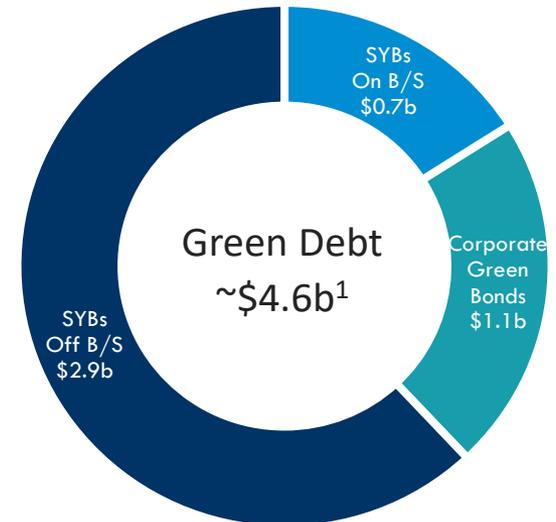
Securitizations typically of public sector receivables and managed off balance sheet

## Sustainable Yield Bonds On Balance Sheet

Non-recourse, asset-backed debt managed on balance sheet

## Corporate Green Bonds

Senior unsecured or convertible bonds issued as corporate obligations



Since 2013, we have raised ~\$4.6b of green debt, including securitizations and non-recourse and corporate issuances

# CARBONCOUNT<sup>®</sup>: TRANSPARENT, COMPARABLE, ACCOUNTABLE

CarbonCount<sup>®</sup> is a proprietary scoring tool for evaluating investments in U.S. based renewable energy, energy efficiency, and climate resilience projects to determine the efficiency by which each dollar of invested capital reduces annual carbon dioxide equivalent (CO<sub>2</sub>e) emissions

Annual Hourly MWh Generation  
Avoided by Underlying Renewable  
Energy and/or Efficiency Project(s)



Location Specific Hourly Grid  
Emissions Factor Metric Tons of CO<sub>2</sub>  
/ MWh

carboncount<sup>®</sup>

Metric Tons of CO<sub>2</sub> Offset  
Annually per \$1,000 invested

Total Capital Cost of the Projects



## Indicative CarbonCount<sup>®</sup> by Technology Type

Impact of capacity factor and cost per MW



Onshore Wind



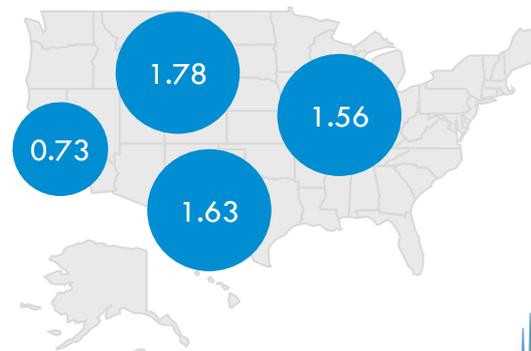
Energy  
Efficiency



Residential  
Solar

## Indicative CarbonCount<sup>®</sup> for an Identical Sample Wind Project in Different Regions

Impact of grid fuel mix





# STRONG COMPETITIVE POSITIONING

# COMPETITIVE POSITIONING

HASI's diverse portfolio provides competitive dividend protection with a total return growth track record that exceeds that of other yield sectors

	Hannon Armstrong	Utilities <sup>1</sup>	REITs <sup>2</sup>	YieldCos <sup>3</sup>
Cashflow Seniority	Typically senior	Rate-based recovery	Typically levered	Typically levered
Portfolio Diversification	>200 projects diversified by geography, technology, and offtaker	Moderate	Typically exposed to single asset class	Typically less than 50 projects
Asset Liability Management	Primarily long-term, fixed-rate assets funded by long-term, fixed-rate debt	Primarily long-term, fixed-rate assets funded by long-term, fixed-rate debt	Often, cyclical assets funded by short-term borrowing	Primarily long-term, fixed-rate assets funded by long-term, fixed-rate debt
ESG Impact	Industry-Leading	Varies	Varies	Varies
Total Average Annual Shareholder Return <sup>4</sup>	21%	10%	4%	18%



