Dear Stockholders

Jeffrey W. Eckel

Chairman, President and CEO
March 18, 2015

When an analyst commented on our "sustainable yield" at an investor meeting, I, of course, responded enthusiastically to his keen understanding of the positive environmental impact of the assets we invest in. That was until he assured me he only cared if we have long-lived assets to sustain the dividend for a decade or more. Notwithstanding this analyst's singular view, the double entendre of our Sustainable Yield℠ continues to be an important distinction in our investment thesis: Superior risk-adjusted returns will be achieved with a diverse portfolio of assets that sit on the right side of the climate change issue. 2014 represents another step forward in the creation of a business that will provide investors with a sustainable dividend as well as enable meaningful reductions in greenhouse gases (GHGs).

In 2014, we increased core earnings[1] 23% for the quarter ended Dec. 31, 2014, compared with Dec. 31, 2013, exceeding our target growth rate of 13% to 15%. We also raised our dividend 18% and achieved our $1 billion asset target. To complement our leadership position in energy efficiency finance, we developed new platforms for solar, through owning the land under solar farms, and, in wind, by participating alongside leading equity investors in operating wind farms. Both the solar land ownership and wind equity platforms sit in a senior or preferred position in the capital stack, consistent with our view on where the best returns currently reside.

1. Core earnings is a non-GAAP financial measure. See our Annual Report on Form 10-K for an explanation of core earnings and a reconciliation to our GAAP earnings.

2014 and Outlook for 2015 2014 surprised many with the persistently low interest rate environment. Hannon Armstrong performed well in this environment as we grew our portfolio more than 90% to $900 million by focusing on assets with attractive returns. Our portfolio of more than 80 separate transactions, with a blended forward-looking yield of 6.0% and an average life of 13 years, provides a solid foundation from which we will grow earnings. Our pipeline of more than $2.0 billion at year-end continues to be optimized for opportunities that offer the best risk-adjusted yields and that support the growth of our clients' businesses.

After a historically long and favorable interest rate environment, we continue to be cautious about adverse interest rate movements. We were able to fix rates on $115 million of borrowings in Q4, leaving us with 40% fixed-rate liabilities at the end of 2014. Plans for fixing interest rates on more liabilities, as well as increasing leverage from 1.9 to 1 at the end of the year, will be a top priority in 2015. While we will continue to privately place fixed-rate debt, we will also work to secure a public credit rating for some of our future HASI Sustainable Yield Bonds™ (HASI SYB), as well as a GHG metric from a third-party certifier, consistent with the metric we used in our pioneering HASI SYB 2013-1 issuance. We believe the incremental effort to obtain both a public credit rating and a GHG rating on our HASI SYBs has the potential to drive down our cost of debt capital by broadening the appeal of any future debt offerings to a larger pool of investors.

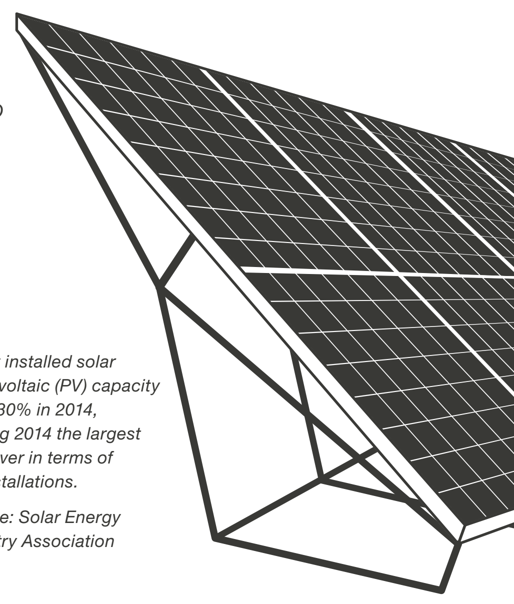
Sustainability As discussed last year, we screen each investment against our sustainability definition: assets that are neutral to negative on GHG emissions. We believe that this approach produces superior risk-adjusted returns in a world increasingly defined by climate change. We are proud to publish our second annual HASI Sustainability Report Card, detailing the GHG and water reduction impact of our investment. Assets we financed will reduce emissions by more than 340,577 metric tons of GHG per year, equivalent to more than 165,000 tons of coal, and save more than 145 million gallons of water annually. Our sustainable dividend, combined with enabling GHG reductions, comprises our Sustainable Yield.

Conclusion Again, I want to thank the HASI team for an outstanding 2014. Together we have broadened our client base of industry-leading companies, expanded our financial offerings to these companies and deepened our debt and equity investor base. The opportunities in front of us are becoming more visible, and we look forward to thoughtfully expanding the business in 2015 for the benefit of our clients, our staff and, of course, our stockholders.

Thank you for investing in HASI.

Respectfully,

Jeffrey W. Eckel
Chairman, President and CEO



Newly installed solar photovoltaic (PV) capacity grew 30% in 2014, making 2014 the largest year ever in terms of PV installations.

Source: Solar Energy Industry Association