STOCKHOLDER LETTER

DEAR STOCKHOLDERS:

As a leading provider of capital to the clean energy industry, Hannon Armstrong exists at the intersection of financial markets and energy markets, which experienced tremendous changes in 2015. Volatility in both markets increased in dramatic fashion in the second half of 2015, for different reasons, after a rather placid first half of the year. While the change was breathtaking, it was not unprecedented for Hannon Armstrong: we remember making money during the Great Recession, during the early 2000s encompassing the tech crash and Enron implosion, and even in the 1980s when clean energy really got started. From each of these difficult markets, we learned some things about how to build and grow our business in a way that will survive what the markets throw at us. We believe we have built the business to prosper in various interest rate and commodity market environments. A key component of this is growing a multi-dimensional portfolio originated from multiple clients that is diversified across size, technology, region and obligors. And, when tailwinds develop, like the 2015 Paris Climate Accord and the 5 year extension of the Investment Tax Credit (ITC) and Production Tax Credit (PTC) for solar and wind, respectively, we are well positioned to capitalize on the opportunities in front of us.

All the while, we are investing in assets that are making a meaningful and calculated difference in reducing U.S. greenhouse gas (GHG) emissions. One of our goals when we went public was to set the 'gold standard' for environmental, social and governance (ESG) factors. We are particularly pleased with the investor reception of our GHG accounting in our Sustainability Report Card and our use of CarbonCount™ on our Sustainable Yield® Bonds (SYBs).

We increased Core Earnings per share 12% for the year ended December 31, 2015, compared to 2014.* We also raised our dividend 15% and increased our Portfolio by approximately 50% to $1.35 billion. We were pleased to announce expansions of our historic energy efficiency platform to include commercial and industrial transactions with new energy service companies, channel partners and a large REIT. Our renewable energy land ownership business continues to grow and should benefit from the ITC/PTC extension as the best solar and wind owners enjoy better visibility for transactions over the next five years. Our wind portfolio continues to grow with increased investments for existing wind farms and with new-build distributed and utility scale wind alongside the leading tax equity investors and wind operators. As is our preference, we generally sit in the senior or preferred position in the capital stack, consistent with our view on where the best risk-adjusted yields reside.

*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.

Our Portfolio of $1.35 billion of assets, in over 105 separate transactions, with a blended December 31, 2015 yield of 6.2% and an average life of 10 years, provides a solid foundation from which we will grow earnings.

SUSTAINABLE **YIELD**®

2015 AND OUTLOOK FOR 2016

While the capital markets were quite volatile in late 2015 and into 2016, the market for our type of financing has grown nicely. Capital is getting priced more appropriately, reliability of capital providers is now considered by counter-parties rather than taken for granted and the fundamental economics of the efficiency, wind and solar assets are continuing to improve. We continue to fix out our interest rate exposure, achieving the high end of our target range at the end of 2015. Our Portfolio of $1.35 billion of assets, in over 105 separate transactions, ended the year with a blended December 31, 2015 yield of 6.2% and an average life of 10 years and provides a solid foundation from which we will grow earnings. We have established a target Core Earnings per share growth rate of 14%-19% for 2016 which we expect to achieve by adding more assets and increasing our financial and operating leverage. Our pipeline of more than $2.5 billion at year-end continues to be optimized for opportunities that offer the best risk-adjusted yields and which support the growth of our clients' businesses.

CLIMATE CHANGE

Bloomberg New Energy Finance has estimated that approximately $500 billion of capital needs to be invested in clean energy assets in each of the next 25 years in order to ensure global temperatures rise no more than 2° Celsius. I take some comfort that Hannon Armstrong, only public for 3 years, is already providing 1/500th of that amount now. Hannon Armstrong intends to be investing in clean energy assets for the long haul while continuing to learn from markets how to survive and prosper during periods of change. Our goal is to be the firm that rewards its investors with a sustainable yield, all the while, financing the future of energy.

CONCLUSION

Again, I want to thank the Hannon Armstrong team for an outstanding 2015. We are delighted to have added staff that is motivated by our purpose, guided by their excellent investment skills and committed to working as a team. We look forward to continuing to grow the business thoughtfully, with purpose and discipline for the benefit of our clients, our staff and, of course, our stockholders.

Thank you for investing in Hannon Armstrong.

Respectfully,

Jeffrey W. Eckel
Chairman, President and CEO