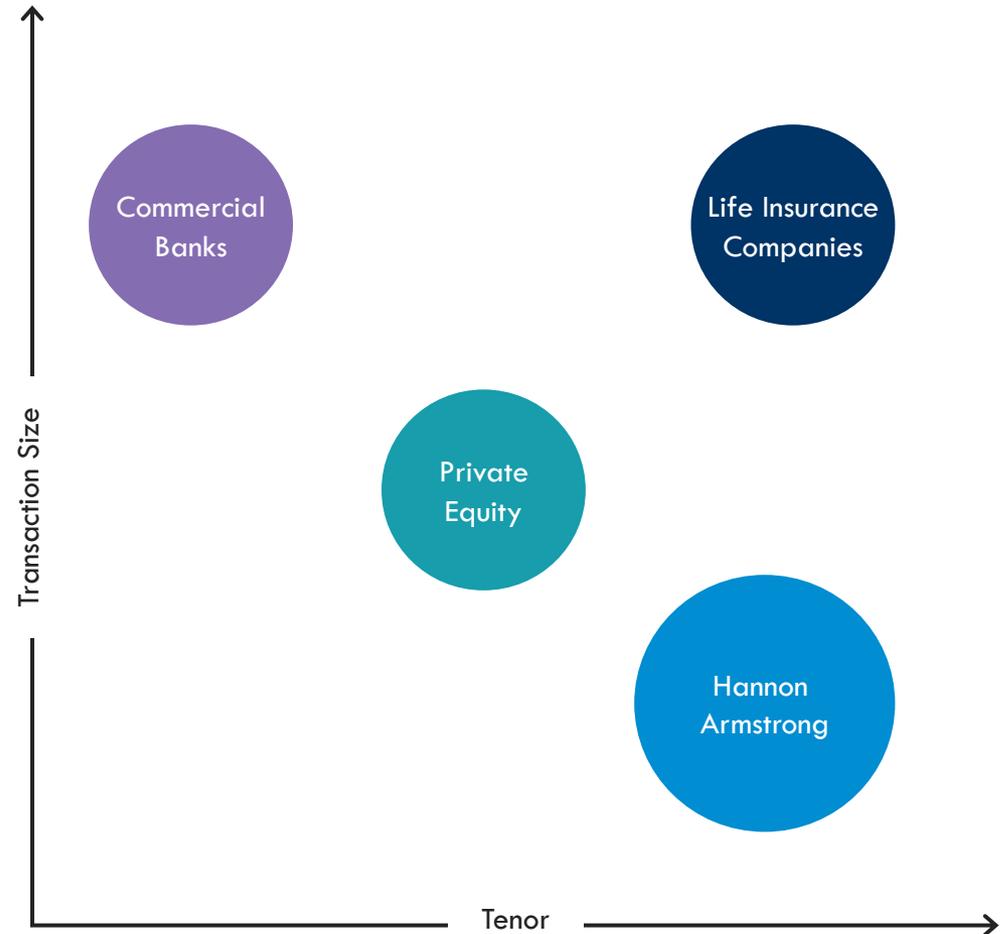
1) Vanguard Utilities Index  
 2) MSCI US REIT Index  
 3) YieldCos reflect a simple average of AY, BEP, CWEN, and NEP.  
 4) From 8/6/15 through 8/6/20  
 5) As of 8/6/20

# OUR MARKET NICHE

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HASI fills a unique market void that others struggle to compete in

- Programmatic client relationships
- Permanent capital provider
- Relatively smaller, long duration transactions
- Flexible capital solutions



# STRENGTHS OF THE HANNON ARMSTRONG BUSINESS MODEL

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1

Virtually all investments save the obligor money

- Because assets save obligors money, generally uncorrelated with the business cycle
- Outstanding credit history with de minimis (~30 bps) cumulative credit losses since IPO

2

Industry-leading clients will survive and prosper

- Robust pipeline from leading energy and infrastructure clients
- Flexible, permanent capital increasingly valued compared to shorter duration funds

3

Investing in climate change solutions is proving a durable asset class

- Long duration, noncyclical assets with climate benefits
- Non-economic factors also proving valuable to obligors



# APPENDIX

# RESIDENTIAL SOLAR PORTFOLIO: POSITIVE CREDIT ATTRIBUTES

## Customer

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

## Portfolio

- **Diversity:** >152k consumers across 22 states originated by 3 reputable publicly traded providers
  - No single provider represents more than 45% of portfolio

## Capital Structure

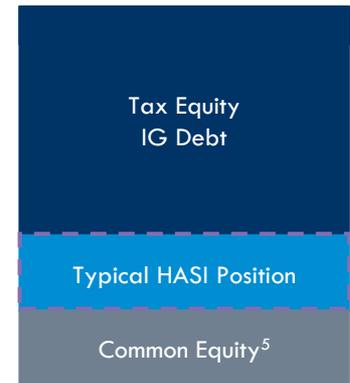
- **Preferred Position:** Structured mezzanine or preferred equity investments
  - Subordinated to investment grade debt and tax equity
  - Senior to first-loss common equity held by providers who are motivated to hit target returns
- **Multiple Sophisticated Investors:** Large institutional investors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

## 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

FICO Score	HASI Portfolio <sup>3</sup>	United States <sup>4</sup>
Average	746	703
>720	64%	45%
>660	96%	80%

## Illustrative Capital Stack



1) Relative to comparable utility rates as of each investment's financial close date  
 2) Automated clearing house ("ACH")  
 3) Consists of >152k leases, which represent the funded amounts of Portfolio as of 6/30/20. 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.

# 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

<b>30 days past due</b>	<ul style="list-style-type: none"> <li>• Call customer and send an automated dunning letter</li> </ul>
<b>60 days past due</b>	<ul style="list-style-type: none"> <li>• Send collection letter with balance due and reminder of potential system de-activation, repossession or acceleration of remaining contract payments</li> </ul>
<b>75 days past due</b>	<ul style="list-style-type: none"> <li>• If no payment has been received, or arrangements made, may issue a de-activation letter and initiate the system de-activation process</li> </ul>
<b>Additional potential escalations</b>	<ul style="list-style-type: none"> <li>• Site visit to assess system condition</li> <li>• Default letter</li> <li>• System shut off</li> <li>• System removal</li> <li>• Collection agency</li> <li>• Legal action</li> </ul>
<b>Customer Transfer/Assignability</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Customer default remedies</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Lender typically makes a UCC fixture filing, which strengthens legal remedies</li> </ul>

# 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

# GREEN BOND FRAMEWORK

In alignment with ICMA's Green Bond Principles (2018)<sup>1</sup>

1

## Definition of "Eligible Green Projects"

"Eligible Green Projects" means projects intended to reduce carbon emissions or provide other environmental benefits in the following categories:

- (1) Behind-The-Meter ("BTM"): Distributed building or facility projects that reduce energy usage or cost through the use of solar generation and energy storage or energy efficient improvements, including heating, ventilation and air conditioning systems ("HVAC"), lighting, energy controls, roofs, windows, building shells, and/or combined heat and power systems;
- (2) Grid Connected ("GC"): Projects that deploy cleaner energy sources, such as solar and wind to generate power where the off-taker or counterparty is part of the wholesale electric power grid; and
- (3) Other Sustainable Infrastructure: Upgraded transmission or distribution systems, water and storm water infrastructure, seismic retrofits and other projects, that improve water or energy efficiency, increase resiliency, positively impact the environment or more efficiently use natural resources.

2

## Process for Project Evaluation and Selection

As part of our investment process, we intend to calculate the ratio of the estimated first year of metric tons of carbon emissions avoided (or that will be avoided) by the investment divided by the capital to be invested to understand the impact the investment is expected to have on climate change.

3

## Management of Proceeds of the Notes

Prior to the full investment of such net proceeds, we intend to apply the net proceeds to repay a portion of the outstanding revolving borrowings under the Existing Credit Facilities and, for any net proceeds from this offering not used to repay the Credit Facilities, we intend to invest such net proceeds in interest-bearing accounts and short-term, interest-bearing securities which are consistent with our intention to qualify for taxation as a REIT.

4

## Reporting

During the term of the Notes, until such time as the net proceeds from this offering have been fully allocated to Eligible Green Projects, we will publish annual updates on our website detailing, at a minimum, the allocation of the net proceeds from this offering to specific Eligible Green Projects along with the associated CarbonCount®.

# 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 June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Revenue</b>				
Interest income	\$ 23,649	\$ 17,294	\$ 47,539	\$ 34,949
Rental income	6,469	6,469	12,939	12,945
Gain on sale of receivables and investments	15,916	2,167	20,820	9,006
Fee income	2,561	5,338	8,130	7,511
<b>Total revenue</b>	<b>48,595</b>	<b>31,268</b>	<b>89,428</b>	<b>64,411</b>
<b>Expenses</b>				
Interest expense	21,664	14,869	39,798	30,300
Provision for loss on receivables	2,523	—	3,171	—
Compensation and benefits	9,314	6,650	18,212	14,089
General and administrative	3,853	3,739	7,262	7,080
<b>Total expenses</b>	<b>37,354</b>	<b>25,258</b>	<b>68,443</b>	<b>51,469</b>
<b>Income before equity method investments</b>	<b>11,241</b>	<b>6,010</b>	<b>20,985</b>	<b>12,942</b>
Income (loss) from equity method investments	(590)	7,624	15,999	12,131
<b>Income (loss) before income taxes</b>	<b>10,651</b>	<b>13,634</b>	<b>36,984</b>	<b>25,073</b>
Income tax (expense) benefit	1,407	(839)	(515)	1,430
<b>Net income (loss)</b>	<b>\$ 12,058</b>	<b>\$ 12,795</b>	<b>\$ 36,469</b>	<b>\$ 26,503</b>
Net income (loss) attributable to non-controlling interest holders	50	55	152	117
<b>Net income (loss) attributable to controlling stockholders</b>	<b>\$ 12,008</b>	<b>\$ 12,740</b>	<b>\$ 36,317</b>	<b>\$ 26,386</b>
Basic earnings (loss) per common share	\$ 0.16	\$ 0.20	\$ 0.51	\$ 0.41
Diluted earnings (loss) per common share	\$ 0.16	\$ 0.19	\$ 0.51	\$ 0.41
Weighted average common shares outstanding—basic	72,914,145	63,772,549	70,043,125	62,766,318
Weighted average common shares outstanding—diluted	73,382,217	64,429,155	70,662,377	63,394,220

# BALANCE SHEET

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

	June 30, 2020 (unaudited)	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 541,825	\$ 6,208
Equity method investments	556,450	498,631
Government receivables	255,757	263,175
Commercial receivables, net of allowance of \$29 million and \$8 million, respectively	843,223	896,432
Real estate	360,720	362,265
Investments	45,926	74,530
Securitization assets	139,793	123,979
Other assets	93,246	162,054
<b>Total Assets</b>	<b>\$ 2,836,940</b>	<b>\$ 2,387,274</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Accounts payable, accrued expenses and other	\$ 52,123	\$ 54,351
Credit facilities	30,377	31,199
Non-recourse debt (secured by assets of \$800 million and \$921 million, respectively)	625,884	700,225
Senior unsecured notes	910,665	512,153
Convertible notes	149,927	149,434
<b>Total Liabilities</b>	<b>1,768,976</b>	<b>1,447,362</b>
<b>Stockholders' Equity:</b>		
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, 73,318,552 and 66,338,120 shares issued and outstanding, respectively	733	663
Additional paid in capital	1,250,976	1,102,303
Accumulated deficit	(198,719)	(169,786)
Accumulated other comprehensive income (loss)	9,619	3,300
Non-controlling interest	5,355	3,432
<b>Total Stockholders' Equity</b>	<b>1,067,964</b>	<b>939,912</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,836,940</b>	<b>\$ 2,387,274</b>

# RECONCILIATION OF GAAP NET INCOME TO CORE EARNINGS

	For the three months ended June 30, 2020		For the three months ended June 30, 2019	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders <sup>(1)</sup>	\$ 12,008	\$ 0.16	\$ 12,740	\$ 0.19
Core earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	590		(7,624)	
Add back core equity method investments earnings <sup>(2)</sup>	11,018		9,538	
Non-cash equity-based compensation charges <sup>(3)</sup>	3,975		3,411	
Other core adjustments <sup>(4)</sup>	(533)		1,708	
<b>Core earnings (including Topic 326 provision) <sup>(5)</sup></b>	<b>\$ 27,058</b>	<b>\$ 0.36</b>	<b>\$ 19,773</b>	<b>\$ 0.30</b>
Add back provision for loss on receivables under Topic 326 <sup>(6)</sup>	2,523		—	
<b>Core earnings (pre-Topic 326 provision) <sup>(5)</sup></b>	<b>\$ 29,581</b>	<b>\$ 0.40</b>	<b>\$ 19,773</b>	<b>\$ 0.30</b>

- (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 June 30, 2020 and 2019, are based on 74,543,045 shares and 65,749,618 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.

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	<i>(dollars in thousands, except per share amounts)</i>			
	\$	per share	\$	per share
Net income attributable to controlling stockholders <sup>(1)</sup>	\$ 36,317	\$ 0.51	\$ 26,386	\$ 0.41
Core earnings adjustments:				
Reverse GAAP (income) loss from equity method investments	(15,999)		(12,131)	
Add back core equity method investments earnings <sup>(2)</sup>	27,103		19,143	
Non-cash equity-based compensation charges <sup>(3)</sup>	7,524		6,990	
Other core adjustments <sup>(4)</sup>	2,313		319	
<b>Core earnings (including Topic 326 provision) <sup>(5)</sup></b>	<b>\$ 57,258</b>	<b>\$ 0.79</b>	<b>\$ 40,707</b>	<b>\$ 0.63</b>
Add back provision for loss on receivables under Topic 326 <sup>(6)</sup>	3,171		—	
<b>Core earnings (pre-Topic 326 provision) <sup>(5)</sup></b>	<b>\$ 60,429</b>	<b>\$ 0.84</b>	<b>\$ 40,707</b>	<b>\$ 0.63</b>

- (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 six months ended June 30, 2020 and 2019, are based on 72,095,539 shares and 64,733,505 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

The table below provides a reconciliation of the Other core adjustments:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(in thousands)</i>		<i>(in thousands)</i>	
<b>Other core adjustments</b>				
Amortization of intangibles <sup>(1)</sup>	\$ 824	\$ 823	\$ 1,646	\$ 1,638
Non-cash provision (benefit) for income taxes	(1,407)	830	515	(1,436)
Net income attributable to non-controlling interest	50	55	152	117
<b>Other core adjustments</b>	<b>\$ (533)</b>	<b>\$ 1,708</b>	<b>\$ 2,313</b>	<b>\$ 319</b>

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

The table below provides a reconciliation of GAAP SG&A expenses to Core SG&A expenses:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(in thousands)</i>		<i>(in thousands)</i>	
<b>GAAP SG&amp;A expenses</b>				
Compensation and benefits	\$ 9,314	\$ 6,650	\$ 18,212	\$ 14,089
General and administrative	3,853	3,739	7,262	7,080
<b>Total SG&amp;A expenses (GAAP)</b>	<b>\$ 13,167</b>	<b>\$ 10,389</b>	<b>\$ 25,474</b>	<b>\$ 21,169</b>
<b>Core SG&amp;A expenses adjustments:</b>				
Non-cash equity-based compensation charge <sup>(1)</sup>	\$ (3,975)	\$ (3,411)	\$ (7,524)	\$ (6,990)
Amortization of intangibles <sup>(2)</sup>	(51)	(52)	(100)	(101)
<b>Core SG&amp;A expenses adjustments</b>	<b>(4,026)</b>	<b>(3,463)</b>	<b>(7,624)</b>	<b>(7,091)</b>
<b>Core SG&amp;A expenses</b>	<b>\$ 9,141</b>	<b>\$ 6,926</b>	<b>\$ 17,850</b>	<b>\$ 14,078</b>

(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.

# ADDITIONAL GAAP TO CORE RECONCILIATIONS

The following is a reconciliation of our GAAP net investment income to our core net investment income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(in thousands)</i>			
Interest income	\$ 23,649	\$ 17,294	\$ 47,539	\$ 34,949
Rental income	6,469	6,469	12,939	12,945
GAAP investment revenue	30,118	23,763	60,478	47,894
Interest expense	21,664	14,869	39,798	30,300
GAAP net investment income	8,454	8,894	20,680	17,594
Core equity method earnings adjustment <sup>(1)</sup>	11,018	9,538	27,103	19,143
Amortization of real estate intangibles <sup>(2)</sup>	773	773	1,546	1,537
Core net investment income	<u>\$ 20,245</u>	<u>\$ 19,205</u>	<u>\$ 49,329</u>	<u>\$ 38,274</u>

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

(2) Adds back non-cash amortization related to acquired real estate leases.



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